



## **STATUTORY AUDITOR'S REPORT TO THE GENERAL SHAREHOLDERS' MEETING OF LOTUS BAKERIES NV ON THE CONSOLIDATED ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2021**

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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 15 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 2021, 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 '000 992,092 and a profit for the year, attributable to equity holders of Lotus Bakeries, of EUR '000 90,767.

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 2021, 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 judgement, 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'000 224,846 and EUR'000 141,341 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 and internal forecasts.

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 organisations;
- 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 utilised 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 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, 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 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.

***European Uniform Electronic Format (ESEF)***

We have also verified, in accordance with the draft standard on the verification of the compliance of the financial statements with the European Uniform Electronic Format (hereinafter "ESEF"), the compliance of the ESEF format with the regulatory technical standards established by the European Delegate Regulation No. 2019/815 of 17 December 2018 (hereinafter: "Delegated Regulation").

The board of directors is responsible for the preparation, in accordance with ESEF requirements, of the consolidated financial statements in the form of an electronic file in ESEF format (hereinafter "digital consolidated financial statements") included in the annual financial report.

Our responsibility is to obtain sufficient appropriate evidence to conclude that the format and marking language of the digital consolidated financial statements comply in all material respects with the ESEF requirements under the Delegated Regulation.

Based on the work we have performed, we believe that the format of and marking of information in the digital consolidated financial statements included in the annual financial report of Lotus Bakeries per 31 December 2021 comply in all material respects with the ESEF requirements under the Delegated Regulation.



***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.

Ghent, 8 April 2022

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

A handwritten signature in blue ink, appearing to read 'Lien Winne'.

Lien Winne  
Réviseur d'Entreprises / Bedrijfsrevisor



## ANNUAL REPORT 2021



Document to which our report dated  
08/04/2022 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.**



Document to which our report dated  
08/04/2022 also refers.  
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Jan Boone - CEO and Jan Vander Stichele - Chairman

Document to which our report dated 08/04/2022 also refers.  
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# MESSAGE FROM THE CEO AND THE CHAIRMAN

2021 has been another year full of challenges, mainly linked to the ongoing pandemic we have experienced since 2020. Once again this year, the virus has led to more sickness absence and shutdown of production for many businesses. Many businesses' creativity and ability to innovate have come under pressure. Along with other factors including climate change, dwindling oil supplies and speculation on commodities, COVID-19 has led to sharp rises in the price of raw materials. At the same time, e-commerce has flourished as never before, and concern for health and well-being has grown around the world.

Challenging times for certain, and turbulent too. But Lotus Bakeries has come out ahead. As a Group, we have not only achieved double-digit growth, but strengthened our already firm foundations. By responding even better to the needs of our business and consumers, and the trends we see emerging in the market. We have been able to take decisions that allow us to grow – even in difficult times – and prepare for the future.

## PRODUCTION FIRST

To sell a great-tasting product, we first have to produce, package and take it to the customer. For this, we need our people. Once again in 2021, our employees kept everything running. Several factories even achieved new production records. In addition, Lotus Bakeries has taken a number of initiatives to continue to meet global demand – now and in the future. This means that we can bring more and above all fresher products to consumers.

Thus, we have worked hard and invested to expand the production capacity for Lotus® Biscoff®, both in Belgium and in the US. In the second half of 2022, the plants in Lembeke and Mebane will be capable of producing considerably more of Lotus® Biscoff®.

We are also proud to have started up our own packaging line for BEAR in Wolseley, South Africa, at the beginning of 2021. The fruit rolls produced there are now packaged locally too, and shipped directly to the international markets from there.



INCREASED FOCUS ON E-COMMERCE

E-commerce is extremely important for our international brands. In countries where our household penetration remains low, it enables us to reach large numbers of consumers easily. In countries where we are already firmly established, we continue to invest strongly in e-commerce to consolidate our market position. To keep all this on track, Lotus Bakeries established a strategic, dynamic and international e-commerce team in 2021. This team will drive a digital acceleration in several of our key markets and create a repeatable e-commerce model for the Lotus Bakeries Group as a whole.

INTERNATIONALISATION AND GROWTH FOR NATURAL FOODS

Since 2015, we have also been active in the healthy snacking segment with Lotus™ Natural Foods. A decision that fits seamlessly with the greater attention today’s consumers pay to health, wellbeing, balance and conscious choices. Once again, we saw the Natural Foods brands grow strongly in 2021. This reinforces our conviction that there is great international potential for brands such as BEAR, Nākd, TREK and Kiddylicious. Lotus™ Natural Foods is therefore the second major international strategic pillar of our company.

To boost this strategic pillar, we have set up an international Lotus™ Natural Foods HQ in Baar, Switzerland. Lotus™ Natural Foods’ entire international team is now based there. We have also brought together the Nākd, TREK and BEAR organisations in their home market, the UK, at offices in St Albans, near London. Thanks to aspects such as shared back and office services, this creates considerable synergies.

Thanks to our corporate venture fund FF2032, we have also taken some great new minority stakes in promising businesses producing healthy alternatives to existing snacks, food and beverages. For instance, we were proud to be part of the story of Oot, a Dutch company that produces organic and gluten-free granola that is low in sugar, as well as the The Good Crisp Company from the US. They offer natural, gluten free, clean-label, GMO-free and allergy-friendly chips.

ROBUST PROCUREMENT POLICY

Then there was the explosive rise in the price of raw materials. Fortunately, we were able to build on our long-term procurement policy for key raw materials, our professional procurement division and the long-term vision embedded in our DNA and strategy. This meant that Lotus Bakeries was well prepared to continue to ensure supply and limit the cost impact. However, the consequences of this price explosion will be felt for some time, inevitably leading to a consumer price adjustment from spring 2022.

PRIDE

We would like to emphasise that we are proud that Lotus Bakeries can flourish in turbulent times. Proud that we spot and seize opportunities, and take decisions that stand us in good stead to face the future, even in difficult times. We are also delighted to report that the family shareholders who form the Stichting Administratiekantoor van Aandelen Lotus Bakeries (STAK), have reaffirmed their confidence in the company’s future. Through the private placement of shares in 2021, these family members have proclaimed their belief in our growth strategy and our capacity for further sustainable development, both locally and globally. It was a conscious decision to reinforce the family ties with a majority stake in the long term.



Jan Boone  
CEO



Jan Vander Stichele  
Chairman



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# HIGHLIGHTS 2021

## NEW PACKAGING LINE FOR BEAR IN SOUTH AFRICA

The BEAR factory in South Africa expands with a new packaging line so as to be able to supply international markets directly from South Africa.

## LOTUS® BISCOFF® SANDWICH COOKIE CONQUERS THE WORLD

Following a successful launch in several pilot countries in 2020, the Lotus® Biscoff® sandwich cookie is rolled out internationally in 2021.



## LOTUS BAKERIES ACQUIRES FULL CONTROL OF LOTUS BAKERIES ITALIA

Lotus Bakeries acquires all of the shares of Lotus Bakeries Italia and will consolidate its position in the Italian market with its own team operating out of a new office in Milan.

## BEAR LAUNCHES A NEW COMMERCIAL

The successful 'Twirling Strawberry' campaign increased BEAR's brand awareness and clarified the 'pure fruit' concept, boosting sales in Europe.

### JANUARY

### FEBRUARY

### MARCH

### APRIL



## LOTUS® BISCOFF® WHITE CHOCOLATE ICE CREAM STICK

Building on the success of the original milk chocolate Lotus® Biscoff® ice cream stick in international markets, a white chocolate version joins the Lotus® Biscoff® ice cream range.



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## INTRODUCTION OF INTERNATIONAL LOTUS® BISCOFF® BRAND IN HOME MARKETS

In pursuit of its ambition to make Lotus® Biscoff® a global brand, Lotus Bakeries also introduces its international original caramelised cookie brand 'Lotus® Biscoff®' in Belgium, the Netherlands and France.

## INTRODUCTION OF BEAR ICE LOLLIES

BEAR launches ice lollies with a refreshing strawberry or mango flavour in its home market, the UK.





**KIDDYLICIOUS NO. 1 IN THE BABY SNACKING CATEGORY FOR THE FIRST TIME**

Kiddylicious becomes the market leader in the baby snacking category in the UK for the first time.

**SANDRA BEKKARI BECOMES AMBASSADOR FOR NÄKD**

The launch of a new TV spot for Näkd, in which Belgian cookbook author Sandra Bekkari promotes the fruit and nut bars, puts the brand on the map in various European countries.

**STRONG GROWTH FOR LOTUS™ NATURAL FOODS INTERNATIONAL**

After a difficult year in 2020 due to covid, the international Lotus™ Natural Foods business grew by 20% in the first half of the year due to continuous internationalisation.

**NEW OFFICE FOR UFF AND NBF IN ST ALBANS, UK**

In their home market (UK), the teams for the BEAR, Näkd and TREK are brought together in one office in St Albans: the brands retain their individuality and strategic independence while facilitating the creation of synergies for supporting activities.

**MAY**

**JUNE**

**JULY**

**AUGUST**

**FF2032 INVESTS IN ONLINE DIRECT-TO-CONSUMER BRAND OOT**

Lotus Bakeries' investment fund acquires a minority stake in Dutch direct-to-consumer brand Oot, which offers a broad range of freshly baked, gluten-free and organic granolas that are low in sugar.



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**EXPANSION OF LOTUS® BISCOFF® PRODUCTION CAPACITY**

In Lembeke (BE), a new Lotus® Biscoff® production line is put into operation and construction work begins on a new dough room and an additional Lotus® Biscoff® Sandwich cookie production line for Lotus Biscoff®. Meanwhile, in Mebane (US), work starts on adding production lines to keep up with Lotus Biscoff®'s major success globally.



**LOTUS BAKERIES STRENGTHENS ITS STOCK MARKET POSITION BY INCREASING FREE FLOAT TO 50%**

Lotus Bakeries' family shareholders initiated the private placement of shares to increase the free float to 50%.

**SECOND INTAKE OF YOUNG GRADUATES**

Following last year's success, a new group of highly driven Young Graduates starts in various departments.



**NEW OFFICES IN BAAR, SWITZERLAND**

The Swiss sales department, the procurement department and the new international Lotus™ Natural Foods team move into brand-new offices in Baar.

**LOTUS BAKERIES PRESENT AT THE WORLD EXPO IN DUBAI**

From 1 October to 31 March, Lotus Bakeries can be found in the Belgian Pavilion at Expo 2020 in Dubai. Lotus® Biscoff® cookies are given out at the entrance, served with coffee and sold in our own shop in the pavilion.

**NEW 'HAPPIE PLACE' COMMERCIAL FOR KONINKLIJKE PEIJNENBURG WITH MARC-MARIE HUIJBREGTS**

Koninklijke Peijnenburg continues its 'Happie Place' campaign with Dutch comedian Marc-Marie Huijbregts. Snacking on Peijnenburg brings everyone a moment of happiness – a moment for yourself.



**SEPTEMBER**

**OCTOBER**

**NOVEMBER**

**DECEMBER**

**SUCCESSFUL PILOT PROJECT: CHOCOLATE WITH LOTUS® BISCOFF®**

The success of the pilot project for Lotus® Biscoff® chocolate in Belgium is a fact. The first step is taken across the border to the Netherlands and several new varieties are added to the range in Belgium.



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**FF2032 INVESTS IN US BETTER-FOR-YOU CANISTER CHIPS BRAND 'THE GOOD CRISP COMPANY'**

The company offers a range of natural, gluten-free, clean-label, non-GMO and allergen friendly chips that are entirely free of artificial flavourings, colorants and taste enhancers. It is the fifth company to join the FF2032 investment portfolio.

# KEY FIGURES 2021



\*Key suppliers are all of our suppliers of end products (final production), raw materials, packaging and machinery, with whom Lotus Bakeries has entered into a written contract.

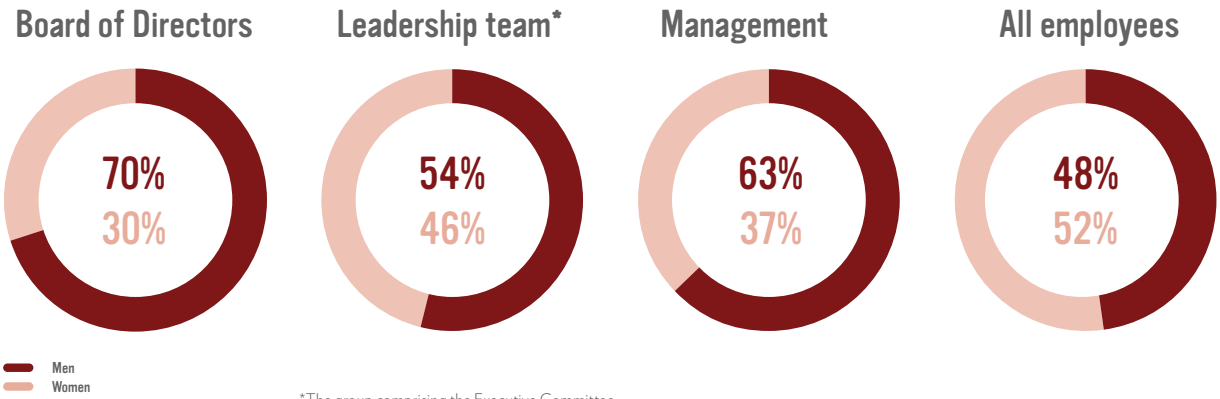
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<sup>1</sup> The recyclability rate is the average technical recyclability of the packaging of all Lotus Bakeries brands at the end of 2021. It takes into account consumer packaging, distribution packaging and transport packaging. The technical recyclability rate is determined per packaging component on the basis of state-of-the-art design guidelines for recyclability (Ceflex, Recyclclass). The average technical recyclability is a weight average, based on the packaging weight of each packaging component.

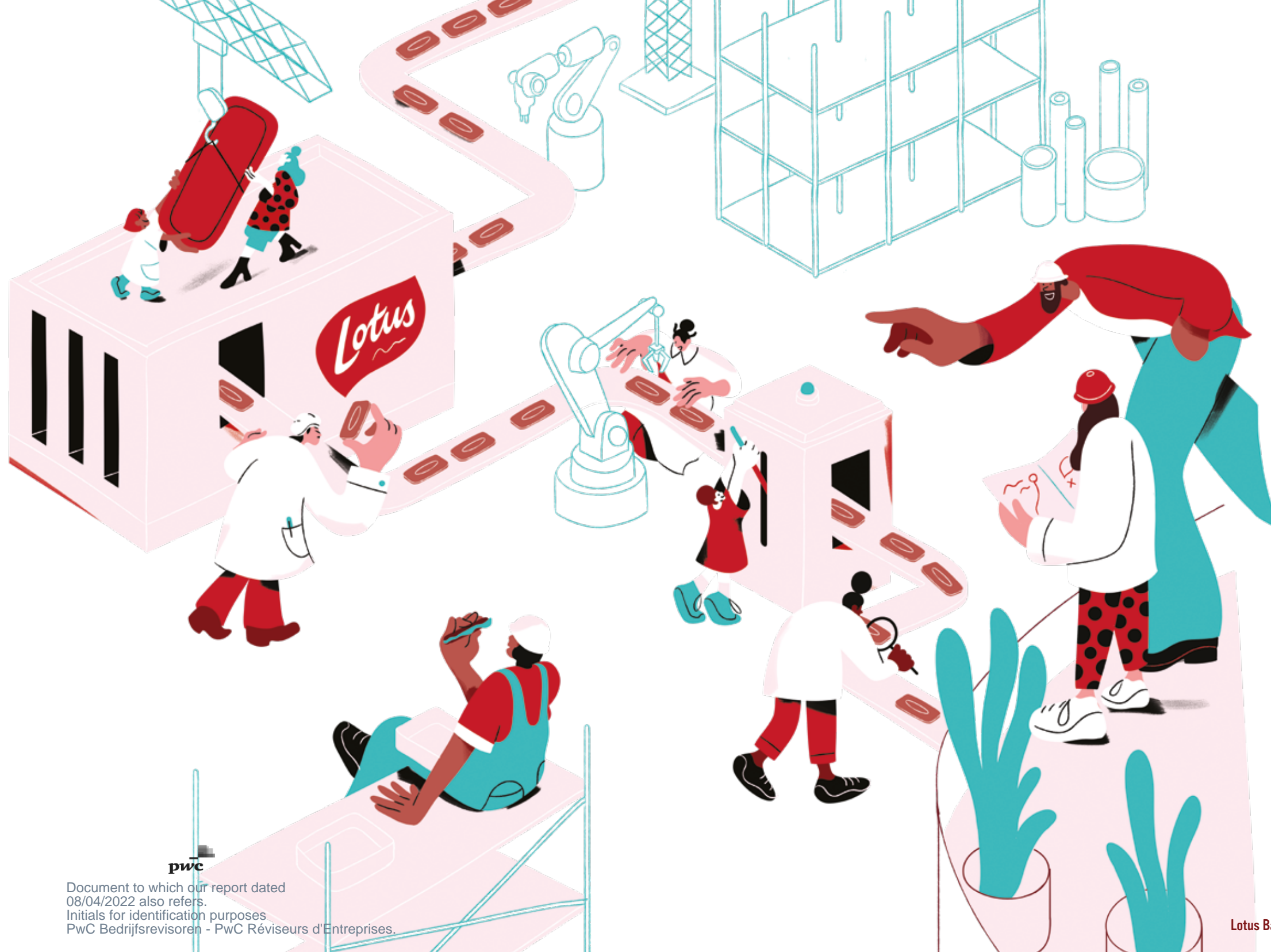
## GENDER DIVERSITY



\*The group comprising the Executive Committee, the General Managers and the Corporate Directors.

# 01

## OUR STRATEGY



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# 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 joy 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, Lotus® Biscoff®, Näkd, 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 via three pillars.



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## 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.



### SUPERIOR

Each of our products offers a unique taste experience. We never compromise on taste!



### BRANDED

We focus on developing brands, globally and locally. Our products are recognisable due to strong brand ownership.



### OMNIPRESENT

We strive to offer every consumer worldwide a snack for every occasion.



### JOYFUL

With our brands, we aim to bring a (small) moment of pleasure and happiness to the lives of our consumers.

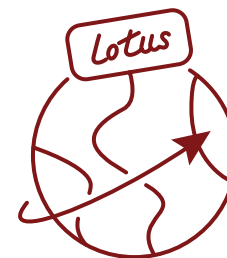


### SUSTAINABLE

We focus on sustainable growth and are committed to maximising opportunities for future generations.



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### LOTUS® BISCOFF®

Globalisation of Lotus® Biscoff® products with Lotus® Biscoff® – ultimately – at the top of global brands.



### LOTUS™ NATURAL FOODS

Investment in a strong healthy snacking business, both in our home market, the UK, and internationally.



### LOTUS® LOCAL HEROES

Development of strong market positions in our home markets by continuous investments in our broad range.

## VISION

Realising 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 78

# STRATEGY IN ACTION

William Du Pré, Corporate Director Quality, Procurement and R&D explains the long-term strategy of the procurement division, and Jules Hendrickx and Anouk Draps from the central e-commerce acceleration team describe the acceleration of Lotus Bakeries' e-commerce policy. These practical examples show how our strategy is put into action, to achieve sustainable growth. A long-term vision is always paramount here.

## Lotus Bakeries ensures quality ingredients in times of shortages and rising prices of raw materials

**William Du Pré**  
CORPORATE DIRECTOR QUALITY,  
PROCUREMENT AND R&D

Prices of raw materials are soaring globally, and that has its impact on Lotus Bakeries. By maintaining close partnerships with key suppliers, so far, Lotus Bakeries has managed to avoid supply issues and all of its plants have remained operational.

COVID-19, climate change, dwindling oil supplies, speculation on commodities...: over the past two years, they have all seriously unbalanced the relationship between supply and demand. In 2021, this led to sharp rises in raw material prices, also impacting Lotus Bakeries. "Stock shortages due to the lockdowns and absenteeism at producers, global problems with container transport - for instance, the ship stuck in the Suez Canal - climate change and its impact on harvests, booming energy prices...: never before has there been so much to deal with at the same time", begins William Du Pré, Corporate Director Quality, Procurement and R&D. "Meanwhile, consumers started changing their habits by working from home. More time was left to have breakfast and do home baking, which increased demand for our products. Once more in 2021, we grew more strongly than forecast. Asian countries also increasingly discovered the US and Western lifestyle, and

imported more milk, sugar and chocolate than ever. Last year, the balance between supply and demand went awry."

### LONG-TERM SOURCING

This is all leading to record rises in raw material prices. "At Lotus Bakeries, we always take a long-term view. For this reason, a key aspect of our procurement policy is to keep a close eye on emerging trends in the market. We receive input on this from suppliers and other sources so as to track commodity prices (e.g. grain) on a daily basis. Based on this, we hedge against rising prices by fixing purchase volumes with suppliers over a longish period. We also reach agreements with our suppliers regarding conversion costs (e.g. from grain to flour). All of this helps make our cost structure more predictable.



William Du Pré - Corporate Director Quality Procurement and R&D

### NO COMPROMISE ON QUALITY

Of course, price is not the only factor in Lotus Bakeries' procurement policy. Some principles are definitely more crucial. "Quality is our number one priority", says William. "We don't compromise on this, even when prices are high. Availability is also key: stopping production because raw materials are too expensive is definitely not an option. For key raw materials, we don't put all our eggs in one basket: we work with several suppliers, with whom we form partnerships and aim for long-term cooperation." and, where possible, we try to buy locally. That means that we buy the raw materials for our plant in the US locally, where available, and the same applies in Europe.

### CONTINUING TREND

Nevertheless, raw material prices continue to rise with no sign of a reversal. "We can aim for stability by taking a proactive approach to cope with short-term peaks. However, an adverse effect is unavoidable if trends continue long term", William explains. "Thanks to our partnerships with our key suppliers, all of our plants remained operational in 2021. Together, we rode out shortages and cost rises. But, for now, it's difficult to look too far ahead. We can't predict the future, and don't know how the balance between supply and demand will play out after the pandemic. There's no reversal on the horizon and in the face of such exponential price rises, Lotus Bakeries was forced to make fair but adequate adjustments to its selling prices."



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# Acceleration in e-commerce for Lotus Bakeries

**Jules Hendrickx**  
Global E-commerce Development Manager  
Lotus® Biscoff®

**Anouck Draps**  
Global E-commerce Development Manager  
Lotus™ Natural Foods

E-commerce has grown into a major sales channel in the last few years – including for Lotus Bakeries. For both Lotus® Biscoff® and Lotus™ Natural Foods, it not only helps drive revenue growth, but also means that we reach more and different consumers. In 2021, nearly 10% of Lotus Bakeries’ Group revenue came from online sales, and this channel saw double-digit growth.

“For Lotus Bakeries, it was a clear and conscious choice to focus more on e-commerce. Of all of the sales channels in the market, e-commerce is growing fastest, and has gained momentum due to the pandemic”, begins Jules Hendrickx, Global E-commerce Development Manager Lotus® Biscoff®. “First, there are the traditional retailers with an online channel. Then there are the pure online retailers, where we distinguish between online marketplaces with a wide offering like Amazon and online grocery stores like Picnic and Ocado. We focus mainly on these three key channels. We’re seeing the biggest growth in online marketplaces. At the same time, we keep a close eye on other concepts such as quick commerce, where your groceries are delivered within ten minutes if you live in a city. We also carry out tests to help us better understand how we can work with this channel in future.”

## NEW OPPORTUNITIES FOR GROWTH

Lotus Bakeries finds that focusing on e-commerce brings new possibilities and opportunities for growth. “In markets where we’re not a well-known brand yet and our penetration is below 5%, e-commerce allows us to be included in the range immediately and to invest in visibility from the start, so as to increase our penetration faster”, continues Jules. “This online presence also helps us generate more awareness and first contact with consumers and be included in physical stores, also called offline retail. In more mature markets with a higher penetration rate, we’re seeing some consumers switch from offline to online, while we also welcome new consumers who only shop online. We’re investing in visibility and presence there, to retain existing consumers and reach new ones.”

Selling via e-commerce is essential for the Lotus™ Natural Foods brands as well. Anouck Draps, Global E-commerce Development Manager Lotus™ Natural Foods, continues: “Our Lotus™ Natural Foods range is made up of lesser known brands that tend to operate in more niche categories than Lotus® Biscoff®: kids’ fruit snacks, raw bars. snacks for toddlers and so on. You can reach these target groups with much greater precision online. That makes this sales channel extra relevant for these brands. Besides, the online world is increasingly becoming the place where shoppers discover new brands and products.”

## ALMOST 10% OF GROUP TURNOVER

In 2021, Lotus Bakeries achieved double-digit growth in e-commerce sales across the entire range. “If we compare the figures with the period before the pandemic, we see a huge acceleration”, says Jules. “In some online channels, sales have even tripled compared to two years ago. And this growth continued in 2021: last year, our e-commerce sales accounted for almost 10% of total Group turnover. In 2020 this was just 7%. For comparison: online food shopping sales have a total share of 6% globally. So, we’re very happy with the figures we’re achieving.”

For Lotus™ Natural Foods, that figure is even higher, according to Anouck: “More than a quarter of Lotus™ Natural Foods’ turnover comes from e-commerce. It makes sense: those brands are an excellent fit for online selling since the target group is active young adults, who have grown up with online sales and are mainly looking for convenience or ease. Lotus™ Natural Foods’ home market is the UK and its second largest market the US, two countries that have embraced e-commerce to a greater extent and for a longer time. Compared with Lotus® Biscoff®, Lotus™ Natural Foods are also young brands that have grown along with e-commerce.”

“E-commerce increases our visibility at a faster rate, allows us to reach more consumers and makes it easier to include us in offline retail.”

– Jules Hendrickx



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**Jules Hendrickx** - Global E-commerce Development Manager Lotus® Biscoff®  
and **Anouck Draps** - Global E-commerce Development Manager Lotus™ Natural Foods

### DYNAMIC SHELF

Barely two years after starting out, Lotus Bakeries' e-commerce organisation is now powering ahead. The Central E-commerce Acceleration Team, a separate organisation for Amazon with three global hubs, brings the total number of employees fully dedicated to this area to 15. "The online world is completely different, because the shelf looks different every day", adds Anouck. "That makes it highly relevant to dedicate a separate team to this. With traditional retail, the shelf is relatively stable and you negotiate for shelf space annually. But, online, the shelf is constantly changing and dynamic. It's rare to negotiate with a physical buyer, the shelf tends to be put together via algorithms - like a robot. This means that we must invest non-stop so as to have sufficient visibility. That requires a totally different approach and set of expertise. Besides, we're convinced that traditional retailers will end up copying e-commerce actors like Amazon. Another reason why we believe it's important for us to learn the tricks of the trade, so that we're ready when the offline retailers change tack."

**“Online, we can reach the niche target groups for Lotus™ Natural Foods with much greater precision, making this channel extra relevant.”**

– Anouck Draps



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## LOTUS® BISCOFF® STRATEGY

The globalisation of Lotus® Biscoff® is the first pillar of Lotus Bakeries' strategy. 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 its own range of chocolate with Lotus® Biscoff® pieces and cream filling. The Lotus® Biscoff® taste is appreciated 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 2021, Lotus Bakeries achieved strong growth with Lotus® Biscoff® in the following promising large consumer markets: the United States, the United Kingdom, China, Korea, Germany, Spain, Italy, Canada and Australia. This success supports the ambition of globalisation. The geographical expansion of Lotus® Biscoff® is the primary growth area, with plenty of further potential.

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. E-commerce is also gaining momentum, focusing on traditional retailers with an online channel, as well as pure online retailers such as Amazon. 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.



### LOTUS® BISCOFF® COOKIE

Lotus® Biscoff® is a surprisingly crunchy cookie loved the world over 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 has spread far beyond borders.



### 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 an additional Lotus® Biscoff® Sandwich cookie production line in Lembeke, to keep pace with market demand.



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### LOTUS® BISCOFF® SPREAD

Our Lotus® Biscoff® spread is a spreadable, sweet spread with the familiar, unique taste of Lotus® Biscoff®. 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 added Lotus Biscoff® & Go to the range, 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 squeeze 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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**LOTUS® BISCOFF® CHOCOLATE**

Lotus® Biscoff® chocolate enjoyed a highly successful launch in the Belgian market in 2020.

In 2021, we expanded the range. In addition to milk chocolate with crunchy Lotus® Biscoff® pieces and milk chocolate with crunchy Lotus® Biscoff® cream filling, we offer dark and white chocolate versions, with crunchy Lotus® Biscoff® pieces.

We’re sure you’ll agree they taste sensational.

**INNOVATIONS 2021**

**MORE LOTUS® BISCOFF® CHOCOLATE VARIETIES**

Following a successful launch of Lotus® Biscoff® Chocolate in two varieties, i.e. milk chocolate with crunchy Lotus® Biscoff® pieces and milk chocolate with crunchy Lotus® Biscoff® cream filling, we added white and dark chocolate versions.

**“Lotus® Biscoff® Chocolate was so popular in 2021 that we achieved an impressive third place\* for popularity in the filled chocolate bar category.”**

– Siebald Dewachtere, Global Brand Manager



**FUN FACTS**

Milk chocolate with Lotus® Biscoff® filling is our most popular variety!

Almost 10%\*\* of households in Belgium tried our Lotus® Biscoff® chocolate in 2021.

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



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\*Nielsen Data 2021  
\*\*Nielsen, Open Market, YTD w48 2021

**LOTUS® BISCOFF® WHITE CHOCOLATE ICE CREAM STICK**

The combination of Lotus® Biscoff® and white chocolate proved so successful that we introduced a delicious ice cream stick with that exact combination to the market. The unique taste is triply delicious, with Lotus® Biscoff® velvety dairy ice cream paired with Lotus® Biscoff® pieces and a layer of Lotus® Biscoff® spread, all enrobed in white chocolate sprinkled with Lotus® Biscoff® pieces.



**FUN FACT**

Lotus® Biscoff® White Chocolate ice cream sticks are now just as popular as the original ice cream stick in some markets.



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**SPEAKING**

**Lotus® Biscoff® sets out the ambition to become the 3rd largest cookie brand in the world**

**Jan Boone**  
CEO

Never before has Lotus Bakeries expressed its ambition for Lotus® Biscoff® so clearly: it wants to expand the brand to become the third largest cookie brand in the world. To achieve this, it intends to invest heavily in extra production capacity, continue to focus on the recently launched innovations, and recruit highly motivated new staff. An interview with CEO Jan Boone.

“By stating that we want to become the third largest cookie brand in the world, we visualise the big ambitions we have for Lotus® Biscoff®”, Jan begins. “Over the last ten years, turnover for Lotus® Biscoff® has grown by an average of 13% each year. We’re now present in more than 60 countries worldwide, with a turnover of more than one million euros in 28 of those countries. In 2021, the Lotus® Biscoff® range accounted for more than half of our total branded turnover. By 2025, we want to achieve a turnover of 500 million euros with Lotus® Biscoff®, meaning that we have to grow by at least 10% each year.”



Jan Boone - CEO

“In order to achieve our ambition, we’re investing heavily in extra production capacity.”

– Jan Boone

And that growth potential is definitely there. “We base this on the household penetration figures for Lotus® Biscoff®, which are still relatively low”, Jan continues. “Among other areas, we’ve set our sights on eleven fairly affluent large consumer markets. For example, in the US – where the largest volume is sold – household penetration stands at just under 5%, leaving plenty of extra scope. Then, there’s the UK, for example, which has now grown into the second largest market for Lotus® Biscoff®, with household penetration having increased from 5% to 20% in just eight years.”

#### FASTEST GROWING COOKIE IN THE TOP 10

In view of all this, he is firmly convinced that Lotus Bakeries will succeed in its aim. “When we first expressed our ambition to be the third largest cookie brand in the world – in August 2021 – we were in 10<sup>th</sup> place. Today – in February 2022 – we’ve moved up to 7<sup>th</sup>. We’re the fastest growing cookie in the Top 10. We won’t reach third place overnight, so this is a long-term ambition”, Jan adds.

The various innovations Lotus Bakeries has made to the Lotus® Biscoff® range over the last few years – including in categories other than the cookie category – are already helping to increase brand awareness for Lotus® Biscoff® and in turn to realise the growth ambition. “Lotus® Biscoff® ice cream is available for some time now and has performed very well, especially varieties with the full Lotus® Biscoff® taste, such as sticks. But our biggest innovation is the sandwich cookie, which we

launched in 2020. All three flavours – Lotus® Biscoff®, vanilla and milk chocolate – are now selling amazingly well. To the great satisfaction of retailers and consumers, as borne out by the rotation figures. Through the sandwich cookie, we’re also reaching a younger audience and improving our visibility on the shelf. This is particularly important in countries where Lotus® Biscoff® isn’t so well known yet.” As a result, he’s firmly convinced that the sandwich cookie is here to stay. “Shortly, we plan to invest heavily in a second production line for the sandwich cookie in Lembeke.”

Finally, there is the chocolate with Lotus Biscoff cream filling or Lotus® Biscoff® pieces, on whose internationalisation Lotus Bakeries has also decided to focus, following a successful launch in Belgium.

#### 100 MILLION EUROS IN INVESTMENTS

Finally, Lotus Bakeries’ growth ambition goes hand in hand with substantial investments in additional production capacity: more than 100 million euros extra will be invested in the coming years. “If we want to grow by 10% each year, we need to add extra production lines nearly every year. That’s why we’re already investing in a new building housing two extra production lines in the US, as well as an extra building, production line and dough room in Lembeke. Finally, besides buildings and machinery, we also need to expand our workforce. So, we’re recruiting good, committed employees who value quality just as highly as we and our current employees do”, Jan concludes.

## Lotus invests in more production capacity for Lotus® Biscoff® on two continents

**Jean-Paul Van Hoydonck**  
Plant Director Lembeke

**Dries Mermuys**  
Operations Director Mebane

shift system, and around eleven lines regularly run at weekends, so as to be able to process all of the dough. There’s still a little scope for growth on the packing lines, but we’re limited there because the dough room is at maximum capacity. We’re also at the limit in our warehouse, in the loading docks and for the raw material tanks.” Lines are operating at maximum capacity in the USA too, where a Lotus® Biscoff® plant opened in 2019. If Lotus Bakeries wants to continue to grow, it needs to expand.

#### NEW DOUGH ROOM, PRODUCTION HALL AND OVEN IN LEMBEKE

In view of this, Lotus Bakeries is building an extra dough room in Lembeke. “It should be operational by summer 2022, and will have a similar capacity to the current dough room”, says Jean-Paul. “This new dough room will eventually mean that we can double the production volume for Lotus® Biscoff®. It will also mean that we can make full use of the existing packing lines, and more lines will be able to keep running at weekends. By the end of 2022, we hope to produce at least 10% more Lotus® Biscoff® compared to 2021.”

Lotus Bakeries is also building an extra production hall, with room for an extra production line for the Lotus® Biscoff® Sandwich cookie as of the second semester. There will also be a new oven for baking the Biscoff® cookies. “This is firstly to create extra grinding capacity, and secondly to deliver sufficient cookies for the additional Lotus® Biscoff® spread preparation line to be added in the autumn”, says Jean-Paul.



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Jean-Paul Van Hoydonck - Plant Director Lembeke



Dries Mermuys - Operations Director Mebane

CONTINUING TO GROW

“Capacity for Lotus® Biscoff® will have increased greatly in 2022”, says Jean-Paul. “That’ll give our sales offices a boost to really go for it, sell their hardest and seize opportunities. The global demand is there already.” And we have big ambitions in the US too: “There may come a time when our production capacity in the United States exceeds local demand. At that point we can become an exporter too”, Dries comments.

It’s clear that, as far as Jean-Paul and Dries are concerned, this won’t stop at the end of 2022. “In Lembeke, we’re busy preparing for the approval of our application for a new urban development plan to extend the site further and double production in the coming years. In the US, the master plan leaves plenty of scope for new lines. We have to keep growing if we want to achieve our ambition of becoming number three in the world”, Jean-Paul concludes.

DOUBLING THE PRODUCTION LINES IN MEBANE

Lotus Bakeries is investing substantially in the future of the US operation as well. “There’s still plenty of room to expand on our site in Mebane. Two production lines are now up and running for Lotus® Biscoff®. So, we’re well placed there”, comments Dries Mermuys, Operations Director in Mebane since July 2021. “But we’re still building a new production hall with room for four extra production lines, two of which are already ordered, set to start up by the fourth quarter of 2022 at the latest.

Through these investments, we intend to support further growth in the US while reducing our ecological footprint by sending fewer containers from Lembeke to the US. This will also create space at Lembeke to produce cookies for other countries.”

At the end of 2021, we decided to set up a production line for the Lotus® Biscoff® Sandwich cookie in the US as well.

“We have to keep investing if we want to become number three in the world.”

– Jean-Paul Van Hoydonck



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## LOTUS™ NATURAL FOODS STRATEGY

The internationalisation of our Lotus™ Natural Foods brands forms the second pillar of our strategy. Since 2015, Lotus Bakeries has invested in the natural and healthy snacking category with the focus on the strong brands of Nākd, BEAR, TREK and Kiddylicious. In May 2020, Lotus Bakeries acquired almost all of the remaining shares in British company Natural Balance Foods (Nākd & TREK) from the founders. As a result, Lotus Bakeries now has full control of the entire Lotus™ 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 online marketing activities. 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 Lotus™ 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 Lotus™ Natural Foods' international headquarters. Organisationally, the whole international Natural Foods team has been brought together at new offices in Baar, Switzerland. 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 Lotus™ Natural Foods products. In 2021, a central E-commerce Acceleration Team, local e-commerce teams and a separate organisation for Amazon with three global hubs were set up, designed to accelerate the Group's e-commerce activities, including for Lotus™ Natural Foods. This will help drive the continuing international growth of these brands.

The Nākd, 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.



## NĀKD

Nākd bars are made with just fruit and nuts.

Containing only 100% natural ingredients with no added sugar, syrups or other unnecessary 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, 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 and has the smooth texture of chocolate, but only contains fruit, nuts and cocoa with no added sugar. Chocolish is 100% natural.



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## TREK

TREK is the ideal snack for people with an active lifestyle. TREK bars supply everyone with nutritious, long-lasting energy and an extra dose of protein. This is because we select 100% plant-based ingredients, with no refined or artificial sugars, our 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 Yoyos / 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 launched a new card campaign to keep loyal BEAR fans entertained. Grrr...



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### 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 of baby snacks and meals, Kiddylicious became the biggest brand in the baby snacking category in the UK in 2021.



# INNOVATIONS 2021

## KIDDYLICIOUS: 3+ RANGE

Kiddylicious has opened up a brand-new segment by creating a range especially for 3+ years. As babies grow into toddlers and pre-schoolers, parents worry that their child has outgrown baby snacks and start offering their children adult ones. This range offers balanced, portion-controlled snacks that are packed with fruit and vegetables - and taste great.



### FUN FACTS

2021 saw a 24% rise in global sales of Kiddylicious products. More than 127 million bags were snapped up. And the 3+ range certainly played its part.



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## NĀKD LUNCHIES

Introducing Nākd Lunchies for Kids! This new range of fruit bars launched in the UK in September 2021 are made with delicious fruit, oats & seeds, especially for your little ones! What makes them so tasty? They come in three delicious flavours: Cocoa Brownie, Apple Crumble and Strawberry Muffin. Each vegan 21g bar is made with 100% natural ingredients and no added sugar or nuts, making them the perfect snack for kids' lunchboxes!



### FUN FACT

This is our first Nākd bar aimed at kids.

“Nākd Lunchies is a nut-free recipe we have launched and each bar contains nearly 80 percent fruit.”

– Mirka Butalova, NPD manager



**TREK POWER (55G INDIVIDUAL BARS):  
NEW CHOC ORANGE FLAVOUR**

In September 2021, we launched TREK Power Choc Orange flavour in the UK so as to offer a strong line-up of three fantastic TREK Power flavours, the other flavours being Peanut Butter Crunch and Millionaire Shortbread. Our 15g TREK Power bars are made from 100% plant-based ingredients and covered in a delicious vegan alternative to chocolate.



**“Around 70% of Power sales are incremental to the TREK brand. It’s interesting to see that TREK Power appeals to a younger consumer demographic than TREK Flapjacks.”**

– Marina Love-Smith, Marketing Director

**FUN FACT**

In 2021, 1.6 million bars or 89 tonnes of Power bars were produced.



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**SPEAKING**

## Lotus™ Natural Foods powers ahead internationally

### Isabelle Maes

CEO Lotus™ Natural Foods

### Margo Joris

General Manager US

### Leon Broer

General Manager International Distributors  
Lotus™ Natural Foods



Isabelle Maes - CEO Lotus™ Natural Foods

Turnover for the four Lotus™ Natural Foods brands - BEAR, Nākd, Kiddylicious & TREK - has grown by around 20%, and even 40% internationally. At present, around a quarter of Lotus™ Natural Foods' turnover comes from international business. Meanwhile, the brands still perform very well in the UK, from where they originated.

“When we first launched our Lotus™ Natural Foods range at the end of 2015, we knew that there was plenty of potential for these healthy snacks outside the UK”, begins CEO Lotus™ Natural Foods Isabelle Maes. “That’s why, from the start, we focused on growth in a few large consumer markets such as the United States, Canada, Australia and Europe. Very recently, we have taken our first steps in Asia too. Alongside this accelerated international growth, it’s important to consolidate our position in the UK by continuing to invest in brand awareness and innovating.



**Margo Joris** - General Manager US

This strategy has already paid off for Lotus Bakeries: in 2021, Lotus™ Natural Foods recorded a turnover of more than 140 million euros, up from around 60 million euros in 2015 – just after the acquisitions. “Then, 6% of turnover was international, now it’s 26%”, Isabelle adds.

**30% OF INTERNATIONAL TURNOVER IN THE US**

Roughly a third of Lotus™ Natural Foods’ international turnover comes from the United States, where only BEAR is currently sold. Five years after its launch, the brand has grown into a real success story there. “The kids fruit snacks category has already existed for some time in the US”, Margo Joris, General Manager US comments. “But this category isn’t all that healthy: these are still sugary products that would be considered as confectionery in Europe. With BEAR, we launched a product that’s different and unique: it’s made with 100% fruit so it’s totally pure, but tasty too. Consumer reactions are positive. Meanwhile, we have made considerable progress in the US, with a presence in more than 11,000 stores. But there’s still a lot of untapped territory: we still have strong growth ambitions when it comes to distribution, rotation and penetration. In the long term, our ambition is to be as big as conventional fruit snacks.”

Lotus™ Natural Foods made great progress in 2021. “Whereas at first we were mainly present in stores where people consciously seek out healthy alternatives, this year BEAR broke further into traditional retail with launches at several national actors not focused on healthy food per se”, Margo explains. In this way, we are strengthening our ambition to be available to every American.

Also last year, we formed national partnerships with the biggest players in two more sales channels, drug channel and club stores. This not only makes our product more visible to consumers, it also gives us a stronger starting point in discussions with other retailers.”

**“More than ever, we are convinced that the foundations are there for strong international growth. But this is just the start.”**

– Isabelle Maes

**BUILDING THE CATEGORY IN EUROPE AND THE MIDDLE EAST**

The situation is different in countries in Europe and the Middle East, where, as well as launching the healthy snacks, the team led by Leon Broer, General Manager International Distributors Lotus™ Natural Foods, often has to create a new category too. “In these regions, although there’s a classic confectionery category and a category for muesli bars, the trend for healthier snacking is just beginning. This makes it more challenging to launch Lotus™ Natural Foods in those markets, since we also have to build the category. Fortunately we find that as first mover, we are successfully building this new category together with our distributors and the retailers. There’s still a lot to gain in these regions. We are seeing consumer demand change faster and faster each year towards healthier snacking alternatives; in countries whose consumption habits closely match those in the US, such as Canada and Australia, but also in Europe and more recently in the Middle East. Governments are increasingly moving in this direction with their regulations, retailers are taking responsibility, and consumers want to make more conscious choices. Lotus Bakeries has brands that really stand out, and has entered this market at the right time.”

By 2021, the Lotus™ Natural Foods brands were already launched in seven new markets in the region. “We also hugely expanded the distribution of BEAR and Nākd in the United Arab Emirates, and launched a temporary value pack to attract consumers outside the shelf. This kind of value pack is set up on a separate pallet in the store and creates an extra encounter with our product besides the shelf. For a new category, it’s really important that we are visible in store and have multiple encounters with shoppers to convince them to buy”, Leon adds.

**BOOST FROM NEW HQ IN SWITZERLAND**

To boost our position internationally, at the end of 2020, Lotus Bakeries decided to centralise all international activities for Lotus™ Natural Foods at a brand-new international HQ in Switzerland, at which 35 people now work. “As well as creating synergies, this motivates us to share successes and experiences, so that we can learn even more from one another. From here, we try to enable our successes to be repeated and in so doing arrive at a repeatable model”, Leon says.



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The Lotus™ Natural Foods division likes to take inspiration from what is happening in the US when it comes to e-commerce too. “Lots of trends originate from the US”, Margo continues. “Healthy snacking started there, and so did e-commerce. There are lots of initiatives in the US that haven’t reached us in Europe yet, such as the Instacart app, which enables Americans to shop with various retailers online and have the goods delivered to their homes the same day.

Thanks to the pandemic, traditional retailers have also upped their game when it comes to e-commerce. Online selling is now just as important as instore.”

**PERFECT MATCH**

In view of all this, e-commerce brings substantial opportunities for international growth for Lotus™ Natural Foods. “Consumers who shop online – typically dual earners who prioritise convenience and health – are the perfect match for us”, Isabelle explains. “Plus, on an online platform like Amazon, you can not only sell your product but also communicate lots of product information. So, we like to take inspiration from a leading and innovative company like Amazon which has become an essential part of the retail landscape. Besides, they gave us our first national presence in the fragmented US retail landscape.”

**FOUNDATION FOR MORE GROWTH**

Finally, of course, a recent feature has been the pandemic, which created major supply chain challenges internationally. “Nevertheless, Lotus Bakeries’ entire global organisation managed to turn this challenge into an opportunity”, says Margo. “At first, we were worried about late delivery now and then, but US retailers say we did very well compared to other suppliers. That gives us a big advantage. Because other actors couldn’t deliver, we were extra visible on the shelf and managed to gain market share. Besides, buyers factor our good delivery performance over the last few months into their future decision-making. This remarkable performance is due to the enormous flexibility shown by our colleagues across our whole organisation, especially the global departments, our factory in South Africa and our packaging plant in Mebane, US.”

The Lotus™ Natural Foods division is clearly poised for more growth in 2022 and beyond. “More than ever, we are convinced that the foundations are there for strong international growth”, Isabelle concludes. “Being first not only gives us a head start, but earns us the trust of retailers as well. And I’m especially happy and proud to be able to rely on a very strong team spanning all countries. Together, we share the ambition and enterprise to put Lotus™ Natural Foods on the map. We believe in this and are going for it.”



Leon Broer - General Manager International Distributors Lotus™ Natural Foods



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# LOTUS® LOCAL HEROES STRATEGY

Our ‘hero’ products or ‘Lotus® local heroes’ form the third pillar of Lotus Bakeries’ strategy. We are present in Belgium, the Netherlands, France and Sweden with a wide range of local ‘hero’ products: biscuits, 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 make these products even more successful.





### 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.

Frangipane starred in an episode of Snackmasters in 2021. Top chefs Marcelo Ballardín and Loïc Van Impe competed to create an exact copy of our popular, iconic Lotus treat in just two days. While Koen Wauters oversaw the competition, Ruth Beeckmans discovered how a Lotus Frangipane is actually made at our factory in Oostakker.



### DINOSAURUS

The deliciously crunchy cookies we all know and love - shaped like different dinosaurs. Lotus Dinosaurus cookies inspire young and old to explore the world, try new things and let their imagination run wild.

The basic version of the popular 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. Since 2021, the round filled Dinosaurus cookies are also available in a mini version.



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**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.



**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 2021, Peijnenburg launched a new media campaign starring Dutch comedian Marc-Marie Huijbregts and his ‘Happie Place’.



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**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.



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**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.

There is now a variety of 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 made the step from cookie tin to freezer with Annas Pepparkakor ice cream. Following this success, Anna’s Mini Ice creams were launched in 2021.

# INNOVATIONS 2021

## ALMOND MADELEINE

In 2021, an almond version was added to the Madeleine range and successfully launched in the Belgian market. The sweet little cake with a subtle almond flavour helped us reach a new milestone, with impressive results across the whole Madeleine range.

“Our R&D department carried out many tests with different ingredients to achieve the right texture, culminating in an amazing almond version of our classic Madeleine.”

– Tania Ceuppens, Brand Manager Pastry



### FUN FACT

Thanks to the launch of the almond Madeleine and an impressive performance across the entire range, Madeleine achieved record figures in 2021.



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## MINI FILLED DINOSAURUS COOKIE

Since 2021, the round filled Dinosaurus cookies are also available in a smaller version, in two different flavours: vanilla and milk chocolate. This mini version makes it easy to share these delicious cookies with friends and family.

“Thanks partly to the successful launch of the new filled Dinosaurus cookies, Dinosaurus achieved double-digit growth in Belgium in 2021”

– Hendrik Van Steendam, Marketing Director



### FUN FACT

Mums and Dads love to eat the new mini dino cookies too. There are no less than 15 bite-size cookies in every pack.



ANNAS PIPPI LONGSTOCKING COOKIES  
WITH VANILLA AND RHUBARB

Anyone who knows the story of Pippi Longstocking knows that she’s crazy about gingerbread and especially rhubarb pudding. As a tribute to the strongest girl in the world and her absolute favourite flavour, Annas developed this deliciously fun cookie.



“We added some sweet, fun sugar dots to the cookie - inspired by the spots on her favourite horse, Lilla Gubben!”

– Eva Forsberg, Category Marketing Manager

FUN FACT

Part of the sales goes to Save The Children’s ‘Pippi of Today’ campaign to support girls fleeing from war and danger.



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ANNAS MINI ICE CREAMS

In the last two years, Annas has made the step from cookie tin to freezer with Annas Pepparkakor ice cream. This year, we premiered a second innovation from the freezer, Annas Mini ice creams.

Now, big and small ice cream fans can enjoy velvety pepparkakor ice cream enrobed in milk chocolate with crunchy Annas original pepparkakor pieces, an irresistible combination!



“The 900ml Annas Tub is already the undisputed number 1 for scooping ice cream in Sweden! The amazing flavour comes from pairing ingredients with our Original Annas cookie, baked to the same recipe since 1929.”

– Caroline Ingfors, product manager Annas

FUN FACT

The press release for Annas’ NPDs in Sweden achieved a record PR result with a reach of 12 million in 2021.

## Annas' Swedish ginger thins continue to rank high and innovate

### Pelle Karlson

Country Manager Nordics

### Eva Forsberg

Category Marketing Manager

Creating small moments of happiness by offering unique, superior snacks. This is what Lotus Bakeries does in Sweden with Annas Pepparkakor, spicy ginger thins that have been the Christmas biscuits of choice in Scandinavia for many generations. While constantly innovating, the brand continued to grow strongly in 2021. Meet Sweden's best-loved ginger cookie.

"Pepparkakor is extremely popular in Scandinavia", begins Pelle Karlson, Country Manager Nordics. "The segment accounts for around 20-25% of the overall sweet cookies category. In November and December, pepparkakor dominates the category with its market share increasing to 70%. At school, at work, with friends or when getting together with family: everyone enjoys the spiced ginger cookies at that time of year. And, with a share of 37%, Annas ginger thins are the market leader in that segment."



Pelle Karlson - Country Manager Nordics

"There's clearly a market for brands that are suited to cosy, social moments, and that's exactly what matches Annas' core values."

– Pelle Karlson

Annas is still baked on steel trays using a traditional technique, according to the original recipe invented by sisters Anna and Emma Karlsson in 1929. "Since then, it has grown into the most loved ginger thins in both Sweden and Finland", explains Eva Forsberg, Category Marketing Manager. "It's passed down from generation to generation, and children literally grow up with Annas. So, most Swedes know this product from childhood."

#### WELL-LOVED GINGER THINS

Year by year, we observe an increase in sales and in 2021 too, we achieved very good growth. To continue to improve, attract new consumers and keep inspiring existing ones, Annas launched a limited edition - for the eighth time - of the cookie, this time cardamom flavoured. And, once again, this product line was enthusiastically welcomed by many retailers into their product ranges", Eva continues.

#### FIRST STEPS IN THE ICE CREAM CATEGORY

Annas' status as a dynamic and innovative brand is proven by the fact that in recent years, it has also moved into a new category in Scandinavia. In 2019, Annas Pepparkaks scooping ice cream was launched, joined in 2021 by Annas Miniglassar: Annas mini ice cream sticks coated with chocolate and ginger thin pieces. "This innovation was extremely popular", says Eva. "All major retailers in Sweden and Finland took it on, we met our sales targets and received fantastic reviews from consumers via social media. Our ice cream was one of the top-selling ice cream products in the category during the end-of-year period."



Eva Forsberg - Category Marketing Manager

#### GINGERBREAD HOUSE

Finally, there's also Annas pepparkakshus, or gingerbread house, whose sales recorded double-digit growth for the ninth year in a row. Pelle explains: "Building a gingerbread house is a tradition in Sweden. You decorate it with your family as part of your Christmas rituals. People like to share this activity on social media too. For the last few years, we have set a new record with sales of Annas pepparkakshus every year. When we launched a second version of the house in 2020, that was a great success too. 80% of sales were incremental to sales of the original version, meaning that there was scarcely any cannibalisation. In view of this, in 2022, we are looking at whether we can grow further in this segment. There's clearly a market for brands that are suited to cosy, social moments and that's exactly what matches Annas' core values."



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# 02

## OUR SUSTAINABILITY PROGRAMME

CARE FOR TODAY, RESPECT FOR TOMORROW



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# OUR SUSTAINABILITY AMBITION

Lotus Bakeries plans to grow by offering a varied range of branded snacks for every moment of the day. This growth must be profitable and sustainable, while maximising opportunities for future generations. This is our vision.

We plan to become even more ambitious in the times to come with our ‘Care for Today, Respect for Tomorrow’ sustainability strategy and our implementation of the action plans associated with it. This makes our sustainability ambition an integral part of our vision and our business strategy, which rests on three pillars and in which we have set out the following specific ambitions:

## OUR ENVIRONMENT

We are committed to protecting our environment and combating global warming. We aim to reduce our ecological footprint in everything we do. We put this commitment into practice by promising only to use recyclable packaging for all our brands by 2025. Our 12 factories are already carbon neutral and in 2022 we will commit to endorsing the Science Based Target initiative (SBTi).

## OUR EMPLOYEES

Our recruitment policy is designed to attract a diverse and talented group of people who, just like us, care about the TOP values. We aim for long-term employment and offer our employees a pleasant, challenging, inspiring and safe work environment. We use development, constant challenge and training to ensure our employees feel at home at Lotus Bakeries and that they develop themselves to ensure that accrued know-how is permanently retained in the business.

## OUR COMMUNITY

We also actively accept our social responsibility. By implementing our internal Code of Conduct and the Supplier Code of Conduct, we guarantee ethical business practices throughout the organisation. With our Foundation for Education we contribute to prospects for future generations through carefully chosen education and training projects.

In March 2021 we underlined our sustainability ambition by endorsing the UN Global Compact. Lotus Bakeries will publish its progress report on this in 2022.



Jan Boone  
CEO



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# OUR SUSTAINABILITY STRATEGY

Lotus Bakeries’ sustainability strategy rests on three pillars: our environment, our employees and our community.

We aim for good corporate governance in each pillar and set specific targets and priorities to help us achieve our sustainability objectives.

## AMBITIONS

### ENVIRONMENT

We are committed to the environment and to help fight against global warming. In everything which we undertake, we strive to reduce our ecological footprint.



### EMPLOYEES

We have a recruitment policy aimed at attracting a diversified and talented group of people who share our TOP values. We aim for long-term employment and offer our employees a pleasant, challenging, inspiring and safe working environment.



### COMMUNITY


We actively take 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.



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 on the different priorities and actions. The following topics are among those discussed by the Board of Directors in 2021: the ESG strategy and action points, a sustainable packaging status update and the Young Graduate Programme.

 **From 2021 onwards Lotus Bakeries will issue a GRI report which will be available on its website**  
<https://www.lotusbakeries.com/reporting-disclosure>

TOP 20 SUSTAINABILITY PRIORITIES

A materiality assessment helps us decide which issues are important for both the company and our stakeholders. It is important to involve our stakeholders and give them a say in our sustainability ambition and our sustainability programme. Lotus Bakeries carries out a full evaluation of its sustainability priorities on a regular basis to ensure that all developments are reflected both inside and outside the company. The starting point is a questionnaire, on the one hand based on the pillars and existing priorities of our sustainability programme and on the other inspired by developments and priorities within the broad sustainability field. These questions are put to a relevant group of stakeholders and the EXCO.

In this way these top 20 sustainability priorities are defined on the basis of the materiality assessment. The relevance and the importance of these issues is reviewed and if necessary updated on a regular basis. They were most recently updated in 2019.

Top 20 sustainability priorities

ENVIRONMENT

- Procurement and traceability
- Energy consumption
- Waste reduction
- Climate change
- Water consumption and treatment

EMPLOYEES

- Corporate culture
- Diversity
- Employee well-being

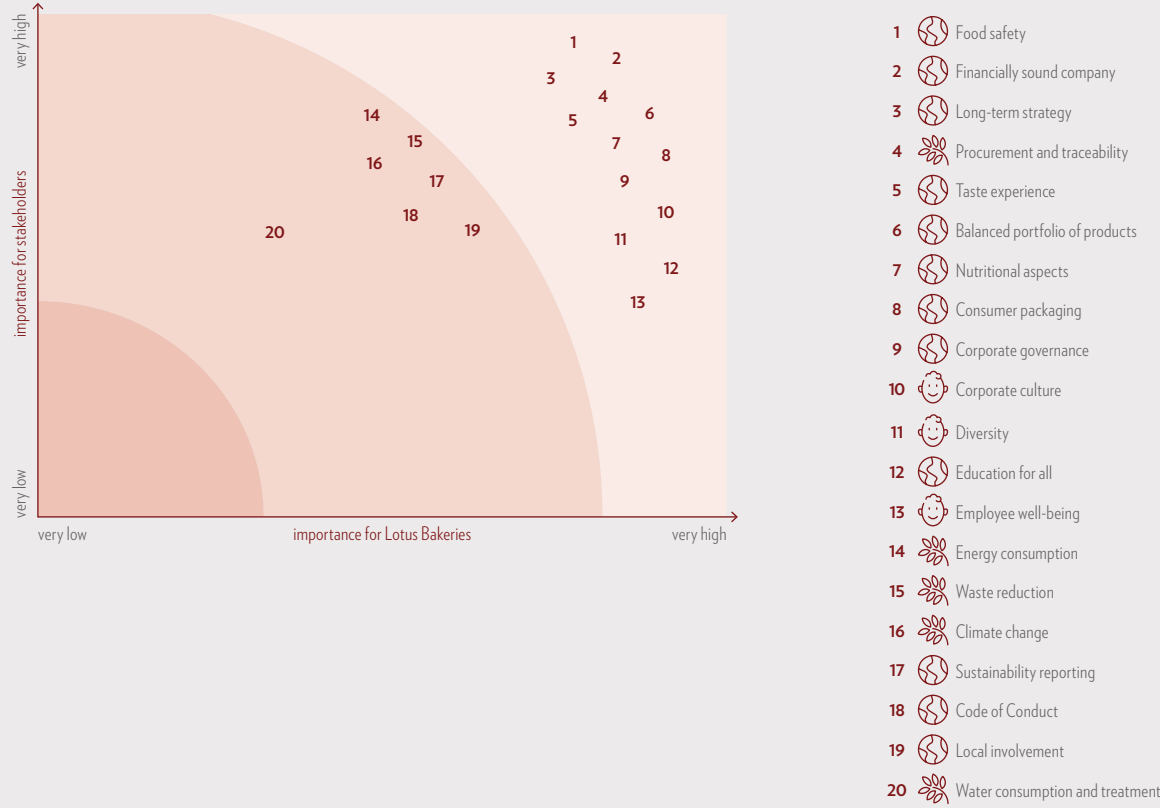
COMMUNITY

- Food safety
- Financially sound company
- Long-term strategy
- Taste experience
- Balanced product portfolio
- Nutritional aspects
- Consumer packaging
- Corporate governance
- Education for all
- Sustainability reporting
- Code of Conduct
- Local involvement



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Our Materiality matrix



## UN GLOBAL COMPACT OF THE UNITED NATIONS

In March 2021 Lotus Bakeries was accepted as a member of the UN Global Compact of the United Nations. The UN Global Compact is a global sustainability initiative for businesses set up by the United Nations. As a result Lotus Bakeries is committed to upholding the Ten Principles of the United Nations in the area of human rights, working conditions, environment and anti-corruption and to ensure they form part of its strategy, culture and daily activities. Lotus Bakeries is also committed to supporting projects that promote 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 annually and report on the progress of our efforts to implement the Ten Principles.

 **The renewed commitment and the March 2022 progress report are available on our website**  
<https://www.lotusbakeries.com/reporting-disclosure>

<sup>1</sup> Businesses must support and respect the internationally proclaimed human rights; Businesses must ensure they are not complicit in human rights abuses; Businesses must uphold freedom of association and the right to collective bargaining; The elimination of all forms of forced or compulsory labour; The effective abolition of child labour; The elimination of discrimination in respect of employment and occupation; The supporting of a precautionary approach to environmental challenges; Undertaking initiatives to promote greater environmental responsibility; Encouraging the development and diffusion of environmentally friendly technologies; Businesses should work against all forms of corruption, including extortion and bribery.

## Sustainable Development Goals of the United Nations

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

As a business our contribution focuses on those goals on which we as Lotus Bakeries can have the greatest and most direct impact. The SDGs that are directly supported by the priorities we have set in our sustainability strategy are set out in the discussion of the three pillars further in this chapter.





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# OUR SUSTAINABILITY IN ACTION

In 2020, Lotus Bakeries formulated specific ambitions for each of its three pillars of sustainability.

In the report that follows, the company seeks to communicate the targets and priorities it has formulated to help achieve these ambitions. In this chapter it also provides transparency around what was actually achieved in the Group in 2021. In this way, we demonstrate that our ambitions go beyond mere words and are transformed into concrete action.

This Care for Today, Respect for Tomorrow chapter contains a set of indicators related to the three pillars of sustainability. A selection of indicators has been validated by PwC Bedrijfsrevisoren BV. The validation was carried out in accordance with the International Standard on Assurance Engagements (ISAE) 3000, a model developed to provide assurance for non-financial data. The assurance indicators are marked throughout the text by .

 **For the assurance report relating to the attested indicators for the year as at 31 December 2021, please refer to page 138 of this annual report**

 **For the assurance report relating to the attested indicators for the year as at 31 December 2020, please refer to page 99 of the 2020 annual report**



## ENVIRONMENT

### status

In total, 97.1% of the packaging of all Lotus Bakeries brands is recyclable<sup>1</sup>

100% of our owned sites have earned the CO<sub>2</sub>-neutral label

97.1%  
recyclability

100%  
CO<sub>2</sub>-neutrality

### target

By 2025, 100% of the packaging of all Lotus Bakeries brands to be recyclable<sup>1</sup>

All of our owned production sites to earn the CO<sub>2</sub>-neutral label



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PRIORITIES	UNIT	2021	2020	2019
% of packaging of all Lotus Bakeries brands that is recyclable <sup>1</sup>	%	97.1 ✓	96.8	93.9
% of our owned sites that have earned the CO <sub>2</sub> -neutral label	%	100 ✓	100 ✓	100

PACKAGING	UNIT	2021	2020	2019
Reduction of plastic	tonnes/year	21.6	18.5	
Use of recycled cardboard	%	75	77	
Use of cardboard with the 'sustainable managed forest' guarantee	%	76	77	

CO <sub>2</sub> EQUIVALENT EMISSIONS	UNIT	2021	2020	2019
Output of scope 1 & 2 CO <sub>2</sub> equivalent emissions per tonne produced on our owned sites	kgCO <sub>2</sub> e/tonne	163 ✓	145 <sup>2</sup> ✓	133
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	156 ✓	139 <sup>2</sup> ✓	126

ENERGY CONSUMPTION	UNIT	2021	2020	2019
Energy consumption per tonne	kWh/tonne	1064	1071 <sup>2</sup>	923

WASTE	UNIT	2021	2020	2019
Kg of waste per tonne generated <sup>3</sup>	Kg/tonne	63 <sup>4</sup> ✓	54 ✓	45

<sup>1</sup> The recyclability rate is the average technical recyclability of the packaging of all Lotus Bakeries brands by the end of 2021. It takes into account consumer packaging, distribution packaging and transport packaging. The technical recyclability rate is determined per packaging component on the basis of state-of-the-art design guidelines for recyclability (Ceflex, Recyclclass). The average technical recyclability is a weight average, based on the packaging weight of each packaging component.

<sup>2</sup> Following an analysis within the CSR project, the calculation of the external consultant was refined. The additional CO<sub>2</sub>e emissions were compensated with additional certificates so that 100% CO<sub>2</sub> neutrality was maintained.

<sup>3</sup> This concerns residual waste, production waste, grease, paper, cardboard at our owned sites.

<sup>4</sup> The figure is negatively impacted by significant capacity expansions and associated normal start-up inefficiencies.



# OUR ENVIRONMENT

## AMBITIONS & ACHIEVEMENTS IN 2021

We are committed to protecting our environment and combating global warming and we aim to reduce our ecological footprint in everything we do.

### ALL PACKAGING RECYCLABLE BY 2025

#### Our commitment

Lotus Bakeries is committed to designing all its packaging for all its brands to be recyclable by 2025.

The purpose of our packaging is clear. First, it protects the product, both en route to the retailer and from shop rack to consumer's store cupboard, up to the time of consumption. We must pack our product to guarantee the taste experience and product quality. It is how we create a barrier to outside influences. Second, the packaging is the perfect medium for giving the consumer clear and accurate information.

High-quality packaging also ensures that Lotus Bakeries' products have a longer shelf life and therefore helps prevent food waste, an issue as equally concerning as packaging waste. It is estimated that one third of food products produced globally – approximately one billion tonnes – is lost through food waste. And that is mainly at the point of sale and once it reaches the consumer.

At the same time Lotus Bakeries recognises the problems relating to the use of packaging, including marine pollution, carbon emissions and the use of non-renewable resources. Lotus Bakeries shares the concern and is keen to accept its responsibility in making the transition from the current linear economy, where packaging is produced, used and thrown away, to a circular economy, in which materials are kept circulating.

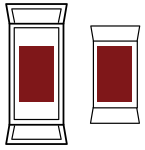
### LOTUS BAKERIES' VISION OF PACKAGING

1. We only want to offer our consumers products of the highest product quality and with a superior taste experience
2. So we must protect our products: packaging allows us to combat food waste and ensure food safety
3. We aim to make our packaging as sustainable as possible and are committed to reducing our packaging carbon footprint

Against this background Lotus Bakeries has formulated a packaging strategy that focuses on the reduction of packaging, innovative design and investment in circularity.



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REDUCE WAT WE USE

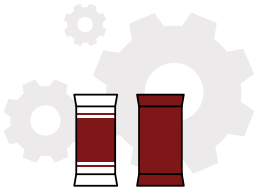
#### Reduce what we use

The ideal packaging contains as little packaging material as possible, with no loss of flavour or freshness. So we constantly invest in optimising our packaging, with the aim of using as little packaging material as possible. In so doing we pay attention to ensuring a superior taste experience for the consumer and minimising food waste. There is a delicate balance between using as little material as possible for the environment and enough material to protect our products fully.

In 2021 we reduced the use of plastic by 21.6 tonnes compared with 2020.

#### Design for tomorrow

The recyclability of packaging starts with its design. We constantly explore sustainable and innovative packaging materials to increase the recyclability of our packaging and at the same time support the recycling process. We use objective eco-design guidelines to make our packaging recyclable, including CEFLEX and RecyClass. In this way we support our ambition to make all the packaging of our brands recyclable by 2025. Currently, 97.1% of our packaging is recyclable.



DESIGN FOR TOMORROW

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AIM FOR CIRCULARITY

#### Aim for circularity

Since we design with recyclability in mind, we believe it is vitally important to evolve into a circular economy. So we are determined to invest in closing the circle. Our intention is to continue research into how responsible purchasing, recycled content, consumer awareness, sorting guidance, innovative solutions, etc, can help us achieve this goal.

Our preference is to use recycled content because of the better carbon footprint, without losing sight of the quality and functionality requirements.

So we aim for the maximum technically feasible and on average now have 75% recycled content in all the cardboard packaging of our brands. In addition to this, 76% of the cardboard packaging of our brands is currently certified with the guarantee that the products come from sustainably managed forests.

Lotus Bakeries also supports various collection and recycling systems, including Ceflex, The Flexible Plastic Fund. Moreover, we contribute to Extended Producer Responsibility systems in different European countries.

These achievements would not have been possible without the efforts of the sustainable packaging team and the project teams with which they collaborate. Laetitia Vlaeminck, Sustainable Packaging Engineer, goes through the main initiatives underlying the fantastic results in each pillar of the packaging strategy in 2021.

# Powerful strides towards a more sustainable packaging policy

## Laetitia Vlamincck

Sustainable Packaging Engineer

Design for tomorrow, reduce what we use, aim for circularity: these are the three pillars of Lotus Bakeries’ packaging strategy. Once again in 2021, we made major strides in each of these areas. Sustainable Packaging Engineer Laetitia Vlamincck outlines the most powerful steps.

“In our packaging strategy, we always aim for the optimum overall picture”, Laetitia begins. “We want to improve sustainability as a whole. So, we don’t intend to engage in burden shifting, for example by switching from plastic to an alternative like paper, which is perceived as more sustainable, but end up using much more material, reducing the shelf life of our cookies and not gaining the full benefit from the efficiency of our ovens.”

### 100% RECYCLABILITY FOR BISCOFF® COOKIES

Under the heading of ‘design for tomorrow’, Lotus Bakeries is improving the recyclability of its packaging, so that the materials can be sorted, recycled and used again. Having already switched to PVDC-free film for all individually packaged and twin Biscoff® packs in 2020, this was rolled out across the entire Biscoff® range in 2021. “This means that the packaging material for Biscoff® is PVDC-free across the whole line”, Laetitia explains. “This brings us close to 100% recyclability for Biscoff® Cookies.”



Laetitia Vlamincck - Sustainable Packaging Engineer

“With a ‘recycle me’ logo on each recyclable packaging item, we encourage consumers to sort their waste correctly. So our efforts bring results.”

– Laetitia Vlamincck

A special packaging line has also been set up for packaging Biscoff® Crumb, which was previously outsourced to a copacker. This also involved new packaging, that is easier to recycle. “Whereas before we used a plastic bag with a paper sticker on it – which made it harder to recycle – we now use a printed bag without a sticker, or with a plastic sticker that can be recycled”. In the Dutch market, Lotus Bakeries has also switched to PET for Enkhuizer product trays, which were previously made from polystyrene. This material does not tend to be collected or recycled around the world, while PET is recycled on a larger scale and can also be made from recycled material. These changes have raised our recyclability score to 97.1% for the Lotus Bakeries Group as a whole.

There are ambitious plans on the agenda in 2022 too: we aim for all packaging for waffles, cakes and pastries to be recyclable by the end of the year. “As ever, the greatest challenge lies in the product’s shelf life. What we are aiming for is to keep crispy waffles really crispy and loaf cake deliciously soft, but in recyclable packaging”, says Laetitia.

### AS LITTLE PACKAGING MATERIAL AS POSSIBLE

With the motto ‘reduce what we use’, Lotus Bakeries aims to use as little packaging material as possible, without compromising the quality of the products. “A key step towards this was when we changed the type of corrugated cardboard for our 300 Biscoff® catering case. The corrugated cardboard is now thinner, which means that it weighs less and more cases can be loaded on a pallet. As a result, every year, 36.5 tonnes less corrugated cardboard are placed on the market and 17 fewer trucks are needed to transport the corrugated cardboard to the factory, which has an impact on CO<sub>2</sub> emissions”, Laetitia explains.

In addition, we made the plastic bottle for Biscoff® topping lighter, saving 800kg of plastic every year. The stretch film around pallets of Lotus Biscoff® spread is now thinner, saving around one tonne of plastic per year without affecting stability. “We are now seeing if we can make the same reduction at other plants. This is a tricky process because, clearly, pallets have to maintain their stability until they reach the retailer. Otherwise, we generate wastage, and that’s obviously not the intention.”

There is clearly much more in the pipeline in this area. “In 2021, we carried out a major study to investigate how we can make further reductions for our leading runners. We are aiming to implement some initiatives in 2022.” The first example to appear on the market is Lotus® Biscoff® fresh packs. We will switch to a thinner packaging film for these packs. This will save us 13.5 tonnes of packaging material annually.



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**KEEP PACKAGING IN THE LOOP AS LONG AS POSSIBLE**

Finally, Lotus Bakeries does its bit for the circular economy with the ‘aim for circularity’ aspect. Here, it aims to keep packaging materials in the loop as long as possible, by using recycled material. Where this is not feasible, we choose sustainably sourced or renewable materials where possible.

“In any case, we use our cardboard boxes as recycled material. It’s more difficult with plastic, as the recycling facilities for this aren’t quite there yet”, Laetitia explains. “We have already taken the first step by using 30% recycled material in the shrink film around trays of Lotus® Biscoff® spread. We already reduced the amount of material for this film by 10% last year. The same is now happening to the stretch film around pallets of this product: this year, as already mentioned, we made this 10% thinner and next year we hope to be able to use recycled material for this as well.”

It is more complicated for the wrappers for use in direct contact with food. “Here, we have to be careful about food safety”, Laetitia explains. “Unfortunately, by law, mechanical recycling doesn’t allow recycled materials to be used in packaging that comes into contact with food. This means that, until recently, we couldn’t use any recycled material for this. However, a method is currently being developed that would make this possible after all: chemical recycling. We are examining the possibilities, and hope to be able to start using a wrapper made from recycled material very soon.”

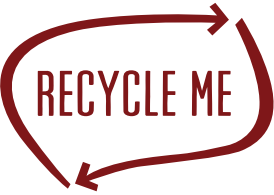
**LET’S CARE FOR OUR PLANET TOGETHER**

Finally, in 2021, Lotus Bakeries began to communicate more strongly to consumers about its efforts in the area of packaging. “We wanted to make it clear to consumers what we are doing and encourage everyone to do their bit by making sure that our packaging ends up in the right waste stream. That way, our efforts deliver the most. We developed an overarching communications strategy for this with a ‘recycle me’ logo on each recyclable pack, provided that the packaging is collected in that specific country. The logo is combined with the slogan ‘Let’s care for our planet together’. In this way, we aim to encourage consumers to sort the packaging correctly. After all, the circular economy relies on all actors in the chain. Then it’s up to us to reuse the recycled material and close the loop.”

**Together we are reducing the plastic waste mountain**

Our employees are also involved in reducing waste and emissions. Lotus has for example introduced water coolers and dispensers in the workplace and encourages the use of personal drinks bottles or glasses. The water bottles are made of 100% recyclable material and can be reused up to 60 times. This is a major contribution to reducing the plastic waste mountain.

Lotus Bakeries has also launched an initiative to inform the consumer about the recyclability of its packaging on this packaging. It wants to do this in an attempt to create awareness in the consumer to sort our packaging correctly so that it can actually be recycled. In 2021 communication about the recyclability of the packaging was implemented on Lotus® Biscoff® ice cream sticks.



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## CLIMATE CHANGE

Climate change is one of our greatest global challenges. Our activities are closely associated with nature since we use natural ingredients. We are doing our part in limiting global warming by being net carbon neutral on the one hand and by reducing our carbon footprint on the other.

### Lotus Bakeries is carbon neutral

Lotus Bakeries' own sites are net carbon neutral. This has been the case since 2015 and remains so in 2021. Carbon neutrality refers to the Scope 1 and Scope 2 emissions of our own sites and covers the offsetting of emissions.

All of our electricity is renewable, either from our own carbon neutral generation or by offsetting with green power certificates. Our remaining carbon emissions are offset through the wind turbine project in Anantapur, India, where renewable energy is generated by 50 wind turbines. Through our support we make a positive contribution to the environment and also to the local community.

### Reducing the gross carbon footprint

Lotus Bakeries is aware of the need to look critically at its carbon footprint in the struggle against global warming and climate change in general. It is considering its options for reducing CO<sub>2</sub> emissions in energy, waste and transport.

### SBTi commitment

Since 2011 Lotus Bakeries has been monitoring its Scope 1 and Scope 2 emissions in detail.

In 2021 Lotus Bakeries undertook a first screening of its Scope 3 emissions at its own sites. In this screening exercise more than 90% of upstream and downstream activities were included in scope.

On this basis we can conclude that of the total carbon footprint of Lotus Bakeries, 94% comes from Scope 3. Within Scope 3, 97% comes from purchased goods and services.

**In 2022 Lotus Bakeries will commit to signing the Science Based Target initiative (SBTi) and within the timeframe envisaged in this context to formulate reduction objectives for its Scope 1, 2 and 3 emissions.**

### Reducing gross CO<sub>2</sub>e emissions

In 2021, Lotus Bakeries gave five Young Graduates the task of developing proposals for reducing the carbon footprint. This led to a broad range of proposals, a number of which will be developed and implemented further.



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## SPEAKING

## Young Graduates help drive Lotus Bakeries' sustainability ambition

**Marie Tanghe**  
**Sofie Lambert**  
**Elisa Vandekerckhove**  
**Edward Boone**  
**Flore Vanden Bussche**  
Young Graduates

During the second half of 2021, five promising young talents – the Young Graduates – looked into how Lotus Bakeries can reduce its CO<sub>2</sub> footprint further. Marie, Sofie, Flore, Elisa and Edward identified how sustainable Lotus Bakeries is now, defined bottlenecks and came up with proposals to help drive the already strong sustainability ambitions.



Elisa Vandekerckhove - Young Graduate

"After we had all spent six months immersed in our own departments – marketing, sales, R&D and operations – the EXCO asked us to take six months researching together how Lotus Bakeries' CO<sub>2</sub> footprint could be reduced", Marie Tanghe begins. The young graduates soon found that the fact that they all came from different departments was a plus. Sofie Lambert continues: "Lotus Bakeries wants to convey its sustainability ambitions throughout all areas of the business. So, a first, essential part of our task was to identify how Lotus Bakeries stood when it came to sustainability and to define bottlenecks. Since each of us brought a different perspective, we were able to form a complete picture based on the experience we had gained in our own departments."





Edward Boone - Young Graduate

**NO EMPTY PROMISES**

This first task had to be completed very thoroughly, because Lotus Bakeries had no intention of launching initiatives that might sound good, but were not always so impactful on the business as a whole. “The EXCO asked us to cover the first part of our project in great detail, to provide more insight into the topic”, Sofie explains. “What is sustainability? What is a CO<sub>2</sub> footprint? Why might that only be part of the story? And how can Lotus Bakeries further build its vision for sustainability in the short and long term? It wants to play a leading role in this area. Not by making empty promises, but by telling it like it is, and setting clear, achievable and quantifiable goals on this basis. This makes our sustainability objectives measurable so we can track our progress year by year.”

First of all, the young graduates were asked to consider as broadly as possible how Lotus Bakeries could do business more sustainably. “In this first phase, no idea was too wild. The aim was to really think outside the box and leave no stone unturned. And we didn’t just limit ourselves to Belgium, but looked at our activities across the globe”, Elisa Vandekerckhove continues. “That was a real challenge: it was the first time we had approached sustainability from a business angle. We were soon able to define several pillars for more sustainable operations: energy, waste and transport. Then we explored each pillar in more depth, and looked for points for improvement.”



Sofie Lambert and Flore Vanden Bussche - Young Graduates

**FEASIBILITY CHECK**

In a second phase, the many ideas garnered by the young graduates underwent a feasibility check. “During our project, we were supervised closely by CFO Mike Cuvelier and Group HR Director Stéphanie De Lange. We soon found that even the most innovative ideas were taken seriously. We were put in touch with colleagues within the company who could help us evaluate the feasibility of the various ideas”, Marie explains. “It was great to see how many people were open to our suggestions, and prepared to help us work out how we could put them into practice.”

Her colleague Edward Boone agrees: “Obviously, there were lots of ideas that didn’t pass the feasibility check. But what was fun about the whole process was that we found that there was already much more sustainability than we thought. Lots of our colleagues have been grappling with the subject for a long time. Our mailbox was soon overflowing with more suggestions, insights, initiatives...”

At the end of the process, the young graduates drew up a shortlist of proposals for improving sustainability, which they presented to the EXCO. “We grouped our ideas around the three pillars: energy, waste and transport. On the one hand there were suggestions for reducing CO<sub>2</sub> emissions numerically, and on the other hand there were initiatives to create a sustainable mindset and increase engagement among all employees of Lotus Bakeries”, explains Flore Vanden Bussche. “Because we want every Lotus ambassador to have a heart for sustainability.”



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Marie Tanghe - Young Graduate

It soon became clear that implementing the proposals for reducing emissions would be a daunting task. “We didn’t have enough specialist expertise to develop them further, together with our jobs”, Edward comments. “So we handed them over to other people within the organisation, who will take this further. We are pleased to see how many proposals have been taken on board and implemented within the company. The bigger projects are still on the drawing board, but there are also quick wins like switching to LED lighting sooner than planned in the plants, or adding electric and hybrid vehicles to the company car fleet.”

### AT LEAST ONE EXTRA SUSTAINABILITY AMBASSADOR PER AREA

To round off their project, the young graduates lent their support to the ‘sustainable entrepreneur event’, one of their own ideas for promoting a sustainable mindset among Lotus staff. “At this event, Belgian start-ups will present something to do with sustainability that we can implement at Lotus Bakeries”, Elisa explains. “Covid permitting, it will take place in late spring 2022. We have asked the start-ups to think about why their product or service could be relevant to a company like Lotus Bakeries. During the event, all employees can talk to these companies, explore new possibilities, find inspiration and offer it in return. The idea is to get people thinking, and increase engagement. There should be plenty of cross-fertilisation.”

The young graduates will draw together all of the ideas coming out of the event, and then the project will be ready for them. “One of the most impactful outcomes of our project is that we are all fully immersed in the sustainability mission, and there’s at least one extra sustainability ambassador in each area of the business”, comments Sofie. “As sustainability is one of the pillars on which Lotus Bakeries focuses, there were high expectations of this assignment. We took them seriously, and carried out the assignment as thoroughly as possible. And we’ll bring the sustainability reflex we acquired along the way to all the projects we undertake in future. We are extremely grateful for this opportunity.”



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Logistical optimisation

In 2021 the factory in South Africa invested in a local packing line. All BEAR fruit rolls used to be produced in South Africa and transported in bulk to the United Kingdom for packing by an external co-packer prior to worldwide distribution. In 2020 the installation of a BEAR packing line in the United States meant that the BEAR fruit rolls could be shipped direct from South Africa to the US for further distribution to the American consumer. The packing line in South Africa, which became operational in 2021, guarantees a shorter and more ecological transport route to our international markets.

We are also continuing to invest heavily in the North Carolina Lotus® Biscoff® factory in the United States. In 2021 we worked hard on an additional production facility, where extra production lines will become operational in 2022. This will enable Lotus Bakeries to keep up with its largest Lotus® Biscoff® markets, produce more and more locally and as a result reduce the use of overseas transport.

Local sourcing

We also purchase our raw materials and packaging materials locally as far as possible. This means we purchase the greater part of our raw materials on the same continent as that on which production takes place. We also aim to keep the distance between grower and production site as short as possible.

Climate-friendly initiatives in our offices

Lotus Bakeries continues to aspire to fitting out the offices it owns to climate-friendly standards. A good example is the HQ extension in Lembeke, the House of Biscoff.

In the design this was reflected in a geothermal heat pump, LED lighting, intelligent control and also in-house PV production of green energy on the roof and façade.

The new building with which we are extending our HQ will not open until the summer of 2022, but even now we can be proud that it will be an NZE – Nearly Zero Energy – building, which means that the E-level is less than 50.

CO<sub>2</sub> and mobility

Our employees are also involved with emission reduction on a daily basis.

For example, the use of modern means of communication is encouraged and the need to travel is subject to constant critical assessment. On the other hand, we find the direct contact employees have with each other is also particularly important, especially in an increasingly international context.

In Belgium, the Netherlands and France we have embarked on the transition to a greener vehicle fleet. Belgium is one of the countries where the car leasing policy is used to encourage employees to use electric vehicles, and electric charging stations are provided to further encourage and facilitate such use. In 2021 the decision was taken only to allow fully electric or plug-in hybrid electric vehicles to be ordered. In anticipation of this, additional charging stations were installed on the Belgian industrial sites and the first in-home charging points were installed.

There is also a bicycle leasing scheme in place for our employees in Belgium and the Netherlands. In Belgium, 264 enthusiastic employees have now chosen to acquire a bicycle under this scheme and cycle to work regularly. This is not only good for the employees’ health, but also has a positive effect on CO<sub>2</sub> emissions.

WATER MANAGEMENT

Although water is not one of the main raw materials used in the snacks segment, Lotus Bakeries is well aware that the sustainable use of water is vital and water is an important source of health and well-being in the world.

Lotus Bakeries therefore started the internal reporting of its water consumption in 2021. It will continue to monitor the use of water with the information it collects in this way.

To give a recent example: the design of the House of Biscoff made provision for water management techniques, such as rainwater collection and the installation of an infiltration drain for slow water infiltration in order to maintain a healthy groundwater level.

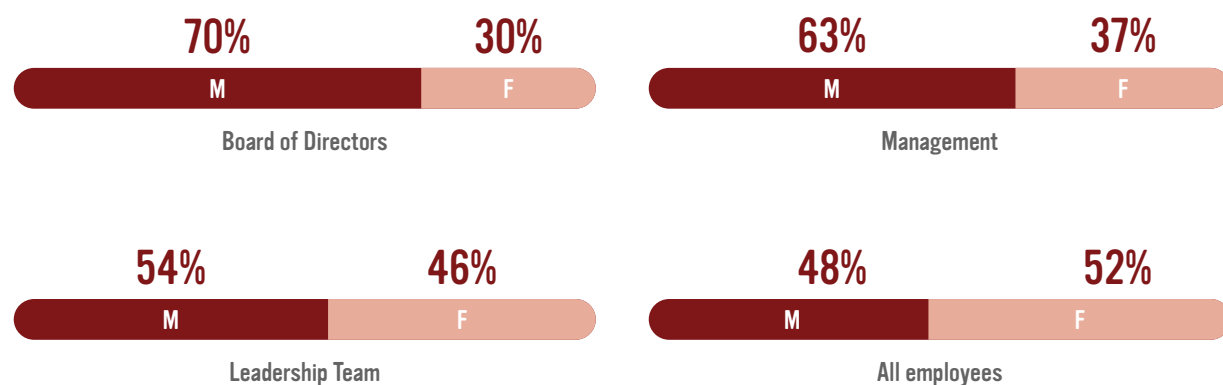


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## EMPLOYEES

### Gender diversity



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GENDER DIVERSITY	UNIT	2021	2020	2019
Board of Directors	%	70 M   30 F ✓	70 M   30 F	70 M   30 F
Leadership team	%	54 M   46 F ✓	58 M   42 F	60 M   40 F
Management	%	63 M   37 F ✓	60 M   40 F	60 M   40 F
All employees	%	48 M   52 F ✓	48 M   52 F	47 M   53 F

GEOGRAPHIC DISTRIBUTION	UNIT	2021 ✓	2020	2019
Belgium	#	1,233	1,073	1,063
	%	48 M   52 F		
South Africa	#	443	314	289
	%	43 M   57 F		
Netherlands	#	229	258	233
	%	56 M   44 F		
United Kingdom	#	120	152	154
	%	42 M   58 F		
France	#	139	140	140
	%	52 M   48 F		
United Statesn	#	92	97	71
	%	53 M   47 F		
China	#	28	29	24
	%	50 M   50 F		
South Korea	#	19	21	21
	%	42 M   58 F		
Sweden	#	23	22	21
	%	78 M   22 F		
Other (AT, CHE, CZ, DE, ES, IT, HK)	#	72	49	40
	%	47 M   51 F		
TOTAL	#	2,398	2,155	2,056
	%	1,163 M   1,235 F 49 M   52 F		

SAFETY IN THE WORKPLACE	UNIT	2021	2020	2019
Total occupational accidents involving absence from work	#	52 ✓	62 ✓	45
Total occupational accidents per average headcount	%	2.26	2.80	2.47



# OUR EMPLOYEES: AMBITIONS & ACHIEVEMENTS 2021

Our recruitment policy is designed to attract a diverse and talented group of people who, just like us, care about the TOP values. We aim for long-term employment and offer our employees a pleasant, challenging, inspiring and safe work environment.

### OUR CORPORATE VALUES ARE TOP

**Team spirit:** each link in the process is equally important, from marketing through 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.

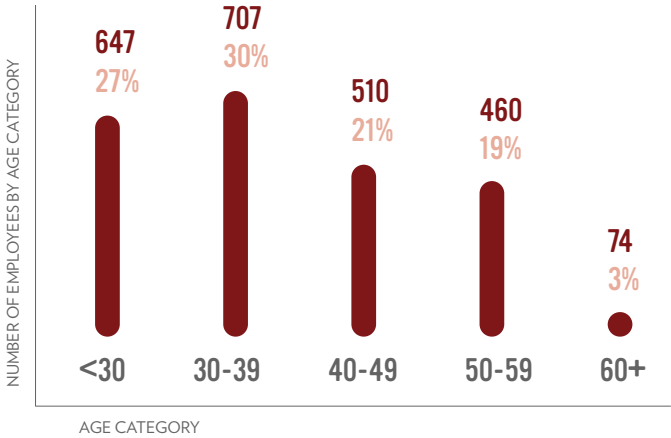
**Passion:** our employees' dedication and commitment are evident on a daily basis in the workplace, in their justified pride in our products and our company. Investing in our employees benefits the whole company.

### RECRUITMENT POLICY

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

### DIVERSITY POLICY

Through its recruitment policy Lotus Bakeries also creates a basis for attracting a diverse and talented group of people. Attention to diversity is a key part of this strategy, in which we aim to select candidates with the best range of skills and competences for the role. We also look at the knowledge and experience available in the existing teams and the desired competences, knowledge and/or experience of the candidate..



In this way we know we are employing a diverse group of employees, with balanced gender diversity across all employees. We see a good balance of 48% men and 52% women in the Lotus Bakeries Group, and also, looking more specifically at management (63% men, 37% women), the Leadership team<sup>2</sup> (54% men, 46% women) and the Board of Directors (70% men, 30% women), the gender diversity in the Group is maintained.

We also see a high level of diversity in age categories in Lotus Bakeries, and associated experience.

### YOUNG GRADUATE PROGRAMME

The Lotus Bakeries Young Graduate Programme is an intensive two-year programme designed specifically for graduate master's or MBA students. These young graduates work in one of our departments for two years and they also have an opportunity to participate in a cross-departmental strategic project.

The first five young graduates joined us on 1 September 2020. The success of this first batch simply confirmed we had made the right choice with this programme. On 1 September 2021 we welcomed a further seven promising young graduates.

### ONBOARDING

Once on board, Lotus Bakeries aims for thorough onboarding, in which new Lotus employees are immersed in our business, 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 integrated into the Lotus Bakeries Group quickly.

### TRAINING & DEVELOPMENT

Once on board, it is a question of retaining these engaged and motivated TOP talents in the company to prevent the loss of the know-how they have acquired. Areas of attention in this regard are the continuing development of our employees, the provision of training opportunities and constant challenge.

All these processes were further professionalised in 2021. From recruitment to onboarding to development and follow-up, the whole process will be monitored and managed centrally using MyLotus. This new platform also encourages the connectivity between employees who therefore, despite the further internationalisation and continuing growth of the Group, can remain closely connected. Evy Van den Brande, HR Project Leader, explains these developments.

<sup>2</sup> The group of the Executive Committee, the General Managers and the Corporate Directors



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# MyLotus brings together the Group’s key HR processes and data

**Evy Van den Brande**  
HR Project Leader

As of mid-2021, all of Lotus Bakeries’ HR data from 15 different countries is centralised in a brand-new tool: MyLotus. Besides making it much easier to request and report HR data, the tool also streamlines many HR processes.

“Until a few months ago, we had no integrated system in which the HR data for all of our employees around the world came together”, begins Evy Van den Brande, HR Project Leader. “That was really time-consuming and not always efficient. Plus it was difficult for new employees to form a good picture of the organisation and its reporting lines.”

“The new tool is the central info point for everything to do with HR.”

– Evy Van den Brande



Evy Van den Brande - HR Project Leader

**STANDARDISED HR PROCESSES**

Now, all of this HR data are not only available in real time in MyLotus – based on SAP SuccessFactors technology – it is also completely up to date. “Plus the tool allows us to standardise and streamline HR processes in the various regions”, Evy continues. “For example, we can organise both recruiting and onboarding more uniformly across the various countries. So that every employee now enjoys the same experience worldwide. Whereas, in the past, they often still had to fill in all of their personal data on paper, received printed policies, and HR then got everything ready for them to start, the newcomer can now log in before their first working day, enter their personal data and add a photo, view or sign documents online. The fact that this now happens in the same way in almost all countries is a huge advantage. New employees often tell us that they really appreciate being onboarded in such a professional manner.”

**TRANSPARENT ORGANISATION**

Another advantage of the new system is that it makes it easy for newcomers to visualise the organisation: “Employees can view organisation charts based on reporting lines. They can look up colleagues by name or job title and you can see all of the organisation charts for the teams in the Group: it’s all possible. That gives a good picture of how the organisation fits together.

This can come in useful in case of acquisitions too: until the acquisition, the employees of the acquired company have often been part of a smaller organisation. Then they find themselves in a big Group. This can be hard for them to grasp. Thanks to the tool, they can see how they fit into the bigger organisation, search for contacts, and place people. Yet another advantage is that every employee has access to the data that is held on him or her and can check and update it, for instance on moving house. This helps make the data more accurate.”

**LINK WITH PAYROLL AND IT**

Efficiency and added value were top priorities in choosing MyLotus. These are also the reasons for linking up with other systems. “For instance, in countries with many employees, newcomers’ data automatically flows into the local payroll system. This avoids us entering things twice.” And there is a connection to the IT system too. “When someone new joins, linking the two systems means that the ICT department is informed of this the next day. They can then create an email address, prepare an account and an automatic email is sent to the new employee’s manager, who specifies which hardware and software will be needed for that person.” The same happens when someone leaves: so that ICT can make sure that that person’s account is closed in a timely manner, and no security breaches can occur.



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**BUILDING ON THIS FOUNDATION**

The new tool has already met with an enthusiastic response from employees. “We are getting very positive reactions from all corners of the organisation. Our employees are making good use of the tool. Our goal in future is to direct them more and more to this central HR point, by adding extra processes”, Evy continues.

In 2022, Lotus Bakeries is working on running the performance management process via MyLotus as well. “By linking up with more HR tools, MyLotus will become the central info point for everything to do with HR. We are really proud of what’s already in place. We can build on this good foundation year by year. In the future, we want to use all of the data in the system to create analyses, reports and dashboards for our KPIs. There is a wealth of data available. We can use this to make forecasts, detect and capitalise on trends. The advantage of having all of the data in one system is immense. Before, this would have taken us days, now it’s all available at the push of a button.”

Finally, Evy emphasises that implementing the tool was a real challenge that could only be completed thanks to the good cooperation between the HR colleagues and the ICT department. “Building connections with other systems, is certainly not easy. Particularly with payroll data, it’s crucial that everything goes 100% right. That’s why we tested it ad infinitum to prevent any errors from occurring. This would not have been possible without the assistance of our ICT colleagues. Plus the close collaboration between the HR team and the area HR colleagues has ensured, more than ever, that a single HR community has been created, with more frequent contact than before on various HR topics. The icing on the cake of this challenging project”, Evy concludes.



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**SAFE WORKING ENVIRONMENT**

Every accident is one accident too many. Lotus Bakeries will therefore continue to make extra efforts to ensure the risk of accidents at work is as low as possible.

Strict occupational safety laws apply in all the countries in which Lotus Bakeries operates. Lotus Bakeries adheres strictly to this workplace safety legislation. Thus there are different procedures in place, tailored to the specific risks at each of the production sites and in our offices.

The starting point in each case is a risk assessment, which is used as a basis for measures to be taken to limit the risks as far as possible.



## IN PRACTICE

- New machinery is designed to the latest safety standards and undergoes an extensive Site Acceptance Test by our own safety officers. Machinery is adapted where necessary to meet our high safety standards.
- Safety procedures are drawn up to make working in the production environment as safe as possible. These procedures are transformed into work instructions for each workstation. Adapted work clothing also contributes to a safe work situation.
- There is constant focus on training, awareness and prevention:
  - Safety in the workplace is a fixed part of the onboarding programmes of new employees who start work in the factory.
  - At each production site there is a programme in place for detecting and reporting unsafe situations. In Belgium this is an SOS (Safety Observation Stop) procedure.

### Different actions illustrate this policy:

- Belgium has the VAM (SafetyActionMoment) awareness-raising process and the ZAP (See and Address-Prevention) prevention programme, in which training sessions are used to show people how they can approach someone about safety.
- In South Africa, a health & safety questionnaire is completed each quarter, after which the existing risk assessments are evaluated and the existing procedures are tightened up.
- In the Netherlands, the Geldrop and Enkhuizen production entities have the occupational health and safety vignette.
- In the US, a monthly safety walk is set up by an external partner.
- All the sites report monthly on the number of accidents at work with absence.

In 2021 the number of accidents at work fell from 62 to 52.



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## PLEASANT WORKING ENVIRONMENT

Lotus Bakeries aims to provide a pleasant working environment, with a range of facilities such as standing desks to encourage working standing up, showers to make it easier for employees to cycle to work and sufficient expanses of glass to create light and airy offices.

### Lotus Bakeries in times of Covid-19

Given the persistence of the Covid-19 pandemic, Lotus Bakeries has continued to focus on safety precautions for its employees in the factories and sales offices so that everyone, to the extent permitted, could come to work in a pleasant and safe way. For example, measures taken in the factories included temperature control, additional changing rooms, lunch facilities and the assurance of social distancing by introducing additional night shifts. Great attention was also paid to hygiene in the offices and in the factories, using disinfectants and face coverings, but also additional cleaning services and facilities.

### New office buildings

Given its ever growing workforce, Lotus Bakeries also continues to invest in new pleasant workplaces. For example, substantial progress was made in 2021 on the extension of Lotus Bakeries' head office, with the construction of a brand new, modern, contemporary House of Biscoff. New offices were also acquired in Baar, Switzerland, and in St. Albans, United Kingdom.

With its great expanse of glass, the House of Biscoff will be an oasis of light and space. The green garden to the rear of the building and the broad terraces on the building's first and third floors make a major contribution to the feeling of space. Partly in light of the experiences gained in times of the pandemic, Lotus Bakeries has also chosen to centralise all its HQ meeting rooms on the ground floor of this building, separate from the offices occupied by its employees. It has opted to have separate desks for one, two or four employees here, along with a limited number of retiring rooms. To further optimise the workplace, we have also opened a Lotus café in this building, where employees can have a coffee and eat lunch together, something we offer in each of our offices.

We have again made a conscious choice for spacious, light and open space and no separate desks in the office in Baar, Switzerland, just like the brand new NBF and UFF office in St. Albans, United Kingdom. These offices have a great many retiring rooms and both large and small meeting rooms for our employees to use. Here too light and space are of paramount importance and again there are cosy lunch rooms for people to meet.

Health and fitness receive a great deal of attention in all our branches. Different initiatives are taken depending on the branch. The House of Biscoff for example will have its own fitness room with showers. Some examples in our other branches: a chance to join a cycle leasing scheme, fitness opportunities, weekly healthy lunch, boot camps, etc.

SWITZERLAND



UNITED KINGDOM







## COMMUNITY

### status

99.8% of current internal employees<sup>1</sup> have signed the Code of Conduct

90.1% of key suppliers<sup>2</sup> have signed the Code of Conduct

90% of our key palm oil suppliers<sup>3</sup> have signed Lotus Bakeries' Palm Oil Policy

# 99.8%

## Code of Conduct

# 90.1%

## Supplier Code of Conduct

# 90%

## Palm Oil Policy

### target

Every internal employee<sup>1</sup> of Lotus Bakeries to commit to the 6 principles of our Code of Conduct

Every key supplier<sup>2</sup> of Lotus Bakeries to commit to the Supplier Code of Conduct

All of our key palm oil suppliers<sup>3</sup> to sign Lotus Bakeries' Palm Oil Policy



<sup>1</sup> An internal employee is an employee who is associated with Lotus Bakeries by an employment contract, either of unlimited duration or of limited duration.

<sup>2</sup> Key suppliers are all our suppliers of finished products (external production), of raw materials, of packaging and of machines, with whom Lotus Bakeries has a written contract.

<sup>3</sup> Palm oil producers who have signed up to the Lotus Bakeries palm oil policy or have their own palm oil policy in force that includes at least equal standards and who supply ingredients or raw materials containing at least 50% palm oil.



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PRIORITIES	UNIT	2021	2020	2019
% of internal employees who have signed the Code of Conduct <sup>1</sup>	%	99.8 ✓	99	N/A
% of key suppliers which have signed the Code of Conduct <sup>2</sup>	%	90.1 ✓	62	N/A
% of our key palm oil suppliers which have signed Lotus Bakeries' Palm Oil Policy <sup>3</sup>	%	90 ✓	96	N/A

EXTERNAL QUALITY CERTIFICATES	UNIT	2020	2020	2019
Lotus Bakeries production sites where our products are produced with external quality certification (BRC, IFS)	%	100 ✓	100 ✓	100

RESPONSIBLE SOURCING	UNIT	2020	2020	2019
% of our production sites which process palm oil that has achieved the RSPO certificate	%	100 ✓	100 ✓	100%
% of our Lotus® Biscoff® chocolate products with the Rainforest Alliance quality mark	%	100	100	N/A

<sup>1</sup> An internal employee is an employee who is connected to Lotus Bakeries with an employment contract, either of unlimited duration or of limited duration.

<sup>2</sup> Key suppliers are all our suppliers of finished products (external production), of raw materials, of packaging and of machines, with whom Lotus Bakeries has a written contract.

<sup>3</sup> Palm oil producers who have signed up to the Lotus Bakeries palm oil policy or have their own palm oil policy in force that includes at least equal standards and who supply ingredients or raw materials containing at least 50% palm oil.

# OUR COMMUNITY: AMBITIONS & ACHIEVEMENTS 2021



We actively accept our social responsibility, we guarantee ethical business practices throughout the organisation and, through our Foundation for Education, we support education projects and contribute to the prospects of future generations.

### ETHICAL BUSINESS PRACTICES IN OUR OWN ORGANISATION

In early 2020 the corporate directors of legal & compliance, HR, quality, purchasing and R&D reviewed the Lotus Bakeries' rules of conduct. The resulting Code of Conduct was discussed by EXCO and considered in detail by the Board of Directors on 2 April 2020.

### The Code of Conduct

Lotus Bakeries sets out at all times to act with integrity, honesty and fairness and in full compliance with the applicable laws, rules and regulations. It has developed a Code of Conduct containing six main principles that its employees must respect at all times:



**The full Dealing Code is available on our website**  
<https://www.lotusbakeries.com/governance-practices-and-policies>



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1

### TRANSPARENCY

Lotus Bakeries aims for clear and accurate communication with its customers, suppliers, consumers and business partners and encourages open communication with all its stakeholders. Lotus Bakeries also refrains from non-conforming, dishonest, fraudulent or misleading marketing practices.

#### Practical example 2021

In 2021 Lotus Bakeries began using clear communication to the consumer about the recyclability of its ice cream sticks packaging:



"This packaging is 100% recyclable. Thank you for putting it in the right waste bin. This is how we can work together for a sustainable future for our planet. For further information, go to [lotusbakeries.com/our-environment](https://www.lotusbakeries.com/our-environment)."

2

### RESPECT FOR FELLOW HUMAN BEINGS

Lotus Bakeries is responsible for a safe working environment and attaches great importance to integrity and respect for fellow human beings. Respecting human rights and labour regulations, including the freedom of association of employees and combating child labour, are important objectives. All personal data is treated with respect at all times and in accordance with the relevant rules and regulations.

#### Practical example 2021

Lotus Bakeries complies with the GDPR rules and regulations in force since 25 May 2018. In 2020 it made some minor adjustments to its GDPR handbook based on its experiences over the previous two years. Since 2020 the GDPR rules have been added to the onboarding packs for all employees and each new office worker is given training in the main data protection rules. 40% of new office workers were trained in 2021. The majority of these newcomers started in the fourth quarter and for this reason will not be trained until the first quarter of 2022.

3

### TRADING FAIR & COMPLIANT

Lotus Bakeries ensures fair competition, respect for export regulations and the prevention of insider trading.

#### Practical examples 2021

- At the start of each closed period, everyone with managerial competence and all employees with access to critical business information are reminded of their obligations under the Dealing Code, 2 April 2020 version. They have also all signed the Dealing Code.



**The full Dealing Code is available on our website** <https://www.lotusbakeries.com/governance-practices-and-policies>

- In 2021 a brand new Competition Compliance Programme was rolled out throughout the organisation. All the relevant employees in the marketing, sales and purchasing departments were invited to an initial two-and-a-half-hour interactive workshop at which eight issues are explained using real cases. Everyone attending this training also has access to monthly quick reminders, in the form of short films or challenges. We began in 2021 by focusing on the employees of SOF Belgium, Netherlands, France, Europe (United Kingdom, Germany, Austria, Czech Republic, Sweden, Switzerland, Spain and Italy), and International Distributors Biscoff®. We have trained 66% of all these relevant employees in this way. We were unable to reach a few departments in 2021 – in part because of Covid-19 travel restrictions – and they will be trained in the first quarter of 2022, in particular our departments in the US, Asia and our colleagues from International Distributors Natural Foods. This programme will continue in 2022 by inviting all new employees of the marketing, sales and purchasing departments to the programme.

4

### COMBATING CORRUPTION

Lotus Bakeries has a policy of zero tolerance of bribery and corruption and oversees a clear process for conflict of interest and accurate accounts and records, reporting and bookkeeping.

6

### RESPECT FOR THE ENVIRONMENT & RESPONSIBLE SOURCING POLICY

Lotus Bakeries closely monitors the impact of its activities on the environment and constantly strives to reduce its ecological footprint.

For our specific actions in 2021, see the 2021 environmental ambitions and achievements on page 88 and the implementation of the Supplier Code of Conduct on page 121 of this annual report.

5

### SECURING INFORMATION

Lotus Bakeries does all it can to protect its own confidential information and the confidential information of third parties.

#### Practical example 2021

In 2021 the Corporate IT department took a further range of initiatives to secure Lotus Bakeries' information even better. In addition to the cyber attack prevention, detection and impact limitation measures already taken and the annual audit of the security of our IT systems, in 2021 we mainly focused on continuous awareness-making of Lotus Bakeries' employees with a tool that employees can use to report phishing and that sends out simulation phishing emails from time to time. With success! 20,663 ransomware simulations were carried out. The percentage of cases in which employees acted in error and clicked on the simulated ransomware has now been brought down to 3.8%. At the same time the security of the smartphones of all Lotus Bakeries' employees was tightened further in 2021.



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**Responsibilities**

Each employee of Lotus Bakeries has a responsibility to comply with the principles of the Code of Conduct.

The responsibility for implementing the Code of Conduct lies with the Compliance Officer, supported by the local HR departments.

**Whistleblowing**

All employees of Lotus Bakeries are encouraged to report concerns about the Code of Conduct to the Compliance Officer. Lotus Bakeries prohibits retaliation against individuals who report problems in good faith and is committed to investigating such reported problems. Lotus Bakeries will take corrective action if the situation justifies it. Failure to comply with the Code of Conduct may lead to disciplinary or legal action.

In 2021 the Compliance Department received a range of queries through the reporting line referred to in the Code of Conduct. In addition, two complaints were received from employees, which were both investigated and resolved. These complaints could be resolved locally and did not require escalation.

**Reporting**

The Compliance Officer will where necessary report to the Board of Directors once a year on the enforcement of the Code of Conduct, covering any breaches and concerns raised and also the action points formulated to prevent repetition.

The Code of Conduct was discussed in detail on 2 April 2020. There was no reason for further discussion by the Board of Directors in 2021.

**Implementation**

The Code of Conduct has been translated into the official languages of those countries in which Lotus Bakeries has a sales office or a factory. The document is available in ten languages.

The Code of Conduct has been added to the onboarding pack for new employees at all our sites and the onboarding programme includes a presentation on it.

The employees of Lotus Bakeries are asked to sign the Code of Conduct and have all received a brief explanation of the six principles it contains. At the end of 2021 99.8% of employees had signed the code of conduct.

**RESPONSIBLE PURCHASING & ETHICAL BUSINESS PRACTICES AT OUR SUPPLIERS**

**Supplier Code of Conduct**

The principles set out in the Lotus Bakeries’ Code of Conduct are also imposed on our suppliers of packaging, raw materials, equipment and finished products. In 2021 90.1% of our key suppliers of finished products (external production), raw materials, packaging and machinery with which Lotus Bakeries has concluded a written contract had signed the Supplier Code of Conduct .

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

- Lawful and ethical business practices**
- Respect for human rights
  - Child labour will not be accepted under any circumstances
  - 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 the occupational laws and regulations in the workplace

- Fair business practices**
- Compliance with the relevant competition laws
  - Use of fair and transparent price mechanisms and other contractual provisions in respect of suppliers
  - Zero tolerance of bribery and corruption
  - Protection of Lotus Bakeries’ confidential information
  - No falsification, smuggling or other related crimes

- Respect for the environment**
- Obtaining and documenting all necessary environmental permits, licences and registrations
  - Setting up an environmental management system, including:
    - Processes aimed at waste reduction, lower energy consumption, lower emissions and the prevention of pollution
    - Preservation of biodiversity, including threatened flora and fauna (no deforestation) and attention to soil protection
    - Respect for water sources and ensuring good water and (waste) water management
    - No use of illegal products and limitation of the use of pesticides and other legal chemicals

- Traceability**
- The supplier must keep adequate records of its direct suppliers

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



**Responsibilities**  
The purchasing department is responsible for implementing the Supplier Code of Conduct, supported where necessary by Legal & Compliance.

**Whistleblowing**  
Suppliers are asked to bring any concerns to the attention of their contact at Lotus Bakeries.

**Monitoring**  
The Supplier Code of Conduct includes an obligation for the supplier to provide documentation that Lotus Bakeries can use as a basis for verifying compliance with the Supplier Code of Conduct.

Lotus Bakeries already carries out audits at its suppliers, but they mainly focus on quality and food safety. It is looking at ways it can monitor proper enforcement by the suppliers of other principles in the Code of Conduct and if possible integrate them into the existing audits.

Lotus Bakeries expects suppliers to take all the limiting action required as a result of any gaps found.

**Implementation**  
The Supplier Code of Conduct is supplied in the language of the contract and is available in ten languages.

The current suppliers of packaging, raw materials, equipment and finished products with which Lotus Bakeries has a written contract are asked to sign the Code of Conduct separately. In 2021 90.1% of key suppliers had signed the Code of Conduct.

For new suppliers of packaging, raw materials, equipment and finished products, the Supplier Code of Conduct is attached to the contract.

All our general purchase conditions contain a reference to the Supplier Code of Conduct, which is available on our website.

**RESPONSIBLE SOURCING**  
Lotus Bakeries is aware of the negative impact certain crops can have on the environment and also on the communities living in the areas where they are grown.

**Palm oil**  
It is important to Lotus Bakeries that the palm oil it uses in its products has been produced sustainably and does not contribute to deforestation or the destruction of vulnerable areas. Lotus Bakeries therefore selects its key palm oil suppliers<sup>1</sup> carefully on the basis of the NDPE principle (No Deforestation, No Peat, No Exploitation) in its purchasing standards. Lotus Bakeries has endorsed this in its palm oil policy. At the end of 2021 90% of key palm oil suppliers had endorsed Lotus Bakeries’ palm oil policy.

 **The full text of the Sustainable Palm Oil Policy is available on our website** <https://www.lotusbakeries.com/sustainability-policies>

Lotus Bakeries is a member of the RSPO (Roundtable on Sustainable Palm Oil) and the Belgian Alliance for Sustainable Palm Oil and is committed to purchasing only sustainable palm oil.

All Lotus Bakeries’ sites that use palm oil have also obtained the RSPO certificate.

**Rainforest Alliance**  
The cocoa butter and cocoa mass used in our Lotus® Biscoff® Chocolate has been certified by the Rainforest Alliance.

**Responsible Soy Association**  
Lotus Bakeries is also a member of the RTRS (Round Table on Responsible Soy Association – Switzerland).

**QUALITY MANAGEMENT SYSTEM**  
The Lotus Bakeries quality policy is an integral part of its strategy aimed at building on strong, reliable brands. The strength of our brands is after all highly dependent on the quality of our products.

To assure this quality Lotus Bakeries has a quality policy in force, which can also be viewed on the website.

 **The full text of the quality policy is available on our website** <https://www.lotusbakeries.com/sustainability-policies>

**Responsibility**  
The Corporate Quality Assurance department is responsible for auditing the quality of our products, under the direction of the Corporate QA Director, who has final responsibility for ensuring that the terms and conditions of Lotus Bakeries’ quality management system are met at all our production sites and in all Lotus Bakeries’ offices. The Area QA Managers have the same responsibilities for their region.

**Product safety and quality**  
The Lotus Bakeries quality management system covers the whole value chain, from purchase of raw materials and packaging, through to production, labelling and delivery of the finished products to the customer. External production is also covered by the quality management system.

<sup>1</sup> Palm oil key suppliers are those who supply products containing more than 50% palm oil.

**Quality control of suppliers**

Our suppliers are selected according to predetermined criteria, including the availability of an effective quality and food safety management system, assured by an independent food safety certification body. An effective tracing system forms part of this, so that Lotus Bakeries knows where our raw materials come from at any time. Lotus Bakeries has also drawn up contract documents for raw materials and packaging materials that are critical for product safety, such as flour, eggs, fats, margarines, chocolate and printed packaging with direct product contact, with product safety requirements to be met.

The products supplied by our suppliers are also subject to an in-bound check. We assess the analysis report supplied by the supplier and check it with regular counter analyses by our own specialist internal laboratories. In 2021 we started a project to carry out acceptance sampling in a uniform manner across all sites and record it in SAP.

The checking of our suppliers is supplemented by supplier visits and audits, which are conducted annually on the basis of performance measurements, and also at new suppliers. In 2021 there were five audits at our suppliers.

Only on the basis of these detailed performance measurements can we ensure that we continue to work with the best suppliers at all times.

**Quality assurance of our production processes and finished products**

Production processes have been drawn up for all our production sites that are designed to assure the quality and the safety of our products. Detailed HACCP plans (product safety risk studies) for example have been produced. They are updated at least annually or with every major adjustment of the process or machinery. In 2021 the framework for the HACCP plans was completely revised. The production sites will start using it in 2022 and thorough HACCP training will also be arranged for the local HACCP team. There is also a food defence plan, aimed at preventing deliberate contamination, in place at each site.

Every employee attends the necessary training on these processes. Verification takes place on the basis of internal audits. In 2021 there were 87 internal audits. Each production site has been audited at least five times. External certification is a major support in the continuous improvement of both processes and products. Every Lotus Bakeries production site is BRC or IFS certified. The quality management system undergoes annual assessment on the basis of different criteria and corrective and preventive action is taken as a result.

Our external production partners are monitored in an identical way by our Corporate Quality Assurance department. There were two physical audits last year, along with 16 digital quality meetings and two physical ad hoc audits. Because of the Covid-19 pandemic, the number of audits of our external production partners was more limited than usual. The requirements we set for our external production partners are laid down contractually in a clear schedule of requirements. With the growing importance of external production partners and the growing volume they produce, we decided to give greater attention to quality at our external production partners in 2021 and to provide the necessary resources for them from 2022.

Finished products are first examined critically at our production sites in the form of self-assessment by the production department. The quality of our finished products is also assured by analyses in our internal laboratories. The results of these laboratory analyses are reported to management monthly. Products of production partners are assessed in the same way.

**Quality processes for our customers**

First and foremost our finished products, both the product itself and the packaging, must comply with the relevant food legislation. The labelling of products and the processing of raw materials and packaging materials by the country of commercialisation according to the regulations are monitored by the Corporate Quality Assurance department. We also wish to inform the consumer transparently about verified claims made with regard to the product. In 2021 we worked on a revamped database to manage all this information efficiently and to convert it into product specifications and customer information.


We receive, register and handle product complaints systematically and, since 2020, they have been registered in a central database for all the sales offices in the Group. The number of complaints and their seriousness are monitored very closely and a monthly report is made to management. In the event of serious complaints, there is a specific product withdrawal and recall procedure and also a trained crisis management team in each of our branches and sales offices. This procedure is tested annually and learning points are highlighted and updated. No serious complaints were received in 2021 and no withdrawal or recall procedure was necessary.



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NUTRITIONAL POLICY

Lotus Bakeries has a clear nutritional policy, focusing on five specific objectives.

 **The full text of the nutritional policy is available on our website** <https://www.lotusbakeries.com/sustainability-policies>

Research & Development

The R&D department wants to contribute to better products through new insights into processes and interactions between different raw materials. To this end, it draws not only on its own expertise but also on that of well-known university knowledge institutions, as well as on existing innovation platforms set up by the food industry.

Our efforts in the field of innovation are also translated into an extensive and innovative product range. See pages 43-44, 56-58, 72-75 of this report.

The five objectives of our nutritional policy are always paramount.

Superior taste experience

Lotus Bakeries wants to be able to offer its consumers delicious, high-quality snacks at any time of the day. A superior taste experience is key to this, both in the range of biscuits and pastries and in the range of natural snacks. We only use high-quality ingredients and we monitor production and supply chain processes from beginning to end. Ensuring the quality, origin, composition and safety of our products is vital. Our R&D department plays an important part in this: it has the task of developing products with attention to constantly improving quality and taste.

Diverse range

Lotus Bakeries aims to offer every consumer a quality range of snacks at every moment of consumption. It does this through a portfolio of products with a variety of nutritional compositions.

With the acquisition of brands such as Nākd, TREK, BEAR and Urban Fruit, the focus has turned to fruit and nut-based snacks. The takeover of Kiddylicious on the other hand has meant an expansion of our range with snacks and meals for little ones. These Natural Foods brands provide the consumer with the option to choose a healthy or healthier alternative to existing snacks in the food category.

No artificial flavours or dyes

To offer our consumers healthy and high-quality products, we aim not to use any artificial flavours or dyes in our products. We have considered it important as a business to use pure and natural ingredients since our foundation in 1932.

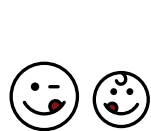
Variety in portion sizes

It is our ambition to offer consumers responsible snacks. Not just with our range of natural snacks, but also by making several of our top products available in large and small packs. The products in small packs always contain less than 150 Kcal per portion.

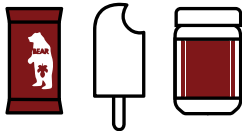
Clear information & responsible marketing

In order to support consumers in their nutritional choices, we believe it is important to give them accurate product information, including the nutritional values.

Lotus Bakeries also takes an unequivocal position with regard to responsible advertising to children.



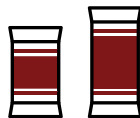
SUPERIOR  
TASTE EXPERIENCE



DIVERSE  
RANGE



NO ARTIFICIAL  
FLAVOURS OR DYES



VARIETY IN  
PORTION SIZES



CLEAR INFORMATION &  
RESPONSIBLE MARKETING

Document to which our report dated 08/04/2022 also refers.  
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PwC Bedrijfsrevisoren - PwC Réviseurs d'Entreprises.

# Lotus Bakeries Foundation for Education

**Mission:** Lotus Bakeries aims to make a substantial contribution to carefully selected education projects aimed at high-quality education for disadvantaged children and young people.

At Lotus Bakeries we contribute to the well-being of our fellow human beings by providing support to education. The reason is simple: education is the key to breaking the vicious circle of poverty.

Anyone with access to high-quality education can learn a trade and thus also gain access to the labour market, earn an income and support a family, share knowledge and continue to develop.



Education is a universal human right to which every child is entitled for good reason. Education provides future prospects. Education helps the child become an independent and self-reliant individual, an individual who can contribute to the economy. In this way education is the key to success of the child and society.

### OUR UNDERLYING 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 aimed at elementary and secondary education, but also aimed at technical skills and out-of-school cultural or sporting activities.
- We select a limited number of projects to which we can make a substantial contribution.

**In 2021 Lotus Bakeries supported six development projects within the Lotus Bakeries Foundation for Education:**

#### Kusasa School

Kusasa School is an education project in the Western Cape province of South Africa for which Lotus Bakeries has been the main sponsor since 2018. Every year, some 152 children receive a good basic education and are supported in their continued development. As a result, they can look forward to a better future, which also benefits society in the region.

#### Lotus Bakeries child sponsorship

This project was set up in conjunction with Cunina at the school in Reichenau, Underberg, South Africa. In 2017 the employees of Lotus Bakeries Corporate were given the opportunity to become sponsors. All sponsored children are provided with education from the first year of primary to the final year of secondary. This is a long-term commitment for 12 years for around 130 children.



Document to which our report dated 08/04/2022 also refers.  
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Lotus Bakeries helps build children’s educational future with the Kusasa project in South Africa

Doug Gurr

Founder of The Kusasa Project

Marie-Louise Raymond

School Director

Since 2018, Lotus Bakeries has supported the Kusasa project in South Africa. This initiative aims to offer children from the region a top-notch education, thus improving the chance of a better future. As for many, 2021 was a year full of challenges with, on top of the poverty and difficult circumstances in which children grow up, the Covid pandemic. Nevertheless, thanks to the support of many sponsors, among which Lotus Bakeries takes the lead, the school managed to keep pace with the best private schools in the area.

In South Africa’s Cape Winelands and Franschhoek Valley, the lush landscape contrasts with the crushing poverty of the local population. There, children grow up in an environment of illiteracy, crime, fractured family structures and unemployment. It was against this backdrop that the Kusasa Project sprung up about 15 years ago. “It all began during a football game with local kids”, begins Doug Gurr, who launched the project together with Dave Riordan. “Right away, we made contact with the local school to help with reading in English (as a second language), sport and mobilising volunteers to help us with our programmes.”



ESTABLISHING THEIR OWN INDEPENDENT SCHOOL

After a while, Dave and Doug realised that they wanted to have more impact and control. “The African children in this environment live in closely packed wooden shacks, often without running water, electricity or toilets. The most impactful way of giving these kids a chance of a better future was to offer them a decent education”, Doug continues. “Because children’s literacy and numeracy in their formative years determines how they will fare as adults. For this reason, the Kusasa Project established its own, well-equipped school in 2015, with outstanding, highly driven teachers. Together, we want to improve their chances of a better future, by offering them a high standard of education from a young age, which every child deserves, regardless of social background or problems.”

The Kusasa Project started with three school years and around 50 children, and has now grown into an organisation with 152 students, spanning six years, and a fantastic team of teachers led by principal Marie-Louise Raymond, who oversees its everyday running. “Our school focuses on development during early childhood”, says Doug. “Educationally speaking, the first ten years of their lives are the most important period for children. If this phase goes well, they’re more likely to be successful later.”

MAKING DREAMS POSSIBLE

For this, The Kusasa Project relies on the support of many sponsors, among which Lotus Bakeries takes the lead. “Since they decided to support us, Lotus Bakeries has catapulted us to another level”, says principal Marie-Louise gratefully. “In addition to financial support, Jan Boone and Isabelle Maes take a close personal interest, and visit us on a regular basis. They join in and try to help where possible. Thanks to their support, the school achieves a very high standard when it comes to technology. Their honest, sincere interest motivates our whole team to go the extra mile. It’s thanks to their support that we achieve the same top standards as private schools in the region. They make it possible for us to dream.”

The local community is very keen to be part of the project. “Unfortunately, we can only admit 26 new children every year”, explains Marie-Louise. “Sometimes there are as many as 220 applications. But we make a conscious choice not to let classes get too big so as to continue to offer high quality and structured education. Their parents commit to doing 20 hours of voluntary work at the school each year: for example by helping with reading in class, cleaning or attending workshops. It’s great to see them really taking this to heart! Even if they don’t always understand everything and we have to lay on interpreters, they’re really supportive and that’s fantastic.”

LEARNING DURING THE PANDEMIC

The pandemic brought major challenges to the Franschhoek Valley too. “In most local community schools, children could only come to school on rotation until the end of January 2022. On average, they went to school just three times every two weeks, due to the total number of children in the class and the social distancing measures in the last two years”, adds Marie-Louise. “Now we are back to running the school as if the children’s education had never been interrupted. This gives our students a significant educational advantage compared to their peers at other schools.

Another challenge is the children’s living conditions. “It’s our job to show understanding for the challenges the families face and the environment in which they have to live”, says Marie-Louise. “It’s virtually impossible to sleep in a wooden shack in the intense summer heat in this region. So the children are often extremely tired at school. Some of them don’t even have a table on which to do their homework, or a place to put their books. We have respect for how parents organise their lives, and try not to cause them extra pressure in an already highly stressful life. This means that our biggest challenges are also our biggest achievements.” On top of this, there are frequent fires, in which many shacks are totally razed to the ground and families lose all of their possessions. “But the resilience of these kids is incredible”, concludes Doug. “They’re survivors. As one of our teachers once said: ‘I’ve never seen children with so much potential. All they need is a chance.’ This statement drives us to make a direct and meaningful impact on the lives of our children, day by day and in the future”.

“The most impactful way of giving our kids a better future was to offer them a high standard of education”

– Doug Gurr



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# 129 South African children go to school thanks to Lotus Bakeries’ support

Ann-Charlotte Langeræet

Legal Counsel

Débora Soenens

Management Assistant Group HR

Denis Pieters

Consolidation Manager

For four years, Lotus Bakeries has supported NGO Cunina, which gives underprivileged children in developing regions access to education. Nearly 130 corporate colleagues have committed to sponsor a child from Underberg, South Africa. Thanks to Lotus Bakeries’ support, the sponsored children receive a high standard of education for twelve years. An interview with three sponsors.

“When the Cunina project was presented to us, the majority of corporate colleagues immediately wanted to be a sponsor”, begins Legal Counsel Ann-Charlotte Langeræet enthusiastically. “And why not? It’s a fantastic project, funded by Lotus Bakeries in which we can be a sponsor as employees. Twice a year, we exchange letters with the children we sponsor in South Africa. It’s amazing to be able to help a child get an education, because that’s the way out of poverty.”

PERSONALLY INVOLVED

Ann-Charlotte sponsors a ten-year-old boy, who also has a younger brother and sister. “Sponsoring a child isn’t all sunshine and roses”, she says. “Sometimes they lose a parent or encounter other personal dramas. Or they may have to move house, or something happens to them that means they have to leave the project. Then we are assigned a new child to support. As you can’t help forming a bond, this can sometimes be really hard.”

Often, the Lotus employee’s whole family gets involved with the sponsorship. “I have a four-year-old son”, adds Management Assistant Group HR Débora Soenens. “When we had to send a letter around Halloween time, he did a really big drawing and decorated it with hand and footprints. A few weeks back, his class happened to cover the Cunina project. My son was really excited to show the photos and letters to his classmates. This makes the children here aware from a young age that not everyone is born into the same circumstances, and not everyone has the same opportunities or so many toys. In the last letter, for example, we read that our child’s parents are unemployed. They live off Grandma’s pension, and only just get by. That’s awful. It upsets me that I can’t do more.”

Her colleague Denis Pieters, Consolidation Manager, is inspired by his own grandchild when he writes to the child he sponsors, an eight-year-old girl. “I used to sponsor a six-year-old lad, who loved to mess around and had bad grades. Now I’ve got a girl who’s a bit older. I can see many similarities with the interests of my grandchild. I take inspiration from this when I write to her, because we can’t just tell her everything: obviously, we don’t want to boast about all that we have here.”



EDUCATION, EQUIPMENT AND UNIFORMS

The funds are also invested in improvements to the school and, thanks to Lotus Bakeries’ support, uniforms are provided for the children. “The child I sponsor wrote to thank me because Lotus Bakeries had paid for her school uniform”, Débora says. “She wrote about how special she felt when she was walking to school. Everyone was looking at her because she was wearing a uniform. That makes you happy.”

As time goes on, Ann-Charlotte, Débora and Denis find that their support has a positive impact on the children’s school results. “First of all, we get to see their reports, so we can congratulate them now and then”, Ann-Charlotte explains. “But we can see that they’re making progress from the letters as well. English isn’t their mother tongue, they learn it in school. At first, the letters are just a couple of lines in block capitals, but as time goes on, we see huge progress there.”

IN LINE WITH THE VALUES OF LOTUS BAKERIES

In view of all this, they consider the Cunina project to be a perfect fit for Lotus as a company. Denis, who has worked for Lotus Bakeries for forty years, puts it like this: “The way that this company treats people is outstanding. They respect their staff, there’s a friendly atmosphere, and always a human approach. Supporting this project is a perfect fit”, he concludes.



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TAJO

By giving support to the Ghent Talent Studio for Young People (TAJO), Lotus Bakeries is choosing to provide socially vulnerable young people in the Ghent region (Belgium) with new opportunities and to fuel their motivation to start studying.

City Pirates

Through City Pirates, a social football project in the Antwerp area (Belgium) that uses football to give young people a chance and to learn skills, we want to give young people from the Antwerp area a chance of training, a diploma and a job.

Gooikenshoeve

VZW Gooikenshoeve was set up to provide psychologically and socially vulnerable young people and young adults from 17 to 25 a worthwhile daytime activity in a small-scale, safe and warm environment. In this way we want to nurture the hope and the ability of our guests to find a way into normal social integration and interaction with themselves and others. Lotus Bakeries is keen to do its bit in this regard.

Entrepreneurs for Entrepreneurs – literacy training for women

The ‘Literacy for women as a weapon for their emancipation’ project has been supported by Lotus Bakeries since 2021.

The emancipation of women and their social and economic emancipation in the Democratic Republic of the Congo and Benin depend on education. Leuven Coopération and its local partners organise literacy courses for women and girls in these countries. These courses have a direct and significant impact on the emancipation of these women and the image they have of themselves and their families.



SOME RESULTS FOR 2021

- In Benin: thanks to the project 24 new literacy centres were set up. Around 200 women have attended literacy courses; 181 of them took the exam and 173 of them passed.
- In the Democratic Republic of the Congo: thanks to the project 15 new literacy centres were set up. Around 370 women have attended literacy courses; 360 of them took the exam and 326 passed.



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AMBITIONS

We are committed to the environment and to help fight against global warming. In everything which we undertake, we strive to reduce our ecological footprint.



ENVIRONMENT

All brands’ packaging will be recyclable by 2025.

All sites owned by Lotus Bakeries are CO<sub>2</sub> neutral

We have a recruitment policy aimed at attracting a diversified and talented group of people who share our TOP values. We aim for long-term employment and offer our employees a pleasant, challenging, inspiring and safe working environment.



EMPLOYEES

Recruiting ambitious TOP candidates with attention for diversity.

Ensuring a great place to work, a safe, challenging and pleasant pleasant working environment.

We actively take our social responsibility. We guarantee integrity of management throughout the organisation. With our Foundation for Education we support education projects and help perspective for future generations. future generations.



COMMUNITY

Conducting business with integrity according to the Lotus Bakeries Code of Conduct

Responsible purchasing through the Supplier Code of Conduct

Our suppliers of palm oil commit themselves to our policy

PRIORITIES

# EU TAXONOMY

## OVERVIEW OF THE EU TAXONOMY

This part contains the EU taxonomy information that has to be provided under Article 8 of Regulation 2020/852 (the European Taxonomy Regulation).

The European Taxonomy Regulation contains the following six environmental objectives:

- Climate change mitigation
- Climate change adaptation
- The sustainable use and protection of water and marine resources
- The transition to a circular economy
- Pollution prevention and control
- The protection and restoration of biodiversity and ecosystems

The EU has published a list of economic activities that may qualify for the first two environmental objectives: the climate delegated acts. The sectors currently covered are energy, selected production activities, transport and buildings. The production of food and drink is not yet covered by the climate delegated acts.

## INITIAL APPLICATION OF THE EUROPEAN TAXONOMY REGULATION

We have concluded that our core economic activities in connection with the production and sale of biscuits and natural snacks are not covered by the climate delegated act and consequently do not qualify for the taxonomy.

For reporting in 2021 only the proportion of the economic activities eligible for the taxonomy in the turnover, the capital expenditure (CapEx) and the operational expenditure (OpEx) need to be entered.

The amounts for calculating the turnover, CapEx and OpEx ratios are based on the reported data in the consolidated annual accounts contained in the 2021 annual report.

Since currently none of our revenue generating activities are described in the delegated regulations climate, we must we report an annual revenue of zero euros for the EU taxonomy eligible revenue. If and when the specific economic activity ‘production of food and beverages’ is added to the future delegated regulations, we expect that our KPI for revenue that qualifies for the taxonomy will increase.

We have identified capital and operational expenditure qualifying for the taxonomy in the following kinds of activities:

- electricity generation from renewable sources
- construction, expansion and renovation of water/waste water installations
- installation, maintenance and repair of equipment, devices and technologies for the improvement of energy efficiency and
- leasing of low/zero emission vehicles

As these activities are not directly connected to our core income-generating activities, our current CapEx and OpEx ratios qualifying for the taxonomy at the end of 2021 come to approximately 1% and 0.1% respectively.

## OTHER CURRENT ACTIVITIES AND POSSIBILITY OF QUALIFYING FOR THE TAXONOMY IN THE FUTURE

It is important to note that ‘not qualifying’ according to the European Taxonomy Regulation refers to the fact that the activities are currently outside the scope of the economic activities for which technical screening criteria have been developed under the current delegated acts.

It is therefore important to be clear that turnover and capital and operational expenditure that do not qualify according to the European Taxonomy Regulation must not be interpreted as an indication of our performance in the pursuit or realisation of our sustainability objectives.

We expect these KPIs to increase as the delegated acts are completed.

We will continue to assess our activities qualifying for the taxonomy and tailored to it in the light of the evolving legal framework of the European Taxonomy Regulation and continue to integrate the requirements of the European taxonomy into our business model and in our reporting policy and procedures.

In the meantime we will continue to seek ways to reduce our emissions and in 2022 we will endorse the SBTi objectives.



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# LIMITED ASSURANCE REPORT



## INDEPENDENT LIMITED ASSURANCE REPORT ON THE CARE FOR TODAY SECTION IN THE ANNUAL REPORT 2021 OF LOTUS BAKERIES NV

To the Board of Directors of Lotus Bakeries NV

This report has been prepared in accordance with the terms of our engagement contract dated 24<sup>th</sup> of February 2022 (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 2021 in the Annual Report 2021 of Lotus Bakeries NV (the “Report”).

### THE DIRECTORS’ RESPONSIBILITY

The Directors of Lotus Bakeries NV (“the Company”) are responsible for the preparation and presentation of the information and data of the selected sustainability indicators for the year ended 31 December 2021, marked with a ⌘ in the Care for Today, Respect for Tomorrow section in the Annual Report 2021 (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.

### 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.

We conducted our work in accordance with the International Standard on Assurance Engagements 3000 (Revised) “Assurance Engagements other than Audits or Reviews of Historical Financial Information” (ISAE 3000), issued by the International Auditing and Assurance Standards Board. 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 has not been prepared, in all material respects, in accordance with the Criteria.

The procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable engagement been performed. The selection of such procedures depends on our professional judgement, including the assessment of the risks of material misstatement of the Subject Matter Information in accordance with 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 2021 presented in the Care for Today, Respect for Tomorrow section of the Report;
- conducting interviews with responsible officers;
- reviewing, on a limited test basis, relevant internal and external documentation;



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- performing an analytical review of the data and trends in the information submitted for consolidation;
- considering the disclosure and presentation of the Subject Matter Information.

The scope of our work is limited to assurance over the selected sustainability indicators, for the year ended 31 December 2021, marked with a ⌘ 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.

### OUR INDEPENDENCE AND QUALITY CONTROL

Our engagement has been carried out in compliance 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 other ethical requirements of the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants (IESBA Code), 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.

### OUR CONCLUSION

Based on the procedures we have performed and the evidence we have obtained, nothing has come to our attention that causes us to believe that the Subject Matter Information within your Annual Report as of and for the year ended 31 December 2021 has not been prepared, in all material respects, in accordance with the Criteria.

### OTHER ESG RELATED INFORMATION

The other information comprises all of the ESG related information in the Report other than the Subject Matter Information and our assurance report. The directors are responsible for the other ESG related information. As explained above, our assurance conclusion does not extend to the other ESG related information and, accordingly, we do not express any form of assurance thereon. In connection with our assurance of the Subject Matter Information, our responsibility is to read the other ESG related information and, in doing so, consider whether the other ESG related information is materially inconsistent with the Subject Matter Information or our knowledge obtained during the assurance engagement, or otherwise appears to contain a material misstatement of fact. If we identify an apparent material inconsistency or material misstatement of fact, we are required to perform procedures to conclude whether there is a material misstatement of the Subject Matter Information or a material misstatement of the other information, and to take appropriate actions in the circumstances.

### OTHER MATTER - RESTRICTION ON USE AND DISTRIBUTION OF OUR REPORT

Our report is intended solely for the use of the Company, to whom it is addressed, in connection with their Report as of and for the year ended 31 December 2021 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.

Ghent, 8 April 2022

PwC Bedrijfsrevisoren BV/Reviseurs d’Entreprises SRL  
represented by  
Lien Winne  
Registered auditor

# 03

## OUR ORGANISATION



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**JAN BOONE**  
CEO



**ISABELLE MAES**  
CEO NATURAL FOODS



**MIKE CUVELIER**  
CFO



**IGNACE HEYMAN**  
COO



**WILLIAM DU PRÉ**  
Corporate Director Quality,  
Procurement en R&D



**JOHN VAN DE PAR**  
General Manager Belgium



**JEROEN HARKS**  
General Manager Netherlands



**JEAN-PHILIPPE KLOUTZ**  
General Manager France



**ELS DESMET**  
General Manager Sales Offices  
Europa



**Margo Joris**  
General Manager US



**RONALD DRIEDUITE**  
General Manager S0F Asia



**BART BAUWENS**  
General Manager ID  
Lotus® Biscoff®



**LEON BROER**  
General Manager ID  
Lotus™ Natural Foods



**PAUL HUNTER**  
Managing Director UFF



**GARETH DUNNE**  
Managing Director NB

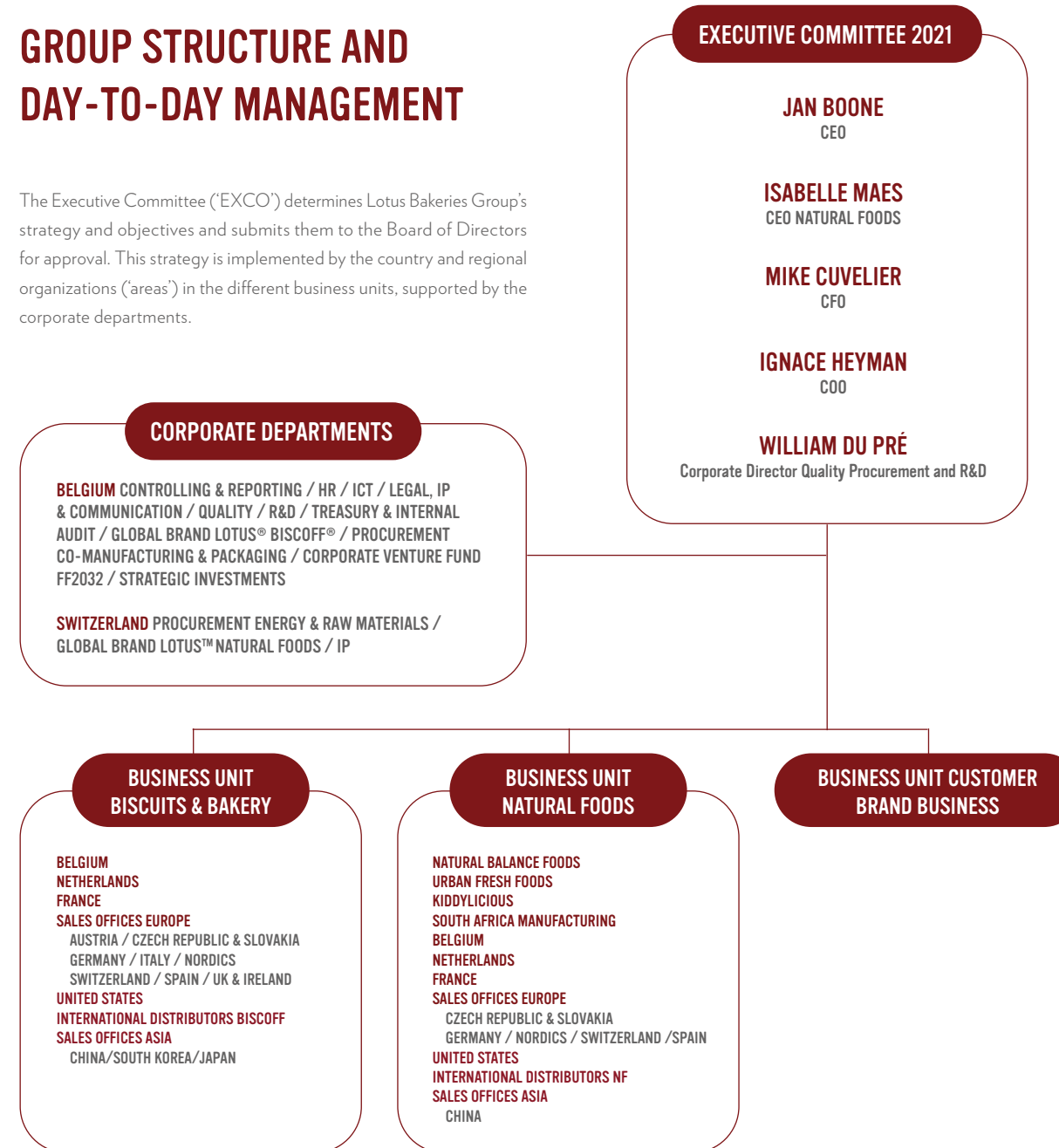


**TWAN THORN**  
Managing Director Kiddylicious

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## 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 organizations ('areas') in the different business units, supported by the corporate departments.





**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.

Jan Boone is Chairman of the Board of Directors of Animalcare Group and sits on the Board of Directors of FC Bruges.

**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 internationalization and growth of the natural snacking segment, she has fulfilled the role of CEO Natural Foods since September 2017.

Isabelle Maes sits on the Board of Directors of Van de Velde NV.

**Mike Cuvelier** has been CFO 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 was 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. He has been COO since 2016.

**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 was 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.



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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 of International Distributors Lotus® Biscoff® and International Distributors Lotus™ 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 centralize production processes in specialized plants.

INVESTMENTS AND EXPANSIONS

At the beginning of 2021, a new packaging line started up at the BEAR factory in South Africa. This enabled us to deliver our products direct from South Africa to international markets.

2021 also saw substantial investment in production capacity for Lotus® Biscoff®. Its faster than anticipated growth in the last two years, combined with the ambitions and plans for the future necessitate a further urgent capacity expansion for Lotus® Biscoff®. For this reason, as announced last year, Lotus Bakeries has decided to invest further in both Belgium and the US.

In Belgium, the expansions will come onstream end of 2022. This mainly involves a second dough preparation room. This investment is necessary to provide additional dough preparation capacity to support the further growth of both Lotus® Biscoff® Cookies and Lotus® Biscoff® Spread. This also reduces the operational dependency on a single dough room on the Lotus® Biscoff site at Lembeke. Also in Belgium, beside the dough room, a new Lotus® Biscoff® production line went into operation and a new Lotus® Biscoff® Sandwich Cookie line started up.

In the US, the new investments will be put to use by the fourth quarter of 2022. Capacity will be doubled there, with two new Lotus® Biscoff® production lines.

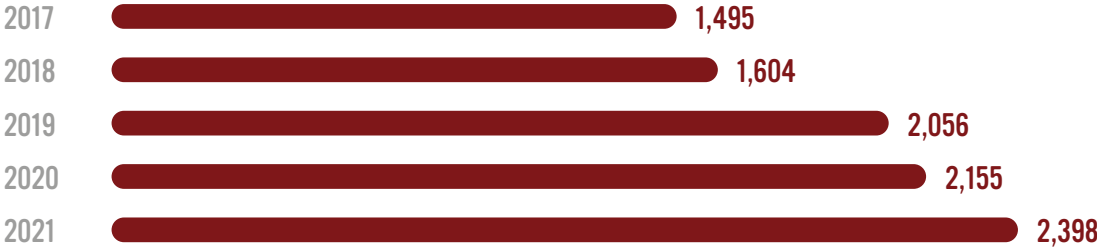
In 2022, an investment budget of 100 million euros is provided for these expansions for Lotus® Biscoff® and other purposes.



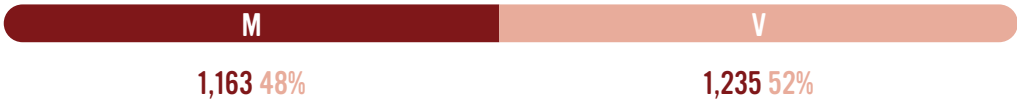
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PERSONNEL

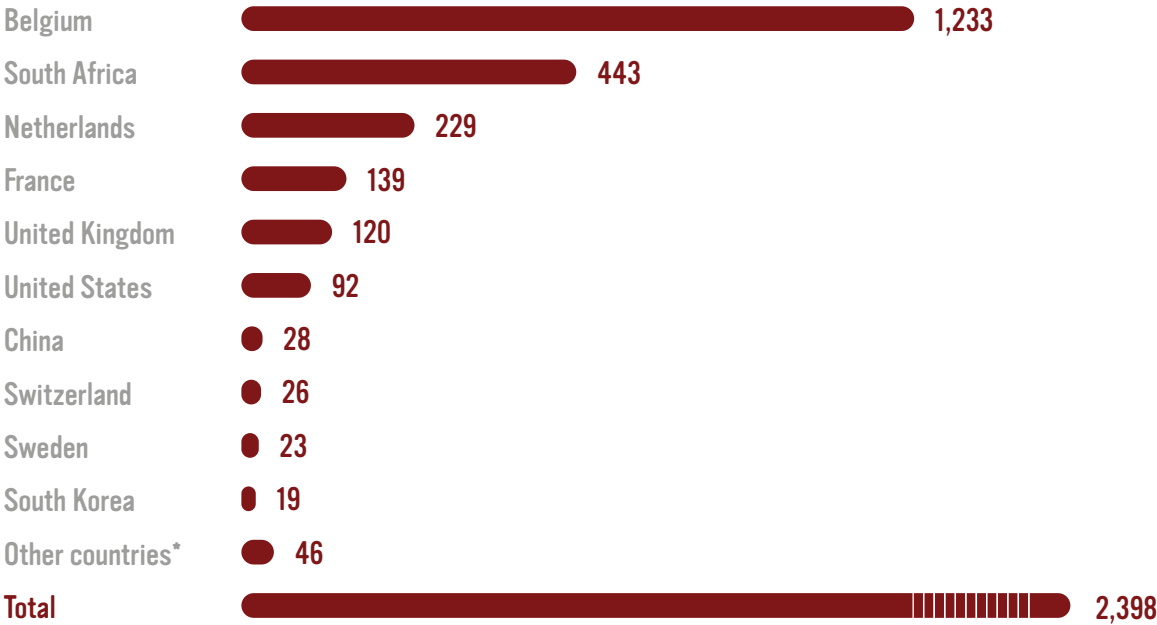
EVOLUTION



THE PROPORTION OF MEN AND WOMEN



NUMBER OF EMPLOYEES PER COUNTRY



\*Germany, Spain, Czech Republic, Austria, Italy, Hong Kong



**ELENA BAYOD**  
R&D Director



**KATHLEEN BUYST**  
Global Brand Director  
Lotus® Biscoff®



**ROEL DE JONG**  
Director Strategic Investments



**STÉPHANIE DE LANGE**  
Group HR Director



**SOFIE DE LETTER**  
ICT Director



**SASKIA DE PAEPE**  
Finance & Supply Chain Director  
Lotus™ Natural Foods



**SABIEN DEJONCKHEERE**  
Global Brand Director  
Lotus™ Natural Foods



**BRECHTJE HAAN**  
Corporate Legal, IP &  
Communication Director



**ELS RUTSAERT**  
Corporate QA Director



**ANNELIES SANTENS**  
Director Treasury, Internal Audit &  
Risk Management



**ELS VAN PARYS**  
Program Manager Strategic  
Projects



**WOUTER VERSTRINGE**  
FF 2032 Investment Fund Director



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## CORPORATE SERVICES

**LEMBEKE, BELGIUM**  
**BAAR, SWITZERLAND**  
**130 EMPLOYEES**  
**2 CORPORATE OFFICES**

### CORPORATE DEPARTMENTS

#### Belgium

Controlling & Reporting  
HR  
ICT  
Legal, IP & Communication  
Quality  
R&D  
Treasury & internal audit  
Global Brand Lotus® Biscoff®  
Procurement Co-manufacturing & Packaging  
Corporate Venture Fund FF2032  
Strategic Investments

#### Switzerland

Global Brand Lotus™ Natural Foods  
IP  
Procurement Energy & Raw Materials

## LOTUS™ NATURAL FOODS MANUFACTURING

**WOLSELEY, SOUTH AFRICA**  
**443 EMPLOYEES**  
**1 PLANT**

### PLANT

**Wolseley**  
BEAR

## BELGIUM



**JOHN VAN DE PAR**  
General Manager Belgium

**LEMBEKE, BELGIUM**  
**1,086 EMPLOYEES**  
**1 SALES OFFICE**  
**4 PLANTS**

### BUSINESS UNITS

#### Biscuits & Bakery

Lotus® Biscoff®  
(caramelised cookies, spread, ice cream, chocolate)  
Lotus Dinosaurus  
Lotus Suzy waffles  
Lotus cake specialities (i.a. Frangipane, Madeleine)

#### Natural Foods

BEAR  
Nakd  
TREK

### PLANTS

#### Lembeke

Lotus® Biscoff® cookies  
Lotus® Biscoff® spread  
Lotus Dinosaurus

#### Courcelles

Lotus waffles

#### Oostakker

Lotus cake specialities

#### Eeklo

caramelised cookies, caramelised cookies spread

## NETHERLANDS



**JEROEN HARKS**  
General Manager Netherlands

**GELDROP, NETHERLANDS**  
**226 EMPLOYEES**  
**1 SALES OFFICE**  
**3 PLANTS**

### BUSINESS UNITS

#### Biscuits & Bakery

Lotus® Biscoff® (caramelised cookies, spread, ice cream)  
Lotus cake specialities  
Enkhuizer biscuits and cake specialities  
Peijnenburg gingerbread  
Snelle Jelle gingerbread

#### Natural Foods

BEAR  
Nakd  
TREK

### PLANTS

#### Enkhuizen

Enkhuizer biscuits and cake specialities

#### Geldrop

Peijnenburg gingerbread

#### Sintjohannesga

Peijnenburg gingerbread  
Snelle Jelle gingerbread



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FRANCE



JEAN-PHILIPPE KLOUTZ  
General Manager France

COMINES, FRANCE  
139 EMPLOYEES  
1 SALES OFFICE  
2 PLANTS

BUSINESS UNITS

Biscuits & Bakery

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

Natural Foods

Näkd  
TREK  
Kiddylicious

PLANTS

Comines

Lotus cake specialities and filled waffles

Briec-de-L'Odét

Breton butter specialities



SALES OFFICES EUROPE



ELS DE SMET  
General Manager Sales Offices Europe

EUROPE  
89 EMPLOYEES  
8 SALES OFFICES  
1 PLANT

SALES OFFICES

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

BUSINESS UNITS

Biscuits & Bakery

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

Natural Foods

BEAR  
Näkd  
TREK

PLANTS

Tyresö

Annas Pepparkakor



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UNITED STATES



MARGO JORIS  
General Manager US

SAN FRANCISCO, US  
MEBANE, US  
86 EMPLOYEES  
2 SALES OFFICES  
1 PLANT

BUSINESS UNITS

Biscuits & Bakery

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

Natural Foods

BEAR

PLANT

Mebane

Lotus® Biscoff® cookies  
packaging line BEAR



SALES OFFICES ASIA



RONALD DRIEDUITE  
General Manager SOF Asia

CHINA  
SOUTH KOREA  
JAPAN  
47 EMPLOYEES  
2 SALES OFFICES

BUSINESS UNITS

Biscuits & Bakery

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

Natural Foods

BEAR

Kiddylicious



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INTERNATIONAL DISTRIBUTORS BISCOFF®



**BART BAUWENS**  
General Manager ID Lotus® Biscoff®

**HONG KONG  
SWITZERLAND  
LEMBEKE, BELGIUM**  
**19 EMPLOYEES  
3 SALES OFFICES**

**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
- Australia
- Canada

INTERNATIONAL DISTRIBUTORS NATURAL FOODS



**LEON BROER**  
General Manager ID Lotus™ Natural Foods

**BAAR, SWITZERLAND**  
**10 EMPLOYEES  
1 SALES OFFICE**

**BUSINESS UNITS**

**Natural Foods**  
BEAR  
Näkd  
TREK  
Kiddylicious

**DISTRIBUTION COUNTRIES**

The most important countries within this area are:

- Australia
- Ireland
- Canada
- Iceland
- United Arab Emirates



URBAN FRESH FOODS



PAUL HUNTER  
Managing Director UFF

ST. ALBANS, UK  
35 EMPLOYEES  
1 SALES OFFICE

BUSINESS UNITS

Natural Foods  
BEAR  
Urban Fruit



NATURAL BALANCE FOODS



GARETH DUNNE  
Managing Director NBF

ST. ALBANS, UK  
42 EMPLOYEES  
1 SALES OFFICE

BUSINESS UNITS

Natural Foods  
Nakd  
TREK



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KIDDYLICIOUS



**TWAN THORN**  
Managing Director Kiddylicious

**AMERSHAM, UK**  
**33 EMPLOYEES**  
**1 SALES OFFICE**

BUSINESS UNITS

Natural Foods  
Kiddylicious



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OUR WORLDWIDE PRESENCE

2,398

Employees  
(2,155 in 2020)

12

Production facilities  
in 6 countries

21

Sales offices  
in 15 countries

50+

Countries with  
commercial partners

# 04

## REPORT OF THE BOARD OF DIRECTORS



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# ACTIVITIES IN 2021

## MARKET SITUATION AND SALES RESULTS IN 2021

### General evolution of turnover

In 2021, Lotus Bakeries Group’s consolidated turnover increased by EUR 87 million to EUR 750.3 million, representing 13.1% growth. The 13% growth in the first half of the year therefore continued unabated in the second half. Positive exchange rate effects amount to 0.6%.

The three strategic pillars, Lotus® Biscoff®, Lotus™ Natural Foods® and Lotus® Local Heroes, all made a positive contribution to this strong growth. Such consistently high growth confirms once more that the focused strategy is working and reinforces Lotus Bakeries’ conviction in the international growth ambitions set for both Lotus® Biscoff® and Lotus™ Natural Foods.

Lotus® Biscoff®, the Group’s first and largest strategic pillar, grew by 15% this year. The first half of the year remained influenced by the positive impact of the reopening of the hospitality sector and the partial recovery of air traffic in the US. In the second half of the year, the international expansion of Lotus® Biscoff® Cookies, Lotus® Biscoff® Spread and Lotus® Biscoff® Ice Cream continued unabated. This year saw double digit growth in the large consumer markets of the United States (US), the United Kingdom (UK), China, Korea, Germany, Spain, Italy, Canada and Australia, among other areas. Lotus® Biscoff® Cookies were the strongest riser in the top ten of the global Cookie Brand ranking in 2021, rising to 7<sup>th</sup> place.

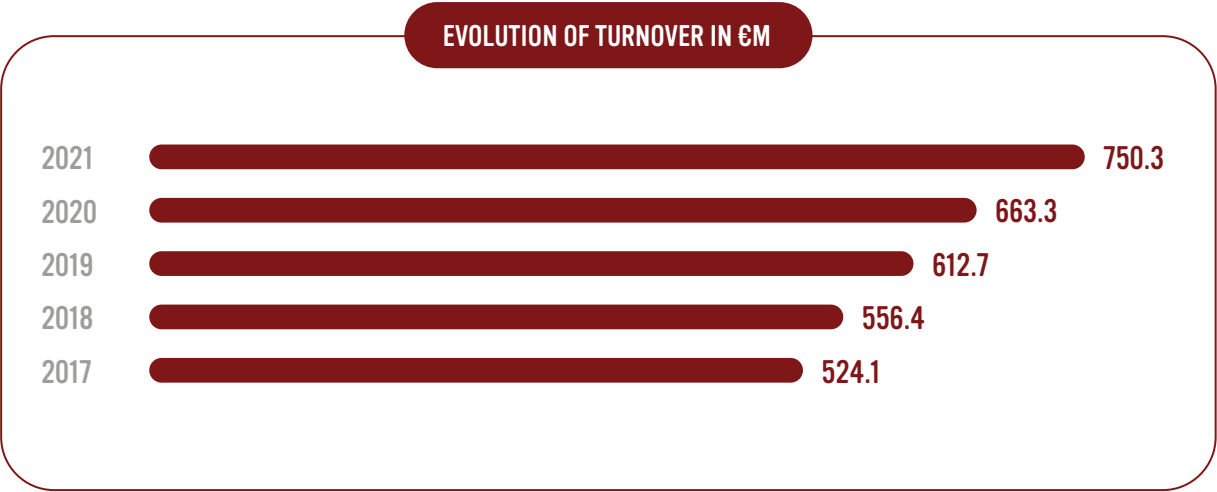
Following an initial launch in four countries in 2020, the Lotus® Biscoff® Sandwich Cookie has been rolled out further internationally over the past 12 months. This innovation is highly successful and the cookie has become a firm favourite in the assortment over the past two years.

It is currently sold in 25 countries and is a major driver for Lotus® Biscoff®’s incremental penetration in each country. In the second half of 2022, a new production line will become available in the Belgian factory in Lembeke, to support the strong growth of the Lotus® Biscoff® Sandwich Cookie.

Lotus® Biscoff® Spread and Lotus® Biscoff® Ice Cream also experienced strong growth in 2021. The success of Lotus® Biscoff® Ice Cream is due to the unique Lotus® Biscoff® taste and associated experience enjoyed by consumers. This makes the ice cream a good ambassador for Lotus® Biscoff® Cookies. Following the initial launch of Lotus® Biscoff® chocolate in Belgium, this will also be internationalised from 2022. The first countries where the chocolate will be introduced are the United Kingdom (UK), the United States (US), the Netherlands and France.

Lotus Bakeries’ second strategic pillar is natural snacking within Lotus™ Natural Foods. While slightly negative growth was still recorded in the first two months of 2021 due to the tightening of lockdowns, combined with a pre-COVID-19 basis for comparison, from March onwards more growth was achieved systematically month by month. This positive trend continued in the second half of the year, with 25% growth. Thus, Lotus™ Natural Foods realised a turnover of more than EUR 140 million in 2021. Moreover all brands grew strongly last year.

This strong recovery after the COVID-19 pandemic reinforces Lotus Bakeries’ conviction in the strategy adopted for Lotus™ Natural Foods. A strategy based on further expansion of market-leading brands and focus on innovations in the UK on the one hand and accelerated international growth on the other. The international Lotus™ Natural Foods business outside the UK has grown by around 40% and now represents 26% of total Lotus™ Natural Foods sales.



The third pillar of the Lotus Bakeries strategy is the focus on ‘Lotus® local heroes’ in the home markets of Belgium, the Netherlands, France and Sweden. This pillar realised growth of more than 3% in 2021.

The waffle assortment grew strongly once more in both Belgium and France. The Liège waffle is performing particularly well, supported by media campaigns in both countries. In addition, double digit growth was achieved with Dinosaurus, partly thanks to the successful introduction of the new Filled Dinosaurus cookies. Following growth of more than 20% last year, Annas Pepparkakor grew once again in 2021, remaining the undisputed market leader for the pepparkakor cookies category in Sweden.

In the Netherlands, turnover for the ‘Lotus® local heroes’ remained stable. In the gingerbread segment, following the negative impact of the lockdowns in the first quarter, the on-the-go gingerbread brand Snelle Jelle recovered significantly. Koninklijke Peijnenburg saw its market share increase slightly in the gingerbread category. Following the stabilisation of Peijnenburg’s turnover, investments to re-energise the gingerbread category and make Peijnenburg grow again were stepped up considerably. Thus, in the final quarter, a new media campaign was launched with the baseline ‘Van Happen word je Happie’ (Eating Peijnenburg makes you happy).



MAIN PROJECTS AND INVESTMENTS

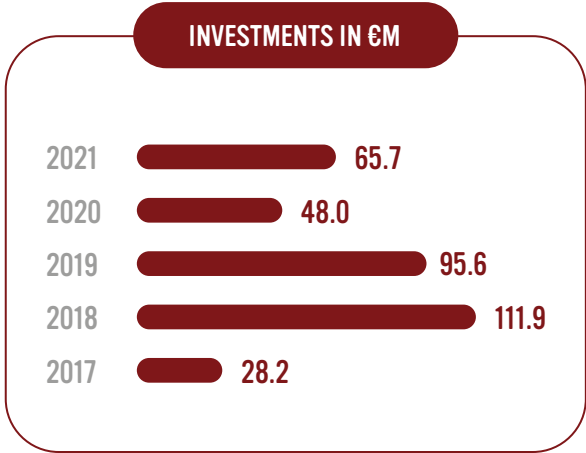
Major investments in capacity in Belgium and the US to come onstream in 2022

Lotus® Biscoff®’s faster than anticipated growth in the last two years, combined with the ambitions and plans for the future necessitate a further urgent capacity expansion for Lotus® Biscoff®. For this reason, as announced last year, Lotus Bakeries has decided to invest further in both Belgium and the US.

In Belgium, the expansions will come onstream in the third quarter of 2022. This mainly involves a second dough preparation room. This investment is necessary to provide additional dough preparation capacity to support the further growth of both Lotus® Biscoff® Cookies and Lotus® Biscoff® Spread. This also reduces the operational dependency on a single dough room on the Lotus® Biscoff site at Lembeke. Also in Belgium, beside the dough room, a new Lotus® Biscoff® Sandwich Cookie line will be started up.

In the US, the new investments will be put to use by the fourth quarter of 2022. Capacity will be doubled there, with two new Lotus® Biscoff® production lines.

In 2022, an investment budget of 100 million euros is provided for these expansions for Lotus® Biscoff® and other products.



FINANCIAL INFORMATION

PROFITABILITY AND EVOLUTION OF COSTS

In 2021, Lotus Bakeries achieved a recurrent operating result (REBIT) of EUR 123.8 million and a recurrent operating cash flow (REBITDA) of EUR 151 million. Both profitability parameters rose by more than 11%, or EUR 12.7 million and EUR 15.3 million respectively.

The turnover and volume growth bring about a positive sales and operating margin contribution. Depreciations increased in line with investments in additional capacity. Alongside this, the Group continues to invest in organisation and people. The growth ambitions and expansion plans can only be realised by reinforcing and expanding sales teams, operational teams and support roles which need to develop to keep pace with the Group’s growing international footprint. For instance, this year saw the establishment of the new Lotus™ Natural Foods headquarters in Switzerland, where all international activities, brands and Global Accounts are centralised. More than 30 colleagues now work there.

While marketing and media support remained below pre-COVID-19 levels in the first half of the year, turnover growth received a boost from marketing and media investments in the second half of the year. Over 2021 as a whole, marketing and media-related costs increased by more than EUR 5 million compared to 2020.

The non-recurrent operating result amounts to EUR -4.1 million. This stood at EUR -4.6 million last year and was then primarily made up of direct COVID-19 costs in order to guarantee continuity and safety in the factories. This year, expenses mainly comprise one-off costs resulting from the relocation and merger of two Lotus™ Natural Foods offices in the UK and preparation and start-up costs for further capacity expansions in the US.

The financial result of EUR -2.4 million consists primarily of interest expenses. There are limited foreign exchange gains on balance sheet positions held in foreign currencies.

The tax expense amounts to EUR 26.6 million or 22.6% of the profit before taxes. There is a one-off negative impact on deferred taxes in 2021 as a result of the rate increase to 25% in the UK from April 2023. This is an accounting and non-cash effect. The release from deferred tax on the foreign exchange result arising on the repayment of an intercompany debt accompanied by the one-off positive impact of the realised exemption from double taxation had a positive impact to reduce the tax expense in 2020.

The recurrent net profit increased to EUR 93.9 million and stands at 12.5% of turnover. The recurrent net result consists of the reported net result minus non-recurrent costs. The net profit amounts to EUR 90.7 million, representing a 10% increase year on year. The profit before taxes rose proportionately more than the net profit due to the exceptionally low effective tax expense in 2020.

SIGNIFICANT EVENTS AFTER 31 DECEMBER 2021

No significant events have occurred since 31 December 2021 which have a material impact on the 2021 financial statements.



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Jan Boone - CEO

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## PROSPECTS FOR 2022

Lotus Bakeries recorded very strong growth of more than 13% once again in 2021. Thus, the growth in the first half of the year continued unabated in the second half. The strategic growth pillars of Lotus® Biscoff® and Lotus™ Natural Foods both contributed to this growth.

Lotus® Biscoff® realised growth of 15% in 2021, due partly to the reopening of the out-of-home channels but mainly to the further international expansion of Lotus® Biscoff® Cookies, Lotus® Biscoff® Spread and Lotus® Biscoff® Ice Cream. The geographically dispersed growth of Lotus® Biscoff® in the last few years in both large consumer markets and the more than 50 other countries in which Lotus® Biscoff® is sold reinforces our conviction that this double digit growth will continue for Lotus® Biscoff® in the coming years. The capacity expansions necessitated by this will be completed in the second half of 2022. At the same time, evaluations and preparations are underway for longer term expansions of capacity.

In 2020, the foundations of the growth strategy for Lotus™ Natural Foods were reinforced with a strong focus on further internationalisation. These investments already bore fruit in 2021. Following a strong second quarter, the second half of the year was the best ever in the history of Lotus™ Natural Foods, with 25% growth. The international Lotus™ Natural Foods business grew by around 40% and represents 26% of total Lotus™ Natural Food sales. Lotus™ Natural Foods strengthened its position in several important international markets and confirmed its position as category captain in the home market of the UK.

### CEO Jan Boone looks back on 2021:

*"At the end of 2021 we are able to present another very good report. Lotus Bakeries realised historic turnover growth of EUR 87 million and has climbed to 7<sup>th</sup> place in the global Cookie Brand Ranking with Lotus® Biscoff®. The enormous growth of Lotus™ Natural Foods has exceeded my expectations, particularly the growth in the second half of the year. This has further reinforced my conviction that there is still plenty of potential for the Lotus™ Natural Foods brands. Investing in the future will remain crucial. For Lotus® Biscoff, this means first and foremost making sure that the capacity expansions are delivered in 2022 and that opportunities for further longer-term expansion are identified."*

To date, the factories are still experiencing an operational impact from increased absenteeism due to COVID-19-related self-isolation measures in the various countries. The supply chain partners are experiencing similar problems. This negative impact on our global supply chain remains manageable via efficiencies and business operations. The possibility cannot be ruled out that absenteeism will increase sharply once more on one or more sites in the coming months, which could have a significant impact on capacity and product availability.

As stated above, due to the large increases in volume, a further expansion of capacity is urgently necessary in Belgium and the US for Lotus® Biscoff®. Combined with a permanent risk of increased absenteeism in our factories due to COVID-19, during the period under review, this led to very careful management of deliveries of Lotus® Biscoff® orders to customers. By fair and proportionate allocations across all customers, Lotus Bakeries aims to guarantee maximum in-store availability of Lotus® Biscoff® for consumers with minimum stock levels at each customer. In the first half of 2022, this modus operandi will continue to apply. Nevertheless, Lotus® Biscoff® is expected to continue its double digit turnover growth in this half, partly due to systemic improvement of efficiencies in the factory in Mebane and further optimisations in the factory in Lembeke.

From the second half of 2021, there has been generalised cost inflation at levels not seen for some time. This includes significant increases for raw materials, packaging, energy, transport and labour. This trend looks set to continue in 2022. Through longer-term fixing of purchase prices of raw materials and packaging with suppliers, it was possible to lessen the inflationary impact during the second quarter. In recent months, Lotus Bakeries has already announced general price increases for all of its products. The implementation of a fair but sufficient price increase is intended to offset cost inflation in 2022. In this way, Lotus Bakeries aims to guarantee the Group’s profitability and maintain development opportunities for the Group.

CEO Jan Boone looks forward to 2022:

“2022 looks set to be challenging. As a manufacturer, we are faced with unprecedented increases in costs and at the same time we want to continue to offer consumers their favourite cookies or healthy snacks at an affordable price. For this reason, we aim for a fair price increase for our products. In the end, this is crucial if we are to meet our targets for margins and - above all - continue to invest in the growth of our brands. The consistent implementation of these necessary price increases may lead to disruption for certain customers in the short term but this is the only way to ensure that our business continues to grow and remains successful in the long term. For this reason, we will continue to focus strongly on increasing capacity, with a record investment budget for expansions of 100 million euros.”



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RESULTS AND PROPOSAL FOR APPROPRIATION OF RESULTS

Consolidated

The consolidated net profit for 2021 amounted to EUR 90.7 million as compared to 82.5 million EUR in 2020.

Statutory

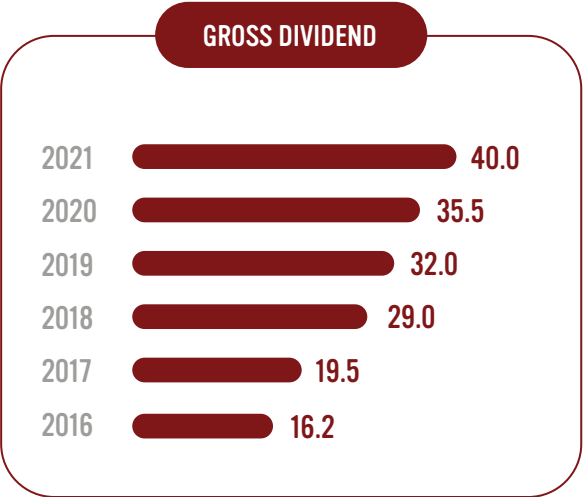
The 2021 results for the parent company Lotus Bakeries NV are as follows:

IN EUR	
Profit for the financial year	13,950,550.49
Profit for the year available for appropriation	13,950,550.49

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

IN EUR	
Allocation to legal reserves	0
Allocation / (Transfer) to other reserves	-18,939,969.51
Distribution of a gross dividend <sup>1</sup>	32,640,520.00
Distribution of emoluments to directors	250,000.00
TOTAL	13,950,550.49

The Board of Directors will propose to the Ordinary Shareholders Meeting of 13 May 2022 to pay a gross dividend of EUR 40 per share for 2021 compared with EUR 35.5 per share in 2020. This maintains the dividend policy in recent years, whereby at least one third of the recurrent net profit is paid out.




<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.

# CORPORATE GOVERNANCE DECLARATION

Lotus Bakeries adopts the Corporate Governance Code 2020 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.


Lotus Bakeries' Corporate Governance Charter, which outlines our corporate governance policy and the internal rules of procedure of the Board of Directors, the Committees and the Executive Committee, was discussed by the Board of Directors and approved on 2 April 2020.

 **More information about our Corporate Governance Charter can be found on our website** (<https://www.lotusbakeries.com/governance-practices-and-policies>).

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

### Revised governance principles

On 16 April 2021, the Board of Directors approved a remuneration policy, which was adopted by the General Meeting of 18 May 2021, as stipulated by Article 7.3 of the Corporate Governance Code and Article 7:89(1) CAC. The remuneration policy remains unchanged since then.

 **More information about our remuneration policy can be found on our website** (<https://www.lotusbakeries.com/governance-practices-and-policies>).

### Adoption of Corporate Governance Code 2020

As set out below, Lotus Bakeries follows all principles contained in the Corporate Governance Code 2020, except for Article 7.12 concerning the possibility of clawing back variable remuneration paid to the members of the executive management, or withholding the payment of variable remuneration.

The Board of Directors is not convinced of the enforceability of a claw-back clause in employment contracts or service agreements with management companies, which cannot be amended unilaterally. Nor does it see the need for such a claw-back clause since, according to the remuneration policy, the variable remuneration is allocated solely on the basis of verified, audited and published results.

### 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. 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.

### SHARE CAPITAL AND SHARES

#### Capital

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

#### 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 was granted 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 the aforementioned 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.

#### Shares

Since the beginning of January 2002, Lotus Bakeries NV 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 2021, there were 816,013 shares of Lotus Bakeries NV, in registered or dematerialised form.

#### Share options

In the context of the Lotus Bakeries NV share option scheme, 660 new share options were issued in 2021. As at 31 December 2021 the total number of unexercised share options was 4,541.

YEAR OF ISSUE OF THE OPTIONS	NUMBER OF ALLOCATED OPTIONS <sup>1</sup>	NUMBER OF OPTIONS EXERCISED <sup>2</sup>	TOTAL OF AVAILABLE OPTIONS
2016	2,327	(2,327)	0
2017	1,626	(1,045)	581
2018	1,139	-	1,139
2019	1,199	-	1,199
2020	962	-	962
2021	660	-	660

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

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



Document to which our report dated 08/04/2022 also refers.  
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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 CAC.
- 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 2021. The total number of treasury shares in the portfolio at the end of the financial year is 4,110 shares. They represent an accounting par value of EUR 18,084 or 0.50% of the issued capital.



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SHAREHOLDERS AND SHAREHOLDERS STRUCTURE

The shareholding structure of Lotus Bakeries NV on 31 December 2021:

	NO. OF SHARES	NO. OF VOTING RIGHTS	% OF SHARES	% OF VOTING RIGHTS
Stichting Administratiekantoor van Aandelen Lotus Bakeries <sup>1</sup>	408,007	816,014	50%	65.92%
Lotus Bakeries NV <sup>2</sup>	4,110	4,110	0.50%	0.33%
Publicly held	403,896	417,798	49.50%	33.75%
Total	816,013	1,237,922	100%	100%

<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 29 September 2021\*.  
<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 a transparency notification from Stichting Administratiekantoor van Aandelen Lotus Bakeries on 29 September 2021.

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.

BOARD OF DIRECTORS AND COMMITTEES OF THE BOARD OF DIRECTORS

Board of Directors

Composition

The composition of the Board of Directors:

Chairman:

Vasticom BV, represented by its permanent representative

Jan Vander Stichele

Current term of office ends: 2025 General Meeting

Managing director:

Mercur Consult BV, represented by its permanent representative

Jan Boone

Current term of office ends: 2025 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: 2025 General Meeting
- Concellent NV, represented by its permanent representative  
Sofie Boone  
Current term of office ends: 2024 General Meeting
- Anton Stevens  
Current term of office ends: 2025 General Meeting

Independent directors

- Palumi BV, represented by its permanent representative  
Peter Bossaert  
Current term of office ends: 2025 General Meeting
- Benoit Graulich BV, represented by its permanent representative  
Benoit Graulich  
Current term of office ends: 2025 General Meeting
- Lema NV, represented by its permanent representative  
Michel Moortgat  
Current term of office ends: 2022 General Meeting
- Sastraco BV, represented by its permanent representative  
Sabine Sagaert  
Current term of office ends: 2023 General Meeting

Secretary:

Brechtje Haan

Non-executive director

Benedikte Boone

- Master’s degree in Applied Economics (KU Leuven)
- She has held positions at Creyf’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

CEO / Managing director

Jan Boone

- 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
- Vice-President of the Board of Directors of FC Bruges
- Member of the Board of Direction of FF2032
- President of the Board of Directors of Animalcare, a listed  
company in the veterinary sector

Non-executive director

Johan Boone

- Master’s degree in dentistry (KU Leuven)
- Dentist
- Member of the Board of Directors at Lotus Bakeries since 1996

Non-executive director

Sofie Boone

- 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

Independent director

Peter Bossaert

- Commercial engineer (University of Antwerp)
- 1989 - 1997: various marketing and sales roles at  
Unilever and Campina
- Between 1989 and 2018 active at Medialaan  
(Today DPG-media), from 2012 as CEO
- Since 2018 CEO at KBVB
- Member of the Board of Directors at Lotus Bakeries since 2017



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**Independent director**  
**Benoit Graulich**

- 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 Cofinimmo and FF2032, among other organisations
- Member of the Board of Directors at Lotus Bakeries since 2009

**Independent director**  
**Michel Moortgat**

- Master’s degree in Business and Finance (Ichec 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

**Independent director**  
**Sabine Sagaert**

- Master’s degree in Commercial Engineering (KU Leuven), Master in Economic Legislation (UCL) and MBA (KU Leuven), graduate degree in Taxation (Fiscale Hogeschool Brussel)
- Has held various positions at CBR cementbedrijven and AB Inbev, for instance 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 Emea
- Member of the Board of Directors at Lotus Bakeries since 2011
- Since 1 October 2020 Managing Director Bakery Products at Vandemoortele

**Non-executive director**  
**Anton Stevens**

- Master’s degree in Law (UGent) and in Notarial law (UGent)
- Member of the Board of Directors at Lotus Bakeries since 2002

**Chairman of the Board of Directors**  
**Jan Vander Stichele**

- Master’s degree in Civil Engineering (KU Leuven) and Candidate degree in Applied 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
- Member of the Board of Directors at Lotus Bakeries since 2005
- Member of the Board of Directors of Ardo Group, B.I.G., Connect\*, Frigilunch and OLV Ziekenhuis Aalst (hospital)
- Chairman of the Board of Directors at Team Industries and Flanders’ FOOD

  
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**Activities of the Board of Directors**  
The Board of Directors met six times in 2021. Apart from the meeting on 14 October, all board meetings were held virtually, due to the COVID-19 measures. All directors were present at all meetings.

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

- Coronavirus impact and measures
- Investment budget and global budget
- Financial results
- Sales results
- Organisational changes
- Evolution of prices of raw materials and packaging
- Price negotiations with customers
- Results at 31/12 and 30/06 and proposed press release
- Initiatives within Lotus Bakeries’ sustainability strategy  
Care for Today, Respect for Tomorrow policy, including:
  - Explanation of ESG strategy and action points 2021
  - Status update sustainable packaging
  - Young Graduate Programme
- Corporate Governance - remuneration policy
- General Meeting:
  - Agenda
  - Holding behind closed doors
  - Approval of remuneration policy
  - Reappointments
  - Dividend proposal

- Transparency notification reference shareholder
- Capex investments and expansions of capacity
- E-commerce strategy
- Strategy Lotus® Biscoff®
- Strategy corporate venture fund FF2032 NV
- Product developments and innovations
- Employer branding and flexibility policy
- M&A opportunities
- Reports and recommendations from Committees

In the course of 2021, 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 CAC.

**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 2021 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:

- Discussion of report and internal controls / recommendations of the Statutory Auditor
- Discussion of annual and interim results
- Audit plan 2021

Remuneration and Nomination Committee

The Remuneration and Nomination Committee consists of two independent directors and one non-executive director. The independent directors are Sastraco 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 2021, with all members present.

The subjects examined were:

- Remuneration policy and its application
- The remuneration policy
- Remuneration of CEO and Executive Committee

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 optimize 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.

EXECUTIVE COMMITTEE

Composition of the Executive Committee:

- Jan Boone,  
permanent representative of Mercuur Consult BV, CEO
- Isabelle Maes,  
permanent representative of Valseba BV, CEO Natural Foods
- Mike Cuvelier,  
permanent representative of Cumaco BV, CFO
- Ignace Heyman,  
permanent representative of Heycom BV, 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 12 official meetings in 2021. All members were present at all meetings.

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 Art. 7:86 CAC. It also wishes to point out in this connection that the abovementioned independent directors fulfil the independence criteria of Article 7:87 of the CAC and the Corporate Governance Code 2020. However, concerning Benoit Graulich BV, it is noted that the Ordinary General Meeting of Shareholders of 18 May 2021 reappointed Benoit Graulich BV as independent director, since all of the specific independence criteria of Article 3.5 of the Belgian Corporate Governance Code 2020 were fulfilled but one, i.e. the criterion that a director must have held the position of non-executive director for no longer than 12 years. This was not considered to detract from the independence of Benoit Graulich (and Benoit Graulich BV), who in carrying out his duties as director always demonstrates an independent and critical attitude and has confirmed that he has no relationship whatsoever with the Company, the executive management, the reference shareholder or other shareholders owning more than 10% of the shares which could jeopardise his independence.



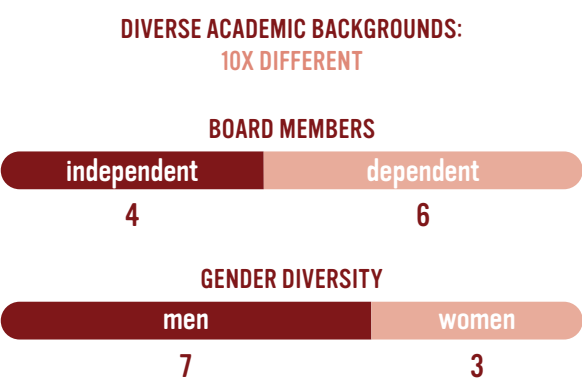
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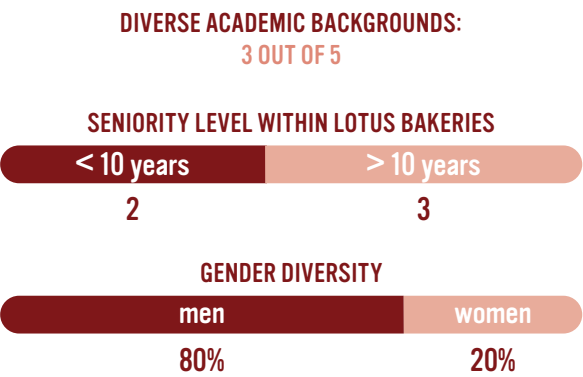
Besides these diversity criteria enshrined in law, Lotus Bakeries also aims for diversity in knowledge and experience and, when selecting candidates, performs a thorough assessment based on competencies which would additionally benefit the company in view of the existing competencies among the members 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. Some 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. Some diversity parameters within EXCO:



More information about the diversity policy and diversity ratios within Lotus Bakeries, can be found on page 106 of this Annual Report.

**INVESTOR RELATIONS**

Lotus Bakeries aims for transparent communication about financial and non-financial results to all of its shareholders. This information is communicated to existing and potential shareholders on various platforms. For example, Lotus Bakeries published an 'investor relations' presentation on 17 August 2021 and has since organised regular analyst presentations, which can be followed online by all interested persons and are also made available to view on the website afterwards.

More information about our investor relations can be found on our website <https://www.lotusbakeries.com/ir-presentation>

## Lotus Bakeries strengthens ties with community of shareholders

### Mike Cuvelier

#### CFO

Lotus Bakeries has achieved significant growth in the last few years. The globalisation of Lotus® Biscoff®, the strategic investments in the US and the successful acquisitions and internationalisation of the UK Natural Foods brands have created more visibility and interest in the Lotus Bakeries story. All of this has also attracted the attention of a broader and more international community of investors. The time was therefore ripe for more communication and contact with these investors.

**“We want our shareholders to reflect our international ambitions.”**

– Mike Cuvelier



Mike Cuvelier - CFO



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“Until recently, our interaction with investors was more limited. There was a detailed and transparent explanation of our half-year and annual results accompanied by a press release and a meeting with a group of analysts who follow our shares”, CFO Mike Cuvelier begins. “However, since the 2021 half-year results, we are focusing more on communicating with institutional investors. Our strong growth and results in the last few years have caused our shares to rise, taking our market capitalisation above 4 billion euros today. That also generates interest in the Lotus Bakeries story among investors.”

#### SHAREHOLDERS REFLECT INTERNATIONAL AMBITIONS

Lotus Bakeries was receiving more and more requests from investors from countries such as the UK, France, Switzerland or the US who were interested in its story and shares. “The time had come for us to expand our community of shareholders. On the one hand, for some time, we had received increasing requests from international investors to make contact with us, and, on the other hand, we wanted our community of shareholders to reflect our international ambitions”, Mike continues. “Up to then, we had Belgian private shareholders, who saw Lotus Bakeries shares as a prudent investment and held on to them for the long term.”

#### STRONG GROWTH, HIGH PROFITABILITY AND CLEAR ESG KPIS

In view of this, in August 2021, Lotus Bakeries launched its information deck for investors, to be found on the corporate website. This contains all relevant company information for investors: history, values, ambitions, strategy for different brands. Following this, the EXCO of Lotus Bakeries went on roadshows to meet dozens of potential new investors. “That was an interesting and enriching process, that really brought it home to us that we have a strong story. A clear, focused strategy combined with enormous potential for growth, strong growth combined with high profitability and an integrated sustainability policy with strong ESG ambitions make us interesting to investors.”

#### NEW INVESTOR RELATIONS MANAGER

Meanwhile, Lotus Bakeries is looking for an investor relations manager, to focus on contact with both existing and future shareholders. “We now have an extensive group of international shareholders. We need to spread the word about Lotus Bakeries’ ‘equity story’ to attract an even broader community of investors”, Mike concludes.

REMUNERATION REPORT

Introduction

The purpose of the 2021 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 13 May 2022 for approval. The 2020 remuneration policy was adopted by 96.42% of the votes at the Ordinary General Meeting of 18 May 2021.

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

This 2021 remuneration report sets out how the remuneration complies with the remuneration policy proposed by the Board, on the advice of the Remuneration and Nomination Committee, and approved by 97.27% of the votes at the Ordinary General Meeting of 18 May 2021.

Statement on remuneration policy applied in 2021

Non-executive and executive directors

The remuneration policy for directors of the Company approved at the Ordinary General Meeting of 18 May 2021 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 of the Board of Directors 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 the 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 to enable Lotus Bakeries to attract directors with appropriate competences in order to realize its ambitions.

No adjustments have been made to the remuneration policy compared to 2020.

Overview of remuneration

NAME & FUNCTION DIRECTOR	YEAR	FIXED REMUNERATION			VARIABLE REMUNERATION		EXTRAORDINARY 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		
Mercur Consult BV, represented by Jan Boone, executive (member BoD, CEO)	2021	20,000						20,000	100% / 0%
	2020	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)	2021	50,000					100,000	150,000	100% / 0%
	2020	50,000					100,000	150,000	100% / 0%
PMF NV, represented by Johan Boone, non-executive (member BoD)	2021	20,000						20,000	100% / 0%
	2020	20,000						20,000	100% / 0%
Anton Stevens, non-executive (member BoD)	2021	20,000						20,000	100% / 0%
	2020	20,000						20,000	100% / 0%
Beneconsult BV, represented by Benedikte Boone, non-executive (member BoD)	2021	20,000						20,000	100% / 0%
	2020	20,000						20,000	100% / 0%
Concellent NV, represented by Sofie Boone, non-executive (member BoD)	2021	20,000						20,000	100% / 0%
	2020	20,000						20,000	100% / 0%
Palumi BV, epresented by Peter Bossaert, non-executive (member BoD)	2021	20,000						20,000	100% / 0%
	2020	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)	2021	30,000						30,000	100% / 0%
	2020	30,000						30,000	100% / 0%
Lema NV, represented by Michel Moortgat, non-executive (member BoD, Chairman Audit Committee)	2021	25,000						25,000	100% / 0%
	2020	25,000						25,000	100% / 0%
Sastraco BV, represented by Sabine Sagaert, non-executive (member BoD, Chairman Remuneration and Nomination Committee)	2021	25,000						25,000	100% / 0%
	2020	25,000						25,000	100% / 0%

1 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					
							OPENING BALANCE SHEET	DURING THE YEAR			CLOSING BALANCE SHEET	
	DETAILS OF THE PLAN	PERFORMANCE PERIOD	GRANT DATE	VESTING DATE	END OF RETENTION PERIOD		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
Mercur Consult BV, represented by Jan Boone, executive (member BoD, CEO)	Fixed annual remuneration adopted at OGM of 18 May 2021	01/01/2021 until 31/12/2021	18 May 2021	18 May 2021	At least 1 year after end of directorship and 3 years after awarding		4	4	4	0	0	8
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 18 May 2021	01/01/2021 until 31/12/2021	18 May 2021	18 May 2021	At least 1 year after end of directorship and 3 years after awarding		10	10	10	0	0	20
PMF NV, represented by Johan Boone, non-executive (member BoD)	Fixed annual remuneration adopted at OGM of 18 May 2021	01/01/2021 until 31/12/2021	18 May 2021	18 May 2021	At least 1 year after end of directorship and 3 years after awarding		4	4	4	0	0	8
Anton Stevens, non-executive (member BoD)	Fixed annual remuneration adopted at OGM of 18 May 2021	01/01/2021 until 31/12/2021	18 May 2021	18 May 2021	At least 1 year after end of directorship and 3 years after awarding		4	4	4	0	0	8
Beneconsult BV, represented by Benedikte Boone, non-executive (member BoD)	Fixed annual remuneration adopted at OGM of 18 May 2021	01/01/2021 until 31/12/2021	18 May 2021	18 May 2021	At least 1 year after end of directorship and 3 years after awarding		4	4	4	0	0	8
Concellent NV, represented by Sofie Boone, non-executive (member BoD)	Fixed annual remuneration adopted at OGM of 18 May 2021	01/01/2021 until 31/12/2021	18 May 2021	18 May 2021	At least 1 year after end of directorship and 3 years after awarding		4	4	4	0	0	8
Palumi BV, represented by Peter Bossaert, non-executive (member BoD)	Fixed annual remuneration adopted at OGM of 18 May 2021	01/01/2021 until 31/12/2021	18 May 2021	18 May 2021	At least 1 year after end of directorship and 3 years after awarding		4	4	4	0	0	8
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 18 May 2021	01/01/2021 until 31/12/2021	18 May 2021	18 May 2021	At least 1 year after end of directorship and 3 years after awarding		4	4	4	0	0	8
Lema NV, represented by Michel Moortgat, non-executive (member BoD, Chairman Audit Committee)	Fixed annual remuneration adopted at OGM of 18 May 2021	01/01/2021 until 31/12/2021	18 May 2021	18 May 2021	At least 1 year after end of directorship and 3 years after awarding		4	4	4	0	0	8
Sastraco BV, represented by Sabine Sagaert, non-executive (member BoD, Chairman Remuneration and Nomination Committee)	Fixed annual remuneration adopted at OGM of 18 May 2021	01/01/2021 until 31/12/2021	18 May 2021	18 May 2021	At least 1 year after end of directorship and 3 years after awarding		4	4	4	0	0	8
Total							46	46	46	0	0	92



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<sup>1</sup> Only those shares are shown, which the directors hold by virtue of their mandate.



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 criteria for determining the short-term bonus are as follows:
  - 1/3rd of the short-term bonus depends on the consolidated turnover growth achieved by Lotus Bakeries Group during the past financial year
  - 1/3rd of the short-term bonus depends on the consolidated recurrent operating result achieved during the past financial year
  - 1/3rd of the short-term bonus depends on the consolidated recurrent operating cash flow achieved during the past financial year

The Board of Directors approved the final, audited results on 4 February 2022, and, on this basis, on the advice of the Remuneration and Nomination Committee, established that all criteria were met. Consequently, 100% of the 2021 short-term bonus will be paid to all members of the executive management in 2022.

- The criteria for determining the long-term bonus are as follows:
  - 1/3rd of the long-term bonus depends on the consolidated turnover growth achieved by Lotus Bakeries Group as specified in the multi-year plan in place
  - 1/3rd of the long-term bonus depends on the consolidated recurrent operating result as specified in the multi-year plan in place
  - 1/3rd of the long-term bonus depends on the consolidated recurrent operating cash flow as specified in the multi-year plan in place

The long-term bonus is awarded and paid annually, with a settlement of accounts during the third year of the evaluation period. The Board of Directors approved the final, audited results on 4 February 2022, and, on this basis, on the advice of the Remuneration and Nomination Committee, established that all criteria were met. Consequently, 100% of the long-term bonus will be paid to all members of the executive management in 2022.

The bonus plan for executive management provides that the bonus is earned only after approval of the consolidated figures by the Auditor and then by the Remuneration and Nomination Committee.

Those members of the executive management who are subject to a contract of employment enjoy an additional pension plan and other benefits, mainly comprising insured benefits such as guaranteed income and the cost of a car. Similar arrangements are in place for those members of the executive management who work through a management company.

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. Upon early departure, the options not yet exercisable at that time can no longer 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. All members of the executive management currently meet this requirement.

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.



Document to which our report dated 08/04/2022 also refers.  
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Overview of remuneration of CEO and executive management (in EUR)

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	MULTIPLE YEARS VARIABLE			
Mercuur Consult BV, represented by Jan Boone (CEO)	2021	909,698	-	43,064	146,304	479,579	479,579	-	2,058,224	53% / 47%
	2020	866,379	-	43,064	139,007	456,741	456,741	-	1,961,932	53% / 47%
Other members executive management	2021	1,783,189	-	87,839	285,614	739,784	739,784	-	3,636,210	59% / 41%
	2020	1,698,276	-	87,839	270,693	704,556	704,556	-	3,465,920	59% / 41%


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



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Overview of compensation executive management (in options)

NAME & FUNCTION MEMBER EXECUTIVE MANAGEMENT		KEY CONDITIONS OF OPTION PLANS						INFORMATION ABOUT THE REPORTED FINANCIAL YEAR						
		DETAILS OF THE PLAN	PERFORMANCE PERIOD	GRANT DATE	ACQUISITION DATE	END OF RETENTION PERIOD	EXERCISE PERIOD	EXERCISE PRICE OF THE STOCK AND DATE	OPENING BALANCE SHEET	DURING THE YEAR			CLOSING BALANCE	
									Options granted but not acquired at the start of the year	Options granted	Options acquired	Options subject to performance	Options granted but not acquired	Options subject to a retention period
Mercur Consult BV, represented by Jan Boone (CEO)	Q2017		12/05/2017	01/01/2021			01/01/2021-11/05/2022	2,331.77	255	0	255		0	
	R2018		15/05/2018	01/01/2022			01/01/2022-14/05/2023	2,373.00	255	0	0		255	
	S2019		10/05/2019	01/01/2023			01/01/2023-09/05/2024	2,351.58	255	0	0		255	
	T2020		08/05/2020	01/01/2024			01/01/2024-07/05/2025	2,828.95	200	0	0		200	
	U2021		18/05/2021	01/01/2025			01/01/2025-17/05/2026	4,517.14	0	130	0		130	
Valseba BV, represented by Isabelle Maes (CEO Natural Foods)	Q2017		12/05/2017	01/01/2021			01/01/2021-11/05/2022	2,331.77	128	0	128		0	
	R2018		15/05/2018	01/01/2022			01/01/2022-14/05/2023	2,373.00	128	0	0		128	
	S2019		10/05/2019	01/01/2023			01/01/2023-09/05/2024	2,351.58	128	0	0		128	
	T2020		08/05/2020	01/01/2024			01/01/2024-07/05/2025	2,828.95	100	0	0		100	
	U2021		18/05/2021	01/01/2025			01/01/2025-17/05/2026	4,517.14	0	65	0		65	
Cumaco BV, represented by Mike Cuvelier (CFO)	R2018		15/05/2018	01/01/2022			01/01/2022-14/05/2023	2,373.00	128	0	0		128	
	S2019		10/05/2019	01/01/2023			01/01/2023-09/05/2024	2,351.58	128	0	0		128	
	T2020		08/05/2020	01/01/2024			01/01/2024-07/05/2025	2,828.95	100	0	0		100	
	U2021		18/05/2021	01/01/2025			01/01/2025-17/05/2026	4,517.14	0	65	0		65	
Heycom BV, represented by Ignace Heyman (COO)	Q2017		12/05/2017	01/01/2021			01/01/2021-11/05/2022	2,331.77	128	0	128		0	
	R2018		15/05/2018	01/01/2022			01/01/2022-14/05/2023	2,373.00	128	0	0		128	
	S2019		10/05/2019	01/01/2023			01/01/2023-09/05/2024	2,351.58	128	0	0		128	
	T2020		08/05/2020	01/01/2024			01/01/2024-07/05/2025	2,828.95	100	0	0		100	
	U2021		18/05/2021	01/01/2025			01/01/2025-17/05/2026	4,517.14	0	65	0		65	
William Du Pré (Director Procurement, QA en R&D)	Q2017		12/05/2017	01/01/2021			01/01/2021-11/05/2022	2,331.77	128	0	128		0	
	R2018		15/05/2018	01/01/2022			01/01/2022-14/05/2023	2,373.00	128	0	0		128	
	S2019		10/05/2019	01/01/2023			01/01/2023-09/05/2024	2,351.58	128	0	0		128	
	T2020		08/05/2020	01/01/2024			01/01/2024-07/05/2025	2,828.95	100	0	0		100	
	U2021		18/05/2021	01/01/2025			01/01/2025-17/05/2026	4,517.14	0	65	0		65	
 Total									2,773	325	639	0	2,459	0



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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 2021 no severance pay was paid to members of the Executive Committee.

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	2016	2017	2018	2019	2020	2021
REMUNERATION OF NON-EXECUTIVE DIRECTORS						
Vasticom BV, represented by Jan Vander Stichele, non-executive (Chairman BoD, member Audit Committee and member Remuneration and Nomination Committee)	150	150	150	150	150	150
	750%	100%	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%	100%
Anton Stevens, non-executive (member BoD)	20	20	20	20	20	20
	100%	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%	100%
Concellent NV, represented by Sofie Boone, non-executive (member BoD)	20	20	20	20	20	20
	/	100%	100%	100%	100%	100%
Palumi BV, represented by Peter Bossaert, non-executive (member BoD)	/	20	20	20	20	20
	/	/	100%	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%	100%
Lema NV, represented by Michel Moortgat, non-executive (member BoD, Chairman Audit Committee)	/	/	25	25	25	25
	/	/	/	100%	100%	100%
Sastraco BV, represented by Sabine Sagaert, non-executive (member BoD, Chairman Remuneration and Nomination Committee)	20	25	25	25	25	25
	100%	100%	100%	100%	100%	100%



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Changes in the remuneration and the company’s performance over the last five years

A table is shown below comparing changes in remuneration and performance during the last five reported financial years

IN THOUSANDS OF EUR	2016	2017	2018	2019	2020	2021
REMUNERATION OF EXECUTIVE DIRECTOR						
Mercur Consult BV, represented by Jan Boone, executive CEO	20	20	20	20	20	20
	100%	100%	100%	100%	100%	100%
REMUNERATION CEO						
Jan Boone, CEO	1,301	1,265	1,458	1,914	1,962	2,058
Evolution (%)	108%	97%	115%	131%	102,5%	104,9%
REMUNERATION OF OTHER MEMBERS OF THE EXECUTIVE MANAGEMENT						
Total remuneration	1,760	1,714	2,358	3,296	3,466	3,636
Number of members executive management	4	4	5	5	5	5
Evolution (%)	86%	97%	138%	140%	105%	105%
PERFORMANCE OF LOTUS BAKERIES						
Market capitalization (on 31 dec)	2,031,280	1,724,110	1,753,830	2,113,470	3,002,928	4,561,513
Evolution market capitalization (%)	143%	85%	102%	121%	142%	152%
Turnover	507,208	524,055	556,435	612,737	663,289	750,251
Evolution turnover (%)	123%	103%	106%	110%	108%	113%
Rebit	83,945	89,349	95,030	102,891	111,114	123,805
Evolution Rebit (%)	130%	106%	106%	108%	108%	111%
Rebitda	101,596	104,333	110,346	123,580	135,683	150,967
Evolution Rebitda (%)	123%	103%	106%	112%	110%	111%
Net result	62,455	64,633	67,872	75,769	82,545	90,743
Evolution net result (%)	137%	103%	105%	112%	109%	110%
REMUNERATION OTHER EMPLOYEES						
Total remuneration	101,639	105,580	111,977	123,493	137,116	152,857
Number of employees (FTE) <sup>1</sup>	1,464	1,495	1,555	1,821	2,214	2,305
Evolution (%)	115%	104%	106%	110%	111%	111%

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

The ratio between the highest remuneration of members of management and the lowest compensation (in full-time equivalents) of employees of Lotus Bakeries NV, as stipulated by Article 3:6(3) CAC, cannot be

reported since Lotus Bakeries NV has no employees. In the interests of the intended transparency, this ratio is reported for Lotus Bakeries Corporate NV. This ratio is 16.20.



# ENTERPRISE RISK MANAGEMENT

## RISK MANAGEMENT STRATEGY

Lotus Bakeries has implemented an ongoing process of risk management aimed at ensuring 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 Enterprise Risk Management 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.

## GOVERNANCE AND CULTURE

### Governance structure


Lotus Bakeries has a one-tier governance model, as specified in Article 7:85 ff of the CAC. The Board of Directors bears ultimate responsibility for the management of risks within the Company, assisted by the Audit Committee. The day-to-day management is delegated to the CEO, assisted by the EXCO. The Director Internal Audit & Risk reports to the CFO. The Audit Committee receives regular reports on risk management.

This Governance structure is framed by a series of internal Governance policies.

The Board of Directors approved the following documents on 2 April 2020:


## 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 can be found on our website** <https://www.lotusbakeries.com/governance-practices-and-policies>

## 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 can be found on our website** <https://www.lotusbakeries.com/governance-practices-and-policies>

## 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.

 **More information about our Code of Conduct can be found on our website** <https://www.lotusbakeries.com/governance-practices-and-policies> .

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

## 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 was approved at the Ordinary General Meeting of 18 May 2021 and is published on the website.

 **More information about our remuneration policy can be found on our website** <https://www.lotusbakeries.com/governance-practices-and-policies>

## Internal policies, procedures and control environment

The responsibilities of the various departments in the Group Lotus Bakeries ranging from purchasing, production, logistics to sales, management of customer relations and Group services are set out in general guidelines. In this way each employee clearly knows his role and responsibility.

The responsibilities of the various financial departments in the Lotus Bakeries Group are defined in the general corporate Directives’ at Group level. These are set out for all operational domains linked to Finance: accounting and consolidation, management reporting, cost accounting, planning, budgeting and forecasting processes, central master data management treasury, investment approval, insurance and internal control environment.

In the context of drawing up or adjusting the strategic exercises and the annual budgets, objectives are set for the various levels and departments at short and medium term.

These objectives are set for the different departments of the Corporate Departments as well as for all operational areas of the supply chain of all Business Units, both at local and area level, as well as at Executive Committee level.

Each of these departments has further defined its responsibilities in more detailed procedures.



Document to which our report dated 08/04/2022 also refers.  
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**PRINCIPAL RISKS AND MITIGATING MEASURES**

Annually, the risks defined are reviewed by EXCO and adjusted if necessary. The adjusted risk overview is discussed in the Audit Committee on an annual basis.

For each of the major risks, a risk owner has been appointed who ensures a concrete action plan to avoid, limit or prepare for the risks. The risk owner is also responsible for the follow-up of the defined actions. The results are reported annually to the Audit Committee.

**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 raw materials. For other raw materials and for packaging, yearly agreements are made when possible.

**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 kEUR 2,016. 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 2,228.

	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	(1,342)	1,483
USD	(457)	506
CNY	(178)	197
Andere	(39)	43
Total	(2,016)	2,228

**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.

FINANCIAL INSTRUMENTS

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

**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 foodservice 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.

**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.

**Balance sheet structure**

Lotus Bakeries aims for a capital structure (the balance between debt and equity) that gives 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 recurring operating cash flow (REBITDA) at what is considered to be a normal healthy level in the financial market.


FINANCIAL RATIOS	2021	2020	2019	2018	2017
Days customer credit	49	48	47	45	42
Solvency ratio (%)	52.4	51.4	49.5	48.8	49.1
Net financial debt / REBITDA*	0.63	0.87	1.10	0.87	0.55
Net return on equity (%)	17.5	19.0	18.8	19.6	22.0

(\*) REBITDA normalised for the impact of acquisitions

**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.

 **More information about our quality policy can be found on page 123 of this Annual Report and on our website**  
<https://www.lotusbakeries.com/policies-reports>

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

**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 2<sup>nd</sup> 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, states 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.

  
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In the Netherlands a defined benefit pension plan 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 higher than expected salary increase of plan members 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.

**Risk of counterfeiting**

The success of the Lotus® Biscoff® and Lotus™ Natural Foods products and brands goes hand in hand with the risk of counterfeiting. This applies to the recipes for our products and also the visual identity of our brands.

First and foremost the recipe. 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. 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. To protect these efforts as far as possible, our recipes are guarded as trade secrets where possible. To this end, strict procedures are in place regarding data access, transfer and storage. In addition, the Research & Development team monitors and analyses rival products on a regular basis.

For optimum protection of our brand identity, there is a clear strategy in place aimed at identifying our trademark assets, defining the desired protection, use and enforcement of our trademarks. Each year, the degree of protection is reviewed and updated, at product level and geographically. An automated, global notification system alerts the Intellectual Property department to identical or similar registrations. In addition, copycats in the market are continually reported by our own employees and our distributors. Furthermore, in 2021, we decided to set up an online monitoring system for more accurate detection of copycats.

### Data protection and cybercrime

In view of ever-increasing digitalisation, there is a real risk of unauthorised access to confidential data of Lotus Bakeries and personal data processed by Lotus Bakeries. Fraud in the form of cybercrime is also high on our agenda.

Lotus Bakeries has clear policies in place regarding access to and security of business-critical information. Multi-factor authentication helps protect our information. Corporate ICT has taken various steps to prevent and detect cyber-attacks and limit their impact. An annual audit is also carried out of the security of our ICT systems. In addition, we continually focus on automated and continuous alerting of Lotus Bakeries employees.

### Job market shortages

In view of job market shortages, Lotus Bakeries needs to take care to attract sufficient talent to support its growth plans. For this, Lotus Bakeries can rely on a professional recruitment policy, onboarding process and training & development plan. Since 2020, we have run a Young Graduate Programme, in which we make young talent enthusiastic about our company. Finally, we pay close attention to employer branding and the internal and external projection of our corporate identity.

 **More information about Lotus Bakeries' HR policy can be found on page 106 of this Annual Report.**


### Impact of packaging on the environment

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 definite ambitions and a clear strategy.

 **More information about our packaging policy can be found on page 90 of this Annual Report.**

### Impact of palm oil on the environment and society

Lotus Bakeries is conscious of the negative impact of palm oil cultivation on the environment, particularly deforestation, as well as the social impact in regions in which palm oil plantations are located. It is important for Lotus Bakeries that our consumers and customers can be confident that the palm oil used in our products is sustainably sourced. Lotus Bakeries selects its suppliers carefully based on their responsible sourcing standards according to NDPE: No-Deforestation, No-Peat, No-Exploitation. Lotus Bakeries is a member of RSPO and is committed to ensuring that it sources only certified sustainable palm oil. It has endorsed this approach in a palm oil policy accepted by 90% of our palm oil suppliers<sup>1</sup>. All sites of Lotus Bakeries which process palm oil are also RSPO certified.

 **More information about our palm oil can be found on page 123 of this Annual Report.**

### Industry's impact on environment and society

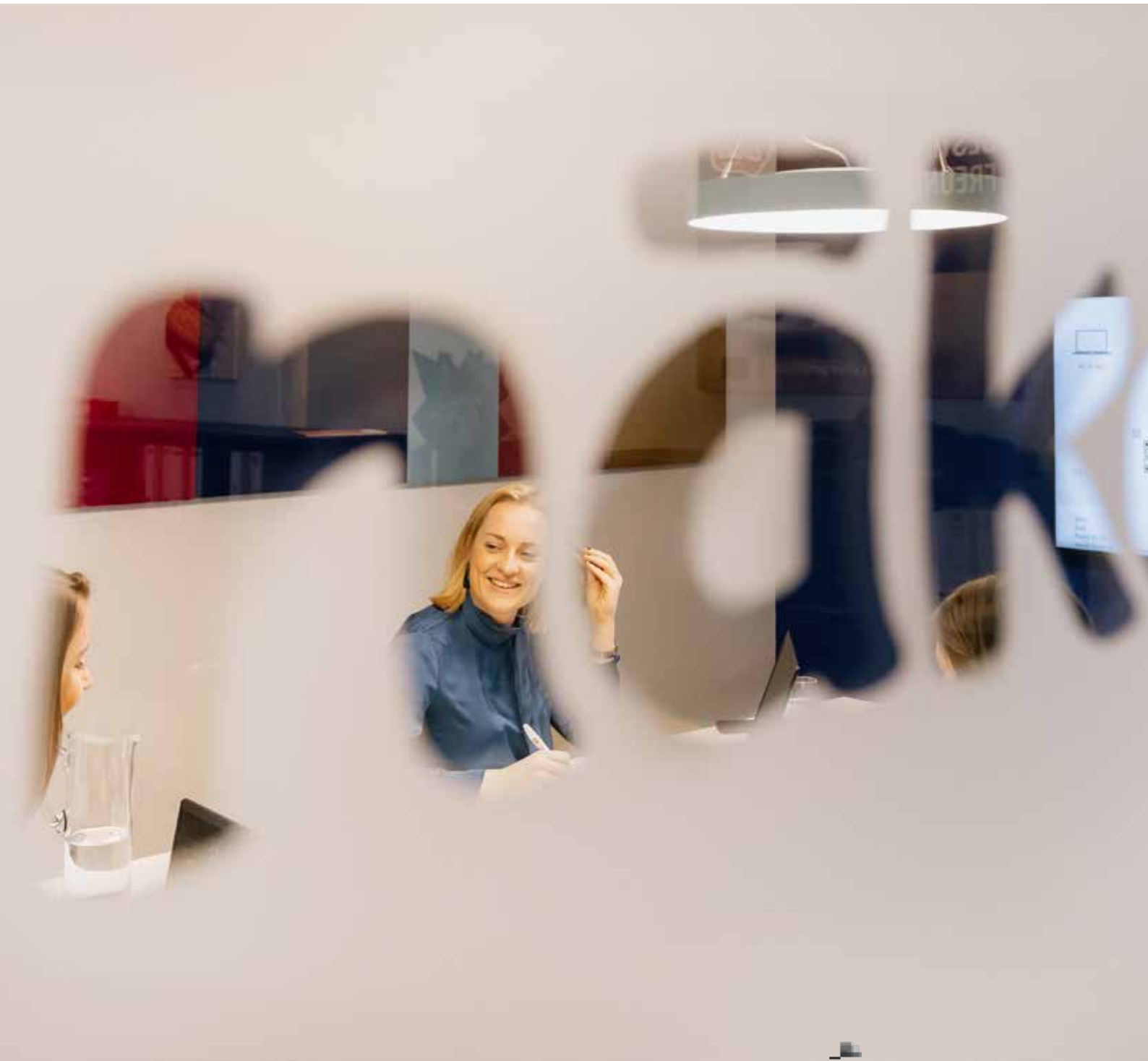
Lotus Bakeries is aware of the negative impact that the industry can have on the environment and society and the responsibility that it bears as an industrial partner. On the other hand, Lotus Bakeries also sees opportunities to contribute to the progress of society and limiting global warming.

The 'Care for Today, Respect for Tomorrow' sustainability ambition embodies in a clear way how Lotus Bakeries wants to deal with sustainability and responsibility. This action plan has been widely communicated to all employees and to the Board of Directors. Lotus Bakeries chooses to report on its priorities, targets and achievements taking into account the Sustainable Development Goals (SDGs) as defined by the United Nations and in accordance with the core GRI standards.

<sup>1</sup> Palm oil producers who have signed Lotus Bakeries' palm oil policy or have their own palm oil policy in place with at least equal standards.



<p><b>CONTROL ACTIVITIES</b></p> <p>For the Lotus Bakeries Group, various operational and financial procedures are in place.</p>			
<p>For reporting the financial and non-financial results of each department, there are definitions or standards available to ensure that the information is interpreted uniformly throughout the organization.</p>	<p>Each month, the results of each area within the business units are discussed and explained by the area manager. Both the positive and the negative deviations from the predefined results are analysed and discussed. For the negative deviations, the necessary corrective actions are defined and followed up. For the positive deviations, actions are defined to perpetuate or increase them.</p>	<p><b>INFORMATION AND COMMUNICATION</b></p> <p>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.</p>	<p>In addition, there are various communication channels available within the Lotus Bakeries Group to provide employees with the information that they need to be able to perform their functions properly.</p>
<p>The International Financial Reporting Standards form the basis for all financial reporting and for consolidated reporting. Training is organized at regular intervals for all relevant financial employees.</p>	<p>Access to the various reporting systems is controlled and restricted to authorized persons only.</p> <p>External sales figures are reported daily to the Executive Committee.</p>	<p>In 2021, the SuccessFactors package was installed for the management of the most important personnel processes.</p> <p>The results of each area within the business units are reported on a monthly basis by the area manager.</p>	<p>Lotus Bakeries employees throughout the Group have at their disposal LotusLink, where all information on Group events is disseminated.</p>
<p>The sustainability results for the year 2021 will be reported in accordance with the GRI Standards.</p>	<p>The results of the different departments are consolidated, analysed and reported monthly at group level monthly. The Corporate Finance department drives the entire process.</p>	<p>The financial and non-financial results are aggregated, consolidated and reported to the Executive Committee on a monthly basis. The Corporate Finance department directs the information and communication process.</p>	<p><b>MONITORING</b></p> <p>Each month, the results of each area are discussed within the business units and explained by the area manager.</p>
<p>For the monitoring of the activities of sales, personnel and the operations in the factories, purchasing and logistics, Lotus Bakeries has developed various financial and non-financial KPIs.</p>	<p>The liquidity and cash position is monitored daily by the Corporate Treasury department and reported twice a week by the Director Treasury to the CFO.</p>	<p>In addition, financial and non-financial results are reported and discussed periodically in the Board of Directors.</p>	<p>The internal audit evaluates the internal control system and makes recommendations for improvement.</p>
	<p>Employees are asked to continuously improve existing procedures and methods via self-assessment and on the basis of the Lotus competencies.</p>	<p>For both the internal and external information reporting and for communication, there is an annual financial calendar in which all reporting dates are fixed and which is communicated to all parties concerned.</p>	<p>The Statutory Auditor verifies the financial reporting and its internal control.</p>
		<p>The various risk owners report periodically to the Director Internal Audit &amp; Risk, who in turn reports to the CFO. The results are reported annually to the Audit Committee.</p>	<p>The quality and safety of our products at our sites are verified externally.</p> <p>The Audit Committee and the Statutory Auditor play an important role in assessing the internal control system and risk management. Comments from the Statutory Auditor are discussed in the Audit Committee and followed up for improvement.</p> <p>Finally, the shareholders have a right to ask questions during the General Meeting and the company is subject to the supervision of the Financial Services and Markets Authority (FSMA).</p>



Document to which our report dated  
08/04/2022 also refers.  
Initials for identification purposes  
PwC Bedrijfsrevisoren - PwC Réviseurs d'Entreprises.

## EXTERNAL AUDIT

PwC Bedrijfsrevisoren BV, represented by Ms Lien Winne, auditor, 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 2022 Ordinary General Meeting. The compensation received in 2021 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 2021	IN THOUSANDS OF EUR
Lotus Bakeries NV	88
Group Lotus Bakeries	401
<b>Total</b>	<b>489</b>

# 05

## STOCK MARKET AND SHAREHOLDERS' INFORMATION



Document to which our report dated  
08/04/2022 also refers.  
Initials for identification purposes  
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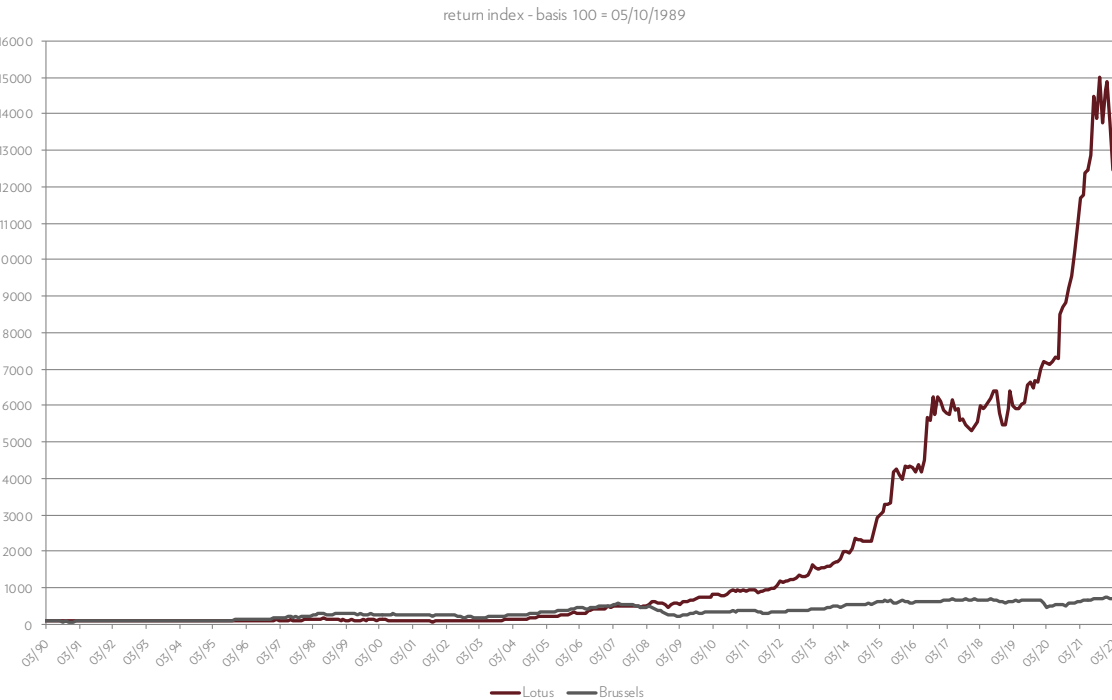
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# EVOLUTION OF THE LOTUS BAKERIES SHARE IN COMPARISON TO THE BASR INDEX



Both share evolutions are with reinvested net dividend.

STOCK DATA ABOUT THE LOTUS BAKERIES SHARE IN EUR	31-03-2022	2021	2020	2019	2018	2017
Highest price till 31/12 (till 31/03 in 2022)	6,080.00	6,080.00	3,770.00	2,680.00	2,690.00	2,529.00
Lowest price till 31/12 (till 31/03 in 2022)	4,455.00	3,630.00	2,500.00	2,080.00	2,010.00	2,025.00
Price at 31/12 (at 31/03 in 2022)	4,750.00	5,590.00	3,680.00	2,590.00	2,150.00	2,116.95
Market capitalisation at 31/12 in millions of EUR (at 31/03 in 2022 in millions of EUR)	3,876.06	4,561.51	3,002.93	2,113.47	1,753.83	1,724.11
Number of shares at 31/12 (at 31/03 in 2022)	816,013	816,013	816,013	816,013	815,733	814,433
Price-earnings ratio (PER) <sup>(1)</sup> at 31/12 (at 31/03 in 2022)	42.70	50.26	36.36	28.21	26.21	27.13

<sup>1</sup> PER: Price Earnings Ratio: Stock price at year-end (respectively 31 March in 2022) divided by net earnings per share at year-end.



Document to which our report dated 08/04/2022 also refers.  
Initials for identification purposes  
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## 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).

## 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.

## 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 falls 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.

## MARKET CAPITALISATION

On 31 December 2021, the market capitalisation of Lotus Bakeries amounted to EUR 4,561.51 million.

## 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.

## STOCK DATA ON THE LOTUS BAKERIES SHARE

The tables showing the consolidated key figures per share and the stock market performance data of the Lotus Bakeries share can be found on pages 20-21 and 218 of this Annual Report.

## 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.

## FINANCIAL CALENDAR

**Wednesday 13 April 2022**

Annual Report 2021 available on [www.lotusbakeries.com](http://www.lotusbakeries.com)

**Friday 13 May 2022**

Ordinary General Meeting of Shareholders at 4.30 PM

**Tuesday 18 May 2022**

Payment of dividend for the 2021 financial year

**Friday 12 August 2022**

Announcement of half-year results for 2022

**Tuesday 7 February 2023**

Announcement of annual results for 2022

## 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 available in Dutch and in English. The third part of the annual report, containing the ESG and GRI reporting is also available on the corporate website in English.

# 06

## FINANCIAL STATEMENTS



Document to which our report dated  
08/04/2022 also refers.  
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Document to which our report dated  
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In this section of the 2021 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 2021 shown, are based on the 2021 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 2020.

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

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 Lotus Bakeries 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 of Lotus Bakeries (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.

## CONSOLIDATED BALANCE SHEET

IN THOUSANDS OF EUR	NOTE	31-12-2021	31-12-2020
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	5	307,725	258,182
Goodwill	6	224,846	216,485
Intangible assets	7	144,745	139,966
Investment in other companies	9	9,755	4,403
Deferred tax assets	8	2,182	3,351
Other non-current assets	9, 20	867	453
<b>CURRENT ASSETS</b>			
Inventories	10	57,901	46,827
Trade receivables	11	94,549	82,856
VAT receivables	11	10,079	5,930
Income tax receivables	11	5,276	3,142
Other amounts receivable	11	536	256
Cash and cash equivalents	12, 13	132,160	81,261
Deferred charges and accrued income		1,471	1,115
<b>TOTAL ASSETS</b>			
		<b>992,092</b>	<b>844,227</b>

IN THOUSANDS OF EUR	NOTE	31-12-2021	31-12-2020
<b>EQUITY AND LIABILITIES</b>			
<b>EQUITY</b>			
Share Capital	14	16,388	16,388
Retained earnings		539,590	476,724
Treasury shares	13, 16, 24	(9,514)	(11,474)
Other reserves		(26,932)	(47,961)
Non-controlling interests		-	67
<b>NON-CURRENT LIABILITIES</b>			
Interest-bearing loans and borrowings	13, 17	218,837	198,156
Deferred tax liabilities	8	64,243	57,195
Net employee defined benefit liabilities	18	4,020	3,748
Provisions	19	116	282
Derivative financial instruments	20	371	717
Other non-current liabilities	21	1,863	1,743
<b>CURRENT LIABILITIES</b>			
Interest-bearing loans and borrowings	13, 17	17,439	12,552
Net employee defined benefit liabilities	18	333	317
Provisions	19	21	21
Trade payables	22	125,315	87,370
Employee benefit expenses and social security	22	26,515	26,508
VAT payables	22	402	145
Tax payables	22	5,850	12,701
Other current liabilities	22	2,144	4,624
Accrued charges and deferred income	22	5,091	4,404
<b>TOTAL EQUITY AND LIABILITIES</b>			
		<b>992,092</b>	<b>844,227</b>



Document to which our report dated 08/04/2022 also refers.  
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CONSOLIDATED INCOME STATEMENT

IN THOUSANDS OF EUR	NOTE	2021	2020
TURNOVER		750,251	663,289
Raw materials, consumables and goods for resale		(250,617)	(216,376)
Services and other goods		(192,231)	(176,804)
Employee benefit expense	23	(152,857)	(137,116)
Depreciation and amortization on intangible and tangible assets	25	(23,115)	(21,001)
Impairment on inventories, contracts in progress and trade debtors	10, 11	(3,384)	(2,710)
Other operating charges	26	(8,253)	(5,919)
Other operating income	26	4,011	7,751
RECURRENT OPERATING RESULT (REBIT) <sup>(1)</sup>		123,805	111,114
Non-recurrent operating result	27	(4,135)	(4,593)
OPERATING RESULT (EBIT) <sup>(2)</sup>		119,670	106,521
Financial result	28	(2,373)	(3,004)
Interest income (expense)		(2,766)	(2,726)
Foreign exchange gains (losses)		886	51
Other financial income (expense)		(493)	(329)
PROFIT FOR THE YEAR BEFORE TAXES		117,297	103,517
Taxes	8, 29	(26,554)	(20,972)
RESULT AFTER TAXES		90,743	82,545
NET RESULT - attributable to:		90,743	82,545
Non-controlling interests		(24)	(48)
Equity holders of Lotus Bakeries		90,767	82,593

IN THOUSANDS OF EUR	NOTE	2021	2020
OTHER COMPREHENSIVE INCOME			
Items that may be subsequently reclassified to profit and loss		21,419	(27,191)
Currency translation differences		21,160	(27,299)
Gain/(Loss) on cash flow hedges, net of tax		259	108
Items that will not be reclassified to profit and loss		(333)	22
Remeasurement gains/(losses) on defined benefit plans	18	(333)	22
Other comprehensive income		21,086	(27,169)
Total comprehensive income - attributable to:		111,829	55,376
Non-controlling interests		33	(104)
Equity holders of Lotus Bakeries		111,796	55,480
EARNINGS PER SHARE	30		
Weighted average number of shares		811,550	809,664
Basic earnings per share (EUR) - attributable to:			
Non-controlling interests		(0.03)	(0.06)
Equity holders of Lotus Bakeries		111.84	102.01
Weighted average number of shares after effect of dilution		813,677	811,184
Diluted earnings per share (EUR) - attributable to:			
Non-controlling interests		(0.03)	(0.06)
Equity holders of Lotus Bakeries		111.55	101.82
Total number of shares <sup>(3)</sup>		816,013	816,013
Earnings per share (EUR) - attributable to:			
Non-controlling interests		(0.03)	(0.06)
Equity holders of Lotus Bakeries		111.23	101.22

ABRIDGED FIVE-YEAR FINANCIAL SUMMARY

CONSOLIDATED BALANCE SHEET

IN THOUSANDS OF EUR	31-12-2021	31-12-2020	31-12-2019	31-12-2018	31-12-2017
NON CURRENT ASSETS	690,120	622,840	641,122	545,647	447,693
Property, plant and equipment	307,725	258,182	263,793	219,897	174,426
Goodwill	224,846	216,485	229,365	177,639	141,001
Intangible assets	144,745	139,966	142,709	138,887	123,924
Participating interests	-	-	-	2,448	-
Investment in other companies	9,755	4,403	2,243	12	12
Deferred tax assets	2,182	3,351	2,505	3,936	4,310
Other non current assets	867	453	507	2,828	4,020
CURRENT ASSETS	301,972	221,387	171,507	165,925	149,801
Inventories	57,901	46,827	44,461	39,066	33,653
Trade receivables	94,549	82,856	79,072	71,097	60,104
Cash and cash equivalents	132,160	81,261	40,093	45,597	48,129
TOTAL ASSETS	992,092	844,227	812,629	711,572	597,494
EQUITY	519,532	433,744	402,477	346,927	293,213
NON-CURRENT LIABILITIES	289,450	261,841	239,584	198,042	193,923
Interest-bearing liabilities	218,837	198,156	158,010	116,500	117,500
Deferred tax liabilities	64,243	57,195	50,737	52,725	49,206
Other non-current liabilities	1,863	1,743	24,500	22,602	20,987
CURRENT LIABILITIES	183,110	148,642	170,568	166,603	110,358
Interest-bearing liabilities	17,439	12,552	36,579	36,655	1,750
Trade payables	125,315	87,370	88,716	86,794	68,542
Employee benefit expenses and social security	26,515	26,508	24,146	21,330	18,383
TOTAL EQUITY AND LIABILITIES	992,092	844,227	812,629	711,572	597,494

<sup>(1)</sup>REBIT is defined as the recurrent operating 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.  
<sup>(3)</sup> Total number of shares including treasury shares at 31 December

CONSOLIDATED INCOME STATEMENT

IN THOUSANDS OF EUR	2021	2020	2019	2018	2017
TURNOVER	750,251	663,289	612,737	556,435	524,055
RECURRENT OPERATING RESULT (REBIT)	123,805	111,114	102,891	95,030	89,349
Non-recurrent operating result	(4,135)	(4,593)	(2,292)	(3,005)	(91)
OPERATING RESULT (EBIT)	119,670	106,521	100,599	92,025	89,258
Financial result	(2,373)	(3,004)	(2,514)	(3,324)	(2,228)
PROFIT FOR THE YEAR BEFORE TAXES	117,297	103,517	98,086	88,701	87,030
Taxes	(26,554)	(20,972)	(22,317)	(20,829)	(22,397)
RESULT AFTER TAXES	90,743	82,545	75,769	67,872	64,633
NET RESULT - attributable to:	90,743	82,545	75,769	67,872	64,633
Non-controlling interests	(24)	(48)	857	964	1,094
Equity holders of Lotus Bakeries	90,767	82,593	74,912	66,908	63,539



Document to which our report dated 08/04/2022 also refers.  
Initials for identification purposes  
PwC Bedrijfsrevisoren - PwC Réviseurs d'Entreprises.



REGISTERED OFFICE

Lotus Bakeries NV  
Gentstraat 1  
B-9971 Lembeke  
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 review or more information about the Lotus Bakeries Group, please contact:  
Lotus Bakeries NV  
Corporate Secretary  
Gentstraat 1  
B-9971 Lembeke  
T + 32 9 376 26 11  
[corporate@lotusbakeries.com](mailto:corporate@lotusbakeries.com)

Concept and realisation

Lotus Bakeries en Duval Branding  
[duvalbranding.com](http://duvalbranding.com)

Illustrations

Sören Selleslagh  
[sorenselleslagh.com](http://sorenselleslagh.com)

Photography

Bart Kiggen  
[keen-antwerp.com](http://keen-antwerp.com)

Productphotography

Foodphoto  
[foodphoto.be](http://foodphoto.be)



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[WWW.LOTUSBAKERIES.COM](http://WWW.LOTUSBAKERIES.COM)



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ANNUAL REPORT 2021

## FINANCIAL SUPPLEMENT



Document to which our report dated  
08/04/2022 also refers.  
Initials for identification purposes  
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The consolidated financial statements for 2021 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 2020.

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

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 2021 annual report of Lotus Bakeries NV. This annual report consists of three 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	NOTE	31-12-2021	31-12-2020
ASSETS			
NON-CURRENT ASSETS		690,120	622,840
Property, plant and equipment	5	307,725	258,182
Goodwill	6	224,846	216,485
Intangible assets	7	144,745	139,966
Investment in other companies	9	9,755	4,403
Deferred tax assets	8	2,182	3,351
Other non-current assets	9, 20	867	453
CURRENT ASSETS		301,972	221,387
Inventories	10	57,901	46,827
Trade receivables	11	94,549	82,856
VAT receivables	11	10,079	5,930
Income tax receivables	11	5,276	3,142
Other amounts receivable	11	536	256
Cash and cash equivalents	12, 13	132,160	81,261
Deferred charges and accrued income		1,471	1,115
TOTAL ASSETS		992,092	844,227

IN THOUSANDS OF EUR	NOTE	31-12-2021	31-12-2020
EQUITY AND LIABILITIES			
EQUITY		519,532	433,744
Share Capital	14	16,388	16,388
Retained earnings		539,590	476,724
Treasury shares	13, 16, 24	(9,514)	(11,474)
Other reserves		(26,932)	(47,961)
Non-controlling interests		-	67
NON-CURRENT LIABILITIES		289,450	261,841
Interest-bearing loans and borrowings	13, 17	218,837	198,156
Deferred tax liabilities	8	64,243	57,195
Net employee defined benefit liabilities	18	4,020	3,748
Provisions	19	116	282
Derivative financial instruments	20	371	717
Other non-current liabilities	21	1,863	1,743
CURRENT LIABILITIES		183,110	148,642
Interest-bearing loans and borrowings	13, 17	17,439	12,552
Net employee defined benefit liabilities	18	333	317
Provisions	19	21	21
Trade payables	22	125,315	87,370
Employee benefit expenses and social security	22	26,515	26,508
VAT payables	22	402	145
Tax payables	22	5,850	12,701
Other current liabilities	22	2,144	4,624
Accrued charges and deferred income	22	5,091	4,404
TOTAL EQUITY AND LIABILITIES		992,092	844,227



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CONSOLIDATED INCOME STATEMENT

IN THOUSANDS OF EUR	NOTE	2021	2020
TURNOVER		750,251	663,289
Raw materials, consumables and goods for resale		(250,617)	(216,376)
Services and other goods		(192,231)	(176,804)
Employee benefit expense	23	(152,857)	(137,116)
Depreciation and amortisation on intangible and tangible assets	25	(23,115)	(21,001)
Impairment on inventories, contracts in progress and trade debtors	10, 11	(3,384)	(2,710)
Other operating charges	26	(8,253)	(5,919)
Other operating income	26	4,011	7,751
RECURRENT OPERATING RESULT (REBIT) <sup>(1)</sup>		123,805	111,114
Non-recurrent operating result	27	(4,135)	(4,593)
OPERATING RESULT (EBIT) <sup>(2)</sup>		119,670	106,521
Financial result	28	(2,373)	(3,004)
Interest income (expense)		(2,766)	(2,726)
Foreign exchange gains (losses)		886	51
Other financial income (expense)		(493)	(329)
PROFIT FOR THE YEAR BEFORE TAXES		117,297	103,517
Taxes	8, 29	(26,554)	(20,972)
RESULT AFTER TAXES		90,743	82,545
NET RESULT - attributable to:		90,743	82,545
Non-controlling interests		(24)	(48)
Equity holders of Lotus Bakeries		90,767	82,593

<sup>(1)</sup> REBIT is defined as the recurrent operating 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.  
<sup>(3)</sup> Total number of shares including treasury shares at 31 December

IN THOUSANDS OF EUR	NOTE	2021	2020
OTHER COMPREHENSIVE INCOME			
Items that may be subsequently reclassified to profit and loss		21,419	(27,191)
Currency translation differences		21,160	(27,299)
Gain/(Loss) on cash flow hedges, net of tax		259	108
Items that will not be reclassified to profit and loss		(333)	22
Remeasurement gains/(losses) on defined benefit plans	18	(333)	22
Other comprehensive income		21,086	(27,169)
Total comprehensive income - attributable to:		111,829	55,376
Non-controlling interests		33	(104)
Equity holders of Lotus Bakeries		111,796	55,480
EARNINGS PER SHARE		30	
Weighted average number of shares		811,550	809,664
Basic earnings per share (EUR) - attributable to:			
Non-controlling interests		(0.03)	(0.06)
Equity holders of Lotus Bakeries		111.84	102.01
Weighted average number of shares after effect of dilution		813,677	811,184
Diluted earnings per share (EUR) - attributable to:			
Non-controlling interests		(0.03)	(0.06)
Equity holders of Lotus Bakeries		111.55	101.82
Total number of shares <sup>(3)</sup>		816,013	816,013
Earnings per share (EUR) - attributable to:			
Non-controlling interests		(0.03)	(0.06)
Equity holders of Lotus Bakeries		111.23	101.22

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

IN THOUSANDS OF EUR	ISSUED 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
	SHARED CAPITAL	SHARE PREMIUM	CAPITAL									
EQUITY AS ON 1 JANUARY 2021	3,591	12,797	16,388	476,724	(11,474)	(47,143)	(280)	(538)	(47,961)	433,677	67	433,744
Net result of the Financial Year	-	-	-	90,767	-	-	-	-	-	90,767	(24)	90,743
Currency translation differences	-	-	-	-	-	21,103	-	-	21,103	21,103	57	21,160
Remeasurement gains/(losses) on defined benefit plans	-	-	-	-	-	-	(268)	-	(268)	(268)	-	(268)
Cash flow hedge reserves	-	-	-	-	-	-	-	346	346	346	-	346
Taxes on items taken directly to or transferred from equity	-	-	-	-	-	-	(65)	(87)	(152)	(152)	-	(152)
Net income/(expense) for the period recognised directly in equity	-	-	-	-	-	21,103	(333)	259	21,029	21,029	57	21,086
Total comprehensive income/(expense) for the period	-	-	-	90,767	-	21,103	(333)	259	21,029	111,796	33	111,829
Dividends	-	-	-	(28,968)	-	-	-	-	-	(28,968)	-	(28,968)
Acquisition/Sale own shares	-	-	-	-	1,960	-	-	-	-	1,960	-	1,960
Employee share-based compensation expense	-	-	-	419	-	-	-	-	-	419	-	419
Non-controlling interests following business combinations	-	-	-	67	-	-	-	-	-	67	(67)	-
Impact written put options on non-controlling interests	-	-	-	33	-	-	-	-	-	33	(33)	-
Other	-	-	-	548	-	-	-	-	-	548	-	548
EQUITY AS ON 31 DECEMBER 2021	3,591	12,797	16,388	539,590	(9,514)	(26,040)	(613)	(279)	(26,932)	519,532	-	519,532

EQUITY AS ON 1 JANUARY 2020	3,591	12,797	16,388	422,724	(15,866)	(19,900)	(302)	(646)	(20,848)	402,398	79	402,477
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)
Total comprehensive income/(expense) for the period	-	-	-	82,593	-	(27,243)	22	108	(27,113)	55,480	(104)	55,376
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
EQUITY AS ON 31 DECEMBER 2020	3,591	12,797	16,388	476,724	(11,474)	(47,143)	(280)	(538)	(47,961)	433,677	67	433,744



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CONSOLIDATED CASH FLOW STATEMENT

IN THOUSANDS OF EUR	2021	2020
<strong>OPERATING ACTIVITIES</strong>		
Net result (Group)	90,767	82,593
Depreciation and amortisation of (in)tangible assets	23,159	21,018
Net valuation allowance current assets	3,601	2,710
Provisions	139	242
Disposal of fixed assets	442	121
Financial result	2,373	3,004
Taxes	26,554	20,972
Employee share-based compensation expense	419	521
Non-controlling interests	(24)	(48)
<strong>GROSS CASH PROVIDED BY OPERATING ACTIVITIES</strong>	<strong>147,430</strong>	<strong>131,133</strong>
Decrease/(Increase) in inventories	(12,957)	(6,302)
Decrease/(Increase) in trade accounts receivable	(4,778)	(5,092)
Decrease/(Increase) in other assets	(5,366)	(1,077)
Increase/(Decrease) in trade accounts payable	18,576	105
Increase/(Decrease) in other liabilities	(3,504)	4,521
<strong>CHANGE IN OPERATING WORKING CAPITAL</strong>	<strong>(8,029)</strong>	<strong>(7,845)</strong>
Income tax paid	(28,478)	(15,962)
Interest paid	(2,762)	(4,130)
Other financial income and charges recieved/(paid)	1,664	(691)
<strong>NET CASH PROVIDED BY OPERATING ACTIVITIES</strong>	<strong>109,825</strong>	<strong>102,505</strong>

IN THOUSANDS OF EUR	2021	2020
<strong>INVESTING ACTIVITIES</strong>		
(In)tangible assets - acquisitions	(42,048)	(20,565)
(In)tangible assets - other changes	541	6
Acquisition of subsidiaries	(274)	(26,108)
Financial assets - other changes	(5,353)	(2,159)
<strong>NET CASH USED IN INVESTING ACTIVITIES</strong>	<strong>(47,134)</strong>	<strong>(48,826)</strong>
<strong>NET CASH FLOW BEFORE FINANCING ACTIVITIES</strong>	<strong>62,691</strong>	<strong>53,679</strong>
<strong>FINANCING ACTIVITIES</strong>		
Dividends paid	(28,813)	(25,920)
Treasury shares	3,234	6,129
Proceeds/(Reimbursement) of long-term borrowings	16,000	41,497
Proceeds/(Reimbursement) of short-term borrowings	(500)	(24,109)
Leasing debts	(4,255)	(3,274)
Proceeds/(Reimbursement) of long-term receivables	(415)	56
<strong>NET CASH FLOW FROM FINANCING ACTIVITIES</strong>	<strong>(14,749)</strong>	<strong>(5,621)</strong>
<strong>NET CHANGE IN CASH AND CASH EQUIVALENTS</strong>	<strong>47,942</strong>	<strong>48,058</strong>
Cash and cash equivalents on January 1	81,261	40,093
Effect of exchange rate fluctuations on cash and cash equivalents	2,957	(1,180)
Effect of exchange rate fluctuations on transactions with group entities	-	(5,710)
Cash and cash equivalents on December 31	132,160	81,261
<strong>NET CHANGE IN CASH AND CASH EQUIVALENTS</strong>	<strong>47,942</strong>	<strong>48,058</strong>



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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. CONSOLIDATED COMPANIES

1.1 List of consolidated companies

ADDRESS		VAT OR NATIONAL NUMBER	31-12-2021	31-12-2020
A. FULLY CONSOLIDATED SUBSIDIARIES			%	%
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	Nieuwendorpe 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	Neuhofstrasse 24, 6340 Baar, 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	815 Avenue du Pays Glazik, 29510 Briec-de-l'Odet, 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 896 168 761	100.0	100.0
Natural Balance Foods Ltd.	Second floor, 45 Grosvenor Road, St. Albans, AL1 3AW, UK	VAT GB 841 254 348	97.9	97.9
Urban Fresh Foods Ltd.	Second floor, 45 Grosvenor Road, St. Albans, AL1 3AW, UK	VAT GB 883 060 032	100.0	100.0
The Kids Food Company Ltd.	First floor, Rose House, Bell Lane Office Village, Bell Lane, Amersham, HP6 6FA, UK	VAT GB 977 396 157	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

ADDRESS		VAT OR NATIONAL NUMBER	31-12-2021	31-12-2020
A. FULLY CONSOLIDATED SUBSIDIARIES			%	%
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 NL823011112B01	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, HK	Inland Revenue Department file no. 22/51477387	100.0	100.0
Lotus Bakeries North America Inc.	1000 Sansome Street Suite 350, San Francisco, CA 94111-1323, USA	IRS 94-3124525	100.0	100.0
Lotus Bakeries US, LLC	2010 Park Center Drive, Mebane, NC 27302, USA	IRS 82-1300286	100.0	100.0
Lotus Bakeries US Manufacturing, LLC	2010 Park Center Drive, Mebane, NC 27302, USA	IRS 82-2542596	100.0	100.0
NBF USA Inc.	1755 Park Street, Suite 200, Naperville, IL 60563, USA	C3598146	97.9	97.9
Lotus Bakeries Espana S.L.	C/ Severo Ochoa, 3, 2a Planta Oficina 8A, 28232 Las Rozas (Madrid), ES	VAT ESB80405137	100.0	100.0
Annas - Lotus Bakeries Holding AB	Radiovägen 23, SE 135 48 Tyresö, SE	Registration no. 556757-7241	100.0	100.0
AB Annas Pepparkakor	Radiovägen 23, SE 135 48 Tyresö, SE	VAT SE556149914501	100.0	100.0
Lotus Bakeries Chile SpA	Nueva Tajamar #555 OF401, Las Condes, Santiago, 7550099 CL	VAT (RUT) 76.215.081-6	100.0	100.0
Lotus Bakeries Biscuits Trading (Shanghai) Company Ltd.	Room 01.02.06, Floor 15, No. 511 Weihai Road, Jing'an District, Shanghai 200041, P.R. CN	Registration no. 913100000781169357	100.0	100.0
Lotus Bakeries Korea Co. Ltd.	4/F, AIA Tower, 16 Tongil-ro-2-gil, Jung-gu, Seoul 04511, KR	Registration no. 128-81-19621	100.0	100.0
Lotus Bakeries Austria GmbH	Fleischmarkt 1/6/12, 1010 Wien, AT	VAT ATU72710827	100.0	100.0
Lotus Bakeries Italia S.r.l.	Via Dante 16, 20121 Milano, IT	IT03029890211	100.0	55.0
Lotus South Africa Manufacturing Ltd.	Erf 4109, Voortrekker Road, Montana, Wolseley, ZA	VAT 4190279762	100.0	100.0
FF2032 NV	Gentstraat 1, 9971 Lembeke, BE	VAT BE 0730.550.847	100.0	100.0
FF2032 AG	Neuhofstrasse 24, 6340 Baar, CH	VAT CHE 241.819.783	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. The holding entity guarantees the debts of these companies as at 31 December 2021.



Document to which our report dated 08/04/2022 also refers. Initials for identification purposes PwC Bedrijfsrevisoren - PwC Réviseurs d'Entreprises.



1.2 Changes in the group structure in 2021

The following changes to the group structure took place in 2021:

Lotus Bakeries Italia S.r.l.

In 2021 Lotus Bakeries acquired all remaining shares of Lotus Bakeries Italia.

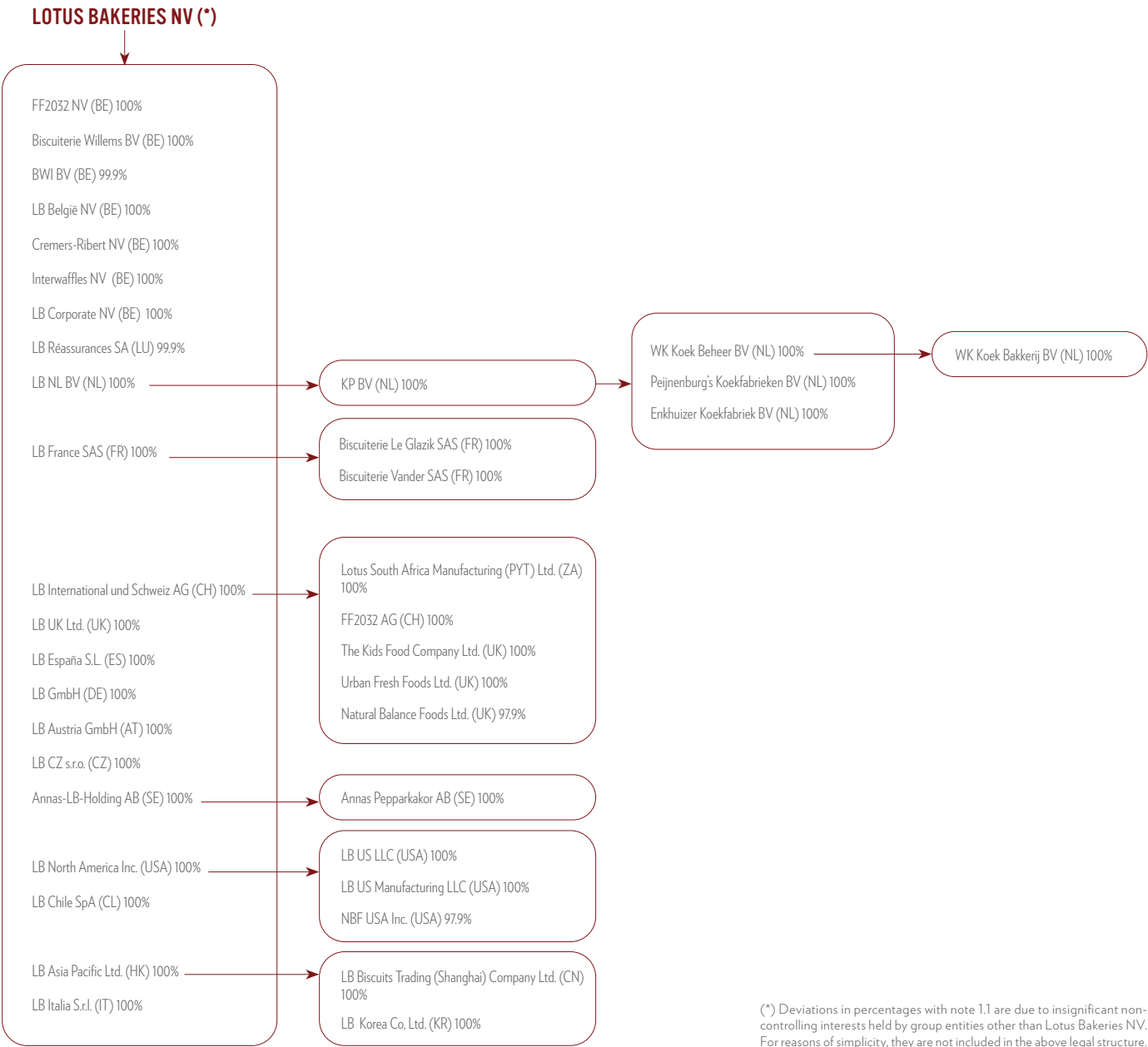
FF2032 AG

In 2021 FF2032 AG was founded.



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1.3 Legal Structure of the Lotus Bakeries Group as at 31 December 2021



(\*) Deviations in percentages with note 1.1 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.

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 at 31 December 2021.

The accounting principles were applied consistently.

The consolidated financial statements are presented based on 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 4 February 2022 for publication.

Recent IFRS pronouncements

Endorsement status of the new standards as at 31 December 2021

The following amendments to standards are mandatory for the first time for the financial year beginning 1 January 2021 and have been endorsed by the European Union:

- **Amendments to IFRS 4 Insurance Contracts – deferral of IFRS 9** (effective 1 January 2021). This amendment changes the fixed expiry date for the temporary exemption in IFRS 4 Insurance Contracts from applying IFRS 9 Financial Instruments, so that entities would be required to apply IFRS 9 for annual periods beginning on or after 1 January 2023.
- **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.
- **Amendment to IFRS 16 Leases Covid 19-Related Rent Concessions** (effective 1 June 2021, with early application permitted). If certain conditions are met, the Amendment would permit lessees, as a practical expedient, not to assess whether particular covid-19-related rent concessions are lease modifications. Instead, lessees that apply the practical expedient would account for those rent concessions as if they were not lease modifications.

The following new standard and amendments to standards have been published. These are not yet mandatory for the first time for the financial year beginning 1 January 2021, but have been endorsed by the European Union:

- **IFRS 17 ‘Insurance contracts’** (effective 1 January 2023). This standard replaces IFRS 4, which currently permits a wide variety of practices in accounting for insurance contracts. IFRS 17 will fundamentally change the accounting by all entities that issue insurance contracts and investment contracts with discretionary participation features. On 17 March 2020, IASB decided to defer pop effective date to annual reporting periods beginning on or after 1 January 2023. The endorsement includes the amendments issued by the Board in June 2020, which are aimed at helping companies implement the Standard and making it easier for them to explain their financial performance.

The EU regulation provides an optional exemption from applying the annual cohort requirement that relates to the timing of the recognition of the profit in the contract, the contractual service margin, in profit or loss. Entities making use of the exemption are not applying IFRSs as issued by the IASB and need to disclose the fact.

- **Amendment to IFRS 16 Leases Covid 19-Related Rent Concessions beyond 30 June 2021** (effective 1 April 2021, with early application permitted). The amendments extend, by one year, the May 2020 amendment that provides lessees with an exemption from assessing whether a COVID-19-related rent concession is a lease modification. In particular, the amendment permits a lessee to apply the practical expedient regarding COVID-19-related rent concessions to rent concessions for which any reduction in lease payments affects only payments originally due on or before 30 June 2022 (rather than only payments originally due on or before 30 June 2021). The amendment is effective for annual reporting periods beginning on or after 1 April 2021 (earlier application permitted, including in financial statements not yet authorised for issue at the date the amendment is issued).

- **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). 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.
  - **Amendments to IFRS 3 Business Combinations** update a reference in IFRS 3 to the Conceptual Framework for Financial Reporting without changing the accounting requirements for business combinations.
  - **Amendments to IAS 16 Property, Plant and Equipment** prohibit a company from deducting from the cost of property, plant and equipment amounts received from selling items produced while the company is preparing the asset for its intended use. Instead, a company will recognise such sales proceeds and related cost in profit or loss.



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- **Amendments to IAS 37 Provisions, Contingent Liabilities and Contingent Assets** specify which costs a company includes when assessing whether a contract will be loss-making.
- **Annual Improvements** make minor amendments to IFRS 1 First-time Adoption of International Financial Reporting Standards, IFRS 9 Financial Instruments, IAS 41 Agriculture and the Illustrative Examples accompanying IFRS 16 Leases.

The following amendments have been issued, but are not mandatory for the first time for the financial year beginning 1 January 2021 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 2023), affect only the presentation of liabilities in the statement of financial position — not the amount or timing of recognition of any asset, liability income or expenses, or the information that entities disclose about those items. They:
  - 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 IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2: Disclosure of Accounting policies** (effective 1 January 2023). The amendments aim to improve accounting policy disclosures and to help users of the financial statements to distinguish between changes in accounting estimates and changes in accounting policies. The IAS 1 amendment requires companies to disclose their material accounting policy information rather than their significant accounting policies. Further, the amendment to IAS 1 clarifies that immaterial accounting policy information need not be disclosed. To support this amendment, the Board also amended IFRS Practice Statement 2, ‘Making Materiality Judgements’, to provide guidance on how to apply the concept of materiality to accounting policy disclosures. The amendments are effective for annual reporting periods beginning on or after 1 January 2023. Earlier application is permitted (subject to any local endorsement process).
- **Amendments to IAS 8 Accounting policies, Changes in Accounting Estimates and Errors: Definition of Accounting Estimates** (effective 1 January 2023). The amendment to IAS 8, ‘Accounting Policies, Changes in Accounting Estimates and Errors’, clarifies how companies should distinguish changes in accounting policies from changes in accounting estimates. The amendments are effective for annual reporting periods beginning on or after 1 January 2023. Earlier application is permitted (subject to any local endorsement process).

- **Amendments to IAS 12 Income Taxes: Deferred Tax related to Assets and Liabilities arising from a Single Transaction** (effective 1 January 2023). 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 12.15(b) and IAS 12.24. 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 amendments are effective for annual reporting periods beginning on or after 1 January 2023. Early adoption is permitted.
- **Amendments to IFRS 17 Insurance contracts: Initial Application of IFRS 17 and IFRS 9 – Comparative Information** (issued on 9 December 2021, effective 1 January 2023). The amendment is a transition option relating to comparative information about financial assets presented on initial application of IFRS 17. The amendment is aimed at helping entities to avoid temporary accounting mismatches between financial assets and insurance contract liabilities, and therefore improve the usefulness of comparative information for users of financial statements.

The following standard is mandatory since the financial year beginning 1 January 2016 (however not yet subjected to EU endorsement). The European Commission has decided not to launch the endorsement process of this interim standard but to wait for the final standard:

- **IFRS 14, ‘Regulatory deferral accounts’** (effective 1 January 2016). It concerns an interim standard on the accounting for certain balances that arise from rate-regulated activities. IFRS 14 is only applicable to entities that apply IFRS 1 as first-time adopters of IFRS. It permits such entities, on adoption of IFRS, to continue to apply their previous GAAP accounting policies for the recognition, measurement, impairment and derecognition of regulatory deferral accounts. The interim standard also provides guidance on selecting and changing accounting policies (on first-time adoption or subsequently) and on presentation and disclosure.

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



Document to which our report dated 08/04/2022 also refers.  
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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.

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.

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	
	2021	2020	2021	2020
EUR/CAD	1.4393	1.5633	1.4825	1.5380
EUR/CHF	1.0331	1.0802	1.0813	1.0709
EUR/CLP	961.2550	875.3500	902.1148	905.9868
EUR/CNY	7.1947	8.0225	7.6293	7.8975
EUR/CZK	24.8580	26.2420	25.6426	26.4976
EUR/GBP	0.8403	0.8990	0.8597	0.8894
EUR/KRW	1,346.3800	1,336.0000	1,354.0318	1,350.2375
EUR/PLN	4.5969	4.5597	4.5720	4.4680
EUR/SEK	10.2503	10.0343	10.1448	10.4815
EUR/USD	1.1326	1.2271	1.1830	1.1470
EUR/ZAR	18.0625	18.0219	17.4723	18.9139



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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 recognised 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 incurred.

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 Leases

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.



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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 for 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. Thus, the impairment loss no longer exists or has been reduced. 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 realised or impaired.

For the cash flow statement, cash and cash equivalents include cash and bank balances. Any negative cash is included under short-term interest-bearing loans and borrowings from 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 sales 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 fulfilment 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 persons 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.

The effective portion of the change in fair value of derivative financial instruments that are identified as cash flow hedges is recognised in other comprehensive income. The gain or loss on the ineffective portion is immediately recognised in the income statement. Amounts accumulated in equity are reclassified to the income statement in the periods in which the hedged position impacts the income statement.

All regular purchases and sales of financial assets are recognised on transaction date.

**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.

**2.23 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.

Customer contracts include trade discounts or volume rebates, which are granted to the customer if the delivered quantities exceed a certain threshold. In these cases, the transaction price includes a variable consideration. The effect of the variable consideration on the transaction price is taken into account in revenue recognition by estimating the probability of the realisation of the discount or rebate for each contract. Furthermore, the Group considers all payments made to customers and whether these are related to the revenue generated from the customer.

**Financial income**

Financial income (interest, dividends, royalties, etc.) is 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.

2.24 Employee benefits

Pension plans

A number of defined contribution plans exist in the Group. 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 allow employees to acquire shares in the company at relatively advantageous conditions. The exercise price of the option 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 granted to employees as part of the stock option plan. The cost is determined based on the fair value of the stock options 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 are exercised, equity is increased by the amount of the revenues.

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 offset.

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.



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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 snack 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

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.



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CONTINUING OPERATIONS

IN THOUSANDS OF EUR	BELGIUM	FRANCE	NETHERLANDS	UK	OTHER	ELIMINATIONS + CORPORATE COMPANIES	TOTAL
TURNOVER							
Sales to external customers	169,976	92,443	80,488	176,598	230,746	-	750,251
Inter-segment sales	154,725	12,727	3,971	18,668	2,502	(192,593)	-
Total turnover	324,701	105,170	84,459	195,266	233,248	(192,593)	750,251
RESULTS							
Segment result REBIT	39,166	7,043	10,152	34,377	23,569	9,498	123,805
Non-recurrent operating result	(812)	64	(326)	(1,358)	(1,733)	30	(4,135)
Segment result EBIT	-	-	-	-	-	-	119,670
Financial result	-	-	-	-	-	-	(2,373)
Profit for the year before taxes	-	-	-	-	-	-	117,297
Taxes	-	-	-	-	-	-	(26,554)
Result after taxes	-	-	-	-	-	-	90,743
ASSETS AND LIABILITIES							
Non-current assets	169,321	8,508	101,145	249,324	118,075	41,565	690,120
Segment assets	169,321	8,508	101,145	249,324	118,075	41,565	687,938
Unallocated assets:	-	-	-	-	-	-	2,182
Deferred taxes	-	-	-	-	-	-	2,182
Current assets	46,195	15,706	10,854	41,753	35,459	4,490	301,972
Segment assets	46,195	15,706	10,854	41,753	35,459	4,490	154,457
Unallocated assets:	-	-	-	-	-	-	147,515
VAT receivables	-	-	-	-	-	-	10,079
Income tax receivables	-	-	-	-	-	-	5,276
Cash and cash equivalents	-	-	-	-	-	-	132,160
Total assets	215,516	24,214	111,999	291,077	153,534	46,055	992,092

YEAR ENDED 31 DECEMBER 2021

CONTINUING OPERATIONS

IN THOUSANDS OF EUR	BELGIUM	FRANCE	NETHERLANDS	UK	OTHER	ELIMINATIONS + CORPORATE COMPANIES	TOTAL
<b>ASSETS AND LIABILITIES</b>							
<b>Non-current liabilities</b>	<b>1,951</b>	<b>800</b>	<b>796</b>	<b>-</b>	<b>496</b>	<b>464</b>	<b>289,450</b>
Segment liabilities	1,951	800	796	-	496	464	4,507
Unallocated liabilities:	-	-	-	-	-	-	284,943
Deferred tax liabilities	-	-	-	-	-	-	64,243
Interest-bearing loans and borrowings	-	-	-	-	-	-	218,837
Other non-current liabilities	-	-	-	-	-	-	1,863
<b>Current liabilities</b>	<b>51,368</b>	<b>14,677</b>	<b>11,344</b>	<b>28,462</b>	<b>34,319</b>	<b>19,249</b>	<b>183,110</b>
Segment liabilities	51,368	14,677	11,344	28,462	34,319	19,249	159,419
Unallocated liabilities:	-	-	-	-	-	-	23,691
VAT payables	-	-	-	-	-	-	402
Tax payables	-	-	-	-	-	-	5,850
Interest-bearing loans and borrowings	-	-	-	-	-	-	17,439
<b>Total liabilities</b>	<b>53,319</b>	<b>15,477</b>	<b>12,140</b>	<b>28,462</b>	<b>34,815</b>	<b>19,713</b>	<b>472,560</b>
<b>OTHER SEGMENT INFORMATION</b>							
Capital expenditure:							
Property, plant and equipment	29,730	619	2,043	2,970	18,135	4,196	57,693
Intangible fixed assets	-	-	40	11	-	1,692	1,743
Depreciation	10,282	1,217	2,954	1,195	5,063	2,404	23,115
Increase/(Decrease) in amounts written off stocks, contracts in progress and trade debtors	689	(37)	297	1,049	1,372	14	3,384



Document to which our report dated  
08/04/2022 also refers.  
Initials for identification purposes  
PwC Bedrijfsrevisoren - PwC Réviseurs d'Entreprises.

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>							
<b>Non-current assets</b>	<b>149,088</b>	<b>8,552</b>	<b>101,349</b>	<b>231,475</b>	<b>97,293</b>	<b>31,732</b>	<b>622,840</b>
Segment assets	149,088	8,552	101,349	231,475	97,293	31,732	619,489
Unallocated assets:	-	-	-	-	-	-	3,351
Deferred taxes	-	-	-	-	-	-	3,351
<b>Current assets</b>	<b>40,439</b>	<b>13,723</b>	<b>15,134</b>	<b>33,739</b>	<b>23,264</b>	<b>4,755</b>	<b>221,387</b>
Segment assets	40,439	13,723	15,134	33,739	23,264	4,755	131,054
Unallocated assets:	-	-	-	-	-	-	90,333
VAT receivables	-	-	-	-	-	-	5,930
Income tax receivables	-	-	-	-	-	-	3,142
Cash and cash equivalents	-	-	-	-	-	-	81,261
<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>

YEAR ENDED 31 DECEMBER 2020

CONTINUING OPERATIONS

IN THOUSANDS OF EUR	BELGIUM	FRANCE	NETHERLANDS	UK	OTHER	ELIMINATIONS + CORPORATE COMPANIES	TOTAL
<strong>ASSETS AND LIABILITIES</strong>							
<strong>Non-current liabilities</strong>	<strong>1,703</strong>	<strong>796</strong>	<strong>517</strong>	-	<strong>639</strong>	<strong>1,092</strong>	<strong>261,841</strong>
Segment liabilities	1,703	796	517	-	639	1,092	4,747
Unallocated liabilities:	-	-	-	-	-	-	257,094
Deferred tax liabilities	-	-	-	-	-	-	57,195
Interest-bearing loans and borrowings	-	-	-	-	-	-	198,156
Other non-current liabilities	-	-	-	-	-	-	1,743
<strong>Current liabilities</strong>	<strong>37,042</strong>	<strong>14,418</strong>	<strong>9,531</strong>	<strong>25,272</strong>	<strong>17,582</strong>	<strong>19,399</strong>	<strong>148,642</strong>
Segment liabilities	37,042	14,418	9,531	25,272	17,582	19,399	123,244
Unallocated liabilities:	-	-	-	-	-	-	25,398
VAT payables	-	-	-	-	-	-	145
Tax payables	-	-	-	-	-	-	12,701
Interest-bearing loans and borrowings	-	-	-	-	-	-	12,552
<strong>Total liabilities</strong>	<strong>38,745</strong>	<strong>15,214</strong>	<strong>10,048</strong>	<strong>25,272</strong>	<strong>18,223</strong>	<strong>20,491</strong>	<strong>410,483</strong>
<strong>OTHER SEGMENT INFORMATION</strong>							
Capital expenditure:							
Property, plant and equipment	11,637	755	1,837	2,031	1,331	1,224	18,814
Intangible fixed assets	-	-	-	-	317	1,376	1,693
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

4. ACQUISITIONS AND DISPOSAL OF SUBSIDIARIES

On the 29th of March 2021, Lotus Bakeries acquired all remaining shares in Lotus Bakeries Italia.  
The purchase price was kEUR 274.



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5. PROPERTY, PLANT AND EQUIPMENT

Tangible assets are purchased by and are the full property of Lotus Bakeries. This includes land and buildings, machines and office equipment. The right-of-use assets arising from the 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 2021, EUR 57.7 million were invested in property, plant and equipment. In Belgium, investments were made in a new waffle line in Courcelles and in the new Lotus® 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 2021, acquisitions related to the IFRS 16 leases standard mainly consist of new and extended lease contracts for company cars and office buildings.

ON 31 DECEMBER 2021					
IN THOUSANDS OF EUR	LAND AND BUILDINGS	PLANT, MACHINERY AND EQUIPMENT	FURNITURE, OFFICE EQUIPMENT AND VEHICLES	ASSETS UNDER CONSTRUCTION	TOTAL
<strong>ACQUISITION COST</strong>					
At the end of the preceding year	170,199	334,937	25,715	5,967	536,818
Acquisitions during the year	8,573	11,953	2,352	34,815	57,693
Sales and disposals	(525)	(413)	(1,188)	(147)	(2,273)
Transfers from one heading to another	517	1,084	(70)	(1,531)	-
Acquisition during the year leases standard	7,860	256	3,201	-	11,317
Sales and disposals leases standard	(3,502)	(28)	(1,146)	-	(4,676)
Translation differences	3,234	1,643	171	641	5,689
<strong>Total acquisition cost</strong>	<strong>186,356</strong>	<strong>349,432</strong>	<strong>29,035</strong>	<strong>39,745</strong>	<strong>604,568</strong>
<strong>DEPRECIATION AND AMOUNTS WRITTEN DOWN</strong>					
At the end of the preceding year	(54,756)	(205,615)	(18,116)	(149)	(278,636)
Depreciation during the year	(4,433)	(12,188)	(1,195)	-	(17,816)
Sales and disposals	104	396	573	147	1,220
Depreciation leases standard	(1,870)	(112)	(2,275)	-	(4,257)
Sales and disposals leases standard	1,542	26	1,029	-	2,597
Translation differences	(223)	300	(30)	2	49
<strong>Total depreciation and amounts written down</strong>	<strong>(59,636)</strong>	<strong>(217,193)</strong>	<strong>(20,014)</strong>	<strong>-</strong>	<strong>(296,843)</strong>
<strong>NET BOOK VALUE</strong>	<strong>126,720</strong>	<strong>132,239</strong>	<strong>9,021</strong>	<strong>39,745</strong>	<strong>307,725</strong>

PER 31 DECEMBER 2020

IN THOUSANDS OF EUR	LAND AND BUILDINGS	PLANT, MACHINERY AND EQUIPMENT	FURNITURE, OFFICE EQUIPMENT AND VEHICLES	ASSETS UNDER CONSTRUCTION	TOTAL
<b>ACQUISITION COST</b>					
At the end of the preceding year	171,017	319,943	24,114	9,448	524,521
Acquisitions 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 2021 no newly granted capital grants were received and kEUR 46 of capital grants were taken into the income statement, giving at year end a remaining balance of kEUR 900, which is deducted from the net book value as reported in the above tables of movements.

IN THOUSANDS OF EUR	2021	2020
<b>INVESTMENT GRANTS</b>		
At the end of the preceding year	(946)	(1,000)
Taken into the income statement	46	54
<b>At the end of the year</b>	<b>(900)</b>	<b>(946)</b>



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6. GOODWILL

The carrying value of goodwill at the end of 2021 is EUR 224.8 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:

IN THOUSANDS OF EUR	2021
<b>CASH FLOW-GENERATING UNIT</b>	
Netherlands (Koninklijke Peijnenburg)	17,151
Spain (Lotus Bakeries España S.L.)	1,703
Sweden (AB Annas Pepparkakor)	5,984
Belgium (Biscuiterie Willems BV en B.W.I. BV)	20,773
Korea (Lotus Bakeries Korea Co. Ltd.)	9,214
Lotus™ Natural Foods	170,021
<b>TOTAL</b>	<b>224,846</b>

The change for the year is due to conversion differences for the pound sterling.

IN THOUSANDS OF EUR	2021	2020
<b>ACQUISITION COST</b>		
Balance at end of previous year	216,485	229,365
Effect of movements in foreign exchange rates	8,361	(12,880)
<b>Balance at end of year</b>	<b>224,846</b>	<b>216,485</b>

Goodwill, representing approximately 23% of the total assets of Lotus Bakeries at 31 December 2021, 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, 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 perpetual 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 4.6 and 6.8%. 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 2021, 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 Nākd 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 Nākd brand was acquired as part of the acquisition of Natural Balance Foods. Nākd 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 Nākd 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 Nākd 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, 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 2021, 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.



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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 perpetual 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 4.6 and 5.6%. 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 roll-out of the ERP information system SAP across the Lotus Bakeries Group.

The portfolio concerns Spanish out-of-home customers purchased in 2011. This was fully amortised at the end of 2021.



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Initials for identification purposes  
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ON 31 DECEMBER 2021					
IN THOUSANDS OF EUR	INDEFINITE LIFE BRANDS	DEFINITE LIFE BRANDS	SOFTWARE	CUSTOMER PORTFOLIO	TOTAL
ACQUISITION COST					
At the end of the preceding year	137,240	4,627	13,457	1,030	156,354
Acquisitions during the year	-	-	1,743	-	1,743
Translation differences	4,101	-	22	-	4,123
Total acquisition cost	141,341	4,627	15,222	1,030	162,220
DEPRECIATIONS AND AMOUNTS WRITTEN DOWN					
At the end of the preceding year	-	(4,627)	(10,817)	(944)	(16,388)
Depreciation during the year	-	-	(1,000)	(86)	(1,086)
Translation differences	-	-	(1)	-	(1)
Total depreciation and amounts written down	-	(4,627)	(11,818)	(1,030)	(17,475)
NET BOOK VALUE	141,341	-	3,404	-	144,745

ON 31 DECEMBER 2020					
IN THOUSANDS OF EUR	INDEFINITE LIFE BRANDS	DEFINITE LIFE BRANDS	SOFTWARE	CUSTOMER PORTFOLIO	TOTAL
ACQUISITION COST					
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)
Total acquisition cost	137,240	4,627	13,457	1,030	156,354
DEPRECIATIONS AND AMOUNTS WRITTEN DOWN					
At the end of the preceding year	-	(4,627)	(10,018)	(841)	(15,486)
Depreciation during the year	-	-	(813)	(103)	(916)
Translation differences	-	-	14	-	14
Total depreciation and amounts written down	-	(4,627)	(10,817)	(944)	(16,388)
NET BOOK VALUE	137,240	-	2,640	86	139,966

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 2020	CHARGED/CREDITED TO THE INCOME STATEMENT	CHARGED/CREDITED TO EQUITY	CHARGED/CREDITED ACQUISITION	EXCHANGE DIFFERENCES	ON 31 DECEMBER 2021
Property, plant and equipment and intangible assets	(57,938)	(6,929)	-	-	(1,263)	(66,130)
Inventories	350	158	-	-	3	511
Pension liabilities	800	255	(65)	-	1	991
Tax effect of tax loss carry-forwards	8,794	(3,988)	-	-	217	5,023
Provisions	(2,018)	(260)	-	-	53	(2,225)
Derivative financial instruments	248	-	(87)	-	-	161
Other	(4,080)	3,736	-	-	(48)	(392)
TOTAL DEFERRED TAX	(53,844)	(7,028)	(152)	-	(1,037)	(62,061)

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)
TOTAL DEFERRED TAX	(48,232)	(6,357)	(33)	36	742	(53,844)



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9. PARTICIPATIONS, INVESTMENTS IN OTHER COMPANIES AND OTHER LONG-TERM RECEIVABLES

Investments in other companies

IN THOUSANDS OF EUR	31-12-2021	31-12-2020
Participating interests	9,755	4,403
TOTAL	9,755	4,403

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 2021, the fund invested in two businesses that are both in keeping with this investment focus. In May 2021, FF2032 NV acquired a minority share in the Dutch brand Oot Granola, which markets fresh, organic and gluten-free granolas that are low in sugars. The interest in Oot is also motivated by its pure online ‘direct-to-consumer’ concept. In December 2021, a minority investment was completed in the American company The Good Crisp Company which produces natural, gluten-free chips, completely free of artificial flavorings and colorants.

Earlier, in 2019 and 2020, FF2032 NV invested in Peter’s Yard, a British company that markets sourdough ‘crackers & crispbreads’ in the UK, in the American company Love Brands Inc. which markets delicious crunchy corn snacks under the LOVE Corn name, and in Partake Foods, operating in the American market with cookies free from the top eight allergens.

The 5 companies in which the fund has a stake are associated companies of Lotus Bakeries.

Other long-term receivables

IN THOUSANDS OF EUR	31-12-2021	31-12-2020
Cash guarantees	534	442
Other long-term receivables	333	11
TOTAL	867	453

10. INVENTORIES

IN THOUSANDS OF EUR	31-12-2021	31-12-2020
Raw materials and consumables	16,061	13,418
Work in progress	2,978	2,340
Goods for resale and finished goods	38,862	31,069
TOTAL	57,901	46,827

Valuation allowances of kEUR 3,372 relate mainly to packaging material (kEUR 987), finished products (kEUR 1,053) and goods for resale (kEUR 1,236). In 2020, valuation allowances amounted to kEUR 2,548.

11. TRADE RECEIVABLES AND OTHER AMOUNTS RECEIVABLE

IN THOUSANDS OF EUR	31-12-2021	31-12-2020
Trade receivables	94,549	82,856
Tax receivables		
VAT receivables	10,079	5,930
Income tax receivables	5,276	3,142
Total tax receivables	15,355	9,072
Other amounts receivable	536	256
<b>TOTAL</b>	<b>110,440</b>	<b>92,184</b>

The trade receivables represent an average of 49 days of sales outstanding (2020: 48 days). The other current amounts receivable item includes amongst others the proportion of long-term receivables that are due within one year and empties in custody.

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. This 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 2021 annual report.

Movements on valuation allowances of trade receivables:

IN THOUSANDS OF EUR	2021	2020
Amounts written off on 1 January	697	681
Increase of amounts written off	12	162
Amounts written off used during the year	(183)	(146)
Amounts written off on 31 December	526	697

The amount of valuation allowances in 2021 is kEUR 12. In 2020, kEUR 162 of valuation allowances were charged.

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	31-12-2021	31-12-2020
Cash and cash equivalents	132,160	81,261
<b>TOTAL</b>	<b>132,160</b>	<b>81,261</b>

13. NET FINANCIAL DEBT

Net financial debt is defined as interest-bearing financial debt less monetary investments, cash equivalents and treasury shares.

The total net financial debt has dropped by kEUR 23,371 compared with the end of the previous financial year due to a very strong operational cash flow.

IN THOUSANDS OF EUR	31-12-2021	31-12-2020
Non-current interest-bearing liabilities	(209,500)	(193,500)
Current interest-bearing liabilities	(14,000)	(9,692)
Cash and cash equivalents	132,160	81,261
Treasury shares	9,514	11,474
Net financial debt excl. IFRS 16 leases standard	(81,826)	(110,457)
IFRS 16 leases standard	(12,776)	(7,516)
<b>TOTAL</b>	<b>(94,602)</b>	<b>(117,973)</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.

IN THOUSANDS OF EUR	2021	2020
Ordinary shares, issued and fully paid		
On 1 January	3,591	3,591
Increase	-	-
On 31 December	3,591	3,591
Number of ordinary shares		
On 1 January	816,013	816,013
Increase	-	-
On 31 December	816,013	816,013
Less: treasury shares held at 31 December	(4,110)	(5,542)
Shares outstanding at 31 December	811,903	810,471
Amounts of authorized capital, not issued	1,197	1,197

Structure of shareholdings

Further details of the shareholding structure of Lotus Bakeries NV as of 31 December 2021 are contained in the Corporate Governance Statement in part 1 of the 2021 annual report of Lotus Bakeries.



Document to which our report dated 08/04/2022 also refers.  
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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	2021	2020
<b>Dividend payments in</b>		
Gross dividend per ordinary share (EUR)	35.50	32.00
Number of ordinary shares	816,013	816,013
Gross dividend on ordinary shares	28,968	26,112
<b>Proposed dividend per ordinary share (EUR)</b>		
Gross dividend on ordinary shares	40.00	35.50
	32,641	28,968

The Board of Directors will propose to the Ordinary General Meeting of Shareholders of 13 May 2022 to pay a gross dividend of EUR 40.00 per share for 2021 compared to EUR 35.50 per share in 2020.

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	2021	2020
On 1 January	11,474	15,866
Purchased during the year	-	-
Sold during the year	(1,960)	(4,392)
On 31 December	9,514	11,474
<b>Number of treasury shares</b>		
On 1 January	5,542	9,681
Purchased during the year	-	-
Sold during the year	(1,432)	(4,139)
On 31 December	4,110	5,542

17. INTEREST-BEARING LIABILITIES

Non-current financial debts, excluding lease liabilities, with an initial maturity of more than 1 year increased by kEUR 16,000. The current interest-bearing liabilities increased by kEUR 4,308. The currency of all non-current interest-bearing liabilities is euro. Current interest-bearing liabilities are mainly expressed in euro.

The leasing debt mainly relates to the lease of company cars and office buildings.

The interest due on interest-bearing liabilities at the end of 2021 amounts to kEUR 8,715. The majority of this (kEUR 6,309) 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 2,365 and kEUR 41 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	-	198,500	11,000	209,500
Current interest-bearing liabilities	14,000	-	-	14,000
<b>Total interest-bearing liabilities 2021</b>	<b>14,000</b>	<b>198,500</b>	<b>11,000</b>	<b>223,500</b>
IFRS 16 leases standard	3,439	5,831	3,506	12,776
<b>TOTAL ON 31 DECEMBER 2021</b>	<b>17,439</b>	<b>204,331</b>	<b>14,506</b>	<b>236,276</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	-	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 2020</b>	<b>12,552</b>	<b>132,156</b>	<b>66,000</b>	<b>210,708</b>

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 130,536 on 31 December 2021.



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18. NET EMPLOYEE DEFINED BENEFIT LIABILITIES

On 31 December 2021, the net debts of defined benefit pension plans amount to kEUR 4,353 as opposed to kEUR 4,065 at the end of 2020. 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	2021	2020
Net periodic cost		
Service cost	128	270
Interest charges	8	15
(Gains) / Losses	-	(82)
NET PERIODIC COST	136	203
Remeasurements (recognised in OCI)		
Remeasurements on the defined benefit obligation	268	47
REMEASUREMENTS	268	47
Movement in the net liability		
Net debt as at 1 January	4,065	4,036
Service cost	128	270
Interest charges	8	15
Remeasurements	268	47
Employers contribution	(116)	(84)
(Gains) / Losses	-	(82)
Other	-	(137)
NET DEBT AS AT 31 DECEMBER	4,353	4,065

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:

	2021	2020
Discount rate	0.35%	0.02%
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.

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 2nd 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 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%, 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 2021 and these are assessed as not significant.

The Group expects to pay around kEUR 4,096 of contributions to these defined contribution plans in 2021.



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19. PROVISIONS

The provisions mainly relate to contractual or legal obligations towards personnel.

IN THOUSANDS OF EUR	TOTAL
Provisions on 1 January 2021	303
Reversal of unutilized provisions	-
Provisions used during the year	(166)
Provisions on 31 December 2021	137
Long term	116
Short term	21

IN THOUSANDS OF EUR	TOTAL
Provisions on 1 January 2020	306
Reversal of unutilized provisions	(3)
Provisions used during the year	-
Provisions on 31 December 2020	303
Long term	282
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 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).

Lotus Bakeries 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. This agreement runs until March 2023. As of 31 December 2021, the market value of the existing interest rate swaps was kEUR -371. The evolution in market value is included in equity as a change in market value under other comprehensive income (gain on cash flow hedge, kEUR 346).

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 2021, Lotus Bakeries did not own a material foreign currency derivative.

21. OTHER NON-CURRENT LIABILITIES

At the end of 2021, other non-current financial liabilities stood at EUR 1.9 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. At the end of December 2021, Lotus Bakeries held 97.9% of the shares, with the remaining 2.1% still held by the founders.

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	31-12-2021	31-12-2020
Trade payables	125,315	87,370
Remuneration and social security	26,515	26,508
Tax payables		
VAT payables	402	145
Tax payables	5,850	12,701
Total tax payables	6,252	12,846
Other current liabilities	2,144	4,624
Accrued charges and deferred income	5,091	4,404
TOTAL	165,317	135,752

The increase in 2021 is mainly due to higher trade payables. The higher trade payables relate to delivered goods and services in the context of investment projects and the increased activity in general.



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23. PERSONNEL COSTS

IN THOUSANDS OF EUR	2021	2020
Salaries and wages	98,785	92,461
Social security contributions	19,690	17,103
Contributions for company pension plans with fixed contribution	4,205	3,965
Other personnel costs	30,177	23,587
<b>TOTAL PERSONNEL COSTS</b>	<b>152,857</b>	<b>137,116</b>
Average number of members of personnel	2,305	2,214
Number of members of personnel as at the end of the year	2,398	2,155

The other personnel costs include among other things the costs of temporary staff, training costs and compensation for directors.

Personnel costs increased in 2021 compared with 2020 due to the increase in the number of personnel and temporary 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. 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 2021, 660 share options were granted to and accepted by Lotus Bakeries employees. In 2020, 962 share options were granted to and accepted by Lotus Bakeries employees.

The share options outstanding at the end of 2021 have a weighted average term of two years and five months (2020: two years and seven months).

The fair value of the options is estimated at the time of allotment, using the binomial valuation model. 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 is charged to the vesting period.

For all allotted and accepted options, a charge of kEUR 419 was recorded in the income statement in 2021 (kEUR 521 in 2020). For share options exercised during 2021, the weighted average share price at exercise date was EUR 4,449.86 (2020: EUR 2,851.54).

NUMBER OF OPTIONS	2021	2020
<b>Outstanding options at 1 January</b>	<b>5,267</b>	<b>8,568</b>
Options granted during the year	660	962
Options exercised during the year	(1,379)	(4,140)
Options expired during the year	(7)	(123)
<b>Outstanding options at 31 December</b>	<b>4,541</b>	<b>5,267</b>
Exercisable at 31 December	581	341
<b>Charge recorded in the income statement (kEUR)</b>	<b>419</b>	<b>521</b>

The weighted average exercise price of options is as follows:

IN EUR	2021	2020
<b>Outstanding options at 1 January</b>	<b>2,395.26</b>	<b>1,891.03</b>
Options granted during the year	4,517.14	2,828.95
Options exercised during the year	2,179.36	1,464.49
Options expired during the year	1,702.49	1,991.64
<b>Outstanding options at 31 December</b>	<b>2,770.30</b>	<b>2,395.26</b>
Exercisable at 31 December	2,331.77	1,702.49

The weighted average term of the share options outstanding at the end of the period:

	2021	2020
Number of years	2	2
Number of months	5	7



ALLOTTED IN		NUMBER ALLOTTED <sup>(1)</sup>	NUMBER EXERCISED <sup>(2)</sup>	AVAILABLE BALANCE	EXERCISE PRICE	EXERCISE PERIOD
2016	Options	2,327	2,327	-	1,702.49	01/01/2020 - 12/05/2021
2017	Options	1,626	1,045	581	2,331.77	01/01/2021 - 11/05/2022
2018	Options	1,139	-	1,139	2,373.00	01/01/2022 - 14/05/2023
2019	Options	1,199	-	1,199	2,351.58	01/01/2023 - 09/05/2024
2020	Options	962	-	962	2,828.95	01/01/2024 - 07/05/2025
2021	Options	660	-	660	4,517.14	01/01/2025 - 17/05/2026
	TOTAL	7,913	3,372	4,541		

<sup>(1)</sup> Cumulated number allocated minus cumulative number lapsed.

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

The weighted fair value of the options used in applying the option pricing model are as follows:

	2021	2020
Fair value of options granted	720.51	471.65
Share price	4,630.00	2,890.00
Exercise price	4,517.14	2,828.95
Expected volatility	23.69%	25.07%
Expected dividends	0.94%	0.95%
Risk-free interest rate	(0.34%)	(0.36%)

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 ON (IN)TANGIBLE ASSETS

IN THOUSANDS OF EUR	2021	2020
Depreciation of intangible assets	1,086	916
Depreciation of property, plant & equipment	22,029	20,085
TOTAL	23,115	21,001

The increase in depreciation is in line with the investments in additional capacity. The application of IFRS 16 has an impact of kEUR 4,257 on depreciation on property, plant and equipment in 2021, against an impact of kEUR 3,284 in 2020. 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	2021	2020
Other costs	8,253	5,919
Other taxes	3,532	3,054
Other operating charges	4,721	2,865
Other revenues	(4,011)	(7,751)
Transport charges	516	26
Fixed assets - own construction	(932)	(856)
Other operating income	(3,595)	(6,921)
OTHER OPERATING CHARGES (INCOME)	4,242	(1,832)

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 2021 amounts to kEUR -4,135. It mainly comprises one-off costs resulting from the relocation and merger of two Lotus™ Natural Foods offices in the UK and preparation and start-up costs for further capacity expansions in the US.

In 2020, the non-recurrent operating result amounted to kEUR -4,593. This consisted primarily of COVID-19-related costs incurred 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 Lotus® Biscoff® factory and for the installation of the BEAR packaging line.



28. FINANCIAL RESULT

IN THOUSANDS OF EUR	2021	2020
Interest expense (income)	2,766	2,726
Interest charges	2,883	2,933
Interest income	(117)	(207)
Foreign exchange losses (gains)	(886)	(51)
Exchange rate losses	4,154	5,480
Exchange rate gains	(5,040)	(5,531)
Other financial expenses (income)	493	329
FINANCIAL RESULT	2,373	3,004

On an annual basis, the Group reports a financial charge of kEUR 2,373 versus kEUR 3,004 in 2020. The net financial result for 2021 consists mostly of interest expenses. The change in the foreign exchange result is related to the valuation of balance sheet positions in foreign currency at the closing rate of 2021.

29. TAXES

Income tax amounted to EUR 26.6 million and increased by 26.6% compared with 2020. There is a one-off negative impact on deferred taxes in 2021 as a result of the corporate income tax rate increase to 25% in the UK from April 2023. This is an accounting and non-cash effect. The lower tax expense in 2020 is explained by the release from deferred tax on the foreign exchange result arising on the repayment of an intercompany debt accompanied by the one-off positive impact of the realised exemption from a double taxation. The average effective tax rate was 22.6% in 2021 compared with 20.3% in 2020.

IN THOUSANDS OF EUR	2021	2020
Income taxes on the results		
Income taxes on the results of the current year	21,411	20,143
Tax adjustments for prior years	(1,885)	(5,528)
Deferred taxes of the current year	7,028	6,357
TOTAL TAX CHARGE REPORTED IN THE INCOME STATEMENT	26,554	20,972
Accounting profit before tax	117,297	103,517
Effective tax rate of the year	22.64%	20.26%
Reconciliation between theoretical and effective tax rate		
Results before taxation	117,297	103,517
Legal tax rate	25.00%	25.00%
Legal income tax expense	29,324	25,879
Effect of different tax rates in other countries	(2,020)	(901)
Deductions of taxable income	(2,646)	(1,493)
Tax adjustments for prior years	(4,193)	(1,437)
Taxes on dividend income	-	48
Disallowed expenses	736	2,350
Tax free income	(5)	(206)
Tax losses used for which no deferred tax asset has been recorded	(20)	(110)
Changes in tax rate or new taxes	4,901	1,818
Deferred taxes on the foreign exchange result through repayment intercompany debt	-	(4,951)
Other	477	(25)
Effective tax	26,554	20,972
Effective tax rate	22.64%	20.26%



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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 granted under the stock option plan for management (see note 24).

IN THOUSANDS OF EUR	2021	2020
Net result - attributable to:	90,743	82,545
Non-controlling interests	(24)	(48)
Equity holders of Lotus Bakeries	90,767	82,593
Weighted average number of shares	811,550	809,664
Ordinary earnings per share (EUR) - attributable to:		
Non-controlling interests	(0.03)	(0.06)
Equity holders of Lotus Bakeries	111.84	102.01
Dilutive effect	2,127	1,520
Weighted average number of shares under option	4,518	5,655
Weighted average number of shares which should be issued at average market share	(2,391)	(4,135)
Weighted average number of shares after effect of dilution	813,677	811,184
Diluted earnings per share (EUR) - attributable to:		
Non-controlling interests	(0.03)	(0.06)
Equity holders of Lotus Bakeries	111.55	101.82
Total number of shares	816,013	816,013
Earnings per share (EUR) - attributable to:		
Non-controlling interests	(0.03)	(0.06)
Equity holders of Lotus Bakeries	111.23	101.22
Total number of shares less treasury shares	811,903	810,471
Earnings per share (EUR) - attributable to:		
Non-controlling interests	(0.03)	(0.06)
Equity holders of Lotus Bakeries	111.80	101.91

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 at 31 December 2021 are contained in the Corporate Governance Statement in part 1 of the 2021 annual report of Lotus Bakeries.

For information on the remuneration of the CEO, the remuneration of the executive managers and the remuneration of the board members in 2021, we refer to the remuneration report included in Part 1 of the 2021 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 at 31 December 2021, the Group had kEUR 35,747 of commitments (2020: kEUR 4,070) 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 2022 and 2023 amount to kEUR 108,487, as detailed below.

IN THOUSANDS OF EUR	2021	2020
Less than one year	97,267	87,705
More than one year and less than five years	11,220	21,075

3. Other rights and commitments  
Bank guarantees as at 31 December 2021: kEUR 1,564 (31 December 2020: kEUR 1,530). 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 2021 annual report of Lotus Bakeries.

34. CATEGORIES AND FAIR VALUE OF FINANCIAL INSTRUMENTS  
Financial assets (trade receivables, cash and cash equivalents) are measured at amortised cost. Financial liabilities (interest-bearing liabilities, trade payables) are measured at amortised cost. The amortised cost approximates to 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 ASSETS BY CLASS AND MEASUREMENT CATEGORY31 DECEMBER 2021

IN THOUSANDS OF EUR	NOTE	FINANCIAL ASSETS MEASURED AT AMORTISED COST	FINANCIAL ASSETS MEASURED AT FAIR VALUE			TOTAL
			DERIVATIVES - THROUGH PROFIT OR LOSS	DERIVATIVES - THROUGH EQUITY	AVAILABLE FOR SALE - THROUGH EQUITY	
Trade receivables	11	94,549	-	-	-	94,549
Cash and cash equivalents	12, 13	132,160	-	-	-	132,160
TOTAL FINANCIAL ASSETS		226,709	-	-	-	226,709

FINANCIAL ASSETS BY CLASS AND MEASUREMENT CATEGORY31 DECEMBER 2020

IN THOUSANDS OF EUR	TOELICHTING	FINANCIAL ASSETS MEASURED AT AMORTISED COST	FINANCIAL ASSETS MEASURED AT FAIR VALUE			TOTAAL
			DERIVATIVES - THROUGH PROFIT OR LOSS	DERIVATIVES - THROUGH EQUITY	AVAILABLE FOR SALE - THROUGH EQUITY	
Trade receivables	11	82,856	-	-	-	82,856
Cash and cash equivalents	12, 13	81,261	-	-	-	81,261
TOTAL FINANCIAL ASSETS		164,117	-	-	-	164,117



Document to which our report dated 08/04/2022 also refers.  
Initials for identification purposes  
PwC Bedrijfsrevisoren - PwC Réviseurs d'Entreprises.



FINANCIAL LIABILITIES BY CLASS AND MEASUREMENT CATEGORY

31 DECEMBER 2021

IN THOUSANDS OF EUR	NOTE	FINANCIAL LIABILITIES MEASURED AT AMORTISED COST	FINANCIAL LIABILITIES MEASURED AT FAIR VALUE			TOTAL
			DERIVATIVES - THROUGH PROFIT OR LOSS	DERIVATIVES - THROUGH EQUITY	FAIR VALUE HIERARCHY	
Interest-bearing liabilities	13, 17	209,500	-	-	-	209,500
Derivative financial instruments	20	-	-	371	Level 2	371
Other non-current liabilities	21	3	-	1,860	Level 3	1,863
Interest-bearing liabilities IFRS 16 leases standard	13, 17	9,337	-	-	-	9,337
<b>Non-current liabilities</b>		<b>218,840</b>	-	<b>2,231</b>	-	<b>221,071</b>
Interest-bearing liabilities	13, 17	14,000	-	-	-	14,000
Trade payables	22	125,315	-	-	-	125,315
Interest-bearing liabilities IFRS 16 leases standard	13, 17	3,439	-	-	-	3,439
<b>Current liabilities</b>		<b>142,754</b>	-	-	-	<b>142,754</b>
<b>TOTAL FINANCIAL LIABILITIES</b>		<b>361,594</b>	-	<b>2,231</b>	-	<b>363,825</b>

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 2021 and 2020.

FINANCIAL LIABILITIES BY CLASS AND MEASUREMENT CATEGORY

31 DECEMBER 2020

IN THOUSANDS OF EUR	NOTE	FINANCIAL LIABILITIES MEASURED AT AMORTISED COST	FINANCIAL LIABILITIES MEASURED AT FAIR VALUE			TOTAL
			DERIVATIVES - THROUGH PROFIT OR LOSS	DERIVATIVES - THROUGH EQUITY	FAIR VALUE HIERARCHY	
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>2,455</b>	-	<b>200,616</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>2,455</b>	-	<b>300,538</b>



Document to which our report dated 08/04/2022 also refers.  
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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 2021 these costs amounted to kEUR 1,473.

IN THOUSANDS OF EUR	EXTERNAL AND INTERNAL COSTS OF RESEARCH AND DEVELOPMENT
2021	1,473
2020	1,627
2019	1,539
2018	1,623
2017	1,568

36. SUBSEQUENT EVENTS

No significant events have occurred since 31 December 2021 which have a material impact on the 2021 financial statements.

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.

37. MANAGEMENT RESPONSIBILITY STATEMENT

We hereby certify that, to the best of our knowledge, the consolidated financial statements for the year ended 31 December 2021, 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 2021 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, 8 april 2022  
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	2021
<b>Audit fee for the Group audit 2021</b>	
Lotus Bakeries NV	88
Lotus Bakeries Group	401
<b>TOTAL</b>	<b>489</b>
Fees for the mandates of PwC Bedrijfsrevisoren	346
Fees for the mandates of persons related to PwC Bedrijfsrevisoren	143
<b>Group's Auditor fees for additional services rendered</b>	
Other audit-related fees	40
Tax fees	-
Other non-audit fees	-
<b>Fees for additional services rendered by persons related to PwC Bedrijfsrevisoren</b>	
Other audit-related fees	25
Tax fees	107
Other non-audit fees	-



Document to which our report dated 08/04/2022 also refers.  
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PwC Bedrijfsrevisoren - PwC Réviseurs d'Entreprises.

# AUDITOR’S REPORT

## STATUTORY AUDITOR’S REPORT TO THE GENERAL SHAREHOLDERS’ MEETING OF LOTUS BAKERIES NV ON THE CONSOLIDATED ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2021

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 15 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 2021, 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 ’000 992,092 and a profit for the year, attributable to equity holders of Lotus Bakeries, of EUR ’000 90,767.

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 2021, 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 judgement, 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’000 224,846 and EUR’000 141,341 respectively at 31 December 20201.

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 and internal forecasts.

- 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 organisations;
  - 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 utilised 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.



Document to which our report dated 08/04/2022 also refers.  
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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 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.



Document to which our report dated 08/04/2022 also refers.  
Initials for identification purposes  
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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, 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 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.

**European Uniform Electronic Format (ESEF)**

We have also verified, in accordance with the draft standard on the verification of the compliance of the financial statements with the European Uniform Electronic Format (hereinafter “ESEF”), the compliance of the ESEF format with the regulatory technical standards established by the European Delegate Regulation No. 2019/815 of 17 December 2018 (hereinafter: “Delegated Regulation”).

The board of directors is responsible for the preparation, in accordance with ESEF requirements, of the consolidated financial statements in the form of an electronic file in ESEF format (hereinafter “digital consolidated financial statements”) included in the annual financial report.

Our responsibility is to obtain sufficient appropriate evidence to conclude that the format and marking language of the digital consolidated financial statements comply in all material respects with the ESEF requirements under the Delegated Regulation.

Based on the work we have performed, we believe that the format of and marking of information in the digital consolidated financial statements included in the annual financial report of Lotus Bakeries per 31 December 2021 comply in all material respects with the ESEF requirements under the Delegated Regulation.

**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.

Ghent, 8 April 2022

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

Lien Winne  
Réviseur d’Entreprises / Bedrijfsrevisor



Document to which our report dated 08/04/2022 also refers.  
Initials for identification purposes  
PwC Bedrijfsrevisoren - PwC Réviseurs d’Entreprises.



# ABRIDGED FIVE-YEAR FINANCIAL SUMMARY GROUP LOTUS BAKERIES

## CONSOLIDATED BALANCE SHEET

IN THOUSANDS OF EUR	31-12-2021	31-12-2020	31-12-2019	31-12-2018	31-12-2017
<strong>NON CURRENT ASSETS</strong>	<strong>690,120</strong>	<strong>622,840</strong>	<strong>641,122</strong>	<strong>545,647</strong>	<strong>447,693</strong>
Property, plant and equipment	307,725	258,182	263,793	219,897	174,426
Goodwill	224,846	216,485	229,365	177,639	141,001
Intangible assets	144,745	139,966	142,709	138,887	123,924
Participating interests	-	-	-	2,448	-
Investment in other companies	9,755	4,403	2,243	12	12
Deferred tax assets	2,182	3,351	2,505	3,936	4,310
Other non current assets	867	453	507	2,828	4,020
<strong>CURRENT ASSETS</strong>	<strong>301,972</strong>	<strong>221,387</strong>	<strong>171,507</strong>	<strong>165,925</strong>	<strong>149,801</strong>
Inventories	57,901	46,827	44,461	39,066	33,653
Trade receivables	94,549	82,856	79,072	71,097	60,104
Cash and cash equivalents	132,160	81,261	40,093	45,597	48,129
<strong>TOTAL ASSETS</strong>	<strong>992,092</strong>	<strong>844,227</strong>	<strong>812,629</strong>	<strong>711,572</strong>	<strong>597,494</strong>
<strong>EQUITY</strong>	<strong>519,532</strong>	<strong>433,744</strong>	<strong>402,477</strong>	<strong>346,927</strong>	<strong>293,213</strong>
<strong>NON-CURRENT LIABILITIES</strong>	<strong>289,450</strong>	<strong>261,841</strong>	<strong>239,584</strong>	<strong>198,042</strong>	<strong>193,923</strong>
Interest-bearing liabilities	218,837	198,156	158,010	116,500	117,500
Deferred tax liabilities	64,243	57,195	50,737	52,725	49,206
Other non-current liabilities	1,863	1,743	24,500	22,602	20,987
<strong>CURRENT LIABILITIES</strong>	<strong>183,110</strong>	<strong>148,642</strong>	<strong>170,568</strong>	<strong>166,603</strong>	<strong>110,358</strong>
Interest-bearing liabilities	17,439	12,552	36,579	36,655	1,750
Trade payables	125,315	87,370	88,716	86,794	68,542
Employee benefit expenses and social security	26,515	26,508	24,146	21,330	18,383
<strong>TOTAL EQUITY AND LIABILITIES</strong>	<strong>992,092</strong>	<strong>844,227</strong>	<strong>812,629</strong>	<strong>711,572</strong>	<strong>597,494</strong>

## CONSOLIDATED INCOME STATEMENT

IN THOUSANDS OF EUR	2021	2020	2019	2018	2017
<strong>TURNOVER</strong>	<strong>750,251</strong>	<strong>663,289</strong>	<strong>612,737</strong>	<strong>556,435</strong>	<strong>524,055</strong>
<strong>RECURRENT OPERATING RESULT (REBIT)</strong>	<strong>123,805</strong>	<strong>111,114</strong>	<strong>102,891</strong>	<strong>95,030</strong>	<strong>89,349</strong>
Non-recurrent operating result	(4,135)	(4,593)	(2,292)	(3,005)	(91)
<strong>OPERATING RESULT (EBIT)</strong>	<strong>119,670</strong>	<strong>106,521</strong>	<strong>100,599</strong>	<strong>92,025</strong>	<strong>89,258</strong>
Financial result	(2,373)	(3,004)	(2,514)	(3,324)	(2,228)
<strong>PROFIT FOR THE YEAR BEFORE TAXES</strong>	<strong>117,297</strong>	<strong>103,517</strong>	<strong>98,086</strong>	<strong>88,701</strong>	<strong>87,030</strong>
Taxes	(26,554)	(20,972)	(22,317)	(20,829)	(22,397)
<strong>RESULT AFTER TAXES</strong>	<strong>90,743</strong>	<strong>82,545</strong>	<strong>75,769</strong>	<strong>67,872</strong>	<strong>64,633</strong>
<strong>NET RESULT</strong> - attributable to:	<strong>90,743</strong>	<strong>82,545</strong>	<strong>75,769</strong>	<strong>67,872</strong>	<strong>64,633</strong>
Non-controlling interests	(24)	(48)	857	964	1,094
Equity holders of Lotus Bakeries	90,767	82,593	74,912	66,908	63,539



Document to which our report dated 08/04/2022 also refers.  
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ABRIDGED STATUTORY FINANCIAL STATEMENTS OF LOTUS BAKERIES NV

BALANCE SHEET AFTER APPROPRIATION OF PROFIT

IN THOUSANDS OF EUR	31-12-2021	31-12-2020
ASSETS		
FIXED ASSETS	625,826	626,973
II. Intangible fixed assets	1,497	2,994
IV. Financial fixed assets	624,329	623,979
A. Affiliated enterprises	624,329	623,979
1. Participating interests	624,329	623,979
CURRENT ASSETS	38,686	31,460
VII. Amounts receivable within one year	18,856	17,383
A. Trade debtors	18,603	16,160
B. Other amounts receivable	253	1,223
VIII. Current investments	9,514	11,474
A. Own shares	9,514	11,474
IX. Cash at bank and in hand	10,286	2,583
X. Deferred charges and accrued income	30	20
TOTAL ASSETS	664,512	658,433

IN THOUSANDS OF EUR	31-12-2021	31-12-2020
LIABILITIES		
EQUITY	133,344	152,284
I. Contribution	16,388	16,388
A. Capital	3,591	3,591
1. Issued capital	3,591	3,591
B. Outside the capital	12,797	12,797
1. Share premium account	12,797	12,797
IV. Reserves	116,956	135,896
A. Reserves not available	9,945	11,905
1. Legal reserve	359	359
3. Acquisition of own shares	9,514	11,474
5. Other	72	72
B. Untaxed reserves	545	545
C. Available reserves	106,466	123,446
AMOUNTS PAYABLE	531,168	506,149
VIII. Amounts payable after more than one year	208,311	208,168
A. Financial debts	198,455	198,455
5. Other loans	198,455	198,455
D. Other amounts payable	9,856	9,713
IX. Amounts payable within one year	322,857	297,981
B. Financial debts	280,182	259,813
2. Other loans	280,182	259,813
C. Trade debts	7,561	5,895
1. Suppliers	7,561	5,895
E. Taxes, remuneration and social security	2,201	3,037
1. Taxes	2,201	3,037
F. Other amounts payable	32,913	29,236
TOTAL LIABILITIES	644,512	658,433



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NON-CONSOLIDATED INCOME STATEMENT

IN THOUSANDS OF EUR	2021	2020
I. Operating income	18,506	16,160
D. Other operating income	18,506	16,160
II. Operating charges	(5,827)	(5,813)
B. Services and other goods	4,253	4,243
D. Depreciation of and other amounts written off formation expenses, intangible and tangible fixed assets	1,497	1,497
G. Other operating charges	77	43
I. Non-recurring operating charges	-	30
III. Operating profit	12,679	10,347
IV. Financial income	8,712	126,376
A. Income from financial fixed assets	6,533	122,621
C. Other financial income	2,179	3,755
V. Financial charges	(3,914)	(17,328)
A. Debt charges	3,813	2,927
C. Other financial charges	101	794
D. Non-recurrent financial charges	-	13,607
VI. Gain for the period before taxes	17,477	119,395
VIII. Income taxes	(3,526)	(2,365)
A. Taxes	3,526	2,365
XI. Gain of the period	13,951	117,030
XIII. Gain of the period available for appropriation	13,951	117,030

APPROPRIATION OF THE RESULT

IN THOUSANDS OF EUR	2021	2020
A. Profit to be appropriated	13,951	117,030
1. Gain of the period available for appropriation	13,951	117,030
B. Withdrawals from capital and reserves	18,940	-
2. From reserves	18,940	-
C. Transfer to capital and reserves	-	(87,812)
3. To other reserves	-	87,812
F. Profit to be distributed	(32,891)	(29,218)
1. Dividends	32,641	28,968
2. Director's entitlements	250	250

EXTRACT FROM THE NOTES

	IN THOUSANDS OF EUR	IN THOUSANDS OF EUR	NUMBER OF SHARES
	2021	2020	2021
VIII. Statement of capital			
A. Capital	-	-	-
1. Issued capital	-	-	-
At the end of the preceding year	3,591	3,591	-
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	-	-	376,155
Dematerialised	-	-	439,858
C. Treasury shares held by:			
The company itself	9,514	11,474	4,110
E. Amounts of authorised capital, not issued	1,197	1,197	-

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.

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.

2. Liabilities

2.1. Provisions for liabilities and charges

Provisions are made for all normally foreseeable liabilities and charges.

2.2. Amounts payable within one year

Suppliers

Debts to suppliers are recorded at nominal value. Debts in foreign currencies are valued at the rate of exchange applying on the balance sheet date.

Exchange rate differences are processed in the same way as for foreign currency receivables.

3. Additional disclosure

The company is part of a VAT unit that has been 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 VAT debts of all the above companies.



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**REGISTERED OFFICE**

Lotus Bakeries NV  
Gentstraat 1  
B-9971 Lembeke  
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, please  
contact:  
Lotus Bakeries NV  
Corporate Secretary  
Gentstraat 1  
B-9971 Lembeke  
T + 32 9 376 26 11  
[corporate@lotusbakeries.com](mailto:corporate@lotusbakeries.com)

**Concept and realisation**

Lotus Bakeries en Duval Branding  
[duvalbranding.com](http://duvalbranding.com)

**Illustrations**

Sören Selleslagh  
[sorenselleslagh.com](http://sorenselleslagh.com)

**Photography**

Bart Kiggen  
[keen-antwerp.com](http://keen-antwerp.com)

**Productphotography**

Foodphoto  
[foodphoto.be](http://foodphoto.be)



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[WWW.LOTUSBAKERIES.COM](http://WWW.LOTUSBAKERIES.COM)



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