



# LOTUS BAKERIES GROUP

Interim Financial Reporting per 30 June 2020



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## 1. Consolidated key figures

Income statement <sup>(1)</sup> (in thousands of EUR)	30/06/2020	30/06/2019	Evolution %	
Turnover	323,271	298,134	+	8.4
Recurrent operating result (REBIT) <sup>(2)</sup>	55,030	51,235	+	7.4
Recurrent operating cash flow (REBITDA) <sup>(3)</sup>	67,074	60,918	+	10.1
Non-recurrent operating result	(4,007)	(2,373)	+	68.9
Operating result (EBIT) <sup>(4)</sup>	51,023	48,862	+	4.4
Financial result	(2,547)	(1,573)	+	61.9
Profit for the year before taxes	48,476	47,289	+	2.5
Taxes	(10,295)	(11,047)	-	6.8
Net result	38,181	36,242	+	5.3
Recurrent net result	41,337	38,060	+	8.6
Total number of shares on 30 June <sup>(5)</sup>	810,244	808,038	+	0.3
Key figures per share (in EUR)				
Recurrent operating result (REBIT)	67.92	63.41	+	7.1
Recurrent operating cash flow (REBITDA) <sup>(3)</sup>	82.78	75.39	+	9.8
Balance sheet (in thousands of EUR)				
Balance sheet total	848,486	799,400	+	6.2
Equity	391,555	357,055	+	9.7
Investments <sup>(6)</sup>	31,022	72,714	-	57.3
Net financial debts <sup>(7)</sup>	170,870	152,506	+	12.0

(1) Further information on the income statement and balance sheet can be found on the website: [www.lotusbakeries.com](http://www.lotusbakeries.com)

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

(3) Recurrent operating cash flow is defined as recurrent operating result + depreciations + provisions and amounts written off + non-cash costs valuation option and warrant plan.

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

(5) Total number of shares on 30 June, excluding treasury shares.

(6) Investments in tangible, intangible fixed assets and participating interests.

(7) Net financial debts are defined as interest bearing financial debts - investments - short term investments - cash and cash equivalents - treasury shares, and are reported excluding the 'lease liability' that results from the implementation of the IFRS 16 Leases standard. Including this 'lease liability', the net financial debts amount to kEUR 179,167.

The statutory auditor, PwC Bedrijfsrevisoren, represented by Lien Winne, has executed a review of the consolidated balance sheet and consolidated interim financial information. The statutory auditor has no comments. For the statutory auditor's report we refer to the Interim Financial Report on our website.





## 2. Management explanation

### 2.1 Key points

In the first half of 2020, Lotus Bakeries **Group's** consolidated turnover increased by EUR 25.1 million to EUR 323.3 million, representing 8.4% growth. This significant growth is mainly due to Lotus Biscoff®, which was able to accelerate its widespread international expansion for its three concepts: Biscoff® Cookie, Biscoff® Spread and Biscoff® Ice Cream. After a strong 2019, the Natural Foods brands managed to continue their growth path during the first quarter of 2020, until the lockdowns took effect. In fact, these global lockdowns negatively impacted all Lotus Bakeries products consumed on the go and out of home.

All 12 of the **Group's** production sites remained operational throughout the first half of the year. As a result, our customers and consumers were always assured of their favourite products. However, Lotus Bakeries had to incur significant extra expense in order to ensure the safety of its employees and the continuity of its operations.

Short decision-making lines, which enabled us to adapt rapidly to constantly changing circumstances, the commitment of all of our employees and strong revenue growth, translated into a healthy growth in profitability in the first half of the year.

### 2.2 Impact of COVID-19

The most direct and negative impact of COVID-19 on Lotus **Bakeries'** revenue is on products which find their way to consumers via the out-of-home channel. Those brands and products specifically designed for an on-the-go consumption moment have also experienced falling demand during this crisis.

The out-of-home channel comprises all sales, direct or indirect, to cafés and cafeterias, airlines, hotels, restaurants, cruise ships, cinemas, events, theme parks, schools, hospitals, etc. The pandemic has naturally had a very significant impact on this channel.

The global imposition of lockdowns, in which offices and schools were closed, and fewer journeys were made to work, to visit family or out of the home, had a significant impact on products and brands that are mainly consumed on the go. The Nākd, TREK and BEAR brands, which are mainly consumed by active young people and families, as healthy alternatives that are also convenient, were severely impacted by this from mid-March onwards. The Dutch on-the-go gingerbread brand Snelle Jelle also experienced a strong negative impact.

During the lockdown and throughout the first half of the year, all 12 of the **Group's** production sites remained operational. Lotus Bakeries managed to organize production so as to balance the safety and availability of employees with the regulatory requirements and market demand. Naturally, this involved significant extra COVID-19 expenses, which are included in the results for the first half of the year. At no time did the company rely on furlough schemes. In addition, as a manufacturing company, Lotus Bakeries relies on various suppliers and carriers to manufacture our products and transport them to customers. This supply chain also remained intact throughout the first half of the year.

CEO Jan Boone:

*"During the first half of the year, COVID-19 had a significant impact on operations and ways of working within Lotus Bakeries. As management, **we're** therefore extremely pleased that, together with our more than 2,000 employees, we have steered the business through this unprecedented crisis safely and **successfully**."*



## 2.3 Growth and innovations in Biscoff®

The internationalization of Lotus Biscoff® forms a major pillar of our strategy. The growth of Lotus Biscoff® in the first six months of 2020 was extraordinary. Lotus Biscoff® proved itself once more a consistent and robust growth driver.

- a. Biscoff® Cookie and Biscoff® Spread experienced strong growth once more in the large consumer markets of the United States (US), the United Kingdom (UK), France and China. The first half of the year was also characterized by general growth in almost all parts of the world and countries. Besides the home countries of Belgium and the Netherlands, double-digit growth was also recorded in the Czech Republic, Switzerland, Sweden, South Korea, Saudi Arabia, the United Arab Emirates, Japan, Turkey, Australia, Singapore, Canada, Egypt and Indonesia.
- b. Biscoff® Ice Cream was launched internationally last year with an extensive new range. Ice Cream has made further breakthroughs this year: distribution and sales are growing strongly in supermarkets in the US, the UK, France and South Korea, while Biscoff® Ice Cream has also been launched in additional countries such as Switzerland, Spain, Austria and the Czech Republic, and in the Middle East.
- c. The latest addition to the Lotus Biscoff® family, the Biscoff® Sandwich Cookie, was launched in four countries, namely Belgium, France, the UK and the US, in the first half of the year. The cookie is available with three different fillings: our own Biscoff® Spread, vanilla and chocolate cream. The launch took place for the time being with limited activation in store and without media support. Nevertheless, the flow into the four countries went according to plan and initial indications for retail sales are positive. By the end of the year, the product will be launched in additional countries. To enable us to produce these additional volumes, we decided to invest in a new Biscoff® Sandwich Cookie production line in Lembeke, Belgium.
- d. Lotus Bakeries makes its debut in the Chocolate Category in Belgium. Following the recent launch of both the Biscoff® Sandwich Cookie and the new international range of Biscoff® Ice Cream, the next Biscoff® innovation will already be launched in Belgium in the second half of the year.

The unique Biscoff® taste forms the basis for a specially developed new range of Lotus Biscoff® chocolate. The range will consist of two varieties: milk chocolate with crunchy Biscoff® pieces and milk chocolate with smooth Biscoff® Spread filling. Both varieties will be available both as bars and in a mini-version. These delicious products will be available in Belgian supermarkets from the autumn.

## 2.4 Financial statement on half-year figures

The recurrent operating cash flow (REBITDA) amounts to EUR 67.1 million or 20.7% of turnover, and increased by EUR 6.2 million year on year, representing 10.1% growth.

The increase in turnover is complemented by a positive contribution to the commercial margin. During the first quarter, the Group invested further in media support with campaigns for Biscoff® in Belgium, France, the UK and Spain, for Nākd in the UK and Belgium, for Peijnenburg in the Netherlands, for waffles in France and Belgium, and for cakes in Belgium. The planned reinforcement of sales and marketing teams for both the Natural Foods Business Unit and the Biscuits & Bakery Business Unit began in the first half of the year and will continue in the course of 2020.



In the second half of last year, both the Lotus Biscoff® factory in the United States and the BEAR factory in South Africa went into operation. The BEAR factory in South Africa made a positive contribution to the results in the first half of the year, thanks to good volumes and a strong operating performance. The Lotus Biscoff® factory in the US was opened in August last year and is now fully operational. As a result of both investments, depreciation charges rose by more than EUR 2 million in the first half of the year. Due to these additional depreciations, the growth of the recurrent operating result (REBIT) is lower than that of the recurrent operating cash flow in absolute terms. The recurrent operating result amounts to EUR 55.0 million or 17% of turnover, representing an increase of EUR 3.8 million year on year.

The non-recurrent operating result amounts to EUR -4 million and is primarily made up of direct COVID-19 costs in order to guarantee continuity and safety in the factories. In addition, expenses were incurred to support the Biscoff® factory in the US and for the accompanying installation and start-up of the BEAR packaging line.

The financial result of EUR -2.5 million consists primarily of interest expenses and realized foreign exchange gains and losses on balance sheet positions in foreign currencies.

The tax expense decreased to EUR 10.3 million or 21.2% of the profit before taxes. The recent nominal rate reduction in Belgium to 25% had a positive impact on the tax expense. Factors such as the exemption obtained from double taxation also had a one-off positive effect. This also led to a one-off reduction in the effective tax expense.

The recurrent net profit rose by nearly 9% to EUR 41.3 million or 12.8% of turnover. The recurrent net result consists of the reported net result minus non-recurrent costs. The net profit, which includes non-recurrent costs, increased by 5.3% to EUR 38.2 million.

Over the last 12 months, Lotus Bakeries generated a record operating cash flow of EUR 124 million. During this period, the company also invested in the acquisition of shares in Natural Balance Foods and major strategic and expansion projects such as the Biscoff® factory in the US, the packaging line for BEAR in the US and the first Biscoff® Sandwich Cookie line in Belgium. Finally, the growth and innovations required extra working capital. Despite these major expenses, thanks to the strong cashflow, the increase in net financial debt remained slight compared to June 2019. The net financial debt/REBITDA ratio remains low at around 1.4.

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

In May, Lotus Bakeries reached an agreement with Natural Balance **Food's** Founders Jamie & Greg Combs to purchase the majority of their remaining stake, in a deal that gives Lotus Bakeries 97.9% ownership. To ensure the continuity of the brands DNA and to help realize future growth ambitions, Jamie & Greg Combs will remain on board as trusted advisors focussing on innovation and sparring partners and will keep a 2.1% shareholder stake in Natural Balance Foods ("NBF"). The price paid represents a multiple of c1.7x the current year Net Sales.

Natural Balance Foods is the pioneering British wholefood company with a wide range of innovative wholefood bars sold under the Nākd and TREK brands. NBF was founded in 2004 by the two Californian brothers Jamie and Greg Combs. As from the start, Nākd and TREK have become beloved by consumers for its range of innovative and delicious snack products, free from gluten, dairy, wheat, and added sugars. The strong sales were primarily driven by an explosive demand for its all-natural products across the UK's major grocery and retail stores, as increasingly health-conscious consumers gravitate towards healthy and tasty snacking solutions.



In 2015, the Founders and Lotus Bakeries entered into a strategic partnership whereby Lotus Bakeries acquired 67.5% of the shares. The Founders held the balance of the shares and also remained actively involved in the day-to-day management and operations of NBF. The combination of the **Founders'** vision on wholefood snacking and Lotus **Bakeries'** international network and know-how have brought NBF to another level over the last 5 years. As from the start, the Founders and Lotus Bakeries management have been working together in a positive way, always maintaining the entrepreneurial spirit, with the vision to create value for all stakeholders. The sales of both NBF brands, Nākd and TREK, have grown significantly in the UK and internationally through focus, innovation and brand support.

## 2.6 FF2032, Lotus **Bakeries'** corporate venture fund, invests in Love Brands Inc.

The goal of FF2032, Lotus **Bakeries'** corporate venture fund, is to create a platform for investment in promising brands and growth companies offering innovative products, technologies or market approaches within the food sector. The fund invests in innovative businesses focussed on modern consumer demands in the areas of nutrition and convenience.

FF2032 made its second investment in 2020. The fund took a minority stake in Love Brands Inc., an American company which markets a delicious crunchy corn snack under the '**LOVE Corn**' brand. **LOVE Corn's** snacks are available in four flavours and are vegan, gluten free and non-GMO. The strategy is to focus initially on two markets: the US and the UK. The company achieved sales of around USD 5 million in 2019.

## 2.7 Conclusion and outlook

The first half of 2020 will always be associated with the outbreak of the COVID-19 pandemic. The pandemic and the related lockdown measures have had a significant, direct impact on sales trends for products in the out-of-home channel and products consumed on the go.

On the other hand, Lotus Biscoff® has proved itself a consistent and robust growth driver once more. The internationalization of Biscoff® Ice Cream and the launch of the new Biscoff® Sandwich Cookie will further boost Biscoff®'s international reach. And another innovative seed will be planted this autumn, with the launch of a new range of Biscoff® Chocolate in Belgium.

The COVID-19 pandemic is still present globally. In the second half of the year, Lotus Bakeries therefore expects to see similar trends for its various brands and markets. Consumption in out-of-home channels will not pick up until the pandemic is fully under control once more. The modern Natural Foods concepts will also benefit from the normalization of social life and a return to consumption on the go. The products are also on-trend in the quest for a healthy and active lifestyle.

CEO Jan Boone looks back on a highly eventful and unprecedented first half of 2020:

*"Since mid-March, we've found ourselves in a new, unprecedented reality. During the second quarter, our priority lay with the safety and support of our employees and customers, and with ensuring the continuity of the business. My respect and appreciation therefore go firstly to all of our people who have demonstrated exceptional flexibility, commitment and resilience.*

*I'm particularly pleased with the strength of Lotus Biscoff® and the extraordinary growth that we have achieved. I am convinced that the internationalization of Biscoff® Ice Cream, the introduction of the Biscoff® Sandwich Cookie and our latest innovation Biscoff® Chocolate will further boost Biscoff®'s global potential.*

*The period under review has proven once more that Lotus Bakeries is built on firm foundations and that our strategy, our people and our products guarantee a successful future."*



### 3. Consolidated financial statements

#### 3.1 Consolidated income statement

in thousands of EUR	Jan-June 2020	Jan-June 2019
Turnover	323,271	298,134
Raw materials, consumables and goods for resale	(102,639)	(94,849)
Services and other goods	(86,278)	(82,340)
Employee benefit expense	(67,695)	(59,387)
Depreciation and amortisation on intangible and tangible assets	(10,377)	(8,230)
Impairment on inventories, contracts in progress and trade debtors	(1,274)	(1,204)
Other operating charges	(3,472)	(2,263)
Other operating income	3,494	1,374
Recurrent operating result (REBIT) <sup>(1)</sup>	55,030	51,235
Non-recurrent operating result	(4,007)	(2,373)
Operating result (EBIT) <sup>(2)</sup>	51,023	48,862
Financial result	(2,547)	(1,573)
Interest income (expense)	(1,313)	(1,368)
Foreign exchange gains (losses)	(998)	(49)
Other financial income (expense)	(236)	(156)
Profit for the year before taxes	48,476	47,289
Taxes	(10,295)	(11,047)
Result after taxes	38,181	36,242
NET RESULT	38,181	36,242
attributable to:		
Non-controlling interests	6	348
Equity holders of Lotus Bakeries	38,175	35,894
Other comprehensive income:		
Items that may be subsequently reclassified to profit and loss	(24,476)	(4,016)
Currency translation differences	(24,498)	(1,863)
Gain/(Loss) on cash flow hedges, net of tax	22	(2,153)
Items that will not be reclassified to profit and loss	(47)	-
Remeasurement gains/(losses) on defined benefit plans	(47)	-
Other comprehensive income	(24,523)	(4,016)
Total comprehensive income	13,658	32,226
attributable to:		
Non-controlling interests	(50)	338
Equity holders of Lotus Bakeries	13,708	31,888





	Jan-June 2020	Jan-June 2019
Earnings per share		
Weighted average number of shares	808,914	807,291
Basic earnings per share (EUR) - attributable to:		
Non-controlling interests	0.01	0.43
Equity holders of Lotus Bakeries	47.19	44.46
Weighted average number of shares after effect of dilution	810,115	809,576
Diluted earnings per share (EUR) - attributable to:		
Non-controlling interests	0.01	0.43
Equity holders of Lotus Bakeries	47.12	44.34
Total number of shares <sup>(3)</sup>	816,013	816,013
Earnings per share (EUR) - attributable to:		
Non-controlling interests	0.01	0.43
Equity holders of Lotus Bakeries	46.78	43.99

(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.



### 3.2 Consolidated balance sheet

in thousands of EUR	30/06/2020	31/12/2019
<b>ASSETS</b>		
Non-current assets	613,947	641,122
Property, plant and equipment	257,607	263,793
Goodwill	211,359	229,365
Intangible assets	138,784	142,709
Investment in other companies	2,243	2,243
Deferred tax assets	3,475	2,505
Other non-current assets	479	507
Current assets	234,539	171,507
Inventories	53,274	44,461
Trade receivables	82,202	79,072
VAT receivables	4,706	5,280
Income tax receivables	3,792	1,075
Other amounts receivable	904	172
Short term investments	15,000	-
Cash and cash equivalents	70,474	40,093
Deferred charges and accrued income	4,187	1,354
<b>TOTAL ASSETS</b>	<b>848,486</b>	<b>812,629</b>
<b>EQUITY AND LIABILITIES</b>		
Equity	391,555	402,477
Share Capital	16,388	16,388
Retained earnings	432,194	422,724
Treasury shares	(11,772)	(15,866)
Other reserves	(45,315)	(20,848)
Non-controlling interests	59	79
Non-current liabilities	292,986	239,584
Interest-bearing loans and borrowings	234,237	158,010
Deferred tax liabilities	52,052	50,737
Pension liabilities	3,877	3,712
Provisions	271	285
Derivative financial instruments	832	2,340
Other non-current liabilities	1,717	24,500
Current liabilities	163,945	170,568
Interest-bearing loans and borrowings	42,176	36,579
Pension liabilities	325	325
Provisions	21	21
Trade payables	75,165	88,716
Employee benefit expenses and social security	25,244	24,146
VAT payables	885	254
Tax payables	9,825	11,630
Other current liabilities	5,791	5,240
Accrued charges and deferred income	4,513	3,657
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>848,486</b>	<b>812,629</b>



### 3.3 Consolidated cash flow statement

in thousands of EUR	Jan-June 2020	Jan-June 2019
<b>Operating activities</b>		
Net result (Group)	38,175	35,894
Depreciation and amortisation of (in)tangible assets	10,384	8,237
Net valuation allowances current assets	1,274	1,204
Provisions	95	11
Disposal of fixed assets	-	569
Financial result	2,547	1,573
Taxes	10,295	11,047
Employee share-based compensation expense	284	266
Non-controlling interests	6	348
<b>Gross cash provided by operating activities</b>	<b>63,060</b>	<b>59,149</b>
Decrease/(Increase) in inventories	(10,907)	(4,956)
Decrease/(Increase) in trade accounts receivable	(4,831)	(7,819)
Decrease/(Increase) in other assets	(3,592)	344
Increase/(Decrease) in trade accounts payable	(9,473)	970
Increase/(Decrease) in other liabilities	5,362	2,025
<b>Change in operating working capital</b>	<b>(23,441)</b>	<b>(9,436)</b>
Income tax paid	(13,410)	(16,421)
Interest paid	(2,888)	(1,405)
Other financial income and charges received/(paid)	(1,005)	319
<b>Net cash provided by operating activities</b>	<b>22,316</b>	<b>32,206</b>
<b>Investing activities</b>		
(In)tangible assets - acquisitions	(7,743)	(31,571)
(In)tangible assets - other changes	(25)	-
Acquisition of subsidiaries	(26,108)	(42,281)
<b>Net cash used in investing activities</b>	<b>(33,876)</b>	<b>(73,852)</b>



in thousands of EUR	Jan-June 2020	Jan-June 2019
Net cash flow before financing activities	(11,560)	(41,646)
Financing activities		
Dividends paid	(25,920)	(24,036)
Treasury shares	5,692	1,712
Proceeds of capital increase	-	69
Proceeds / (Reimbursement) of long-term borrowings	75,500	44,509
Proceeds / (Reimbursement) of short-term borrowings	6,799	16,387
Mutation in lease liabilities	(1,602)	(1,451)
Short term investments	(15,000)	
Proceeds / (Reimbursement) of long-term receivables	(28)	50
Cash flow from financing activities	45,441	37,240
Net change in cash and cash equivalents	33,881	(4,406)
Cash and cash equivalents on January 1	40,093	45,597
Effect of exchange rate fluctuations	(3,500)	826
Cash and cash equivalents on June 30	70,474	42,017
Net change in cash and cash equivalents	33,881	(4,406)

### 3.4 Consolidated statement of changes in equity

In thousands of EUR

	Issued capital	Share premium	Share Capital	Retained earnings	Treasury shares	Translation differences	Remeasurement gains/(losses) on defined benefit plans	Cash flow hedge reserves	Other reserves	Equity - part of the group	Non-controlling interests	Total Equity
<b>EQUITY as on 1 January 2020</b>	<b>3,591</b>	<b>12,797</b>	<b>16,388</b>	<b>422,724</b>	<b>(15,866)</b>	<b>(19,900)</b>	<b>(302)</b>	<b>(646)</b>	<b>(20,848)</b>	<b>402,398</b>	<b>79</b>	<b>402,477</b>
Net result of the Financial Year	-	-	-	38,175	-	-	-	-	-	38,175	6	38,181
Currency translation differences	-	-	-	-	-	(24,442)	-	-	(24,442)	(24,498)	(56)	(24,554)
Remeasurement gains/(losses) on defined benefit plans	-	-	-	-	-	-	(70)	-	(70)	(70)	-	(70)
Cash flow hedge reserves	-	-	-	-	-	-	-	29	29	29	-	29
Taxes on items taken directly to or transferred from equity	-	-	-	-	-	-	23	(7)	16	16	-	16
Net income/(expense) for the period recognised directly in equity	-	-	-	-	-	(24,442)	(47)	22	(24,467)	(24,467)	(56)	(24,523)
<b>Total comprehensive income/(expense) for the period</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>38,175</b>	<b>-</b>	<b>(24,442)</b>	<b>(47)</b>	<b>22</b>	<b>(24,467)</b>	<b>13,708</b>	<b>(50)</b>	<b>13,658</b>
Dividend to shareholders	-	-	-	(26,112)	-	-	-	-	-	(26,112)	-	(26,112)
Acquisition/sale own shares	-	-	-	-	4,094	-	-	-	-	4,094	-	4,094
Employee share-based compensation expense	-	-	-	284	-	-	-	-	-	284	-	284
Impact written put options on Non-controlling interests	-	-	-	(4,533)	-	-	-	-	-	(4,533)	31	(4,502)
Other	-	-	-	1,656	-	-	-	-	-	1,656	-	1,656
<b>EQUITY as on 30 June 2020</b>	<b>3,591</b>	<b>12,797</b>	<b>16,388</b>	<b>432,194</b>	<b>(11,772)</b>	<b>(44,342)</b>	<b>(349)</b>	<b>(624)</b>	<b>(45,315)</b>	<b>391,495</b>	<b>60</b>	<b>391,555</b>

	Issued capital	Share premium	Share Capital	Retained earnings	Treasury shares	Translation differences	Remeasurement gains/(losses) on defined benefit plans	Cash flow hedge reserves	Other reserves	Equity - part of the group	Non-controlling interests	Total Equity
<b>EQUITY as on 1 January 2019</b>	<b>3,590</b>	<b>12,729</b>	<b>16,319</b>	<b>369,114</b>	<b>(11,406)</b>	<b>(26,844)</b>	<b>(178)</b>	<b>(134)</b>	<b>(27,156)</b>	<b>346,871</b>	<b>56</b>	<b>346,927</b>
Net result of the Financial Year	-	-	-	35,894	-	-	-	-	-	35,894	348	36,242
Currency translation differences	-	-	-	-	-	(1,852)	-	-	(1,852)	(1,852)	(10)	(1,862)
Cash flow hedge reserves	-	-	-	-	-	-	-	(3,010)	(3,010)	(3,010)	-	(3,010)
Taxes on items taken directly to or transferred from equity	-	-	-	-	-	-	-	857	857	857	-	857
Net income/(expense) for the period recognised directly in equity	-	-	-	-	-	(1,852)	-	(2,153)	(4,005)	(4,005)	(10)	(4,015)
<b>Total comprehensive income/(expense) for the period</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>35,894</b>	<b>-</b>	<b>(1,852)</b>	<b>-</b>	<b>(2,153)</b>	<b>(4,005)</b>	<b>31,889</b>	<b>338</b>	<b>32,227</b>
Dividend to shareholders	-	-	-	(23,664)	-	-	-	-	-	(23,664)	(607)	(24,271)
Increase in capital	1	68	69	-	-	-	-	-	-	69	-	69
Acquisition/sale own shares	-	-	-	-	891	-	-	-	-	891	-	891
Employee share-based compensation expense	-	-	-	266	-	-	-	-	-	266	-	266
Non-controlling interests resulting from business combinations	-	-	-	(142)	-	-	-	-	-	(142)	34	(108)
Impact written put options on Non-controlling interests	-	-	-	(280)	-	-	-	-	-	(280)	280	-
Other	-	-	-	1,054	-	-	-	-	-	1,054	-	1,054
<b>EQUITY as on 30 June 2019</b>	<b>3,591</b>	<b>12,729</b>	<b>16,388</b>	<b>382,242</b>	<b>(10,515)</b>	<b>(28,696)</b>	<b>(178)</b>	<b>(2,287)</b>	<b>(31,161)</b>	<b>356,954</b>	<b>101</b>	<b>357,055</b>





## 4. Condensed clarification on the half-year financial statements

### 4.1 Declaration of conformity

These consolidated half-year financial statements have been prepared in accordance with the International Financial Accounting Standards (IFRS), as approved by the European Commission and with IAS 34. These half-year financial statements also meet the requirements imposed by the Royal Decree of 14 November 2007. The accounting principles applied in this report are the same as those used in the previous financial year. The following new standards and amendments to standards are mandatory for the first time for the financial year beginning 1 January 2020 but have no impact on the results, reporting or financial statements of Lotus Bakeries:

- Amendments to references to the conceptual framework in IFRS standards
- Amendments to the definition of “**material**” in IAS 1 and IAS 8
- Amendments to IFRS 9, IAS 39 and IFRS 7: Reform of interest rate benchmarks
- Amendments to IFRS 3, Definition of a Business



## 4.2 Segment information by geographical region

Segment reporting by geographical region (30 June 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 30 JUNE 2020		CONTINUING OPERATIONS					
IN THOUSANDS OF EUR	BELGIUM	FRANCE	NETHERLANDS	UK	OTHER	ELIMINATIONS + CORPORATE COMPANIES	TOTAL
<b>TURNOVER</b>							
Sales to external customers	77,694	43,439	44,868	71,962	85,308	-	323,271
Inter-segment sales	67,299	6,501	1,809	5,543	491	(81,643)	-
<b>Total turnover</b>	<b>144,993</b>	<b>49,940</b>	<b>46,677</b>	<b>77,505</b>	<b>85,799</b>	<b>(81,643)</b>	<b>323,271</b>
<b>RESULTS</b>							
Segment result REBIT	19,367	2,328	8,794	8,625	13,006	2,910	55,030
Non-recurrent operating result	(2,606)	(149)	-	-	(855)	(397)	(4,007)
Segment result EBIT	16,761	2,179	8,794	8,625	12,151	2,513	51,023
Financial result							(2,547)
Profit for the year before taxes							48,476
Taxes							(10,295)
<b>Result after taxes</b>							<b>38,181</b>
<b>ASSETS AND LIABILITIES</b>							
Non-current assets							613,947
Segment assets	144,742	8,433	101,080	229,587	97,400	29,230	610,472
Unallocated assets:							3,475
Deferred tax assets							3,475
Current assets							234,539
Segment assets	38,739	16,609	16,524	38,710	24,077	5,908	140,566
Unallocated assets:							93,972
VAT receivables							4,706
Income tax receivables							3,792
Short term investments							15,000
Cash and cash equivalents							70,474
<b>Total assets</b>							<b>848,486</b>
Non-current liabilities							292,986
Segment liabilities	1,674	783	762	-	596	1,165	4,980
Unallocated liabilities:							288,006
Deferred tax liabilities							52,052
Interest-bearing loans and borrowings							234,237
Other non-current liabilities							1,717
Current liabilities							163,945
Segment liabilities	36,586	13,822	8,307	23,417	14,572	14,355	111,059
Unallocated liabilities:							52,886
VAT payables							885
Tax payables							9,825
Interest-bearing loans and borrowings							42,176
<b>Total liabilities</b>							<b>456,931</b>



YEAR ENDED 30 JUNE 2020

CONTINUING OPERATIONS

IN THOUSANDS OF EUR	BELGIUM	FRANCE	NETHERLANDS	UK	OTHER	ELIMINATIONS + CORPORATE COMPANIES	TOTAL
OTHER SEGMENT INFORMATION							
Capital expenditure:							
Tangible fixed assets	2,595	161	274	251	636	519	4,436
Intangible fixed assets	-	-	-	-	50	475	525
Depreciation	4,715	547	1,397	440	2,308	971	10,377
Increase/(decrease) in amounts written off stocks, contracts in progress and trade debtors	443	113	153	272	231	63	1,274



## Segment information by geographical region (30 June 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 and Urban Fresh Foods
- Other: sales from Belgium to countries without own Sales Office and by own Sales Offices in Germany, Austria, Switzerland, the Czech Republic/Slovakia, North America, Spain, China, South Korea, Sweden and Finland plus production in Sweden.

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

YEAR ENDED 30 JUNE 2019

CONTINUING OPERATIONS

IN THOUSANDS OF EUR	BELGIUM	FRANCE	NETHERLANDS	UK	OTHER	ELIMINATIONS + CORPORATE COMPANIES	TOTAL
<b>TURNOVER</b>							
Sales to external customers	75,393	37,983	44,007	69,296	71,455	-	298,134
Inter-segment sales	60,454	6,835	1,583	3,991	407	(73,270)	-
<b>Total turnover</b>	<b>135,847</b>	<b>44,818</b>	<b>45,590</b>	<b>73,287</b>	<b>71,862</b>	<b>(73,270)</b>	<b>298,134</b>
<b>RESULTS</b>							
Segment result REBIT	18,859	1,033	7,840	6,630	10,339	6,534	51,235
Non-recurrent operating result	(67)	-	-	-	(1,537)	(769)	(2,373)
<b>Segment result EBIT</b>	<b>18,792</b>	<b>1,033</b>	<b>7,840</b>	<b>6,630</b>	<b>8,802</b>	<b>5,765</b>	<b>48,862</b>
Financial result							(1,573)
<b>Profit for the year before taxes</b>							<b>47,289</b>
Taxes							(11,047)
<b>Result after taxes</b>							<b>36,242</b>
<b>ASSETS AND LIABILITIES</b>							
Non-current assets	143,775	8,607	107,004	237,135	94,103	19,329	614,770
Segment assets	143,775	8,607	107,004	237,135	94,103	19,329	609,953
Unallocated assets:							4,817
Deferred tax assets							4,817
Current assets	34,099	13,570	17,324	47,603	20,103	3,802	184,630
Segment assets	34,099	13,570	17,324	47,603	20,103	3,802	136,501
Unallocated assets:							48,129
VAT receivables							5,072
Income tax receivables							1,040
Cash and cash equivalents							42,017
<b>Total assets</b>							<b>799,400</b>
Non-current liabilities	1,496	669	873	-	485	3,372	249,239
Segment liabilities	1,496	669	873	-	485	3,372	6,895
Unallocated liabilities:							242,344
Deferred tax liabilities							50,914
Interest-bearing loans and borrowings							168,879
Other non-current liabilities							22,551
Current liabilities	33,372	9,814	7,744	38,613	23,871	12,691	193,106
Segment liabilities	33,372	9,814	7,744	38,613	23,871	12,691	126,105
Unallocated liabilities:							67,001
VAT payables							447
Tax payables							11,960
Interest-bearing loans and borrowings							54,594
<b>Total liabilities</b>							<b>442,345</b>



YEAR ENDED 30 JUNE 2019

CONTINUING OPERATIONS

IN THOUSANDS OF EUR	BELGIUM	FRANCE	NETHERLANDS	UK	OTHER	ELIMINATIONS + CORPORATE COMPANIES	TOTAL
<b>OTHER SEGMENT INFORMATION</b>							
Capital expenditure:							
Tangible fixed assets	2,148	351	211	451	22,937	367	26,465
Intangible fixed assets	4	-	-	-	-	994	998
Depreciation	4,657	496	1,274	307	893	603	8,230
Increase/(decrease) in amounts written off stocks, contracts in progress and trade debtors	539	195	259	(231)	429	13	1,204





#### 4.3 Treasury shares

On 31 December 2019, Lotus Bakeries owned 15,866 out of the 816,013 total issued shares.

On 30 June 2020, Lotus Bakeries owned 5,769 out of the 816,013 total issued shares. Such treasury shares, which have been purchased under the option plans programme for senior staff members and group management, have been deducted from equity.

#### 4.4 Dividends

On 8 May 2020, EUR 26,112,416 of gross dividends in respect of the financial year 2019 became payable.

On 22 May 2019, EUR 23,644,377 of gross dividends in respect of the financial year 2018 became payable.

#### 4.6 Commitments to acquire tangible fixed assets

On 30 June 2020, the Group had obligations up to EUR 6.3 million (EUR 6.6 million as of 31 December 2019) as a result of commitments to the purchase of tangible fixed assets.

### 5. Risks and uncertainties

With the exception of COVID-19, for which risks and uncertainties are described in section 2.2, there are **no material changes related to the risks and uncertainties for the Group as explained in the 'Report of the Board of Directors' of the 2019 annual report.**

The information on risks and uncertainties has been listed in the annual report of 2019 (Chapter 2 - Report of the Board of Directors).

### 6. Transactions with related parties

The related party transactions with shareholders and parties related to the shareholders have not substantially changed in nature and impact compared to the year ended 31 December 2018 and hence no updated information is included in this interim reporting.

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



## 7. Auditor's report



To the board of directors  
LOTUS BAKERIES NV  
Gentstraat 1  
B- 9971 LEMBEKE

### FREE TRANSLATION

#### STATUTORY AUDITOR'S REPORT ON REVIEW OF CONSOLIDATED CONDENSED FINANCIAL INFORMATION FOR THE PERIOD ENDED 30 JUNE 2020

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##### Introduction

We have reviewed the accompanying consolidated balance sheet of Lotus Bakeries NV and its subsidiaries as of 30 June 2020 and the related consolidated income statement, the consolidated statement of changes in equity and consolidated cash flow statement for the six-month period then ended, as well as the explanatory notes (the "Interim Financial Information"). The board of directors is responsible for the preparation and presentation of the Interim Financial Information in accordance with IAS 34, as adopted by the European Union. Our responsibility is to express a conclusion on this consolidated condensed financial information based on our review.

##### Scope of Review

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

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### Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the Interim Financial Information is not prepared, in all material respects, in accordance with IAS 34, as adopted by the European Union.

We have also read the financial accounting data presented in tabular form under point 1 of the press release concerning the half-year ended 30 June 2020 and confirm that such data is consistent with the Interim Financial Information from which they are derived and which were the subject of our review as described above.

Ghent, 13 August 2020

PwC Bedrijfsrevisoren BV  
Represented by

Lien Winne  
Registered Auditor



## 8. Declaration by the persons responsible for the Half-Year Financial Report

We hereby certify that, to the best of our knowledge, the condensed consolidated financial statements for the six-months period ended 30 June 2020, which have been prepared in accordance with the IAS 34 **'Interim Financial Reporting' as adopted by the European Union, give us a true and fair** view of the assets, liabilities, financial position and profit or loss of the company and the undertakings included in the scope of consolidation, and that the Half-Year Financial Report includes a fair review of the important events that have occurred during the first six months of the financial year and of the major transactions with related parties, and their impact on the condensed consolidated financial statements, together with a description of the principal risks and uncertainties.

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

Jan Boone  
CEO

Lembeke, 14 August 2020