



**HALF-YEAR REPORT  
2023**

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# 01. CONSOLIDATED KEY FIGURES

<b>INCOME STATEMENT<sup>(1)</sup> (IN THOUSANDS OF EUR)</b>	<b>JAN-JUNE 2023</b>	<b>JAN-JUNE 2022</b>	<b>CHANGE %</b>
<b>REVENUE</b>	<b>501,125</b>	<b>416,771</b>	<b>20.2%</b>
Recurring operating result (REBIT) <sup>(2)</sup>	78,430	68,619	14.3%
<b>RECURRING OPERATING CASH FLOW (REBITDA)<sup>(3)</sup></b>	<b>95,789</b>	<b>82,510</b>	<b>16.1%</b>
Non-recurring income and expenses	(782)	(2,106)	62.9%
Operating result (EBIT) <sup>(4)</sup>	77,648	66,514	16.7%
Financial result	(1,066)	(406)	-162.2%
Result for the period before taxes	76,583	66,107	15.8%
Income taxes	(17,346)	(15,009)	-15.6%
<b>NET RESULT</b>	<b>59,237</b>	<b>51,098</b>	<b>15.9%</b>
Recurring net result	59,842	52,726	13.5%
Total number of shares on June 30 <sup>(5)</sup>	811,510	810,763	
<b>KEY FIGURES PER SHARE (IN EUR)</b>			
Recurring operating result (REBIT)	96.65	84.64	14.2%
Recurring operating cash flow (REBITDA)	118.04	101.77	16.0%
Earnings per share (EPS)	73.02	63.01	15.9%
<b>STATEMENT OF FINANCIAL POSITION (IN THOUSANDS OF EUR)</b>	<b>JUNE 30, 2023</b>	<b>JUNE 30, 2022</b>	<b>CHANGE %</b>
Balance sheet total	1,179,888	1,041,357	13.3%
Equity	589,314	535,432	10.1%
Investments <sup>(6)</sup>	33,917	58,930	-42.4%
Net financial debt <sup>(7)</sup>	184,412	133,094	38.6%

1 For more details on the income statement and the balance sheet, we refer to the condensed consolidated financial statements of this interim financial report.

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

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

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

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

6 Investments include capital expenditures and investments in other companies.

7 Net financial debt is defined as interest-bearing financial debts - cash and cash equivalents and term deposits - treasury shares, and are reported excluding the 'lease liabilities' that result from the implementation of IFRS 16 Leases. Including these 'lease liabilities', the net financial debt amounts to EUR 203 million.

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

## 02. MANAGEMENT COMMENTS

### COMMENTS ON THE CONSOLIDATED KEY FIGURES

#### Lotus Bakeries' revenue up by a record EUR 84.4 million to EUR 501.1 million

Lotus Bakeries reports consolidated sales of EUR 501.1 million in the first half of 2023. This represents a year-on-year increase of 20.2% or EUR 84.4 million.

All three pillars of Lotus® Biscoff®, Lotus™ Natural Foods and Lotus® Local Heroes have realised strong growth in the first six months of 2023. This performance reflects the strength of the three pillar strategy and underpins the resilience of both global brands and local heroes against the impact of inflation on consumer spending. The year-on-year volume increase of 8% demonstrates a continued robust sales evolution across the entire product range and across geographies. The acquisition impact of Peter's Yard® accounts for less than one percent.

To counter persistent and broad cost inflation across all cost components, the announced price advances were implemented in the first half of 2023. Timely pricing execution led to a double digit pricing effect at half-year. Consolidated sales include approximately one percent of negative exchange rate effect.

#### Household penetration in the US surpasses the 5% milestone for Lotus® Biscoff® cookies

Lotus® Biscoff®, the Group's first and largest strategic pillar, grew by 20% at constant exchange rates. The growth was again broad-based across a vast majority of countries and across the different categories of Biscoff®. After the successful introduction of the Biscoff® sandwich cookie more than two years ago, commissioning the second sandwich line in early 2023 allows for distribution and for internationalisation in more countries to be scaled up. The affordability of the Biscoff® range is a key driver for sustained growth in volumes and household penetration. Market data furthermore confirms that the unique Biscoff® taste continues to attract new consumers around the world. Recent and notable

increases in household penetration are reported for the United States, Canada, Australia, Spain, Germany and the Netherlands.

#### Lotus™ Natural Foods continues to outperform with growth of more than 25%

The second strategic pillar of Lotus Bakeries is natural snacks within Lotus™ Natural Foods. Again in the first half of 2023, the Lotus™ Natural Foods brands continue to grow strongly resulting in an overall sales increase of more than 25% at constant exchange rates.

Lotus™ Natural Foods builds further on its strategic growth poles, focusing on accelerated international growth on the one hand and maintaining market leadership combined with strong innovation in the UK on the other. International Lotus™ Natural Foods activities outside the UK grew by more than 30% in the first six months of this year and are heading towards one third of total Lotus™ Natural Foods sales. Even more underlining the strength of the brands in the current economic environment is the positive volume trend in the UK. In terms of revenue, the Lotus™ Natural Foods pillar now represents 25%, a full quarter, of branded sales.

Although the contribution to the most recent six month's sales is limited, some notable innovations were also launched in recent months in the UK. Newly-launched products include the nākd® Protein Bar, the nākd® Big Bar, the BEAR® Fruit Splits and a new recipe for Veggie Straws, the hero concept of Kiddylicious®. These innovations are a crucial element in the strategy and essential for a market leading position in the dynamic categories that Lotus™ Natural Foods brands are playing in. They will also support future growth by broadening the product offering into adjacent categories or extended age ranges.



### **Step-up of Lotus® Local Heroes after flat sales in 2022**

The third pillar of the Lotus Bakeries strategy is to focus on the 'local heroes' in the home markets of Belgium, the Netherlands, France and Sweden. After flat sales in 2022, **Lotus® Local Heroes** are picking up again with growth of more than 15% in the first six months of 2023. Against a favourable comparable, the increase is driven by both price advances and restoring a broader range of products with most all retailers.

### **REBITDA increases more than 16%**

The recurring operating result REBIT (EUR 78.4 million or 15.7% of revenue) and the recurring operating cash flow REBITDA (EUR 95.8 million or 19.1% of revenue) increased by EUR 9.8 and EUR 13.3 million respectively compared with last year.

The rise of recurring operating result REBIT and recurring operating cash flow REBITDA of 14.3% and 16.1% respectively, confirms the robustness of the strategy. Moreover, it underlines the focus in the last two years on the execution of responsible price increases, proactive hedging policies, organic volume growth and efficiency measures to contain underlying cost inflation.

The non-recurring operating result of EUR -0.8 million relates mainly to costs to support capacity expansion for Lotus® Biscoff®.

The financial result of EUR -1.1 million consists mainly of interest expenses, net of cash deposit income. The net interest charges are below prior year and this trend is expected to continue in the second half of the year. Prior-year financial result included a positive impact of realised and unrealised exchange rate results on balance sheet positions in foreign currencies.

Tax expense amounts to EUR 17.3 million or 22.6% of the profit before tax. The effective tax rate is in line with the prior year. The Group's effective tax rate is forecast to increase moderately, also given the recent increase of the corporate income tax rate in the UK from 19% to 25%.

Net profit increases by EUR 8.1 million compared to the first half of 2022 and amounts to EUR 59.2 million or 11.8% of revenue. Earnings Per Share (EPS) increased by almost 16% to EUR 73.0 per share. Recurring net result amounts to EUR 59.8 million or 11.9% of revenue. The recurring net result is the reported net result for the period excluding non-recurring income and expenses.

### **Net financial debt at 1 times REBITDA despite record investments in the last two years**

Over the past 12 months, Lotus Bakeries has generated a new record operating cash flow (REBITDA) of EUR 183.2 million. Investments over the last 12 months and 24 months were EUR 126 million and EUR 236 million respectively. Continued strong cash flow generation, combined with disciplined investments in maintenance capex and control of the inflationary pressure on net working capital keeps the net financial debt/REBITDA ratio at 1 at the end of June 2023. The reported net financial debt of Lotus Bakeries amounts to EUR 203.2 million and includes EUR 18.8 million of debt to be expressed by applying IFRS 16 Leases.

## **BISCOFF®'S AMBITION: TO BECOME #3 COOKIE OF THE WORLD**

### **Biscoff® is outperforming the Consumer Products industry**

More than 10 years ago, the foundations were laid for what is today a highly successful growth story for Biscoff®. Back then, the fundamental decision was taken to put full international focus and resources on the global expansion of Biscoff® and Biscoff® only. This decision was rooted in the conviction that Biscoff® offers a unique and superior taste experience and has global potential in the sweet biscuits category to win over consumers and households around the world to buy the cookie.

Over the last 10 years, Biscoff® achieved revenue CAGR of 15% and has acquired the status of a global brand, generating growth across the world with more than EUR 400 million of sales in approximately 70 countries. With Biscoff®, Lotus Bakeries is part of a select group of companies significantly outperforming the Consumer Products industry. However, the better the performance, the further from full potential. Two years ago, this ambition was made concrete: Biscoff® wants to become the #3 cookie brand in the world.

### **The 'Biscoff® repeatable model of success' is grounded on core beliefs and enriched with new insights**

A deep-dive and update into the Lotus® Biscoff® strategy and the repeatable model was performed in recent months to further engage on this ambition. This exercise incorporates the most recent insights and developments in terms of sales data, the changing media landscape and evolution of digital media, the rise of new e-commerce channels in the retail space, changing consumer needs and the competitive landscape.

Household penetration remains the core KPI for monitoring progress and success. In the past, there were four defined phases through which countries progressed according to the level of household penetration. The penetration ranges are now refined and broken down in more narrow ranges. The new phasing is also elaborated with additional, more precise and more differentiated playbooks.

### **Need for increased brand investments in targeted markets**

Brand awareness is a key driver to increase penetration. Biscoff® has always been the perfect coffee companion. This was also captured in the tagline 'every coffee needs a Biscoff®'. Until now there was a lot of focus on just this one occasion, while activating a broader array of demand spaces for Biscoff® will generate even more awareness for the brand. Examples of other demand spaces are home baking, snacking on-the-go during the day, drinking a milkshake with Biscoff® inside, etc.

In order to activate these new occasions or demand spaces and increase overall brand awareness, more investments in targeted growth markets and via a broader range of media channels will be deployed in the coming years.

## **MARKETING CAPABILITIES FOR THE FUTURE**

To enable the realisation of both Lotus® Biscoff®'s and Lotus™ Natural Foods' growth ambitions, organisational and operating models need to be constantly developed and aligned. Also Marketing is a dynamic and constantly evolving field and especially so in today's digital age. New channels such as social media and digital marketing require new skills and capabilities. Gathering, analysing

and utilising data is becoming increasingly important to drive informed decision-making in marketing.

The Global Marketing teams of Lotus® Biscoff® and Lotus™ Natural Foods have proven to be very competent and successful. Building on these strong fundamentals, an expansion of both Global Brand teams with additional resources in relation to Digital Marketing, Data Management and Category Management was deemed necessary. At the same time, expertise in relation to e-commerce, New Media and Data Management can be shared across brands and teams. An extremely dedicated brand focus will remain in the respective Biscoff® and Natural Foods brand teams.

For efficient development of new capabilities and deployment of the reinforcements, it was decided that the two Global Brand teams will report to Isabelle Maes, member of the executive committee. Besides her role as CEO Lotus™ Natural Foods, Isabelle Maes has been appointed Chief Marketing Officer (CMO) of the Lotus Bakeries Group.

Alongside the strengthened organisation for the global marketing teams, the European country organisations and responsibilities have been streamlined. All European sales offices of Lotus™ Natural Foods, apart from the UK, are now integrated and report in full to Ignace Heyman, Chief Operating Officer (COO) of Lotus Bakeries Group.

## MANUFACTURING FOOTPRINT OF BISCOFF®, BEAR® AND NĀKD®

### Global Footprint of Lotus® Biscoff®

Lotus® Biscoff®'s accelerated growth in recent years combined with the #3 cookie brand ambition necessitate a long-term view for an optimum global footprint. Defining the optimum involves a combination of criteria including ensuring the freshest possible product for the consumer, the quality of the product, the most sustainable set-up and the most effective total cost in shelf.

With Lotus® Biscoff® plants in Europe (Lembeke), the US (Mebane) and Thailand (Chonburi), the future production footprint is geographically defined and fixed. The three production facilities will supply Europe & Middle-East, Americas and Asia-Pacific respectively with the freshest possible products in the most cost-effective and eco-efficient way possible. All three locations will, over time, have capability to produce a format range of original cookies. The hero concept of

original cookies are typically invested first. In the short and medium term, the capacity of the Biscoff® sandwich cookie will be concentrated in Belgium, given the complexity of the production lines and the expertise centralised in the plant in Lembeke.

### South-Africa becomes centre of Lotus™ Natural Foods production

The plant in South-Africa (Wolseley) was acquired in 2019 and is dedicated to the production of BEAR®. From the start, the plant has proven to run very efficiently, which has allowed a further expansion of capacity and people over recent years. The expansion was necessary to keep up with the strong growth of BEAR® sales, both in the UK and internationally. Today, the plant has annual capacity to produce 500 million BEAR® fruit rolls. The plant also plays an important role in the development of the local community by employing already more than 600 people.

The commitment to the operations in South-Africa and the strong belief in the local team was a convincing element in the decision to extend the range with the production of the nākd® raw bars. A new plant is currently being built on an adjacent plot of land. Commercial production is scheduled to start in 2024. The plant in South-Africa will produce all demand for the international markets. The UK volume of nākd® bars will remain with the current supplier. The latter is also co-manufacturing TREK® bars, that are growing strongly in UK and internationally.

## LOTUS BAKERIES IS COMMITTED TO NET ZERO EMISSIONS BY 2050

In March of 2023, Lotus Bakeries committed to a 2050 target of net zero greenhouse gas emissions across its full supply chain. The company signed the Science Based Targets Initiative (SBTi) "Business Ambition for 1.5°C Pledge" aligning its long-term emissions mitigation targets with the ambitious aim of limiting temperature rise in accordance with the Paris Agreement. This also means establishing near-term emissions reduction targets by the beginning of 2025.

Next to the net zero pledge, there is a long list of ESG related actions, priorities, projects and regulatory developments, typically touching also a broad spectrum of functional domains in the company. A new director of ESG was recently appointed to further refine an ESG strategy that is future-proof and befitting the company, to prioritise short- and medium-term projects and requirements and to engage employees, consumers and all stakeholders for this ESG journey. Group-wide ESG responsibility is assumed by Mike Cuvelier, Chief Financial Officer of Lotus Bakeries Group.

## CONCLUSION AND OUTLOOK

The first half of 2023 is marked by another record sales growth of EUR 84 million and by reaching a new sales milestone of half a billion euro in sales. Strong pricing execution combined with a robust volume increase led to an overall revenue growth of 20%. Strong performance was recorded for all three strategic pillars and Lotus® Local Heroes rebounded after a flat sales evolution in 2022. Lotus Bakeries' strong brands, both global and local, exhibit strength and resilience against the impact of inflation on consumer spending.

Lotus® Biscoff® and Lotus™ Natural Foods brands have developed strongly in recent years proven by increased brand awareness and global household penetration. In order to sustain this growth for the years to come, in-store activation, media support and investments will continue. In targeted growth markets, the disciplined spending level of recent years will be increased. The ambition for Biscoff® to become the #3 cookie in the world remains intact and a strategic deep-dive has further confirmed this. However, to sustain growth in the next years, brand awareness needs to be continuously nurtured and the leaky bucket of household penetration needs to be continuously fed via the aforementioned investments.

Responsible price increases over the last two years were inevitable to offset unprecedented and accumulating cost increases across all cost components, ranging from raw materials, packaging, co-manufacturing, freight, utilities, and

labour to services. The company's pricing strategy has always been aligned with company-specific and actual cost parameters and evolution, not with commodity-market indices and spot-market prices. Historically, it has also been company practice to hedge and capture strategically important input costs with a short or long time horizon to the extent this is possible and reasonable. For this, strong relationships with strategic suppliers based on mutual long term vision, plans and commitment are paramount, especially in recent periods of unpredictable supply and inflation of commodities.

Hence, this proactive hedging policy has assured availability of supply and forward visibility and predictability of cost evolution. The successful execution of this hedging policy has been the basis for responsible and timely price advance notifications to customers, without intermediate surprises during the annual contract term. It has allowed to navigate competitively through the recent cycle of severe cost inflation and to limit volatility and vulnerability to spiking prices. Moreover, solid volume growth and efficiency measures allow to leverage the equally necessary and sustained investments in capacity, organisation, international offices and the brands.

Expectations for the remainder of 2023 are that the overall price effect at half-year has reached its peak level. The total capital expenditures for the full year 2023 are still forecasted in the range of EUR 100 million.

CEO Jan Boone at end of the first half of the year:

**“I am proud to announce this new milestone of half a billion euro in sales after the first six months of 2023. Of course, I am happy to see that our international growth pillars, Lotus<sup>®</sup> Biscoff<sup>®</sup> and Lotus<sup>™</sup> Natural Foods continue to perform excellently. On top of that Lotus<sup>®</sup> Local Heroes is the one that deserves a special mention. The local brands and concepts have rebounded with an overall 15% growth after a sales status-quo in 2022.**

**The recent deep-dive into Biscoff<sup>®</sup>'s performance and strategy is giving us the energy and belief that the ambition to become #3 cookie in the world remains intact and that we need to invest in the brand at full strength in targeted growth markets across new media channels.”**

– Jan Boone





### 03. CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

#### CONSOLIDATED INCOME STATEMENT AND STATEMENT OF COMPREHENSIVE INCOME

IN THOUSANDS OF EUR	JAN-JUNE 2023	JAN-JUNE 2022
<b>REVENUE</b>	<b>501,125</b>	<b>416,771</b>
Raw materials, packaging and co-manufacturing	(169,457)	(141,955)
Services and other goods	(132,586)	(106,303)
Employee benefit expenses	(100,035)	(85,321)
Depreciation and amortisation expenses	(15,928)	(12,258)
Impairment on inventories and trade receivables	(1,182)	(1,430)
Other operating expenses	(4,198)	(3,616)
Other operating income	692	2,732
<b>RECURRING OPERATING RESULT (REBIT)</b>	<b>78,430</b>	<b>68,619</b>
Non-recurring income and expenses	(782)	(2,106)
<b>OPERATING RESULT (EBIT)</b>	<b>77,648</b>	<b>66,514</b>
Financial result	(1,066)	(406)
Interest income (expenses)	(919)	(1,344)
Foreign exchange gains (losses)	130	1,301
Other financial income (expenses)	(277)	(363)
<b>RESULT FOR THE PERIOD BEFORE TAXES</b>	<b>76,583</b>	<b>66,107</b>
Income taxes	(17,346)	(15,009)
<b>NET RESULT</b>	<b>59,237</b>	<b>51,098</b>
Attributable to non-controlling interests	50	21
Attributable to equity holders of Lotus Bakeries	59,187	51,078
<b>OTHER COMPREHENSIVE INCOME</b>		
Items that may be subsequently reclassified to profit and loss	(5,568)	6,314
Currency translation differences	(5,649)	5,976
Gain/(Loss) on cash flow hedges, net of tax	81	338
Items that will not be reclassified to profit and loss	126	(64)
Remeasurement gains/(losses) on defined benefit plans	126	(64)
<b>Other comprehensive income</b>	<b>(5,442)</b>	<b>6,250</b>
<b>TOTAL COMPREHENSIVE INCOME</b>	<b>53,795</b>	<b>57,348</b>
Attributable to non-controlling interests	82	(5)
Attributable to equity holders of Lotus Bakeries	53,713	57,354
<b>EARNINGS PER SHARE</b>		
Weighted average number of shares	811,214	810,935
Basic earnings per share (EUR) - attributable to:		
Non-controlling interests	0.06	0.03
Equity holders of Lotus Bakeries	72.96	62.99
Weighted average number of shares after effect of dilution	812,157	812,436
Diluted earnings per share (EUR) - attributable to:		
Non-controlling interests	0.06	0.03
Equity holders of Lotus Bakeries	72.88	62.87

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

IN THOUSANDS OF EUR	JUNE 30, 2023	DECEMBER 31, 2022
<b>ASSETS</b>		
<b>Non-current assets</b>	<b>837,746</b>	<b>820,000</b>
Goodwill	223,878	225,246
Intangible assets	148,124	146,735
Property, plant and equipment	437,353	428,244
Investments in other companies	25,268	16,806
Deferred tax assets	2,102	2,212
Other non-current assets	1,021	757
<b>Current assets</b>	<b>342,142</b>	<b>275,036</b>
Inventories	85,608	70,361
Trade and other receivables	147,588	120,074
Current tax assets	5,336	4,947
Cash and cash equivalents	99,282	76,435
Other current assets	4,330	3,219
<b>TOTAL ASSETS</b>	<b>1,179,888</b>	<b>1,095,036</b>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity</b>	<b>589,314</b>	<b>572,141</b>
Share Capital	16,388	16,388
Treasury shares	(19,272)	(18,976)
Retained earnings	634,091	611,180
Other reserves	(41,893)	(36,451)
Non-controlling interests	-	-
<b>Non-current liabilities</b>	<b>346,749</b>	<b>266,186</b>
Interest-bearing liabilities	278,411	196,066
Deferred tax liabilities	62,685	63,716
Employee benefit obligations	3,777	4,411
Provisions	111	122
Derivative financial instruments	-	107
Other non-current liabilities	1,765	1,765
<b>Current liabilities</b>	<b>243,825</b>	<b>256,709</b>
Interest-bearing liabilities	43,388	70,178
Employee benefit obligations	232	232
Provisions	21	21
Trade and other payables	184,274	172,995
Current tax liabilities	11,755	10,367
Other current liabilities	4,156	2,917
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>1,179,888</b>	<b>1,095,036</b>

## CONSOLIDATED CASH FLOW STATEMENT

IN THOUSANDS OF EUR	JAN - JUNE 2023	JAN - JUNE 2022 <sup>(1)</sup>
<b>OPERATING ACTIVITIES</b>		
NET RESULT	59,237	51,098
Depreciation and amortisation expenses	15,928	12,258
Impairment of assets and results from disposal of assets	(15)	-
Change in provisions	(644)	-
Financial result	1,066	406
Income taxes	17,346	15,009
Employee share-based compensation expense	235	222
<b>Gross cash provided by operating activities</b>	<b>93,152</b>	<b>80,423</b>
Decrease/(Increase) in inventories	(15,247)	(14,562)
Decrease/(Increase) in trade and other receivables	(26,534)	(8,958)
Decrease/(Increase) in other assets	(1,111)	(3,164)
Increase/(Decrease) in trade and other payables	15,515	3,231
Increase/(Decrease) in other liabilities	1,054	4,175
<b>Change in working capital</b>	<b>(26,321)</b>	<b>(19,278)</b>
Income taxes paid	(17,392)	(17,169)
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	<b>49,438</b>	<b>42,546</b>
<b>INVESTING ACTIVITIES</b>		
(In)tangible assets – Acquisitions	(29,528)	(54,837)
(In)tangible assets – Disposals	-	15
Financial assets – Investments	(8,351)	(4,078)
Proceeds / (Reimbursement) of long-term receivables	(264)	(80)
<b>NET CASH USED IN INVESTING ACTIVITIES</b>	<b>(34,143)</b>	<b>(58,980)</b>
<b>FINANCING ACTIVITIES</b>		
Dividends paid	(36,470)	(32,679)
(Acquisition)/Disposal of treasury shares	(123)	(9,263)
Proceeds from interest-bearing liabilities	88,000	27,000
Reimbursement of interest-bearing liabilities	(34,000)	(7,000)
Reimbursement of lease liabilities	(2,247)	(2,259)
Interests paid	(1,302)	(1,392)
<b>NET CASH FROM FINANCING ACTIVITIES</b>	<b>13,858</b>	<b>(25,593)</b>
<b>NET CHANGE IN CASH AND CASH EQUIVALENTS</b>	<b>25,154</b>	<b>(42,028)</b>
Cash and cash equivalents on January 1	76,435	132,160
Effect of exchange rate fluctuations	(2,307)	918
<b>CASH AND CASH EQUIVALENTS ON JUNE 30</b>	<b>99,282</b>	<b>91,050</b>

<sup>1</sup> The presentation of the consolidated cash flow statement has been reviewed at the end of 2022. For consistency purposes, the presentation of the comparative cash flow statement has been aligned. Main changes relate to the following items:

- Interests paid: presented as part of the financing activities;
- Proceeds / (Reimbursement) of long-term receivables: presented as part of the investing activities.

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

IN THOUSANDS OF EUR	ISSUED CAPITAL	SHARE PREMIUM	SHARE CAPITAL	TREASURY SHARES
<b>EQUITY AS AT JANUARY 1, 2023</b>	<b>3,591</b>	<b>12,797</b>	<b>16,388</b>	<b>(18,976)</b>
Net result of the period	-	-	-	-
Other comprehensive income	-	-	-	-
<b>Total comprehensive income for the period</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Dividend to shareholders	-	-	-	-
Transactions with treasury shares	-	-	-	(296)
Employee share-based compensation expense	-	-	-	-
Impact written put options on non-controlling interests	-	-	-	-
Other	-	-	-	-
<b>EQUITY AS AT JUNE 30, 2023</b>	<b>3,591</b>	<b>12,797</b>	<b>16,388</b>	<b>(19,272)</b>
<b>EQUITY AS AT JANUARY 1, 2022</b>	<b>3,591</b>	<b>12,797</b>	<b>16,388</b>	<b>(9,514)</b>
Net result of the period	-	-	-	-
Other comprehensive income	-	-	-	-
<b>Total comprehensive income for the period</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Dividend to shareholders	-	-	-	-
Transactions with treasury shares	-	-	-	(9,841)
Employee share-based compensation expense	-	-	-	-
Impact written put options on non-controlling interests	-	-	-	-
Other	-	-	-	-
<b>EQUITY AS AT JUNE 30, 2022</b>	<b>3,591</b>	<b>12,797</b>	<b>16,388</b>	<b>(19,355)</b>

RETAINED EARNINGS	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>611,180</b>	<b>(35,607)</b>	<b>(764)</b>	<b>(81)</b>	<b>(36,451)</b>	<b>572,141</b>	-	<b>572,141</b>
59,187	-	-	-	-	59,187	50	59,237
-	(5,681)	126	81	(5,475)	(5,475)	32	(5,442)
<b>59,187</b>	<b>(5,681)</b>	<b>126</b>	<b>81</b>	<b>(5,475)</b>	<b>53,713</b>	<b>82</b>	<b>53,795</b>
(36,531)	-	-	-	-	(36,531)	-	(36,531)
173	-	-	-	-	(123)	-	(123)
235	-	-	-	-	235	-	235
50	32	-	-	32	82	(82)	-
(203)	-	-	-	-	(203)	-	(203)
<b>634,091</b>	<b>(41,256)</b>	<b>(637)</b>	-	<b>(41,893)</b>	<b>589,314</b>	-	<b>589,314</b>
<b>539,590</b>	<b>(26,040)</b>	<b>(613)</b>	<b>(279)</b>	<b>(26,932)</b>	<b>519,532</b>	-	<b>519,532</b>
51,078	-	-	-	-	51,078	21	51,098
-	6,002	(64)	338	6,276	6,276	(26)	6,250
<b>51,078</b>	<b>6,002</b>	<b>(64)</b>	<b>338</b>	<b>6,276</b>	<b>57,354</b>	<b>(5)</b>	<b>57,348</b>
(32,428)	-	-	-	-	(32,428)	(293)	(32,721)
578	-	-	-	-	(9,263)	-	(9,263)
222	-	-	-	-	222	-	222
(43)	(255)	-	-	(255)	(298)	298	-
313	-	-	-	-	313	-	313
<b>559,310</b>	<b>(20,293)</b>	<b>(677)</b>	<b>59</b>	<b>(20,911)</b>	<b>535,432</b>	-	<b>535,431</b>

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

### Declaration of conformity

These condensed consolidated financial statements for the half-year ended June 30, 2023 have been prepared in accordance with IAS 34 Interim Financial Reporting, as adopted by the European Union. These half-year financial statements also meet the requirements imposed by the Royal Decree of 14 November 2007.

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

The accounting principles applied in this report are the same as those used in the previous financial year. The following new standards and amendments to standards are mandatory for the first time for the financial year beginning January 1, 2023 but have no impact on the results, reporting or financial statements of Lotus Bakeries:

- Amendments to IAS 1 – Presentation of Financial Statements and IFRS Practice Statement 2 – Disclosure of Accounting policies.
- Amendments to IAS 8 – Accounting policies, Changes in Accounting Estimates and Errors: Definition of Accounting Estimates. The amendment to IAS 8 clarifies how companies should distinguish changes in accounting policies from changes in accounting estimates.
- Amendments to IAS 12 – Income Taxes: Deferred Tax related to Assets and Liabilities arising from a Single Transaction. The amendments clarify how companies account for deferred tax on transactions such as leases and decommissioning obligations. The main change in the amendments is an exemption from the initial recognition exemption of IAS 12. Accordingly, the initial recognition exemption does not apply to transactions in which equal amounts of deductible and taxable temporary differences arise on initial recognition.

A number of new standards, amendments to existing standards and annual improvement cycles have been published and are mandatory for the first time for reporting periods beginning on or after January 1, 2024 and have not been early adopted. The most relevant ones are set out below.

- Amendments to IAS 1 – Classification of Liabilities as Current or Non-current (effective January 1, 2024, but not yet endorsed in EU): The amendments provide a more general approach to the classification of liabilities under IAS 1 based on the contractual arrangements in place at the reporting date.
- Amendments to IAS 12 – Income Taxes: International Tax Reform – Pillar Two Model Rules (effective 1 January 2023, but not yet endorsed in EU). The amendments provide a temporary mandatory relief from accounting for deferred tax that arises from legislation implementing the GloBE model rules.

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

### Operating segments

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

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

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

**PERIOD ENDED JUNE 30, 2023**

IN THOUSANDS OF EUR	BELGIUM	FRANCE	NETHERLANDS	UK	OTHER	ELIMINATIONS/ GROUP	TOTAL CONSOLIDATED
<b>SEGMENT REVENUE</b>	<b>215,446</b>	<b>67,975</b>	<b>49,704</b>	<b>131,713</b>	<b>181,576</b>	<b>(145,290)</b>	<b>501,125</b>
Revenue from external customers	105,223	58,871	49,169	114,820	173,041	-	501,125
Intersegment revenue	110,223	9,104	535	16,893	8,535	(145,290)	-
<b>SEGMENT RESULT (REBIT)</b>	<b>24,630</b>	<b>3,246</b>	<b>3,420</b>	<b>22,037</b>	<b>21,179</b>	<b>3,917</b>	<b>78,429</b>
Non-recurring income and expenses							(782)
Operating result (EBIT)							77,648
Financial result							(1,066)
Profit for the period before taxes							76,583
Income taxes							(17,346)
<b>Result after taxes</b>							<b>59,237</b>
<b>OTHER SEGMENT INFORMATION</b>							
Capital expenditure:							
Tangible assets	9,708	156	258	3,295	11,007	1,142	25,566
Intangible assets	-	-	-	-	-	49	49
Depreciations and amortisations on (in) tangible assets	7,021	563	1,468	796	4,317	1,764	15,928

**PERIOD ENDED JUNE 30, 2022**

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

### **Treasury shares**

On June 30, 2023, Lotus Bakeries owned 4,503 out of the 816,013 total issued shares. These treasury shares, which have been purchased for the purpose of the option plans programme for senior staff members and Group management, have been deducted from equity.

On December 31, 2022, Lotus Bakeries owned 5,072 out of the 816,013 total issued shares.

### **Dividends**

On May 12, 2023, EUR 36,720,585 of gross dividends in respect of the financial year 2022 became payable.

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

### **Commitments**

On June 30, 2023, the Group has outstanding commitments for the acquisition of property, plant and equipment of EUR 16.3 million (EUR 15.1 million as of December 31, 2022).

### **Risks and uncertainties**

There are no material changes related to the risks and uncertainties for the Group as explained in the 'Report of the Board of Directors' of the 2022 annual report.

The information on risks and uncertainties has been disclosed in the 2022 annual report (Chapter 4 – Report of the Board of Directors).

### **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 December 31, 2022 and hence no updated information is included in these interim financial statements.

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



## Alternative performance measures

### REAT

REAT is defined as the recurring earnings after tax and is determined by excluding the non-recurring income and expenses and the related tax effects from the net result. REAT is used as the basis for dividend distribution.

IN THOUSANDS OF EUR	JAN-JUNE 2023	JAN-JUNE 2022
<b>Net result</b>	<b>59,237</b>	<b>51,098</b>
Non-recurring income and expenses	782	2,106
Tax effect on non-recurring income and expenses	(177)	(478)
<b>REAT</b>	<b>59,842</b>	<b>52,726</b>

### REBIT

REBIT (recurring operating result) is defined as the operating result after deducting the non-recurring income and expenses.

### REBITDA

REBITDA is defined as the REBIT adjusted for depreciations and amortisation expenses, impairments on inventories and trade receivables and non-cash costs related to share-based payment plans.

IN THOUSANDS OF EUR	JAN-JUNE 2023	JAN-JUNE 2022
<b>Operating result (EBIT)</b>	<b>77,648</b>	<b>66,514</b>
Non-recurring income and expenses	782	2,106
<b>REBIT</b>	<b>78,430</b>	<b>68,619</b>
Depreciation and amortisation expenses	15,928	12,258
Impairment on inventories and trade receivables	1,182	1,430
Other	249	203
<b>REBITDA</b>	<b>95,789</b>	<b>82,510</b>

### Non-recurring income and expenses

Non-recurring income and expenses are those items that are considered by management not to relate to transactions, projects and adjustments to the value of assets and liabilities taking place in the ordinary course of activities of the Company. Non-recurring income and expenses are presented separately, due to their size or nature, so as to allow users of the consolidated financial statements of the Company to get a better understanding of the normalised performance of the Company. Non-recurring income and expenses relate to:

- expenses relating to business combinations and other acquisitions of investments;
- changes to the Group structure, including costs related to the liquidation of subsidiaries and the closure, opening or relocations of activities;
- impairment of assets and major litigations.

### Net financial debt

Net financial debt is defined as interest-bearing liabilities (excluding lease liabilities recognised in accordance with IFRS 16) deducted with cash and cash equivalents, term deposits and treasury shares.

IN THOUSANDS OF EUR	JUNE 30, 2023	DECEMBER 31, 2022
Interest-bearing liabilities	321,799	266,244
Minus lease liabilities recognised as a result of IFRS 16	(18,833)	(17,241)
Minus cash and cash equivalents	(99,282)	(76,435)
Minus treasury shares	(19,272)	(18,976)
<b>NET FINANCIAL DEBT</b>	<b>184,412</b>	<b>153,591</b>

## **AUDITOR'S REPORT**

### **STATUTORY AUDITOR'S REPORT ON REVIEW OF CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2023**

#### **Introduction**

We have reviewed the accompanying condensed consolidated financial statements consisting of the consolidated statement financial position of Lotus Bakeries NV and its subsidiaries as of 30 June 2023 and the related consolidated income statement and statement of comprehensive income, the consolidated statement of changes in equity and the consolidated cash flow statement for the 6-month period then ended, as well as the explanatory notes to the condensed consolidated financial statements. The board of directors is responsible for the preparation and presentation of these condensed consolidated financial statements in accordance with IAS 34, as adopted by the European Union. Our responsibility is to express a conclusion on these condensed consolidated financial statements based on our review.

#### **Scope of Review**

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

#### **Conclusion**

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

Ghent, 10 August 2023

PwC Bedrijfsrevisoren BV  
represented by  
Lien Winne

## **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 2023, which have been prepared in accordance with IAS 34 Interim Financial Reporting as adopted by the European Union, give us a true and fair view of the assets, liabilities, financial position and profit or loss of the Company and the undertakings included in the scope of consolidation, and that the Half-Year Financial Report includes a fair review of the important events that have occurred during the first six months of the financial year and of the major transactions with related parties, and their impact on the condensed consolidated financial statements, together with a description of the principal risks and uncertainties.

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

Jan Boone  
CEO

Lembeke, 10 August 2023

## CONTACT

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

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