Annual Report 2020 — Financial supplement

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

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

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

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

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

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

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

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CONSOLIDATED FINANCIAL STATEMENTS

Consolidated balance sheet

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

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

Consolidated income statement

IN THOUSANDS OF EUR	NOTES	2020	2019
TURNOVER		**663,289**	**612,737**
Raw materials, consumables and goods for resale		(216,376)	(197,799)
Services and other goods		(176,804)	(168,966)
Employee benefit expense	23	(137,116)	(123,493)
Depreciation and amortisation on intangible and tangible assets	25	(21,001)	(17,754)
Impairment on inventories, contracts in progress and trade debtors	10, 11	(2,710)	(2,135)
Other operating charges	26	(5,919)	(3,254)
Other operating income	26	7,751	3,555
RECURRENT OPERATING RESULT (REBIT) (1)		**111,114**	**102,891**
Non-recurrent operating result	27	(4,593)	(2,292)
OPERATING RESULT (EBIT) (2)		**106,521**	**100,599**
Financial result	28	(3,004)	(2,514)
Interest income (expense)		(2,726)	(4,460)
Foreign exchange gains (losses)		51	2,232
Other financial income (expense)		(329)	(285)
PROFIT FOR THE YEAR BEFORE TAXES		**103,517**	**98,086**
Taxes	8, 29	(20,972)	(22,317)
RESULT AFTER TAXES		**82,545**	**75,769**
NET RESULT - attributable to:		**82,545**	**75,769**
Non-controlling interests		(48)	857
Equity holders of Lotus Bakeries		82,593	74,912

IN THOUSANDS OF EUR	NOTES	2020	2019
OTHER COMPREHENSIVE INCOME			
Items that may be subsequently reclassified to profit and loss		**(27,191)**	**7,417**
Currency translation differences		(27,299)	7,929
Gain / (Loss) on cash flow hedges, net of tax		108	(512)
Items that will not be reclassified to profit and loss		**22**	**(124)**
Remeasurement gains / (losses) on defined benefit plans	18	22	(124)
Other comprehensive income		**(27,169)**	**7,293**
Total comprehensive income - attributable to:		**55,376**	**83,062**
Non-controlling interests		(104)	1,842
Equity holders of Lotus Bakeries		55,480	81,220
EARNINGS PER SHARE	30		
Weighted average number of shares		809,664	807,476
Basic earnings per share (EUR) - attributable to:			
Non-controlling interests		**(0.06)**	**1.06**
Equity holders of Lotus Bakeries		**102.01**	**92.77**
Weighted average number of shares after effect of dilution		811,184	809,848
Diluted earnings per share (EUR) - attributable to:			
Non-controlling interests		**(0.06)**	**1.06**
Equity holders of Lotus Bakeries		**101.82**	**92.50**
Total number of shares (3)		816,013	816,013
Earnings per share (EUR) - attributable to:			
Non-controlling interests		**(0.06)**	**1.05**
Equity holders of Lotus Bakeries		**101.22**	**91.80**

(1) REBIT is defined as the recurrent operating result, consisting of all the proceeds and costs relating to normal business.
(2) EBIT is defined as recurrent operating result + non-recurrent operating result.
(3) Total number of shares including treasury shares at 31 December.

Consolidated statement of changes in equity

IN THOUSANDS OF EUR	ISSUED CAPITAL	SHARE PREMIUM	CAPITAL	RETAINED EARNINGS
EQUITY as on 1 January 2020	**3,591**	**12,797**	**16,388**	**422,724**
Net result of the Financial Year	-	-	-	82,593
Currency translation differences	-	-	-	-
Remeasurement gains / (losses) on defined benefit plans	-	-	-	-
Cash flow hedge reserves	-	-	-	-
Taxes on items taken directly to or transferred from equity	-	-	-	-
Net income / (expense) for the period recognised directly in equity	-	-	-	-
Total comprehensive income / (expense) for the period	-	-	-	**82,593**
Dividends	-	-	-	(26,112)
Acquisition / sale own shares	-	-	-	-
Employee share-based compensation expense	-	-	-	521
Impact written put options on non-controlling interests	-	-	-	(4,425)
Other	-	-	-	1,423
EQUITY as on 31 December 2020	**3,591**	**12,797**	**16,388**	**476,724**
EQUITY as on 1 January 2019	**3,590**	**12,729**	**16,319**	**369,114**
Net result of the Financial Year	-	-	-	74,912
Currency translation differences	-	-	-	-
Remeasurement gains / (losses) on defined benefit plans	-	-	-	-
Cash flow hedge reserves	-	-	-	-
Taxes on items taken directly to or transferred from equity	-	-	-	-
Net income / (expense) for the period recognised directly in equity	-	-	-	-
Total comprehensive income / (expense) for the period	-	-	-	**74,912**
Dividend to shareholders	-	-	-	(23,664)
Increase in capital	1	68	69	-
Acquisition / sale own shares	-	-	-	-
Employee share-based compensation expense	-	-	-	568
Non-controlling interests following business combinations	-	-	-	(284)
Impact written put options on non-controlling interests	-	-	-	530
Other	-	-	-	1,548
EQUITY as on 31 December 2019	**3,591**	**12,797**	**16,388**	**422,724**

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
(15,866)	**(19,900)**	**(302)**	**(646)**	**(20,848)**	**402,398**	**79**	**402,477**
-	-	-	-	-	82,593	(48)	82,545
-	(27,243)	-	-	(27,243)	(27,243)	(56)	(27,299)
-	-	(47)	-	(47)	(47)	-	(47)
-	-	-	144	144	144	-	144
-	-	69	(36)	33	33	-	33
-	(27,243)	22	108	(27,113)	(27,113)	(56)	(27,169)
-	**(27,243)**	**22**	**108**	**(27,113)**	**55,480**	**(104)**	**55,376**
-	-	-	-	-	(26,112)	-	(26,112)
4,392	-	-	-	-	4,392	-	4,392
-	-	-	-	-	521	-	521
-	-	-	-	-	(4,425)	92	(4,333)
-	-	-	-	-	1,423	-	1,423
(11,474)	**(47,143)**	**(280)**	**(538)**	**(47,961)**	**433,677**	**67**	**433,744**
(11,406)	**(26,844)**	**(178)**	**(134)**	**(27,156)**	**346,871**	**56**	**346,927**
-	-	-	-	-	74,912	857	75,769
-	6,944	-	-	6,944	6,944	1,002	7,946
-	-	(170)	-	(170)	(170)	-	(170)
-	-	-	(822)	(822)	(822)	-	(822)
-	-	46	310	356	356	-	356
-	6,944	(124)	(512)	6,308	6,308	1,002	7,310
-	**6,944**	**(124)**	**(512)**	**6,308**	**81,220**	**1,859**	**83,079**
-	-	-	-	-	(23,664)	(603)	(24,267)
-	-	-	-	-	69	-	69
(4,460)	-	-	-	-	(4,460)	-	(4,460)
-	-	-	-	-	568	-	568
-	-	-	-	-	(284)	34	(250)
-	-	-	-	-	530	(1,267)	(737)
-	-	-	-	-	1,548	-	1,548
(15,866)	**(19,900)**	**(302)**	**(646)**	**(20,848)**	**402,398**	**79**	**402,477**

Consolidated cash flow statement

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. Consolidated companies

1.1 List of consolidated companies

	ADDRESS	VAT OR NATIONAL NUMBER	31-12-2020	31-12-2019
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	Nordstrasse 3, 6300 Zug, CH	VAT CHE 105.424.218	100.0	100.0
Lotus Bakeries CZ s.r.o.	Americká 415/36, 120 00 Praha 2, CZ	VAT CZ 271 447 55	100.0	100.0
Lotus Bakeries GmbH	Rather Strasse 110a, 40476 Düsseldorf, DE	VAT DE 811 842 770	100.0	100.0
Biscuiterie Le Glazik SAS	Zone Industrielle 2, 29510 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 606 739 232	100.0	100.0
Natural Balance Foods Ltd.	1 Drakes Drive, Long Crendon, Aylesbury, Bucks, HP18 9BA, UK	VAT GB 841 254 348	97.9	67.2
Urban Fresh Foods Ltd.	The Emerson Building, 4-8 Emerson Street, London, SE1 9DU, UK	VAT GB 883 0600 32	100.0	100.0
Lotus Bakeries Réassurances SA	74, Rue de Merl, 2146 Luxembourg, L	R.C.S. Luxembourg B53262	100.0	100.0
Koninklijke Peijnenburg BV	Nieuwendijk 45, 5664 HB Geldrop, NL	VAT NL003897187B01	100.0	100.0
Peijnenburg's Koekfabrieken BV	Nieuwendijk 45, 5664 HB Geldrop, NL	VAT NL001351576B01	100.0	100.0
WK Koek Beheer BV	Streek 71, 8464 NE Sintjohannesga, NL	VAT NL006634199B01	100.0	100.0
WK Koek Bakkerij BV	Streek 71, 8464 NE Sintjohannesga, NL	VAT NL006634151B01	100.0	100.0
Enkhuizer Koekfabriek BV	Oosterdijk 3e, 1601 DA Enkhuizen, NL	VAT 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, Hong Kong	Inland Revenue Department file no. 22/51477387	100.0	100.0
Lotus Bakeries North America Inc.	1000 Sansome Street Suite 220, San Francisco, CA 94111-1323, USA	IRS 94-3124525	100.0	100.0
Lotus Bakeries US, LLC	2010 Park Center Drive, Mebane NC 27302	IRS 82-1300286	100.0	100.0
Lotus Bakeries US Manufacturing, LLC	2010 Park Center Drive, Mebane NC 27302	IRS 82-2542596	100.0	100.0
NBF USA Inc.	1755 Park Street, Suite 200, Naperville, IL 60563 USA	C3598146	97.9	67.2
Lotus Bakeries España S.L.	C/ Severo Ochoa, 3, 2a Planta Oficina 8A, 28232 Las Rozas (Madrid), Spain	VAT ESB80405137	100.0	100.0

	ADDRESS	VAT OR NATIONAL NUMBER	31-12-2020	31-12-2019
A. Fully consolidated subsidiaries (continued)			%	%
Annas - Lotus Bakeries Holding AB	Radiovägen 23, SE 135 48 Tyresö, Sweden	Registration no. 556757-7241	100.0	100.0
AB Annas Pepparkakor	Radiovägen 23, SE 135 48 Tyresö, Sweden	VAT SE556149914501	100.0	100.0
Lotus Bakeries North America Calgary Inc.	L.M. Gordon LAW Office, 2213 - 20th Street P.O. Box 586, Nanton, Alberta, Canada, T0L 1R0	GST 131 644 205	100.0	100.0
Lotus Bakeries Chile SpA	Nueva Tajamar #555 OF401, Las Condes, Santiago, Chile 7550099	VAT (RUT) 76.215.081-6	100.0	100.0
Lotus Bakeries Biscuits Trading (Shanghai) Company Ltd.	Room 01.02, Floor 15, No. 511 Weihai Road, Jing'an District, Shanghai 200041, P.R. China	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, South Korea	Registration no. 128-81-19621	100.0	100.0
Lotus Bakeries Austria GmbH	Fleischmarkt 1/6/12, 1010 Wien, Austria	VAT ATU72710827	100.0	100.0
Lotus Bakeries Italia S.r.l.	Zona Produttiva Plattl 17, 39040 Ora (Bolzano), Italy	IT03029890211	55.0	55.0
Lotus South Africa Manufacturing Ltd.	Erf 4109, Voortrekker Road, Montana, Wolseley, South Africa	4190279762	100.0	100.0
FF2032 NV	Gentstraat 1, 9971 Lembeke, BE	VAT BE 0730.550.847	100.0	100.0

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

1.2 Changes in the group structure in 2020

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

Kiddylicious International Ltd.

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

Lotus Bakeries North America Calgary Inc.

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

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

LOTUS BAKERIES NV (*)

- FF2032 NV (BE) 100%
- Biscuit. Willems BV (BE) 99.9%
- BWI BV (BE) 99.9%
- LB België NV (BE) 100%
- Cremers-Ribert NV (BE) 99.9%
- Interwaffles NV (BE) 99.9%
- LB Corporate NV (BE) 100%
- LB Réassurances SA (LU) 99.9%
- LB NL BV (NL) 100%
  - KP BV (NL) 100%
    - WK Koek Beheer BV (NL) 100%
      - WK Koek Bakkerij BV (NL) 100%
    - Peijnenburg's Koekfabrieken BV (NL) 100%
    - Enkhuizer Koekfabriek BV (NL) 100%
- LB France SAS (FR) 100%
  - Biscuiterie Le Glazik SAS (FR) 100%
  - Biscuiterie Vander SAS (FR) 100%
- LB International und Schweiz AG (CH) 100%
  - Lotus South Africa Manufacturing (PYT) Ltd. 100%
  - FF2032 AG (CH) 100%
  - The Kids Food Company Ltd. (UK) 100%
  - Urban Fresh Foods Ltd. (UK) 100%
  - Natural Balance Foods Ltd. (UK) 97.9%
- LB UK Ltd. (UK) 100%
- LB España S.L. (ES) 100%
- LB GmbH (DE) 100%
- LB Austria GmbH (AT) 100%
- LB CZ s.r.o. (CZ) 100%
- Annas-LB-Holding AB (SE) 100%
  - Annas Pepparkakor AB (SE) 100%
- LB North America Inc. (USA) 100%
  - LB US LLC (USA) 100%
  - LB US Manufacturing LLC (USA) 100%
  - NBF USA Inc. (USA) 100%
- LB North America Calgary Ltd. (CA) 100%
- LB Chile SpA (CL) 100%
- LB Asia Pacific Ltd. (HK) 100%
  - LB China Ltd. (CN) 100%
  - LB Korea Co Ltd. (KR) 100%
- LB Italia S.r.l. 55%

(*) 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.
Kids Food Global Ltd. (St Kitts and Nevis) filed for dissolution 5 September 2019. Will be automatically terminated on 5 September 2021.
Winding-up of Kiddylicious International Ltd. (UK) applied for on 16 December 2020, will be completed automatically on 20 March 2021 (possible delay due to COVID-19).

2. Accounting principles

2.1 Statement of compliance

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

2.2 Basis of presentation

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

The accounting principles were applied consistently.

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

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

Recent IFRS pronouncements
Endorsement status of the new standards up until and including 31 December 2020

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

- Amendments to References to the Conceptual Framework in IFRS Standards (effective 1 January 2020). The revised Conceptual Framework includes a new chapter on measurement; guidance on reporting financial performance; improved definitions and guidance—in particular the definition of a liability; and clarifications in important areas, such as the roles of stewardship, prudence and measurement uncertainty in financial reporting.
- Amendments to the definition of material in IAS 1 and IAS 8 (effective 1 January 2020). The amendments clarify the definition of material and make the IFRS standards more consistent. The amendment clarifies that the reference to obscuring information addresses situations in which the effect is similar to omitting or misstating that information. It also states that an entity assesses materiality in the context of the financial statements as a whole. The amendment also clarifies the meaning of 'primary users of general purpose financial statements' to whom those financial statements are directed, by defining them as 'existing and potential investors, lenders and other creditors' that must rely on general purpose financial statements for much of the financial information they need. The amendments are not expected to have a significant impact on the preparation of financial statements.
- Amendments to IFRS 9, IAS 39 and IFRS 7: Interest Rate Benchmark Reform, (effective 1 January 2020). The amendments require qualitative and quantitative disclosures to enable users of financial statements to understand how an entity's hedging relationships are affected by the uncertainty arising from interest rate benchmark reform.
- Amendments to the guidance of IFRS 3 Business Combinations, that revises the definition of a business (effective 1 January 2020). The new guidance provides a framework to evaluate when an input and a substantive process are present (including for early stage companies that have not generated outputs). To be a business without outputs, there will now need to be an organised workforce. The changes to the definition of a business will likely result in more acquisitions being accounted for as asset acquisitions across all industries, particularly real estate, pharmaceutical, and oil and gas. Application of the changes would also affect the accounting for disposal transactions.

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

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

- Amendments to IAS 1 'Presentation of Financial Statements: Classification of Liabilities as current or non-current' (effective 1 January 2022), 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 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.
  - 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 to IFRS standards make minor amendments to IFRS 1 First-time Adoption of IFRS, IFRS 9 Financial Instruments, IAS 41 Agriculture and the Illustrative Examples accompanying IFRS 16 Leases.
- 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.

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	
	2020	2019	2020	2019
EUR/CAD	1.5633	1.4598	1.5380	1.4822
EUR/CHF	1.0802	1.0854	1.0709	1.1111
EUR/CLP	875.3500	834.3130	905.9868	792.2603
EUR/CNY	8.0225	7.8205	7.8975	7.7237
EUR/CZK	26.2420	25.4080	26.4976	25.6588
EUR/GBP	0.8990	0.8508	0.8894	0.8759
EUR/KRW	1,336.0000	1,296.2800	1,350.2375	1,303.1692
EUR/PLN	4.5597	4.2568	4.4680	4.2990
EUR/SEK	10.0343	10.4468	10.4815	10.5824
EUR/USD	1.2271	1.1234	1.1470	1.1195
EUR/ZAR	18.0219	15.7773	18.9139	16.1701

2.6 Intangible assets

Intangible assets which are acquired separately are measured initially at cost. After initial recognition, intangible assets are measured at cost less cumulative amortisation and impairment. The residual value of intangible assets is assumed to be zero.

Intangible assets acquired upon acquisition of a subsidiary or as a result of the acquisition of a customer portfolio, are recognized separately in the balance sheet at their estimated fair value at acquisition date.

Costs for internally generated goodwill are recognised as costs in the income statement when they occur.

Amortisation

Intangible assets with a finite life are amortised on a straight-line basis over the estimated useful life and reviewed for impairment whenever there is an indication that the intangible asset may be impaired. Amortisation begins when the intangible asset is ready for its intended use.

Intangible assets with indefinite useful lives are not amortised but tested for impairment annually or whenever there is a valid reason to do so. The indefinite life is re-assessed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made prospectively.

The investments in software and licences are amortised over a period of three to five years.
The brands acquired in acquisitions or the value of the customer portfolios obtained through acquisition are amortised on a straight-line basis over a maximum period of ten years, except when the brand can be regarded as having an indefinite life.

Goodwill

Goodwill arising from a business combination is initially measured at cost (i.e. the positive difference between the cost of the business combination and the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities). After initial recognition, goodwill is measured at cost less accumulated impairment losses, if any.

Goodwill is tested for impairment annually or more often if events or changes in circumstances indicate that the carrying amount may have been impaired. For the purpose of impairment testing, goodwill acquired in a business combination is, from acquisition date onwards, allocated to each of the Group's cash generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

2.7 Property, plant and equipment

Property, Plant and Equipment is valued at cost less cumulative depreciation and impairment. Cost includes the purchase price and any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

The cost of self-produced assets includes direct material costs, direct labour costs and a proportional part of the production overhead.

If the various parts of a tangible asset have different useful lives, they are depreciated according to their respective useful lives.

The depreciation methods, residual value, as well as the useful lives of the Property, Plant and Equipment is reassessed and adjusted if appropriate, annually.

Subsequent expenditure

Costs of maintenance and repair of Property, Plant and Equipment are capitalised if the cost can be measured reliably and the expenditure will result in a future economic benefit. All other costs are recognised as operating charges when they occur.

Depreciation

Depreciation is calculated on a straight-line basis over the estimated useful lives of the assets.

Depreciation of an asset begins when the asset is ready for its intended use.

Useful life is assigned as follows:

Buildings and warehouses	25-30 years
Plant and equipment	15 years
Basic machines	20-25 years
Common machines, tools	10-15 years
Furniture	15 years
Office equipment	5 years
Computer equipment	3-5 years
Passenger vehicles	4-5 years
Trucks	10 years

Land is not depreciated given that it has an undefined useful life.

2.8 Leasing

A lease exists if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. A right-of-use asset is recognised for this in the balance sheet as well as a debt equal to the future lease payments for all leases except those with a term of 12 months or less or an underlying asset lower than EUR 5,000.

The Group recognises right-of-use assets as non-current assets on the date of first use and they are valued at cost price. Cost price comprises the sum of recognised lease liabilities and initial direct costs minus lease discounts received. These assets are depreciated on a straight-line basis over the lease term and are subject to impairment.

Lease liabilities are measured at the discounted value of future lease payments over the lease term in question. This calculation assumes a market interest rate where the interest rate implicit in the lease cannot be determined.

2.9 Government grants

Government grants are recognised at fair value when it is probable that they will be received and that the Group will comply with the conditions attached to the grant. If the grant is related to a cost item, the grant is systematically recognised as income over the periods required to attribute these grants to the costs which they are intended to compensate. When the grant is related to an asset, it is presented in the balance sheet deducted from the asset. Grants are recognised in income net of the depreciation of the related asset.

2.10 Impairment of non-current assets

For the Group's non-current assets, other than deferred tax assets, the Group assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. An asset's recoverable amount is the higher of an asset's or cash generating unit's fair value less costs of disposal and the value in use. In assessing value in use, the estimated future cash flows are discounted using a pre-tax discount rate that reflects current market assessment of the time value of money and the risks specific to the asset or cash generating unit.

When the carrying amount exceeds the recoverable amount, an impairment loss is recognised as an operating charge in the income statement.

Reversal of impairments

Impairments for financial assets normally held by the Group until maturity or receivables are reversed if a subsequent increase in their net asset value can be objectively associated with an event arising after the recording of the loss.

A previously recognised impairment for other assets is reversed where there has been a change in the assumptions used to determine the recoverable amount. An increase in the carrying amount of an asset resulting from the reversal of an impairment cannot be higher than the carrying amount (after depreciation) that would have been determined had no impairment loss been recognised in prior years.

An impairment loss recognised on goodwill is never reversed in a subsequent period.

2.11 Financial assets available for sale

Financial assets available for sale include shares in companies in which the Group does not exercise control nor significant influence.

Financial assets are initially measured at cost. The cost includes the fair value of the compensation provided and acquisition costs associated with the investment.

After the initial recognition, the financial assets are measured at fair value. Changes in fair value are directly recognised in a separate component of other comprehensive income. For listed companies, the share price is the best estimate of the fair value. Investments for which no fair value can be determined, are recognised at historical cost.

The Group assesses at each reporting date whether there is objective evidence that the asset is impaired. Objective evidence would include a significant or prolonged decline in the fair value of the investment below its cost.

If the financial asset is sold or an impairment loss is recognised, the cumulative profits or losses recognised in equity are transferred to profit or loss. An impairment loss on a financial asset available for sale is not reversed through the income statement, unless it includes a debt instrument.

2.12 Other long-term receivables

Long-term receivables are valued at their actual net value based on an average market interest rate in accordance with the useful life of the receivable.

2.13 Inventories

Raw materials, consumables and goods for resale are measured at purchase price on a FIFO basis.

Finished products are measured at the standard manufacturing cost price. This includes, in addition to direct production and material costs, a proportional part of the fixed and variable overhead costs based on the normal production capacity. If the purchase price or the manufacturing price exceeds the net realisable value, the stock is measured at the lower net realisable value.

The net realisable value is defined as the estimated selling price in the ordinary course of business, less the estimated cost of completion and the estimated costs necessary to make the sale.

2.14 Trade receivables and other amounts receivable

Trade receivables and other amounts receivable are measured at their nominal value less impairment, if any.

Impairments are recognised in the operating results if it becomes probable that the Group will not be able to collect all outstanding amounts.

At each reporting date, the Group estimates the impairment by evaluating all outstanding amounts individually. An impairment is recognised in the results of the period in which it was identified as such.

2.15 Cash and cash equivalents

Cash and cash equivalents include liquid assets and bank balances (current and deposit accounts). In general, investments are held until the expiration date. Profits and losses are recognised in the income statement when the investment is realized or impaired.

For the cash flow statement, cash and cash equivalents include cash and bank balances. Possible negative cash is recognised as short-term interest-bearing loans and borrowings with credit institutions.

2.16 Non-current assets (or disposal groups) held for sale and discontinued operations

A disposal group qualifies as discontinued operation if it is a component of an entity that either has been disposed of, or is classified as held for sale, and:

- represents a major line of business or geographical area of operations;
- is part of a single coordinated plan to dispose of a separate major line of business or geographical area of operations; or
- is a subsidiary acquired exclusively with a view to resale.

A non-current asset (or a disposal group) is classified as held for sale if the carrying amount will be recovered principally through a sale transaction rather than through continuing use.

A non-current asset (or a disposal group) classified as held for sale is recognised at the lower of the carrying amount and the fair value less cost to sell.

An impairment test is performed on these assets at the end of each reporting date.

2.17 Share capital and treasury shares

For the purchase of treasury shares, the amount paid, including any directly attributable costs, is recognised as a change in this section. Treasury shares purchased are considered as a reduction in equity.

2.18 Interest-bearing financial debts

All interest-bearing financial debts are initially recognised at fair value less direct attributable transaction costs. After initial recognition, the interest-bearing financial debts will be recognised at the amortised cost price based on the effective interest rate method.

This lease liability is recognised as equal to the future lease payments for all leases except those with a term of 12 months or less or an underlying asset lower than EUR 5,000.

Lease liabilities are measured at the discounted value of future lease payments over the lease term in question. This calculation assumes a market interest rate where the interest rate implicit in the lease cannot be determined.

2.19 Provisions

Provisions are recognised in the balance sheet if the Group has obligations (legal or constructive) resulting from a past event and if it is probable that fulfillment of these commitments will incur expenses that can be estimated reliably on reporting date.

No provisions are recognised for future operating costs. If the effect of the time value of money is material, the provisions are discounted.

Restructuring

A provision for restructuring is recognised when a formal, detailed restructuring plan is approved by the Group and if this restructuring has either begun or been announced to the ones concerned.

2.20 Financial derivatives

The Group uses financial derivatives to limit risks from adverse exchange rate and interest rate fluctuations. No derivatives are used for trading purposes.

Financial derivatives are initially recognised at cost. After initial recognition, these instruments are recognised at their fair value. Changes in fair value of the Group's derivatives that do not meet the criteria of IAS 39 for hedge accounting, are recognised in the income statement.

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.

Financial income

Financial income (interests, dividends, royalties, etc.) are considered to be realised once it is probable that the Group will receive the economic benefits from the transaction and the revenues can be measured reliably.

2.24 Employee benefits

Pension plans

The Group holds a number of defined contribution plans. These pension plans are funded by members of personnel and the employer and are recognised in the income statement of the reporting period to which they refer.

In addition, there is also a defined benefit pension plan in the subsidiary in Germany and the Netherlands.

There are also provisions in some companies for early retirement (Belgium) and pension obligations arising from legal requirements (France). These are classified as employment benefits of the defined benefit pension plans.

For the defined benefit pension plans, provisions are measured by calculating the present value of future amounts payable to the employees.

Defined benefit costs are divided into 2 categories:

- Current service cost, past service cost, gains and losses on curtailments and settlements;
- Net interest expense or income.

The current and past service cost, the net interest expense, the remeasurement of other long term personnel expenses, administrative expenses and taxes for the reporting period are included in the personnel expenses in the statement of profit or loss. The remeasurement on the net defined benefit liability as a consequence of actuarial gains or losses is included in the statement of comprehensive income as part of other comprehensive income.

Share-based payment

The stock option plan and the warrant plan allow employees to acquire shares in the company at relatively advantageous conditions. The exercise price of the option and warrant is equal to the average stock market closing price of the Lotus Bakeries share during the thirty calendar days preceding the date of offering. A personnel cost is recognised for options and warrants granted to employees as part of the stock option plan or warrant plan. The cost is determined based on the fair value of the stock options and warrants on the grant date and, together with an equal increase in equity, is recognised over the vesting period, ending on the date when the employees receive full right to the options. When the options or warrants are exercised, equity is increased by the amount of the revenues. The final warrants owned by executives and senior management were exercised during the first half of 2019.

Bonuses

Bonuses for employees and management are calculated based on key financial objectives and individual objectives. The estimated amount of the bonuses is recognised as a charge for the financial year based on an estimate on the reporting date.

2.25 Income tax

Income taxes in the result of the reporting period include current and deferred taxes. Both taxes are recognised in the income statement except if they have been recognised directly in other comprehensive income. If so, these taxes are also directly recognised in other comprehensive income.

Current taxes include the amount of tax payable on the taxable earnings for the period calculated at the tax rate applicable on the reporting date. They also include adjustments of fiscal liabilities for previous years. In line with IAS 12§46 'Income Taxes', management assesses on a periodic basis the positions taken in tax declarations in respect of items subject to interpretation in the tax legislation, and records – if necessary– additional income tax liabilities based on the expected amounts payable to the tax authorities. The evaluation is made for all fiscal periods still subject to controls by the authorities.

Deferred taxes are calculated using the balance sheet method and result mainly from temporary differences between the carrying amount of both assets and liabilities in the balance sheet and their respective taxable base. Deferred taxes are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at reporting date. Deferred taxes are recognised at their nominal value and are not discounted.

Deferred tax assets from deductible temporary differences and unused tax loss carry forwards are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised.

The carrying amount of deferred tax assets is reassessed at each reporting date and reduced when it is no longer probable that the related tax savings can be generated. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it is probable that future taxable profits allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

2.26 Earnings per share

The Group calculates the ordinary profit per share on the basis of the weighted average of the number of outstanding shares during the period. For the diluted profit per share, the dilutive effect of stock options during the period is also taken into account.

2.27 Segment reporting

Group turnover is centralised around a number of products that are all included in the traditional and natural snacking segment. For these products, the Group is organised according to geographical regions for sales, production and internal reporting. As a result, segment reporting presents the geographical markets.

The results of a segment include the income and charges directly generated by a segment. To this is added the portion of the income and charges that can be reasonably attributed to the segment. Intersegment price-fixing is defined based on the 'at arm's length' principle.

The assets and liabilities of a segment are reported excluding taxes and after deduction of depreciation, impairments and valuation allowances.

3. Segment reporting by geographical region

Segment reporting by geographical region (2020)

For the purpose of sales, production and internal reporting, the Group is classified according to geographical regions. The regions presented in the segment reporting, which are based on the internal reporting system, are composed as follows:

- Belgium: sales by Sales Office Belgium and intra-group sales by factories in Belgium
- France: sales by Sales Office France and intra-group sales by factories in France
- The Netherlands: sales by Sales Office Netherlands and intra-group sales by factories in the Netherlands
- UK: sales by Sales Office UK, Natural Balance Foods, Urban Fresh Foods and Kiddylicious, and the production of Lotus South Africa Manufacturing
- Other: sales from Belgium to countries without own Sales Office and by own Sales Offices in Germany, Austria, Switzerland, the Czech Republic/Slovakia, United States, Spain, Italy, China, South Korea, Sweden/Finland plus production in Sweden.

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

YEAR ENDED 31 DECEMBER 2020	CONTINUING OPERATIONS						
IN THOUSANDS OF EUR	BELGIUM	FRANCE	NETHERLANDS	UK	OTHER	ELIMINATIONS + CORPORATE COMPANIES	TOTAL
TURNOVER							
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)	-
Total turnover	**293,723**	**99,582**	**90,156**	**157,323**	**183,022**	**(160,517)**	**663,289**
RESULTS							
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)
Result after taxes	-	-	-	-	-	-	**82,545**
ASSETS AND LIABILITIES							
Non-current assets	149,088	8,552	101,349	231,475	97,293	31,732	622,840
Segment assets	149,088	8,552	101,349	231,475	97,293	31,732	619,489
Unallocated assets:							3,351
Deferred taxes							3,351

YEAR ENDED 31 DECEMBER 2020	CONTINUING OPERATIONS						
IN THOUSANDS OF EUR	BELGIUM	FRANCE	NETHERLANDS	UK	OTHER	ELIMINATIONS + CORPORATE COMPANIES	TOTAL
Current assets	40,439	13,723	15,134	33,739	23,264	4,755	221,387
Segment assets	40,439	13,723	15,134	33,739	23,264	4,755	131,054
Unallocated assets:							90,333
VAT receivables							5,930
Income tax receivables							3,142
Cash and cash equivalents							81,261
Total assets	**189,527**	**22,275**	**116,483**	**265,214**	**120,557**	**36,487**	**844,227**
Non-current liabilities	1,703	796	517	-	639	1,092	261,841
Segment liabilities	1,703	796	517	-	639	1,092	4,747
Unallocated liabilities:							257,094
Deferred tax liabilities							57,195
Interest-bearing loans and borrowings							198,156
Other non-current liabilities							1,743
Current liabilities	37,042	14,418	9,531	25,272	17,582	19,399	148,642
Segment liabilities	37,042	14,418	9,531	25,272	17,582	19,399	123,244
Unallocated liabilities:							25,398
VAT payables							145
Tax payables							12,701
Interest-bearing loans and borrowings							12,552
Total liabilities	**38,745**	**15,214**	**10,048**	**25,272**	**18,223**	**20,491**	**410,483**
OTHER SEGMENT INFORMATION							
Capital expenditure:							
Tangible fixed assets	11,637	755	1,837	2,031	1,331	1,224	18,814
Intangible fixed assets	-	-	-	-	317	1,376	975
Depreciation	9,653	1,100	2,826	889	4,544	1,989	21,001
Increase / (decrease) in amounts written off stocks, contracts in progress and trade debtors	1,025	198	232	468	740	48	2,710

Segment reporting by geographical region (2019)

For the purpose of sales, production and internal reporting, the Group is classified according to geographical regions. The regions presented in the segment reporting, which are based on the internal reporting system, are composed as follows:

- Belgium: sales by Sales Office Belgium and intra-group sales by factories in Belgium
- France: sales by Sales Office France and intra-group sales by factories in France
- The Netherlands: sales by Sales Office Netherlands and intra-group sales by factories in the Netherlands
- UK: sales by Sales Office UK, Natural Balance Foods, Urban Fresh Foods and Kiddylicious, and the production of Lotus South Africa Manufacturing
- Other: sales from Belgium to countries without own Sales Office and by own Sales Offices in Germany, Austria, Switzerland, the Czech Republic/Slovakia, United States, Spain, Italy, China, South Korea, Sweden/Finland plus production in Sweden.

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

YEAR ENDED 31 DECEMBER 2019	CONTINUING OPERATIONS						
IN THOUSANDS OF EUR	BELGIUM	FRANCE	NETHERLANDS	UK	OTHER	ELIMINATIONS + CORPORATE COMPANIES	TOTAL
TURNOVER							
Sales to external customers	154,722	76,439	87,482	137,557	156,537	-	612,737
Inter-segment sales	118,073	13,281	3,520	8,768	751	(144,393)	-
Total turnover	**272,795**	**89,720**	**91,002**	**146,325**	**157,288**	**(144,393)**	**612,737**
RESULTS							
Segment result REBIT	38,537	3,801	15,506	13,774	24,650	6,623	102,891
Non-recurrent operating result	(108)				(3,988)	1,804	(2,292)
Segment result EBIT							100,599
Financial result							(2,514)
Profit for the year before taxes							98,086
Taxes							(22,317)
Result after taxes							**75,769**
ASSETS AND LIABILITIES							
Non-current assets	146,703	8,663	102,114	252,769	99,291	29,076	641,122
Segment assets	146,703	8,663	102,114	252,769	99,291	29,076	638,617
Unallocated assets:							2,505
Deferred taxes							2,505

YEAR ENDED 31 DECEMBER 2019	CONTINUING OPERATIONS						
IN THOUSANDS OF EUR	BELGIUM	FRANCE	NETHERLANDS	UK	OTHER	ELIMINATIONS + CORPORATE COMPANIES	TOTAL
Current assets	37,085	13,679	14,947	36,151	18,477	4,720	171,507
Segment assets	37,085	13,679	14,947	36,151	18,477	4,720	125,059
Unallocated assets:							46,448
VAT receivables							5,280
Income tax receivables							1,075
Cash and cash equivalents							40,093
Total assets	**183,788**	**22,342**	**117,061**	**288,920**	**117,768**	**33,796**	**812,629**
Non-current liabilities	1,717	591	762	-	591	2,676	239,584
Segment liabilities	1,717	591	762	-	591	2,676	6,337
Unallocated liabilities:							233,247
Deferred tax liabilities							50,737
Interest-bearing loans and borrowings							158,010
Other non-current liabilities							24,500
Current liabilities	39,786	9,968	11,078	27,108	16,158	18,007	170,568
Segment liabilities	39,786	9,968	11,078	27,108	16,158	18,007	122,105
Unallocated liabilities:							48,463
VAT payables							254
Tax payables							11,630
Interest-bearing loans and borrowings							36,579
Total liabilities	**41,503**	**10,559**	**11,840**	**27,108**	**16,749**	**20,683**	**410,152**
OTHER SEGMENT INFORMATION							
Capital expenditure:							
Tangible fixed assets	10,363	787	2,181	1,437	29,059	1,656	45,483
Intangible fixed assets	8	-	-	-	-	1,184	1,192
Depreciation	9,139	1,026	2,675	712	2,588	1,614	17,754
Increase / (decrease) in amounts written off stocks, contracts in progress and trade debtors	961	289	459	52	360	14	2,135

4. Acquisitions and disposal of subsidiaries

In 2019, Lotus Bakeries acquired control of Lotus South Africa Manufacturing Ltd., the company which manufactures BEAR products. The integration of the production activities followed the successful commercial integration in 2015 which paved the way for the acquisition of BEAR, a brand that stands for healthy, pure fruit snacks. BEAR only uses gently baked, freshly picked seasonal fruits. The products are free from added sugars, concentrate, preservatives and stabilisers.

In December 2019, the fair value of the acquired assets and liabilities was determined in order to calculate provisionally the goodwill arising from this. Further analyses in 2020 confirmed that no adjustment was required to the fair value. Thus, the final value of the acquired assets and liabilities was calculated over a period of twelve months following the acquisition date.

The total purchase price was EUR 46.5 million, broken down as set out below:

IN THOUSANDS OF EUR	FAIR VALUE
Purchase price	**46,532**
Property, plant and equipment	3,308
Stocks	1,005
Trade and other receivables	473
Cash and cash equivalents	773
Trade and other payables	(1,114)
Tax payables	(130)
TOTAL NET ASSETS	**4,315**
GOODWILL	**42,217**
Translation differences 2020	**(4,329)**
Goodwill 2020	**37,888**

The goodwill of EUR 42.2 million arising from the acquisition relates to a variety of components. With this acquisition, Lotus Bakeries set up a vertical integration to achieve greater quality control of BEAR production activities and boost flexibility for new product development. There is also direct access to suppliers of fresh fruit in the Ceres valley. The results of Lotus South Africa Manufacturing Ltd. are included in the consolidation as from June 2019.

5. Tangible assets

Tangible assets are purchased by and are the full property of Lotus Bakeries. This includes land and buildings, machinery and office equipment. The right-of-use assets arising from the new IFRS 16 Leases standard are an exception to this. The tangible assets are unencumbered with the exception of the notes included in 32.3.

In 2020, EUR 18.8 million were invested in property, plant and equipment, the majority in relation to the new Biscoff® Sandwich Cookie line in Lembeke. Further investments were made in the expansion of capacity at the BEAR factory in South Africa and the factory in the United States.

IN THOUSANDS OF EUR	LAND AND BUILDINGS	PLANT, MACHINERY AND EQUIPMENT	FURNITURE, OFFICE EQUIPMENT AND VEHICLES	ASSETS UNDER CONSTRUC-TION	TOTAL
On 31 December 2020					
Acquisition cost					
At the end of the preceding year	171,017	319,943	24,114	9,448	524,521
Acquisition during the year	3,228	11,389	865	3,332	18,814
Sales and disposals	(18)	(581)	(489)	-	(1,088)
Transfers from one heading to another	309	6,092	354	(6,755)	-
Acquisition during the year leases standard	1,704	6	1,872	-	3,582
Sales and disposals leases standard	(2,117)	(5)	(814)		(2,936)
Translation differences	(3,924)	(1,907)	(187)	(58)	(6,075)
Total acquisition cost	**170,199**	**334,937**	**25,715**	**5,967**	**536,818**
Depreciation and amounts written down					
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)
Total depreciation and amounts written down	**(54,756)**	**(205,615)**	**(18,116)**	**(149)**	**(278,636)**
NET BOOK VALUE	**115,443**	**129,322**	**7,599**	**5,818**	**258,182**

During 2020 no newly granted capital grants were received and kEUR 53 of capital grants were taken into the income statement, giving at year end a remaining balance of kEUR 946, which is deducted from the net book value as reported in the above tables of movements.

INVESTMENT GRANTS		
On 31 December	**2020**	2019
At the end of the preceding year	(1,000)	(1,060)
Taken into the income statement	54	60
At the end of the year	**(946)**	**(1,000)**

IN THOUSANDS OF EUR	LAND AND BUILDINGS	PLANT, MACHINERY AND EQUIPMENT	FURNITURE, OFFICE EQUIP-MENT AND VEHICLES	ASSETS UNDER CONSTRUC-TION	TOTAL
On 31 December 2019					
Acquisition cost					
At the end of the preceding year	119,754	287,074	16,798	40,516	464,142
Acquisition during the year	3,326	5,227	1,746	35,184	45,483
Sales and disposals	(533)	(234)	(276)	-	(1,042)
Transfers from one heading to another	39,392	27,024	467	(66,882)	0
Amendment to accounting principles (IFRS 16 leases standard)	6,447	219	5,114	-	11,780
Translation differences	50	(55)	84	630	709
Acquisition through business combinations	2,581	688	180		3,449
Total acquisition cost	**171,017**	**319,943**	**24,114**	**9,448**	**524,521**
Depreciation and amounts written down					
At the end of the preceding year	(45,168)	(184,902)	(14,011)	(164)	(244,245)
Depreciation during the year	(3,415)	(9,870)	(878)	-	(14,163)
Sales and disposals	53	223	144	-	420
Amendment to accounting principles (IFRS 16 leases standard)	(1,303)	(41)	(1,604)	-	(2,948)
Translation differences	143	172	(6)	14	322
Acquisistion through business combinations	(26)	(70)	(19)	-	(115)
Total depreciation and amounts written down	**(49,718)**	**(194,487)**	**(16,374)**	**(150)**	**(260,729)**
NET BOOK VALUE	**121,299**	**125,455**	**7,740**	**9,298**	**263,793**

6. Goodwill

The carrying value of goodwill at the end of 2020 is EUR 216.5 million.

For sales, production and internal reporting, the Group is organised into geographic regions (see also geographic segment information). The segments consist of underlying business units. These business units represent the lowest level within the Group at which the goodwill is monitored for internal management purposes. These business units are the cash generating units to which goodwill is allocated.

The net carrying value of goodwill has been allocated to the various independent cash generating units as follows:

Cash flow-generating unit	Amount kEUR
Netherlands (Koninklijke Peijnenburg)	17,151
Spain (Lotus Bakeries España S.L.)	1,695
Sweden (AB Annas Pepparkakor)	6,109
Customer Brand Business (Biscuiterie Willems BV and B.W.I. BV)	20,773
Lotus Bakeries Korea Co. Ltd.	9,285
Natural Foods	161,472
Total	**216,485**

The change for the year is due to conversion differences for the pound sterling and the South African rand.

IN THOUSANDS OF EUR	2020	2019
Acquisition cost		
Balance at end of previous year	229,365	177,639
Acquisitions of subsidiaries		44,355
Effect of movements in foreign exchange rates	(12,880)	7,371
Balance at end of year	**216,485**	**229,365**

Goodwill, representing approximately 26% of the total assets of Lotus Bakeries at 31 December 2020, is tested for impairment every year (or whenever there is a specific reason to do so) by comparing the carrying value of each cash generating unit (CGU) with its recoverable amount. The recoverable amount of a cash generating unit is determined on the basis of the calculated value in use.

The value in use is determined as the present value of expected future cash flows based on the current long-term planning of the Group. The discount rate used in determining the present value of expected future cash flows is based on a weighted average cost of capital (WACC). The impairment test for goodwill is based on a number of critical judgements, estimates and assumptions.

The assumptions are consistent and realistic for the six cash generating units, which are mainly located in Europe and the UK:

- Revenue and gross profit margin: revenue and gross profit margin reflect management's expectations based on past experience and taking into account the risks specific to the reportable business unit.
- The first year of the model is based on the budget for the year; the budget is taking into account historical results and is management's best estimate of the free cash flow outlook for the current year.
- In years two to five of the model, free cash flows are based on Lotus Bakeries' long-term plan. The long-term plan of Lotus Bakeries is prepared country by country, based on realistic internal plans that take into account the specific market situation and the past.
- Cash flows beyond the first five years are extrapolated by applying a growth rate to free cash flows, lying between 1% and 3%.
- Projections are discounted at the weighted average cost of capital after tax, which lies between 4.3% and 6.5%. The pre-tax discount rate is calculated by dividing the discount rate after tax by one minus the applicable tax rate. This result is not materially different from an iterative calculation method as described in IAS 36.

End 2020, Lotus Bakeries has completed its annual impairment test on goodwill and concluded from this that no further impairment allowance is necessary. Lotus Bakeries believes all of its estimates to be reasonable: they are consistent with the internal reporting and reflect management's best estimates.

As a part of the valuation test, Lotus Bakeries carried out a sensitivity analysis for important assumptions used, including the weighted average capital costs and long term growth percentage. Here, a fall in the long-term growth percentage by 100 basis points and an increase in the weighted average capital costs before tax by 100 basis points were applied. A change in the estimates used, as described above, does not lead to a potential material impairment.

Although Lotus Bakeries believes that its assessments, assumptions and estimates are suitable, actual results may differ from these estimates in the event of changed assumptions and conditions.

7. Intangible assets

Intangible assets refer to brands, software and an acquired customer portfolio.

The brands relate to:
- the Peijnenburg brand
- the Annas brand
- the 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, the Kiddylicious brand was acquired as part of the acquisition of Kiddylicious. Delicious, nutritious, portion-controlled snacks for growing babies, toddlers and pre-schoolers are marketed under this brand. Since Kiddylicious is the base brand in the UK and elsewhere, it is not amortised. In accordance with the valuation rules, its fair value is tested annually, using the DCF method. Accordingly, the sale of Kiddylicious products in the UK and elsewhere is treated as a cash generating unit.

At year-end 2020, the Group tested the value of these brands for possible impairment. Taking into account the assumptions used, the value in use of the unit exceeds its carrying amount and no impairment loss was recognised.

The main judgements, assumptions and estimates are:

- Revenue and gross profit margin: revenue and gross profit margin reflect management's expectations based on past experience and taking into account the risks specific to the cash generating unit.
- The first year of the model is based on the budget for the year, taking into account historical results and is management's best estimate of the free cash flow outlook for the current year.
- In years two to five of the model, free cash flows are based on Lotus Bakeries' long-term plan. The long-term plan of Lotus Bakeries is prepared country by country, based on internal plans that take into account the specific market situation and the past.
- Cash flows beyond the first five years are extrapolated by applying a growth rate to free cash flows, lying between 1% and 3%.
- Projections are discounted at the weighted average pre-tax cost of capital, which lies between 4.3% and 4.9%. The pre-tax discount rate is calculated by dividing the discount rate after tax by one minus the applicable tax rate. This result is not materially different from an iterative calculation method as described in IAS 36.

As a part of the valuation test, Lotus Bakeries carried out a sensitivity analysis for important assumptions used, including the weighted average capital costs and long term growth percentage. Here, a fall in the long-term growth percentage by 100 basis points and an increase in the weighted average capital costs before tax by 100 basis points were applied. A change in the estimates used, as included above, does not lead to a potential material impairment.

Although Lotus Bakeries believes that its assessments, assumptions and estimates are suitable, actual results may differ from these estimates in the event of changed assumptions and conditions.

Software relates mainly to the capitalised external and internal costs connected with the further rollout of the ERP information system SAP across the Lotus Bakeries Group.

The portfolio concerns Spanish out-of-home customers purchased in 2011.

IN THOUSANDS OF EUR	INDEFINITE LIFE BRANDS	DEFINITE LIFE BRANDS	SOFTWARE	CUSTOMER PORTFOLIO	TOTAL
On 31 December 2020					
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	-	(2)
Total depreciation and amounts written down	**-**	**(4,627)**	**(10,817)**	**(944)**	**(16,388)**
NET BOOK VALUE	**137,240**	**-**	**2,640**	**86**	**139,966**

IN THOUSANDS OF EUR	INDEFINITE LIFE BRANDS	DEFINITE LIFE BRANDS	SOFTWARE	CUSTOMER PORTFOLIO	TOTAL
On 31 December 2019					
Acquisition cost					
At the end of the preceding year	137,489	4,627	10,578	1,030	153,724
Acquisitions during the year	-	-	1,192	-	1,192
Translation differences	3,268	-	11	-	3,279
Total acquisition cost	**140,757**	**4,627**	**11,781**	**1,030**	**158,195**
Depreciation and amounts written down					
At the end of the preceding year	-	(4,627)	(9,463)	(747)	(14,837)
Depreciation during the year	-	-	(550)	(94)	(644)
Translation differences	-	-	(5)	-	(5)
Total depreciation and amounts written down	**-**	**(4,627)**	**(10,018)**	**(841)**	**(15,486)**
NET BOOK VALUE	**140,757**	**-**	**1,763**	**189**	**142,709**

8. Deferred taxes

Deferred tax assets are included for the companies which have a loss at the end of the year. The recognition of these deferred tax assets is supported by profit expectations in the foreseeable future.

IN THOUSANDS OF EUR	ON 31 DECEMBER 2019	CHARGED/ CREDITED TO THE INCOME STATEMENT	CHARGED/ CREDITED TO EQUITY	CHARGED/ CREDITED ACQUISITION	EXCHANGE DIFFERENCES	ON 31 DECEMBER 2020
Property, plant and equipment and intangible assets	(56,651)	(2,379)	-	-	1,092	(57,938)
Inventories	373	(26)	-	-	3	350
Pension liabilities	767	126	(92)	-	(1)	800
Tax effect of tax loss carry-forwards	9,002	(8)	-	-	(200)	8,794
Provisions	(2,061)	52	-	-	(9)	(2,018)
Derivative financial instruments	582	(370)	36	-	-	248
Other	(244)	(3,752)	23	36	(143)	(4,080)
Total deferred tax	**(48,232)**	**(6,357)**	**(33)**	**36**	**742**	**(53,844)**

IN THOUSANDS OF EUR	ON 31 DECEMBER 2018	CHARGED/ CREDITED TO THE INCOME STATEMENT	CHARGED/ CREDITED TO EQUITY	CHARGED/ CREDITED ACQUISITION	EXCHANGE DIFFERENCES	ON 31 DECEMBER 2019
Property, plant and equipment and intangible assets	(47,580)	(8,495)	-	(77)	(499)	(56,651)
Inventories	415	(50)	-	-	8	373
Pension liabilities	702	19	46	-	-	767
Tax effect of tax loss carry-forwards	2,239	6,820	-	-	(57)	9,002
Provisions	(2,006)	(55)	-	-	-	(2,061)
Derivative financial instruments	(98)	370	310	-	-	582
Other	(2,461)	1,673	-	470	74	(244)
Total deferred tax	**(48,789)**	**282**	**356**	**393**	**(474)**	**(48,232)**

9. Participations, investments in other companies and other long-term receivables

IN THOUSANDS OF EUR	31-12-2020	31-12-2019
Participating interests	4,403	2,243

In 2019, Lotus Bakeries set up corporate venture fund FF2032 NV, creating a platform for investment in promising brands and growth companies offering innovative products, technologies or market approaches within the food sector. In 2020, the fund invested in two businesses that are both in keeping with this investment focus.

In August 2020, FF2032 NV made an initial investment in Love Brands Inc., an American company which markets delicious crunchy corn snacks under the LOVE Corn name. In December 2021, a minority stake was closed in Partake Foods, operating in the American market with cookies free from the top eight allergens. Previously in 2019, FF2032 NV invested in Peter's Yard, a British company that markets sourdough crackers & crispbreads in the UK. All three businesses in which the fund has a stake are associated companies of Lotus Bakeries.

IN THOUSANDS OF EUR	31-12-2020	31-12-2019
Cash guarantees	442	513
Other long-term receivables	11	(6)
Total	**453**	**507**

10. Inventories

IN THOUSANDS OF EUR	31-12-2020	31-12-2019
Raw materials and consumables	13,418	11,419
Work in progress	2,340	3,038
Goods for resale and finished goods	31,069	30,004
Total	**46,827**	**44,461**

Valuation allowances of kEUR 2,548 relate mainly to raw materials (kEUR 177), packaging material (kEUR 757), finished products and goods for resale (kEUR 1,614). In 2019, valuation allowances amounted to kEUR 2,236.

11. Trade receivables and other amounts receivable

The amount of valuation allowances in 2020 is kEUR 162. In 2019, kEUR 140 of valuation allowances were charged. The trade receivables represent an average of 48 days of sales outstanding (2019: 47 days).

IN THOUSANDS OF EUR	31-12-2020	31-12-2019
Trade receivables	**82,856**	**79,072**
Tax receivables		
VAT receivables	5,930	5,280
Income tax receivables	3,142	1,075
Total	**9,072**	**6,355**
Other amounts receivable	**256**	**172**

The other current amounts receivables item includes amongst others the proportion of long-term receivables that are due within one year and empties in custody.

Movements on valuation allowances of trade receivables:

IN THOUSANDS OF EUR	2020	2019
Amounts written off on 1 January	**681**	**611**
Increase of amounts written off	162	140
Amounts written off used during the year	(146)	(70)
Amounts written off on 31 December	**697**	**681**

With regard to trade receivables there are no indications that debtors will not meet their payment obligations. Nor are there any customers representing more than 10% of the consolidated turnover. IFRS 9 requires Lotus Bakeries to establish a provision for expected losses on the recovery of trade receivables. The application of this IFRS standard has no material impact. More information regarding the credit risk is included in the chapter 'Report of the Board of Directors' in part 1 of the Lotus Bakeries 2020 annual report.

12. Cash and cash equivalents

Cash and cash equivalents are balances on bank accounts remunerated at market conditions. The market value of these cash and cash equivalents is therefore equal to the carrying value.

IN THOUSANDS OF EUR	31-12-2020	31-12-2019
Cash and cash equivalents	81,261	40,093
Total	**81,261**	**40,093**

13. Net financial debt

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

Net financial debt has dropped by kEUR 19,234 compared with the end of the previous financial year due to a very strong operational cash flow.

IN THOUSANDS OF EUR	31-12-2020	31-12-2019
Non-current interest-bearing liabilities	(193,500)	(152,003)
Short term interest-bearing liabilities	(9,692)	(33,647)
Cash and cash equivalents	81,261	40,093
Treasury shares	11,474	15,866
Net financial debt excl. IFRS 16 leases standard	**(110,457)**	**(129,691)**
IFRS 16 leases standard	(7,516)	(8,939)
Total	**(117,973)**	**(138,630)**

14. Issued capital

All shares are ordinary shares, registered or dematerialised. The treasury shares have been purchased as part of the share option plans mentioned in note 24.

Ordinary shares, issued and fully paid

IN THOUSANDS OF EUR	2020	2019
On 1 January	3,591	3,590
Increase	-	1
On 31 December	3,591	3,591
Number of ordinary shares		
On 1 January	816,013	815,733
Increase	-	280
On 31 December	816,013	816,013
Less: treasury shares held at 31 December	(5,542)	(9,681)
Shares outstanding at 31 December	810,471	806,332
Amounts of authorized capital, not issued		
IN THOUSANDS OF EUR	**1,197**	**942**

Structure of shareholdings

Further details of the shareholding structure of Lotus Bakeries NV as of 31 December 2020 are contained in the Corporate Governance Statement in part 1 of the 2020 annual report of Lotus Bakeries.

Capital risk management

The goal of Lotus Bakeries as far as capital management is concerned is to ensure that Lotus Bakeries can continue to operate as a going concern in order to generate a return for shareholders and provide benefits for other stakeholders. Furthermore, Lotus Bakeries aims for a capital structure (balance between debt and equity) that gives it the required financial flexibility to implement its growth strategy. The aim is to maintain the ratio of net financial debt (defined as interest-bearing financial debt less monetary investments, cash equivalents and treasury shares) to recurring operating cash flow (REBITDA) at what is considered as a normal healthy level in the financial market.

15. Dividends

IN THOUSANDS OF EUR	2020	2019
Dividend payments in		
Gross dividend per ordinary share (EUR)	32.00	29.00
Number of ordinary shares	816,013	816,013
Gross dividend on ordinary shares	26,112	23,664
Proposed dividend per ordinary share (EUR)	**35.50**	**32.00**
Gross dividend on ordinary shares	28,968	26,112

The Board of Directors will propose to the Ordinary General Meeting of Shareholders of 18 May 2021 to pay a gross dividend of EUR 35.50 per share for 2020 compared to EUR 32.00 per share in 2019.

This amount is not recognised as a debt on 31 December.

16. Treasury shares

Treasury shares purchased as part of the stock option plans as declared in note 24 are subtracted from equity.

IN THOUSANDS OF EUR	2020	2019
On 1 January	15,866	11,406
Purchased during the year	-	5,625
Sold during the year	(4,392)	(1,165)
On 31 December	11,474	15,866
Number of treasury shares		
On 1 January	9,681	9,740
Purchased during the year	-	2,250
Sold during the year	(4,139)	(2,309)
On 31 December	5,542	9,681

17. Interest-bearing liabilities

Non-current financial debts, excluding lease liabilities, with an initial maturity of more than 1 year increased by kEUR 41,497. The current interest-bearing liabilities decreased by kEUR 23,955. The currency of all non-current interest-bearing liabilities is euro. Current interest-bearing liabilities are mainly expressed in euro. The interest due on interest-bearing liabilities at the end of 2020 amounts to kEUR 8,827. The majority of this (kEUR 6,411) relates to a period of more than one year, but less than five years. The interest due within one year or after five years amounts to kEUR 1,840 and kEUR 576 respectively.

All interest-bearing liabilities were contracted at market conditions and therefore the carrying amount approximates the fair value.

IN THOUSANDS OF EUR	DUE WITHIN 1 YEAR	DUE BETWEEN 1 TO 5 YEARS	DUE AFTER 5 YEARS	TOTAL
Non-current interest-bearing liabilities	-	127,500	66,000	193,500
Current interest-bearing liabilities	9,692	-	-	9,692
Total interest-bearing liabilities 2020	**9,692**	**127,500**	**66,000**	**203,192**
IFRS 16 leases standard	2,860	4,656	-	7,516
Total on 31 December 2020	**12,552**	**132,156**	**66,000**	**210,708**

IN THOUSANDS OF EUR	DUE WITHIN 1 YEAR	DUE BETWEEN 1 TO 5 YEARS	DUE AFTER 5 YEARS	TOTAL
Non-current interest-bearing liabilities	-	122,003	30,000	152,003
Current interest-bearing liabilities	33,647	-	-	33,647
Total interest-bearing liabilities 2019	**33,647**	**122,003**	**30,000**	**185,650**
IFRS 16 leases standard	2,932	6,007	-	8,939
Total on 31 December 2019	**36,579**	**128,010**	**30,000**	**194,589**
Interests due on non-current interest-bearing liabilities	1,823	4,746	529	7,098

The interests due on the loans with variable interest rate are calculated at the actual interest rate.

The unused committed credit lines amounted to kEUR 160,570 on 31 December 2020.

18. Pension liabilities

On 31 December 2020, the net debts of defined benefit pension plans amount to kEUR 4,056 as opposed to kEUR 4,036 at the end of 2019. This debt consists mainly of provisions for early retirement pensions ('bridging pensions') in Belgium, and for defined benefit pension plans in the Netherlands, France and Germany.

IN THOUSANDS OF EUR	2020	2019
Net periodic cost		
Service cost	270	102
Interest charges	15	46
(Gains) / losses	(82)	81
NET PERIODIC COST	**203**	**229**
Remeasurements (recognised in OCI)		
Remeasurements on the defined benefit obligation	47	170
REMEASUREMENTS	**47**	**170**
Movement in the net liability		
Net debts as at 1 January	4,036	3,754
Service cost	270	102
Interest charges	15	46
Remeasurements	47	170
Employers contribution	(84)	(117)
(Gains) / losses	(82)	81
Other	(137)	-
NET DEBT AS AT 31 DECEMBER	**4,065**	**4,036**

Defined benefit costs are split into 2 categories:

- Current service cost, past-service cost, gains and losses on curtailments and settlements;
- Net interest expense or income.

The total service cost, the net interest expense, the remeasurement of other long term personnel charges, administrative expenses and taxes for the year are included in the personnel charges in the consolidated income statement. The remeasurement on the net defined benefit liability is included in the statement of comprehensive income as part of other comprehensive income.

For the defined benefit pension plan, provisions are formed by calculating the actuarial value of future payments to the employees in question. No investments are held in respect of these pension plans.

The actuarial calculation for the Belgian companies is based on the following assumptions:

	2020	2019
Discount rate	0.02%	0.27%
Inflation rate	1.80% p.a.	1.80% p.a.

No major adaptations were required in the past for pension liabilities.

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

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

The actuary has performed a sensitivity analysis on actuarial assumptions used. In this respect, both the discount rate and the inflation rate were altered by 50 basis points. A change in the estimates used, as recorded above, does not lead to a possible material impact on Lotus Bakeries' financial statements.

Defined contribution plan

As part of a defined contribution plan, the Group pays contributions to welldefined 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 will be replaced by a single percentage which changes in line with market rates, subject to a minimum of 1.75% and a maximum of 3.75%, reducing the risk for the employer.

Because of this minimum guaranteed return for defined contribution plans in Belgium, the employer is exposed to a financial risk (there is a legal obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods). These plans should therefore in principle be classified and accounted for as defined benefit plans under IAS 19.

In the past the company did not apply the defined benefit accounting for these plans because the return on plan assets provided by insurance companies was sufficient to cover the minimum guaranteed return. As a result of continuous low interest rates offered by the European financial markets, the employers in Belgium effectively assumed a higher financial risk related to the pension plans with a minimum fixed guaranteed return than in the past, requiring them to measure the potential impact of defined benefit accounting for these plans. We made an estimate of the potential additional liabilities as at 31 December 2020 and these are assessed as not significant.

The Group expects to pay around kEUR 3,802 of contributions to these defined contribution plans in 2021.

19. Provisions

The provisions mainly relate to contractual or legal obligations towards personnel.

IN THOUSANDS OF EUR	TOTAL
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

IN THOUSANDS OF EUR	TOTAL
Provisions on 1 January 2019	**398**
Reversal of unutilized provisions	(2)
Provisions used during the year	(90)
Provisions on 31 December 2019	**306**
Long term	285
Short term	21

Current provisions are expected to be settled within 12 months.

20. Financial derivatives

The Lotus Bakeries Group uses financial derivatives to cover risks from adverse exchange rate and interest rate fluctuations. No derivatives are used for trading purposes. Financial derivatives are initially valued at cost price and thereafter at fair value. The financial instruments are level 2 instruments. The fair value is calculated on the basis of the available market information. With respect to put options on non-controlling interests, please refer to note 21.

Interest rate hedges

The interest rate contracts cover the interest rate risk of the financial liabilities with variable interest rates based on the Euribor. The fair value of the interest rate derivatives is calculated using a model that takes into account the available market information on current and expected interest rates (level 2 valuation).

In 2019, a new long-term finance agreement was signed, under which some of the past long-term loans were repaid early in 2019 and 2020. Together with the repayment, new long-term finance was also arranged, at a fixed rate. The market value of the interest rate swaps was partly recognised in 2019 (kEUR -1,478), repayment of these interest rate swaps took place in 2020, the difference between both is recognised in 2020.

Lotus Bakeries also has a loan agreement from 2015 for which an interest rate agreement was entered into at the same time (variable for fixed) to hedge against fluctuations in cash flow caused by changes in interest rates. As of 31 December 2020, the market value of the existing interest rate swaps was kEUR -717, and is included in equity as a change in market value under other comprehensive income (loss on cash flow hedge, kEUR 144).

Exchange rate hedges

The Group is subject to foreign currency risks. The main foreign currency transactions take place in USD, GBP, ZAR, CHF, SEK, CNY and KRW. The net foreign exchange risk of these currencies are hedged by forward contracts whenever there exists a material uncovered net risk for the Group. At the end of 2020, Lotus Bakeries did not own a material foreign currency derivative.

21. Other non-current liabilities

At the end of 2019, other non-current financial liabilities stood at EUR 24.5 million. These mainly arise from the impact of the financial liabilities relating to put options granted to third parties with respect to the entire non-controlling interest in Natural Balance Foods Ltd., where these put options give holders the right to sell part or the whole of their investment in this subsidiary. In May 2020, these put options were almost fully exercised by the founders. At the end of December 2020, Lotus Bakeries held 97.9% of the shares, with the remaining 2.1% still held by the founders. Other non-current liabilities stood at EUR 1.7 million at the end of December 2020 and mostly relate to the put options for the 2.1% of shares not yet held by Lotus Bakeries.

These put options are unconditional and the exercise price depends on the future results (turnover and operating result) of Natural Balance Foods Ltd. In accordance with IAS 32, where non-controlling interests hold put options giving them the right to sell their investment, a financial liability is recorded for the present value of the exercise price expected to be paid. These put options are level 3 instruments.

The counterpart of this liability is a cancellation of the underlying non-controlling interest. The difference between the value of the non-controlling interest and the fair value of the liability is added to the consolidated reserves, which are included in shareholders' equity. This item is adjusted at the end of each reporting period to take into account changes in the exercise price expected to be paid for the option and non-controlling interests. If the option expires without being exercised, the liability is cancelled with the non-controlling interests and consolidated reserves.

22. Trade payables and other liabilities

IN THOUSANDS OF EUR	31-12-2020	31-12-2019
Trade payables	87,370	88,716
Remuneration and social security	26,508	24,146
Tax payables		
VAT payables	145	254
Tax payables	12,701	11,630
Total	**12,846**	**11,884**
Other current liabilities	4,624	5,240
Accrued charges and deferred income	4,404	3,657
TOTAL	**135,752**	**133,643**

The increase in 2020 is mainly due to the increase in staff liabilities due to a higher number of employees, including at the factories in Mebane, Lembeke and South Africa.

23. Personnel costs

IN THOUSANDS OF EUR	2020	2019
Salaries and wages	92,461	83,848
Social security contributions	17,103	15,358
Contributions for company pension plans with fixed contribution	3,965	3,491
Other personnel costs	23,587	20,796
Total personnel costs	**137,116**	**123,493**
Average number of members of personnel	2,214	1,821
Number of members of personnel as at the end of the year	2,155	2,056

The other personnel costs include among other things the costs of temporary staff, training costs and compensation for directors.

Personnel costs increased in 2020 compared with 2019 due to the increase in the number of staff.

24. Share-based payments

The stock option plan ratified by the Board of Directors of March 2012 stipulates that options are granted each financial year to executives and senior management, based on category, results and evaluation.

One option gives the holder the right to purchase one normal Lotus Bakeries share at the fixed exercise price. The exercise price is equal to the average closing stock market price of the underlying share during the thirty calendar days prior to offering date. The standing options have a term of five years. After the exercise period, the options are no longer valid. The exercise period of the options granted in 2007 has been extended by five years under the terms of the Economic Recovery Act ('Herstelwet'). To retain their exercise rights, option holders must remain attached to Lotus Bakeries or an Affiliated Company as an employee or executive director. These rights remain in their entirety in the event of pension retirement, early pension retirement, invalidity or death. Options are exercised via equity.

In 2020, 962 share options were granted to and accepted by Lotus Bakeries employees. In 2019, 1,199 share options were granted to and accepted by Lotus Bakeries employees.

The share options and warrants outstanding at the end of 2020 have a weighted average term of two years and seven months (2019: two years and one month).

The fair value of the options is estimated at the time of allotment, using the binomial valuation method. This valuation model is based on the following market data and assumptions: the share price at the time of allotment, the exercise price, the exercise arrangements, the estimated volatility, the dividend expectations and the risk-free interest rate. The fair value of the share options and warrants is charged to the vesting period.

For all allotted and accepted options, a charge of kEUR 521 was recorded in the income statement in 2020 (kEUR 568 in 2019). For share options exercised during 2020, the weighted average share price at exercise date was EUR 2,851.54 (2019: EUR 2,460.50).

The final warrants owned by senior management and executives of Lotus Bakeries were exercised during the first half of 2019 and the weighted average share price at exercise date was 2,390 euros.

Number of options and warrants	2020	2019
Outstanding at 1 January	**8,568**	**9,998**
Options granted during the year	962	1,199
Options exercised during the year	(4,140)	(2,249)
Options expired during the year	(123)	(100)
Warrants exercised during the year	-	(280)
Outstanding at 31 December	**5,267**	**8,568**
Exercisable at 31 December	341	2,182
Charge recorded in the income statement (kEUR)	**521**	**568**

The weighted average exercise price of options and warrants is as follows:

IN EUR	2020	2019
Outstanding at 1 January	**1,891.03**	**1,591.17**
Options granted during the year	2,828.95	2,351.58
Options exercised during the year	1,464.49	1,029.04
Options expired during the year	1,991.64	1,425.23
Warrants exercised during the year	-	246.02
Outstanding at 31 December	**2,395.26**	**1,891.03**
Exercisable at 31 December	1,702.49	1,246.75

The weighted fair value of the options and assumptions used in applying the option pricing model are as follows.

	2020	2019
Number of years	2	2
Number of months	7	1

ALLOTED IN		NUMBER ALLOTTED (1)	NUMBER EXERCISED (2)	AVAILABLE BALANCE	EXERCISE PRICE	EXERCISE PERIOD		
2015	Options	3,302	3,302	-	1,243.57	01/01/2019	-	07/05/2020
2016	Options	2,334	1,993	341	1,702.49	01/01/2020	-	12/05/2021
2017	Options	1,626	-	1,626	2,331.77	01/01/2021	-	11/05/2022
2018	Options	1,139	-	1,139	2,373.0	01/01/2022	-	14/05/2023
2019	Options	1,199	-	1,199	2,351.58	01/01/2023	-	09/05/2024
2020	Options	962	-	962	2,828.95	01/01/2024	-	07/05/2025
	Total	**10,562**	**5,295**	**5,267**				

(1) Cumulated number allocated minus cumulative number lapsed.
(2) Cumulative number exercised.

The weighted fair value of the options and assumptions used in applying the option pricing model are as follows:

	2020	2019
Fair value of options granted	471.65	331,55
Share price	2,890.00	2,330.00
Exercise price	2,828.95	2,351.58
Expected volatility	25.07%	23.14%
Expected dividends	0.95%	0.92%
Risk-free interest rate	(0.36%)	(0.29%)

The volatility measured at the standard deviation is based on daily share prices of Lotus Bakeries over the last three years.

25. Depreciation and amortisation of (in)tangible assets

IN THOUSANDS OF EUR	2020	2019
Depreciation of intangible assets	916	644
Depreciation of property, plant & equipment	20,085	17,110
Total	**21,001**	**17,754**

The increase in depreciation is largely attributable to the US Biscoff® factory, which has been operational since August 2019. The application of the new IFRS 16 standard has an impact of kEUR 3,284 on depreciation on property, plant and equipment in 2020, against an impact of kEUR 2,948 in 2019. See notes 5, 7 and 27 concerning tangible assets, intangible assets and non-recurrent operating result.

26. Other operating income and charges

IN THOUSANDS OF EUR	2020	2019
Other costs		
Other taxes	3,054	2,982
Other operating charges	2,865	272
Total	**5,919**	**3,254**
Other revenues		
Transport charges	26	(9)
Fixed assets - own construction	(856)	(850)
Other operating income	(6,921)	(2,696)
Total	**(7,751)**	**(3,555)**
Other operating charges (income)	**(1,832)**	**(301)**

The other charges are mainly local indirect taxes (property taxes, municipal taxes, packaging tax, etc.), losses on sales of fixed assets and compensation amounts.

The other income consists primarily of external sales of raw materials, various costs recovered at the time of sale, contributions to the cost of training, and damage compensation payments.

27. Non-recurrent operating result

Grouped under non-recurrent operating result are those operating income items and charges that do not belong to or derive from the recurrent operating activities of the Group. This category includes primarily results from the disposal of fixed assets, any goodwill impairment losses, write-downs or impairment losses on brands from takeovers, project costs for the start-up of new factories under construction, provisions, costs and income for restructuring, pandemics and takeovers.

The non-recurrent operating result at the end of 2020 amounts to kEUR -4,593. This is primarily made up of COVID-19-related costs in order to guarantee continuity and safety in the factories. In addition, further expenses were incurred in the first half of the year in the United States to support the Biscoff® factory and for the installation of the BEAR packaging line.

In 2019, the non-recurrent operating result amounted to kEUR -2,292. This is made up of the project and start-up costs for the factory in the United States and the result of the acquisition of the factory in South Africa.

28. Financial results

IN THOUSANDS OF EUR	2020	2019
Interest expense (income)	**2,726**	**4,460**
Interest charges	2,933	3,306
Fair value valuation of the financial instruments	-	1,478
Interest income	(207)	(324)
Foreign exchange losses (gains)	**(51)**	**(2,232)**
Exchange rate losses	5,480	2,497
Exchange rate gains	(5,531)	(4,729)
Other financial expenses (income)	**329**	**286**
Financial results	**3,004**	**2,514**

On an annual basis, the Group reports a financial charge of kEUR 3,004 versus kEUR 2,514 in 2019. The net financial result for 2020 consists mostly of interest expenses. This decrease is partly explained by the refinancing of long-term debts at the end of 2019. In addition the negative market value of interest rate swaps was included in the result for 2019. These interest rate swaps were repaid in 2020. The change in the foreign exchange result is related to the realisation of the revaluation of balance sheet positions in pounds sterling, which delivered a profit in 2019.

29. Taxes

Income tax amounted to EUR 21 million and fell by 6% compared with 2019. The lowering of the tax rate from 29.58% to 25% in Belgium and the release from deferred tax on the foreign exchange result arising on the repayment of an intercompany debt had a positive impact on the tax expense. The tax expense also includes a negative impact on deferred taxes as a result of the rollback of the rate reduction proposed in the Netherlands in 2021. The average effective tax rate was 20.3% in 2020 compared with 22.8% in 2019.

IN THOUSANDS OF EUR	2020	2019
Income taxes on the results		
Income taxes on the results of the current year	20,143	24,481
Tax adjustments for prior years	(5,528)	(1,882)
Deferred taxes of the current year	6,357	(282)
Total tax charge reported in the income statement	**20,972**	**22,317**
Accounting profit before tax	**103,517**	**98,086**
Effective tax rate of the year	20.26%	22.75%
Reconciliation between theoretical and effective tax rate		
Results before taxation	103,517	98,086
Legal tax rate	25.00%	29.58%
Legal income tax expense	25,879	29,014
Effect of different tax rates in other countries	(901)	(2,786)
Deductions of taxable income (Deduction Notional Interest + various tax credits)	(1,493)	(1,259)
Tax adjustments for prior years	(1,437)	(1,175)
Taxes on dividend income	48	-
Disallowed expenses	2,350	784
Tax free income	(206)	(462)
Tax losses used for which no deferred tax asset has been recorded	(110)	(232)
Changes in tax rate or new taxes	1,818	(1,747)
Deferred taxes on the foreign exchange result through repayment intercompany debt	(4,951)	0
Other	(25)	180
Effective tax	20,972	22,317
Effective tax rate	20.26%	22.75%

30. Earnings per share

Earnings per share is calculated by dividing the Group's share in net profit by the weighted average number of outstanding shares over the year (total number of shares - treasury shares).

Diluted earnings per share is calculated by dividing the Group's share in net profit by the weighted average number of outstanding shares over the year, adjusted for the potential dilution of ordinary shares as a result of options and warrants granted under the stock option plan for management (see note 24).

IN THOUSANDS OF EUR	2020	2019
Net result - attributable to:	**82,545**	**75,769**
Non-controlling interests	(48)	857
Equity holders of Lotus Bakeries	82,593	74,912
Weighted average number of shares	809,664	807,476
Ordinary earnings per share (EUR) - attributable to:		
Non-controlling interests	(0.06)	1.06
Equity holders of Lotus Bakeries	102.01	92.77
Dilutive effect	**1,520**	**2,372**
Weighted average number of shares under option	5,655	8,712
Weighted average number of shares which should be issued at average market rate	(4,135)	(6,340)
Weighted average number of shares after effect of dilution	811,184	809,848
Diluted earnings per share (EUR) - attributable to:		
Non-controlling interests	(0.06)	1.06
Equity holders of Lotus Bakeries	101.82	92.50
Total number of shares	816,013	816,013
Earnings per share (EUR) - attributable to:		
Non-controlling interests	(0.06)	1.05
Equity holders of Lotus Bakeries	101.22	91.80
Total number of shares less treasury shares	810,471	806,332
Earnings per share (EUR) - attributable to:		
Non-controlling interests	(0.06)	1.06
Equity holders of Lotus Bakeries	101.91	92.90

31. Related parties

A list of all Group companies is provided in note 1. Further details of the shareholding structure of Lotus Bakeries NV as of 31 December 2020 are contained in the Corporate Governance Statement in part 1 of the 2020 annual report of Lotus Bakeries.

For information on the remuneration of the CEO and the remuneration of the executive managers in 2020, we refer to the remuneration report included in part 1 of the 2020 annual report.

Apart from remuneration and transactions between companies included in the scope of consolidation, no significant transactions took place with related parties.

32. Rights and commitments not reflected in the balance sheet

1. Commitments to acquire tangible fixed assets
As per 31 December 2020, the Group had kEUR 4,070 of commitments (2019: kEUR 6,642) for the purchase of fixed assets.

2. Contracts for raw materials and finished products
Purchased but not yet delivered raw materials and finished products in 2021 and 2022 amount to kEUR 108,780, as detailed below.

IN THOUSANDS OF EUR	2020	2019
Less than one year	87,705	72,728
More than one year and less than five years	21,075	18,840

3. Other rights and commitments
Bank guarantees as per 31 December 2020: kEUR 1,530 (as per 31/12/2019: kEUR 1,041).

Lotus Bakeries commits itself not to dispose of, mortgage or pledge any fixed assets without prior consultation with the credit-granting institutions. These assets serve as guarantee for the loans ('full negative pledge').

33. Financial risk management

The Lotus Bakeries Group's greatest market risks are fluctuations in raw material and packaging prices, exchange rates and interest rates.

For a description of these risks, please refer to the financial information contained in the report of the Board of Directors in part 1 of the 2020 annual report of Lotus Bakeries.

34. Categories and fair value of financial instruments

Financial Assets by Class and Measurement Category
Financial assets (trade receivables, cash and cash equivalents) are measured at amortised cost. Financial liabilities (interest-bearing liabilities, trade payables) are recognised at amortised cost. The amortised cost approximates the fair value as closely as possible. The put options included in the other non-current liabilities are valued based on the market approach (multiple). Derivative financial instruments are measured at fair value.

Financial Liabilities by Class and Measurement Category

31 DECEMBER 2020

IN THOUSANDS OF EUR	NOTE	FINANCIAL ASSETS MEASURED AT AMORTISED COST	FINANCIAL ASSETS MEASURED AT FAIR VALUE			
		LOANS AND RECEIVABLES	DERIVATIVES - THROUGH PROFIT OR LOSS	DERIVATIVES - THROUGH EQUITY	AVAILABLE FOR SALE THROUGH EQUITY	TOTAL
Trade receivables	11	82,856	-	-	-	82,856
Cash and cash equivalents	12, 13	81,261	-	-	-	81,261
Total financial assets		**164,117**	**-**	**-**	**-**	**164,117**

Financial Liabilities by Class and Measurement Category

31 DECEMBER 2019

IN THOUSANDS OF EUR	NOTE	FINANCIAL ASSETS MEASURED AT AMORTISED COST	FINANCIAL ASSETS MEASURED AT FAIR VALUE			
		LOANS AND RECEIVABLES	DERIVATIVES - THROUGH PROFIT OR LOSS	DERIVATIVES - THROUGH EQUITY	AVAILABLE FOR SALE THROUGH EQUITY	TOTAL
Trade receivables	11	79,072	-	-	-	79,072
Cash and cash equivalents	12, 13	40,093	-	-	-	40,093
Total financial assets		**119,165**	**-**	**-**	**-**	**119,165**

Financial Liabilities by Class and Measurement Category

31 DECEMBER 2020

IN THOUSANDS OF EUR	NOTE	FINANCIAL LIABILITIES AT AMORTISED COST	FINANCIAL LIABILITIES AT FAIR VALUE: DERIVATIVES - THROUGH PROFIT OR LOSS	FINANCIAL LIABILITIES AT FAIR VALUE: DERIVATIVES - THROUGH EQUITY	FINANCIAL LIABILITIES AT FAIR VALUE: FAIR VALUE HIERARCHY	TOTAL
Interest-bearing liabilities	13, 17	193,500	-	-	-	193,500
Derivative financial instruments	20	-	-	(717)	Level 2	(717)
Other non-current liabilities	21	5	-	1,738	Level 3	1,743
Interest-bearing liabilities IFRS 16 leases standard	13, 17	4,656	-	-	-	4,656
Non-current liabilities		**198,161**	**-**	**1,021**	**-**	**199,182**
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
Current liabilities		**99,922**	**-**	**-**	-	**99,922**
Total financial liabilities		**298,083**	**-**	**1,021**	**-**	**299,104**

Financial Liabilities by Class and Measurement Category

31 DECEMBER 2019

IN THOUSANDS OF EUR	NOTE	FINANCIAL LIABILITIES AT AMORTISED COST	FINANCIAL LIABILITIES AT FAIR VALUE: DERIVATIVES - THROUGH PROFIT OR LOSS	FINANCIAL LIABILITIES AT FAIR VALUE: DERIVATIVES - THROUGH EQUITY	FINANCIAL LIABILITIES AT FAIR VALUE: FAIR VALUE HIERARCHY	TOTAL
Interest-bearing liabilities	13, 17	152,003	-	-	-	152,003
Derivative financial instruments	20	-	1,478	862	Level 2	2,340
Other non-current liabilities	21	-	-	24,495	Level 3	24,495
Non-current liabilities		**152,003**	**1,478**	**25,357**	**-**	**178,838**
Interest-bearing liabilities	13, 17	33,647	-	-	-	33,647
Trade payables	22	88,716	-	-	-	88,716
Current liabilities		**122,363**	**-**	**-**	-	**122,363**
Interest-bearing liabilities IFRS 16 leases standard	13, 17	8,939	-	-	-	8,939
Total financial liabilities		**283,305**	**1,478**	**25,357**	**-**	**310,140**

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. IFRS 13 requires, for financial instruments that are measured in the balance sheet at fair value, the disclosure of fair value measurements by level of fair value measurement hierarchy. For financial instruments not measured at fair value, the disclosure of their fair value and the fair value measurement level is necessary.

The fair value measurements have to be categorised by the following level of fair value measurement hierarchy:

Level 1: The fair value of a financial instrument that is traded in an active market is measured based on quoted (unadjusted) prices for identical assets or liabilities. A market is considered as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency. Those prices represent actual and regularly occurring market transactions on an arm's length basis.

Level 2: The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to determine the fair value of an instrument are observable, either directly (i.e. as prices) or indirectly (i.e. derived from prices), the instrument is included in Level 2.

Level 3: If one or more of the significant inputs used in applying the valuation technique is not based on observable market data, the financial instrument is included in Level 3.

No transfers between the different fair value hierarchy levels took place in 2020 and 2019.

35. Research and development

External and internal costs of research and development are expensed to the income statement during the year in which they are incurred. For 2020 these costs amounted to kEUR 1,627.

YEAR	EXTERNAL AND INTERNAL COSTS OF RESEARCH AND DEVELOPMENT IN THOUSANDS OF EUR
2020	1,627
2019	1,539
2018	1,623
2017	1,568
2016	1,320

36. Subsequent events

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

37. Management responsibility statement

We hereby certify that, to the best of our knowledge, the consolidated financial statements for the year ended 31 December 2020, which have been prepared in accordance with IFRS (International Financial Reporting Standards), give us a true and fair view of the assets, liabilities, financial position and profit or loss of the company and the subsidiaries included in the consolidation as a whole, and that the annual report includes a fair review of the important events that have occurred during the year 2020 and of the major transactions with the related parties, and their impact on the consolidated financial statements, together with a description of the principal risks and uncertainties with which the company is confronted.

Lembeke, 15 April 2021
On behalf of the Board of Directors

Jan Boone, CEO

38. Information about the Statutory Auditor, its remuneration and additional services rendered

The company's Statutory Auditor is PwC Bedrijfsrevisoren BV, represented by Lien Winne.

IN THOUSANDS OF EUR	
Audit fee for the Group audit 2020	
Lotus Bakeries NV	86
Lotus Bakeries Group	373
Total	**458**
Fees for the mandates of PwC Bedrijfsrevisoren	331
Fees for the mandates of persons related to PwC bedrijfsrevisoren	127
Group's Auditor fees for additional services rendered	
Other audit-related fees	8
Tax fees	-
Other non-audit fees	-
Fees for additional services rendered by persons related to PwC Bedrijfsrevisoren	
Other audit-related fees	15
Tax fees	97
Other non-audit fees	-

AUDITOR'S REPORT

STATUTORY AUDITOR'S REPORT TO THE GENERAL SHAREHOLDERS' MEETING ON THE CONSOLIDATED ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2020

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

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

Report on the consolidated accounts

Unqualified opinion

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

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

Basis for unqualified opinion

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

We have obtained from the board of directors and Company officials the explanations and information necessary for performing our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

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

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

Description of the Key Audit Matter

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

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

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

How our Audit addressed the Key Audit Matter

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

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

We understood and challenged:

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

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

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

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

Revenue recognition relating to commercial arrangements – Note 2

Description of the key audit matter

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

concern basis of accounting by the board of directors are described below.
As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

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

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

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

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

Other legal and regulatory requirements

Responsibilities of the board of directors

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

Statutory auditor's responsibilities

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

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

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

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

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

Statement related to independence

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

Other statements

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

15 April 2021

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

Lien Winne
Réviseur d'Entreprises / Bedrijfsrevisor

ABRIDGED FIVE-YEAR FINANCIAL SUMMARY GROUP LOTUS BAKERIES

Consolidated balance sheet

IN THOUSANDS OF EUR	31-12-2020	31-12-2019	31-12-2018	31-12-2017	31-12-2016
NON CURRENT ASSETS	**622,840**	**641,122**	**545,647**	**447,693**	**437,310**
Property, plant and equipment	258,182	263,793	219,897	174,426	161,590
Goodwill	216,485	229,365	177,639	141,001	144,368
Intangible assets	139,966	142,709	138,887	123,924	126,006
Participating interests	-	-	2,448	-	-
Investment in other companies	4,403	2,243	12	12	37
Deferred tax assets	3,351	2,505	3,936	4,310	4,854
Other non-current assets	453	507	2,828	4,020	455
CURRENT ASSETS	**221,387**	**171,507**	**165,925**	**149,801**	**110,692**
Inventories	46,827	44,461	39,066	33,653	32,175
Trade receivables	82,856	79,072	71,097	60,104	50,922
Cash and cash equivalents	81,261	40,093	45,597	48,129	19,932
TOTAL ASSETS	**844,227**	**812,629**	**711,572**	**597,494**	**548,002**
EQUITY	**433,744**	**402,477**	**346,927**	**293,213**	**248,464**
Non-current liabilities	**261,841**	**239,584**	**198,042**	**193,923**	**197,245**
Interest-bearing liabilities	198,156	158,010	116,500	117,500	118,500
Deferred tax liabilities	57,195	50,737	52,725	49,206	50,666
Other non-current liabilities	1,743	24,500	22,602	20,987	19,560
Current liabilities	**148,642**	**170,568**	**166,603**	**110,358**	**102,293**
Interest-bearing liabilities	12,552	36,579	36,655	1,750	7,533
Trade payables	87,370	88,716	86,794	68,542	54,742
Employee benefit expenses and social security	26,508	24,146	21,330	18,383	18,418
TOTAL EQUITY AND LIABILITIES	**844,227**	**812,629**	**711,572**	**597,494**	**548,002**

Consolidated income statement

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

ABRIDGED STATUTORY FINANCIAL STATEMENTS OF LOTUS BAKERIES NV

Balance sheet after appropriation of profit

ASSETS IN THOUSANDS OF EUR	31-12-2020	31-12-2019
Fixed Assets	**626,973**	**432,258**
II. Intangible assets	**2,994**	**4,490**
IV. Financial assets	**623,980**	**427,768**
A. Affiliated enterprises	623,980	427,768
1. Participating interests	623,980	427,768
Current Assets	**31,460**	**30,758**
VII. Amounts receivable within one year	**17,383**	**14,512**
A. Trade debtors	16,160	13,665
B. Other amounts receivable	1,223	847
VIII. Current investments	**11,474**	**15,866**
A. Own shares	11,474	15,866
IX. Cash at bank and in hand	**2,583**	**360**
X. Deferred charges and accrued income	**20**	**20**
TOTAL ASSETS	**658,433**	**463,016**

LIABILITIES IN THOUSANDS OF EUR	31-12-2020	31-12-2019
Equity	**152,284**	**64,473**
I. Capital	**3,591**	**3,591**
A. Issued capital	3,591	3,591
II. Share premium account	**12,797**	**12,797**
IV. Reserves	**135,896**	**48,085**
A. Legal reserve	359	359
B. Reserves not available for distribution	11,546	15,938
1. Own shares	11,474	15,866
2. Other	72	72
C. Untaxed reserves	545	545
D. Reserves available for distribution	123,446	31,243
Amounts payable	**506,149**	**398,543**
VIII. Amounts payable after one year	**208,168**	**107,712**
A. Financial debts	198,455	98,140
5. Other loans	198,455	98,140
D. Other debts	9,713	9,572
IX. Amounts payable within one year	**297,981**	**290,823**
B. Financial debts	259,813	258,039
2. Other loans	259,813	258,039
C. Trade debts	5,895	5,888
1. Suppliers	5,895	5,888
E. Taxes, remuneration and social security	3,037	517
1. Taxes	3,037	517
F. Other amounts payable	29,236	26,379
X. Accrued charges and deferred income	**-**	**8**
TOTAL LIABILITIES	**658,433**	**463,016**

Non-consolidated income statement

IN THOUSANDS OF EUR	2020	2019
I. Operating income	**16,160**	**13,595**
D. Other operating income	16,160	13,595
II. Operating charges	**(5,813)**	**(5,036)**
B. Services and other goods	4,243	3,500
D. Depreciation of and other amounts written off formation expenses, intangible and tangible fixed assets	1,497	1,497
G. Other operating charges	43	39
H. Non-recurring operating charges	30	-
III. Operating profit	**10,347**	**8,559**
IV. Financial income	**126,376**	**31,371**
A. Income from financial fixed assets	122,621	30,004
C. Other financial income	3,755	1,367
V. Financial charges	**(17,328)**	**(3,576)**
A. Debt charges	2,927	3,568
C. Other financial charges	794	8
D. Non-recurrent financial charges	13,607	
IX. Profit for the year before taxes	**119,395**	**36,354**
X. Income taxes	**(2,365)**	**(1,474)**
A. Income taxes	2,365	1,474
XI. Profit for the year	**117,030**	**34,880**
XIII. Profit for the year available for appropriation	**117,030**	**34,880**

Appropriation of the result

IN THOUSANDS OF EUR	2020	2019
A. Profit to be appropriated	117,030	34,880
1. Profit for the year available for appropriation	117,030	34,880
C. Transfer to capital and reserves	(87,812)	(8,518)
3. To other reserves	87,812	8,518
F. Distribution of profit	(29,218)	(26,362)
1. Dividends	28,968	26,112
2. Directors' entitlements	250	250

Extract from the notes

VIII. Statement of capital	2020	2019	2020
	IN THOUSANDS OF EUR	IN THOUSANDS OF EUR	NUMBER OF SHARES
A. Capital			
1. Issued capital			
At the end of the preceding year	3,591	3,590	
At the end of the year	3,591	3,591	
2. Structure of the capital			
2.1. Different categories of shares			
Ordinary shares	3,591	3,591	816,013
2.2. Registered shares and dematerialised shares			
Registered			494,111
Dematerialised			321,902
C. Teasury shares held by:			
The company itself	11,474	15,866	5,542
E. Amounts of authorised capital, not issued	**1,197**	**942**	

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 booked at their nominal value. Debts in foreign currencies are valued at the rate of exchange on the balance date.

Exchange rate differences are processed in the same way as for foreign currency receivables.

3. Additional information

The company is part of a VAT unit which was formed within the Group and to which the following companies belong:

- Lotus Bakeries NV
- Lotus Bakeries België NV
- Cremers-Ribert NV
- Interwaffles SA
- Lotus Bakeries Corporate NV
- Biscuiterie Willems BV

Consequently, the company is jointly and severally liable for the tax debts of all the above companies.

NOTES

NOTES

REGISTERED OFFICE

Lotus Bakeries NV
Gentstraat 1
B-9971 Lembeke
T + 32 9 376 26 11
F + 32 9 376 26 26
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
F + 32 9 376 26 26
corporate@lotusbakeries.com

Concept and realisation
Focus Advertising and Lotus Bakeries
www.focus-advertising.be
Illustration cover
Flore Deman
www.floredeman.com

FSC
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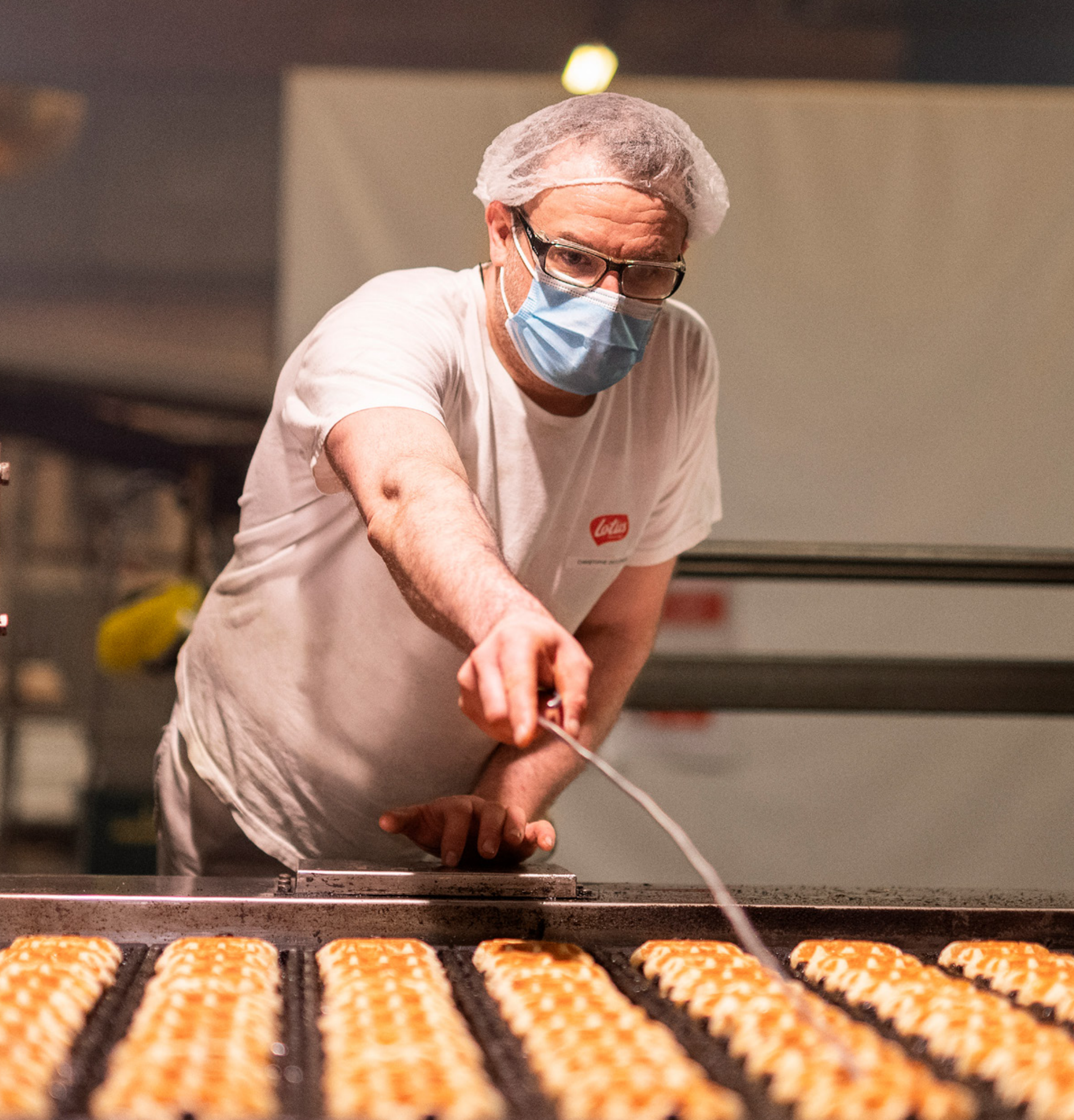
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