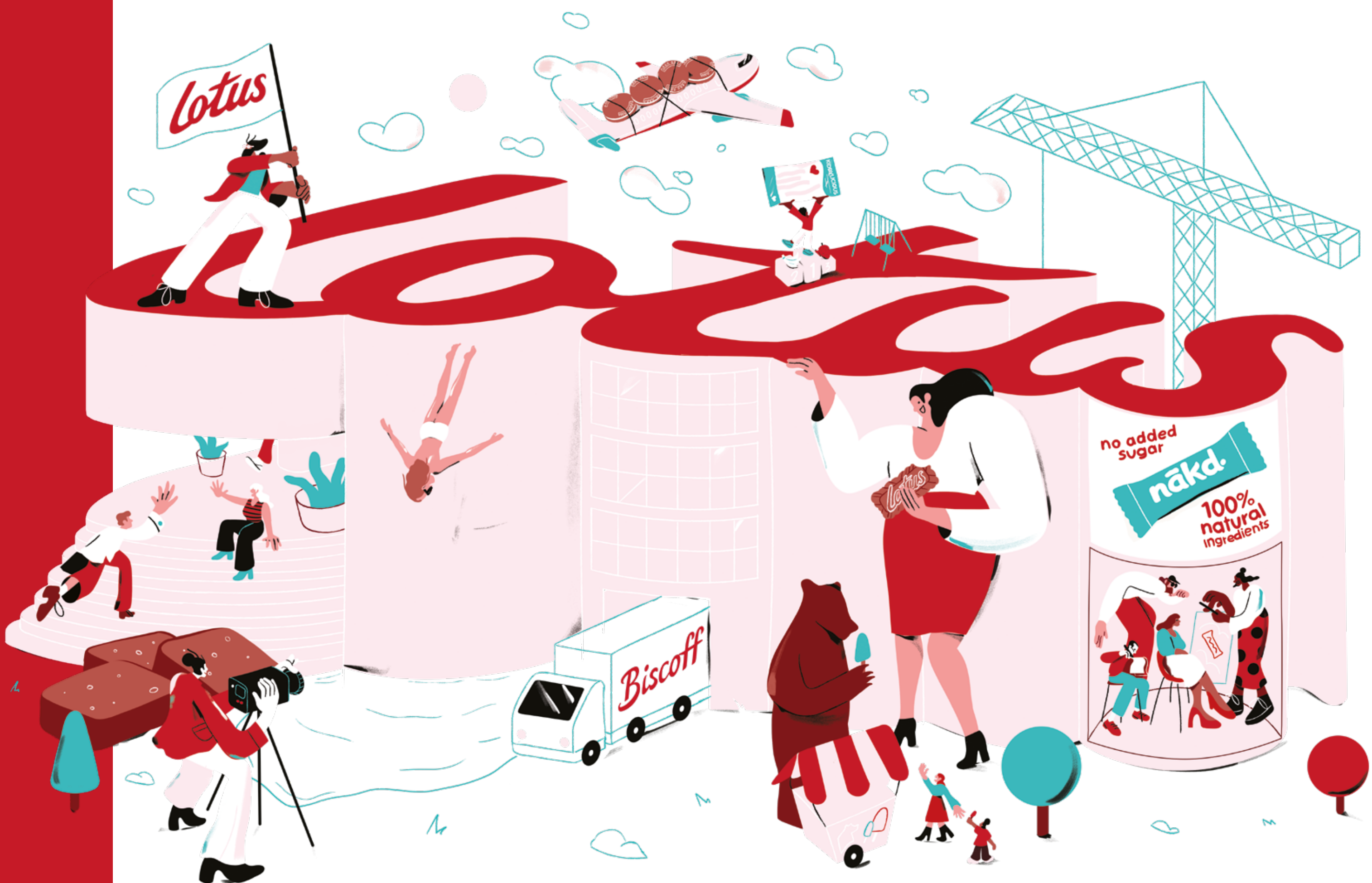

ANNUAL REPORT 2021

FINANCIAL SUPPLEMENT

The consolidated financial statements for 2021 shown below have been prepared in accordance with the International Financial Reporting Standards (IFRS) as adopted for application within the European Union with comparative IFRS figures for 2020.

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

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

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

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

This financial supplement is a part of the 2021 annual report of Lotus Bakeries NV. This annual report consists of three parts which are available on the Lotus Bakeries corporate website and also on simple request, separately and free of charge, from the Lotus Bakeries Corporate Secretary.

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

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CONSOLIDATED FINANCIAL STATEMENTS

CONSOLIDATED BALANCE SHEET

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

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

CONSOLIDATED INCOME STATEMENT

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

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

(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 2021	**3,591**	**12,797**	**16,388**	**476,724**
Net result of the Financial Year	-	-	-	90,767
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	**-**	**-**	**-**	**90,767**
Dividends	-	-	-	(28,968)
Acquisition/Sale own shares	-	-	-	-
Employee share-based compensation expense	-	-	-	419
Non-controlling interests following business combinations	-	-	-	67
Impact written put options on non-controlling interests	-	-	-	33
Other	-	-	-	548
EQUITY AS ON 31 DECEMBER 2021	**3,591**	**12,797**	**16,388**	**539,590**

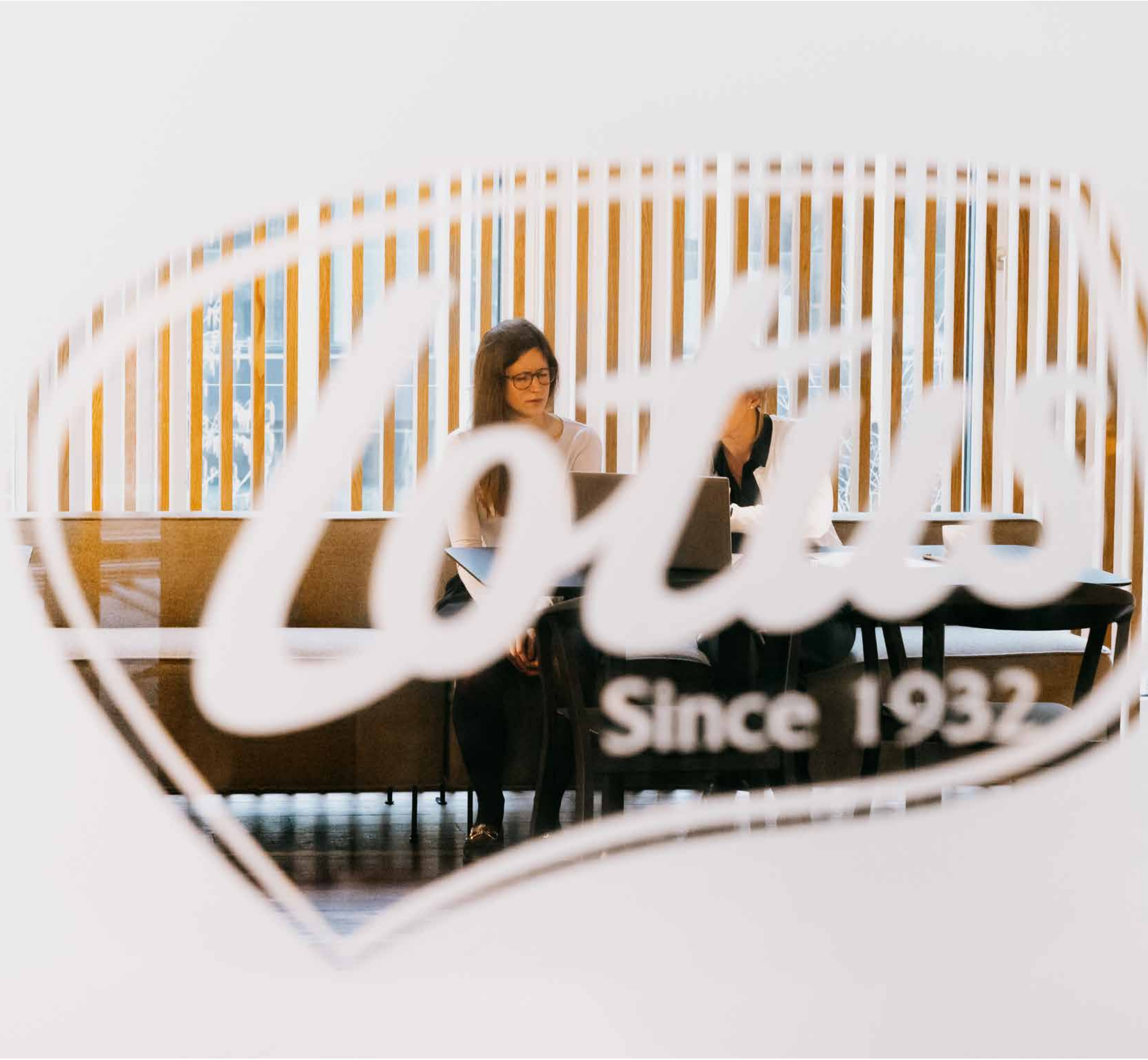
IN THOUSANDS OF EUR	ISSUED CAPITAL	SHARE PREMIUM	CAPITAL	RETAINED EARNINGS
EQUITY AS ON 1 JANUARY 2020	**3,591**	**12,797**	**16,388**	**422,724**
Net result of the Financial Year	-	-	-	82,593
Currency translation differences	-	-	-	-
Remeasurement gains/(losses) on defined benefit plans	-	-	-	-
Cash 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**

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
(11,474)	**(47,143)**	**(280)**	**(538)**	**(47,961)**	**433,677**	**67**	**433,744**
-	-	-	-	-	90,767	(24)	90,743
-	21,103	-	-	21,103	21,103	57	21,160
-	-	(268)	-	(268)	(268)	-	(268)
-	-	-	346	346	346	-	346
-	-	(65)	(87)	(152)	(152)	-	(152)
-	21,103	(333)	259	21,029	21,029	57	21,086
-	**21,103**	**(333)**	**259**	**21,029**	**111,796**	**33**	**111,829**
-	-	-	-	-	(28,968)	-	(28,968)
1,960	-	-	-	-	1,960	-	1,960
-	-	-	-	-	419	-	419
-	-	-	-	-	67	(67)	-
-	-	-	-	-	33	(33)	-
-	-	-	-	-	548	-	548
(9,514)	**(26,040)**	**(613)**	**(279)**	**(26,932)**	**519,532**	**-**	**519,532**
(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**

CONSOLIDATED CASH FLOW STATEMENT

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

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


Lotus
Since 1932

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. CONSOLIDATED COMPANIES

1.1 List of consolidated companies

	ADDRESS	VAT OR NATIONAL NUMBER	31-12-2021	31-12-2020
A. FULLY CONSOLIDATED SUBSIDIARIES			%	%
Cremers-Ribert NV	Gentstraat 52, 9971 Lembeke, BE	VAT BE 0427.808.008	100.0	100.0
Interwaffles SA	Rue de Liège 39, 6180 Courcelles, BE	VAT BE 0439.312.406	100.0	100.0
Lotus Bakeries NV	Gentstraat 1, 9971 Lembeke, BE	VAT BE 0401.030.860	100.0	100.0
Lotus Bakeries Corporate NV	Gentstraat 1, 9971 Lembeke, BE	VAT BE 0881.664.870	100.0	100.0
Lotus Bakeries België NV	Gentstraat 52, 9971 Lembeke, BE	VAT BE 0421.694.038	100.0	100.0
Biscuiterie Willems BV	Nieuwendorpe 33 Bus C, 9900 Eeklo, BE	VAT BE 0401.006.413	100.0	100.0
B.W.I. BV	Ambachtenstraat 5, 9900 Eeklo, BE	VAT BE 0898.518.522	100.0	100.0
Lotus Bakeries International und Schweiz AG	Neuhofstrasse 24, 6340 Baar, CH	VAT CHE 105.424.218	100.0	100.0
Lotus Bakeries CZ s.r.o.	Americká 415/36, 120 00 Praha 2, CZ	VAT CZ 271 447 55	100.0	100.0
Lotus Bakeries GmbH	Rather Strasse 110a, 40476 Düsseldorf, DE	VAT DE 811 842 770	100.0	100.0
Biscuiterie Le Glazik SAS	815 Avenue du Pays Glazik, 29510 Briec-de-l'Odet, F	VAT FR95 377 380 985	100.0	100.0
Biscuiterie Vander SAS	Place du Château 9 bis, 59560 Comines, F	VAT FR28 472 500 941	100.0	100.0
Lotus Bakeries France SAS	Place du Château 9 bis, 59560 Comines, F	VAT FR93 320 509 755	100.0	100.0
Lotus Bakeries UK Ltd.	3000 Manchester Business Park, Aviator Way, Manchester, M22 5TG, UK	VAT GB 896 168 761	100.0	100.0
Natural Balance Foods Ltd.	Second floor, 45 Grosvenor Road, St. Albans, AL1 3AW, UK	VAT GB 841 254 348	97.9	97.9
Urban Fresh Foods Ltd.	Second floor, 45 Grosvenor Road, St. Albans, AL1 3AW, UK	VAT GB 883 060 032	100.0	100.0
The Kids Food Company Ltd.	First floor, Rose House, Bell Lane Office Village, Bell Lane, Amersham, HP6 6FA, UK	VAT GB 977 396 157	100.0	100.0
Lotus Bakeries Réassurances SA	74, Rue de Merl, 2146 Luxembourg, L	R.C.S. Luxembourg B53262	100.0	100.0
Koninklijke Peijnenburg BV	Nieuwendijk 45, 5664 HB Geldrop, NL	VAT NL003897187B01	100.0	100.0
Peijnenburg's Koekfabrieken BV	Nieuwendijk 45, 5664 HB Geldrop, NL	VAT NL001351576B01	100.0	100.0

	ADDRESS	VAT OR NATIONAL NUMBER	31-12-2021	31-12-2020
A. FULLY CONSOLIDATED SUBSIDIARIES			%	%
WK Koek Beheer BV	Streek 71, 8464 NE Sintjohannesga, NL	VAT NL006634199B01	100.0	100.0
WK Koek Bakkerij BV	Streek 71, 8464 NE Sintjohannesga, NL	VAT NL006634151B01	100.0	100.0
Enkhuizer Koekfabriek BV	Oosterdijk 3e, 1601 DA Enkhuizen, NL	VAT NL823011112B01	100.0	100.0
Lotus Bakeries Nederland BV	Oosterdijk 3e, 1601 DA Enkhuizen, NL	VAT NL004458953B01	100.0	100.0
Lotus Bakeries Asia Pacific Limited	Level 54, Hopewell Centre, 183 Queen's Road East, HK	Inland Revenue Department file no. 22/51477387	100.0	100.0
Lotus Bakeries North America Inc.	1000 Sansome Street Suite 350, San Francisco, CA 94111-1323, USA	IRS 94-3124525	100.0	100.0
Lotus Bakeries US, LLC	2010 Park Center Drive, Mebane, NC 27302, USA	IRS 82-1300286	100.0	100.0
Lotus Bakeries US Manufacturing, LLC	2010 Park Center Drive, Mebane, NC 27302, USA	IRS 82-2542596	100.0	100.0
NBF USA Inc.	1755 Park Street, Suite 200, Naperville, IL 60563, USA	C3598146	97.9	97.9
Lotus Bakeries Espana S.L.	C/ Severo Ochoa, 3, 2a Planta Oficina 8A, 28232 Las Rozas (Madrid), ES	VAT ESB80405137	100.0	100.0
Annas - Lotus Bakeries Holding AB	Radiovägen 23, SE 135 48 Tyresö, SE	Registration no. 556757-7241	100.0	100.0
AB Annas Pepparkakor	Radiovägen 23, SE 135 48 Tyresö, SE	VAT SE556149914501	100.0	100.0
Lotus Bakeries Chile SpA	Nueva Tajamar #555 OF401, Las Condes, Santiago, 7550099 CL	VAT (RUT) 76.215.081-6	100.0	100.0
Lotus Bakeries Biscuits Trading (Shanghai) Company Ltd.	Room 01.02.06, Floor 15, No. 511 Weihai Road, Jing'an Disctrict, Shanghai 200041, P.R. CN	Registration no. 913100000781169357	100.0	100.0
Lotus Bakeries Korea Co. Ltd.	4/F, AIA Tower, 16 Tongil-ro-2-gil, Jung-gu, Seoul 04511, KR	Registration no. 128-81-19621	100.0	100.0
Lotus Bakeries Austria GmbH	Fleischmarkt 1/6/12, 1010 Wien, AT	VAT ATU72710827	100.0	100.0
Lotus Bakeries Italia S.r.l.	Via Dante 16, 20121 Milano, IT	IT03029890211	100.0	55.0
Lotus South Africa Manufacturing Ltd.	Erf 4109, Voortrekker Road, Montana, Wolseley, ZA	VAT 4190279762	100.0	100.0
FF2032 NV	Gentstraat 1, 9971 Lembeke, BE	VAT BE 0730.550.847	100.0	100.0
FF2032 AG	Neuhofstrasse 24, 6340 Baar, CH	VAT CHE 241.819.783	100.0	-

On the basis of section 2:403 of the Dutch Civil Code, legal entities with a Dutch company number are exempt from the requirements for a local statutory audit. The holding entity guarantees the debts of these companies as at 31 December 2021.

1.2 Changes in the group structure in 2021

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

Lotus Bakeries Italia S.r.l.

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

FF2032 AG

In 2021 FF2032 AG was founded.

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

LOTUS BAKERIES NV (*)

- FF2032 NV (BE) 100%
- Biscuiterie Willems BV (BE) 100%
- BWI BV (BE) 99.9%
- LB België NV (BE) 100%
- Cremers-Ribert NV (BE) 100%
- Interwaffles NV (BE) 100%
- 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. (ZA) 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) 97.9%
- LB Chile SpA (CL) 100%
- LB Asia Pacific Ltd. (HK) 100%
  - LB Biscuits Trading (Shanghai) Company Ltd. (CN) 100%
  - LB Korea Co, Ltd. (KR) 100%
- LB Italia S.r.l. (IT) 100%

(*) Deviations in percentages with note 1.1 are due to insignificant non-controlling interests held by group entities other than Lotus Bakeries NV. For reasons of simplicity, they are not included in the above legal structure.

2. ACCOUNTING PRINCIPLES

2.1 Statement of compliance

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

2.2 Basis of presentation

The consolidated financial statements are presented in thousands of euros and present the financial situation as at 31 December 2021.

The accounting principles were applied consistently.

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

The consolidated financial statements are presented before allocation of the parent company's result, as proposed to the General Meeting of Shareholders and approved by the Board of Directors on 4 February 2022 for publication.

Recent IFRS pronouncements

Endorsement status of the new standards as at 31 December 2021

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

- Amendments to IFRS 4 Insurance Contracts – deferral of IFRS 9 (effective 1 January 2021). This amendment changes the fixed expiry date for the temporary exemption in IFRS 4 Insurance Contracts from applying IFRS 9 Financial Instruments, so that entities would be required to apply IFRS 9 for annual periods beginning on or after 1 January 2023.

- Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 Interest Rate Benchmark Reform – Phase 2 (effective 1 January 2021). These amendments address issues that might affect financial reporting after the reform of an interest rate benchmark, including its replacement with alternative benchmark rates. The amendments are effective for annual periods beginning on or after 1 January 2021, with earlier application permitted.

- Amendment to IFRS 16 Leases Covid 19-Related Rent Concessions (effective 1 June 2021, with early application permitted). If certain conditions are met, the Amendment would permit lessees, as a practical expedient, not to assess whether particular covid-19-related rent concessions are lease modifications. Instead, lessees that apply the practical expedient would account for those rent concessions as if they were not lease modifications.

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

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

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

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

- Amendments to IFRS 3 Business Combinations; IAS 16 Property, Plant and Equipment; IAS 37 Provisions, Contingent Liabilities and Contingent Assets as well as Annual Improvements (effective 1 January 2022). The package of amendments includes narrow-scope amendments to three Standards as well as the Board's Annual Improvements, which are changes that clarify the wording or correct minor consequences, oversights or conflicts between requirements in the Standards.

  — Amendments to IFRS 3 Business Combinations update a reference in IFRS 3 to the Conceptual Framework for Financial Reporting without changing the accounting requirements for business combinations.

  — Amendments to IAS 16 Property, Plant and Equipment prohibit a company from deducting from the cost of property, plant and equipment amounts received from selling items produced while the company is preparing the asset for its intended use. Instead, a company will recognise such sales proceeds and related cost in profit or loss.

— Amendments to IAS 37 Provisions, Contingent Liabilities and Contingent Assets specify which costs a company includes when assessing whether a contract will be loss-making.

— Annual Improvements make minor amendments to IFRS 1 First-time Adoption of International Financial Reporting Standards, IFRS 9 Financial Instruments, IAS 41 Agriculture and the Illustrative Examples accompanying IFRS 16 Leases.

The following amendments have been issued, but are not mandatory for the first time for the financial year beginning 1 January 2021 and have not been endorsed by the European Union:

- Amendments to IAS 1 'Presentation of Financial Statements: Classification of Liabilities as current or non-current' (effective 1 January 2023), affect only the presentation of liabilities in the statement of financial position — not the amount or timing of recognition of any asset, liability income or expenses, or the information that entities disclose about those items. They:

  — Clarify that the classification of liabilities as current or non-current should be based on rights that are in existence at the end of the reporting period and align the wording in all affected paragraphs to refer to the "right" to defer settlement by at least twelve months and make explicit that only rights in place "at the end of the reporting period" should affect the classification of a liability;

  — Clarify that classification is unaffected by expectations about whether an entity will exercise its right to defer settlement of a liability; and make clear that settlement refers to the transfer to the counterparty of cash, equity instruments, other assets or services.

- Amendments to IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2: Disclosure of Accounting policies (effective 1 January 2023). The amendments aim to improve accounting policy disclosures and to help users of the financial statements to distinguish between changes in accounting estimates and changes in accounting policies. The IAS 1 amendment requires companies to disclose their material accounting policy information rather than their significant accounting policies. Further, the amendment to IAS 1 clarifies that immaterial accounting policy information need not be disclosed. To support this amendment, the Board also amended IFRS Practice Statement 2, 'Making Materiality Judgements', to provide guidance on how to apply the concept of materiality to accounting policy disclosures. The amendments are effective for annual reporting periods beginning on or after 1 January 2023. Earlier application is permitted (subject to any local endorsement process).

- Amendments to IAS 8 Accounting policies, Changes in Accounting Estimates and Errors: Definition of Accounting Estimates (effective 1 January 2023). The amendment to IAS 8, 'Accounting Policies, Changes in Accounting Estimates and Errors', clarifies how companies should distinguish changes in accounting policies from changes in accounting estimates. The amendments are effective for annual reporting periods beginning on or after 1 January 2023. Earlier application is permitted (subject to any local endorsement process).

- **Amendments to IAS 12 Income Taxes: Deferred Tax related to Assets and Liabilities arising from a Single Transaction** (effective 1 January 2023). The amendments clarify how companies account for deferred tax on transactions such as leases and decommissioning obligations. The main change in the amendments is an exemption from the initial recognition exemption of IAS 12.15(b) and IAS 12.24. Accordingly, the initial recognition exemption does not apply to transactions in which equal amounts of deductible and taxable temporary differences arise on initial recognition. The amendments are effective for annual reporting periods beginning on or after 1 January 2023. Early adoption is permitted.

- **Amendments to IFRS 17 Insurance contracts: Initial Application of IFRS 17 and IFRS 9 – Comparative Information** (issued on 9 December 2021, effective 1 January 2023). The amendment is a transition option relating to comparative information about financial assets presented on initial application of IFRS 17. The amendment is aimed at helping entities to avoid temporary accounting mismatches between financial assets and insurance contract liabilities, and therefore improve the usefulness of comparative information for users of financial statements.

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

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

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

2.3 Consolidation principles

The consolidated financial statements comprise the financial statements of Lotus Bakeries NV and its subsidiaries (collectively referred to as the 'Group'). All material balances and transactions within the Group have been eliminated.

Subsidiaries

Subsidiaries are entities controlled by the Group. The Group has control over an investee when it is exposed to, or has the right to, variable returns arising from its involvement with the investee and has the ability to affect those returns through its power over the investee. The financial statements of the subsidiaries are included in the consolidation scope as from the date that the Group obtains control until the date such control ceases.

Acquisition of subsidiaries is accounted for according to the acquisition method. The financial statements of the subsidiaries have the same financial year as the Group and are prepared in accordance with the accounting principles of the Group.

A list of subsidiaries of the Group is disclosed in the relevant notes.

Liabilities related to put options granted to non-controlling interests

The Group granted put options to third parties with non-controlling interests in a subsidiary, with these options giving the holders the right to sell part or all of their investment in the subsidiary. These financial liabilities do not bear interest. In accordance with IAS 32, when non-controlling interests hold put options enabling them to sell their investment in the Group, a financial liability is recognised in an amount corresponding to the present value of the estimated exercise price. This financial liability is included in the other non-current liabilities. The counterpart of this liability is a write-down of the value of the non-controlling interest underlying the option. The difference between the value of the non-controlling interest and the fair value of the liability is allocated to the retained earnings (Group share), which are included in shareholders' equity.

This item is adjusted at the end of each reporting period to reflect changes in the estimated exercise price of the option and the carrying amount of non-controlling interests. If the option matures without exercising, the liability is written off against non-controlling interests and retained earnings (Group share).

2.4 Use of estimates

In order to prepare the financial statements in accordance with IFRS, management has to make judgements, estimates and assumptions which have an impact on the financial statements and notes.

Estimates made on the reporting date reflect existing conditions on that date (for example: market prices, interest rates and foreign exchange rates). Though these estimates are made by management based on maximum knowledge of ongoing business and of the actions that the Group may undertake, the actual results may be different.

The assumptions made for measuring goodwill, intangible assets, post-employment benefits and financial derivatives are included in notes 6, 7, 18 and 20.

2.5 Foreign currencies

The Group's reporting currency is the euro.

Transactions in foreign currencies

Transactions in foreign currencies are converted using the exchange rate applicable on the date of the transaction. Monetary assets and liabilities in foreign currencies are converted to the closing rate on the reporting date.

Financial statements of foreign entities

For foreign entities using a different functional currency than the euro:

- assets and liabilities are converted to the euro using the exchange rate on the reporting date.
- income statements are converted at annual average exchange rate.
- equity items are converted at the historic exchange rate.

Translation differences resulting from conversion of equity into euro using the rate at the end of the reporting period are recognised as translation differences under equity. Translation differences remain in equity up to the disposal of the company. In case of disposal, the deferred cumulative amount included in equity is included in the results for the foreign activity in question.

Goodwill from the acquisition of a foreign entity and possible fair value changes in carrying amount of the acquired assets and liabilities at the moment of acquisition, are considered as assets and liabilities of the foreign activity and are converted using the closing rate.

The Group has no entities in hyper-inflationary economies.

Exchange rates

The following exchange rates were used in preparing the financial statements:

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

2.6 Intangible assets

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

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

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

Amortisation

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

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

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

Goodwill

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

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

2.7 Property, plant and equipment

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

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

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

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

Subsequent expenditure

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

Depreciation

Depreciation is calculated on a straight-line basis over the estimated useful lives of the assets. Depreciation of an asset begins when the asset is ready for its intended use.

Useful life is assigned as follows:

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

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

2.8 Leases

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

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

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

2.9 Government grants

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

2.10 Impairment of non-current assets

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

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

Reversal of impairments

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

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

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

2.11 Financial assets available for sale

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

2.17 Share capital and treasury shares

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

2.18 Interest-bearing financial debts

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

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

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

2.19 Provisions

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

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

Restructuring

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

2.20 Financial derivatives

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

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

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

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

2.21 Trade payables and other debts

Trade payables and other debts are recognised at their nominal value. A financial obligation is derecognised once the obligation is fulfilled, settled or lapsed.

2.22 Dividends

Dividends payable to shareholders of the Group are recognised as a liability in the balance sheet in the period in which the dividends are approved by the shareholders of the Group.

2.23 Revenues

Revenues are included in the income statement when it is probable that the Group will receive economic benefits from the transaction and the revenues can be measured reliably.

Sale of goods and delivery of services

Revenue is deemed to have been earned when the risks and rewards of the sale are payable by the purchaser and any uncertainty has been removed in terms of the collection of the agreed amount, transaction costs and any return of the goods.

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

Financial income

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

2.24 Employee benefits

Pension plans

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

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

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

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

Defined benefit costs are divided into 2 categories:

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

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

Share-based payment

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

Bonuses

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

2.25 Income tax

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

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

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

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

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

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

2.26 Earnings per share

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

2.27 Segment reporting

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

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

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

3. SEGMENT REPORTING BY GEOGRAPHICAL REGION

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

- Belgium: sales by Sales Office Belgium and intra-group sales by factories in Belgium

- France: sales by Sales Office France and intra-group sales by factories in France

- The Netherlands: sales by Sales Office Netherlands and intra-group sales by factories in the Netherlands

- UK: sales by Sales Office UK, Natural Balance Foods, Urban Fresh Foods and Kiddylicious, and the production of Lotus South Africa Manufacturing

- Other: sales from Belgium to countries without own Sales Office and by own Sales Offices in Germany, Austria, Switzerland, the Czech Republic/Slovakia, United States, Spain, Italy, China, South Korea, Sweden/Finland plus production in Sweden.

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

YEAR ENDED 31 DECEMBER 2021	CONTINUING OPERATIONS						
IN THOUSANDS OF EUR	BELGIUM	FRANCE	NETHERLANDS	UK	OTHER	ELIMINATIONS + CORPORATE COMPANIES	TOTAL
TURNOVER							
Sales to external customers	169,976	92,443	80,488	176,598	230,746	-	750,251
Inter-segment sales	154,725	12,727	3,971	18,668	2,502	(192,593)	-
Total turnover	**324,701**	**105,170**	**84,459**	**195,266**	**233,248**	**(192,593)**	**750,251**
RESULTS							
Segment result REBIT	39,166	7,043	10,152	34,377	23,569	9,498	123,805
Non-recurrent operating result	(812)	64	(326)	(1,358)	(1,733)	30	(4,135)
Segment result EBIT	-	-	-	-	-	-	119,670
Financial result	-	-	-	-	-	-	(2,373)
Profit for the year before taxes	-	-	-	-	-	-	117,297
Taxes	-	-	-	-	-	-	(26,554)
Result after taxes	**-**	**-**	**-**	**-**	**-**	**-**	**90,743**
ASSETS AND LIABILITIES							
Non-current assets	**169,321**	**8,508**	**101,145**	**249,324**	**118,075**	**41,565**	**690,120**
Segment assets	169,321	8,508	101,145	249,324	118,075	41,565	687,938
Unallocated assets:	-	-	-	-	-	-	2,182
Deferred taxes	-	-	-	-	-	-	2,182
Current assets	**46,195**	**15,706**	**10,854**	**41,753**	**35,459**	**4,490**	**301,972**
Segment assets	46,195	15,706	10,854	41,753	35,459	4,490	154,457
Unallocated assets:	-	-	-	-	-	-	147,515
VAT receivables	-	-	-	-	-	-	10,079
Income tax receivables	-	-	-	-	-	-	5,276
Cash and cash equivalents	-	-	-	-	-	-	132,160
Total assets	**215,516**	**24,214**	**111,999**	**291,077**	**153,534**	**46,055**	**992,092**

YEAR ENDED 31 DECEMBER 2021

CONTINUING OPERATIONS

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

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
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**

YEAR ENDED 31 DECEMBER 2020			CONTINUING OPERATIONS				
IN THOUSANDS OF EUR	BELGIUM	FRANCE	NETHERLANDS	UK	OTHER	ELIMINATIONS + CORPORATE COMPANIES	TOTAL
ASSETS AND LIABILITIES							
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:							
Property, plant and equipment	11,637	755	1,837	2,031	1,331	1,224	18,814
Intangible fixed assets	-	-	-	-	317	1,376	1,693
Depreciation	9,653	1,100	2,826	889	4,544	1,989	21,001
Increase/(Decrease) in amounts written off stocks, contracts in progress and trade debtors	1,025	198	232	468	740	48	2,710

4. ACQUISITIONS AND DISPOSAL OF SUBSIDIARIES

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

5. PROPERTY, PLANT AND EQUIPMENT

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

In 2021, EUR 57.7 million were invested in property, plant and equipment. In Belgium, investments were made in a new waffle line in Courcelles and in the new Lotus® Biscoff® Sandwich Cookie line in Lembeke. Further investments were made in the expansion of capacity at the BEAR factory in South Africa and the factory in the United States.

In 2021, acquisitions related to the IFRS 16 leases standard mainly consist of new and extended lease contracts for company cars and office buildings.

ON 31 DECEMBER 2021

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

PER 31 DECEMBER 2020

IN THOUSANDS OF EUR	LAND AND BUILDINGS	PLANT, MACHINERY AND EQUIPMENT	FURNITURE, OFFICE EQUIPMENT AND VEHICLES	ASSETS UNDER CONSTRUCTION	TOTAL
ACQUISITION COST					
At the end of the preceding year	171,017	319,943	24,114	9,448	524,521
Acquisitions during the year	3,228	11,389	865	3,332	18,814
Sales and disposals	(18)	(581)	(489)	-	(1,088)
Transfers from one heading to another	309	6,092	354	(6,755)	-
Acquisition during the year leases standard	1,704	6	1,872	-	3,582
Sales and disposals leases standard	(2,117)	(5)	(814)	-	(2,936)
Translation differences	(3,924)	(1,907)	(187)	(58)	(6,075)
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 2021 no newly granted capital grants were received and kEUR 46 of capital grants were taken into the income statement, giving at year end a remaining balance of kEUR 900, which is deducted from the net book value as reported in the above tables of movements.

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

6. GOODWILL

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

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

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

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

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

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

Goodwill, representing approximately 23% of the total assets of Lotus Bakeries at 31 December 2021, is tested for impairment every year (or whenever there is a specific reason to do so) by comparing the carrying value of each cash generating unit (CGU) with its recoverable amount. The recoverable amount of a cash generating unit is determined on the basis of the calculated value in use.

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

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

- Revenue and gross profit margin: revenue and gross profit margin reflect management's expectations based on past experience and taking into account the risks specific to the reportable business unit.
- The first year of the model is based on the budget for the year, taking into account historical results and is management's best estimate of the free cash flow outlook for the current year.
- In years two to five of the model, free cash flows are based on Lotus Bakeries' long-term plan. The long-term plan of Lotus Bakeries is prepared country by country, based on realistic internal plans that take into account the specific market situation and the past.
- Cash flows beyond the first five years are extrapolated by applying a perpetual growth rate to free cash flows, lying between 1% and 3%.
- Projections are discounted at the weighted average cost of capital after tax, which lies between 4.6 and 6.8%. The pre-tax discount rate is calculated by dividing the discount rate after tax by one minus the applicable tax rate. This result is not materially different from an iterative calculation method as described in IAS 36.

End 2021, Lotus Bakeries has completed its annual impairment test on goodwill and concluded from this that no further impairment allowance is necessary. Lotus Bakeries believes all of its estimates to be reasonable: they are consistent with the internal reporting and reflect management's best estimates.

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

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

7. INTANGIBLE ASSETS

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

The brands relate to:

- the Peijnenburg brand
- the Annas brand
- the Nākd brand
- the BEAR brand
- the Dinosaurus brand
- the Kiddylicious brand

The value of these brands was established as part of the valuation at fair value of the asset and liability components upon first consolidation.

As the Peijnenburg brand serves as the base brand in the Netherlands, it is not amortised. In accordance with the valuation rules, its fair value is tested annually, using the DCF method.

The Annas brand is used as the base brand for the Nordic region and as the base brand for its pepparkakor products outside the Nordic region. This brand is not being amortised. Here too, the fair value is tested annually using the DCF method. The activity in the Nordic region plus the pepparkakor activity outside this region are defined as a cash generating unit. This cash generating unit is part of the segment 'Other' in note 3.

In 2012 the intellectual property rights in the Dinosaurus brand were acquired. Based on an analysis of all relevant factors, there is no foreseeable limit to the period of time over which this brand is expected to generate cash flows. The Dinosaurus brand has been assigned indefinite useful life and therefore is not amortised.

In 2015, the Nākd brand was acquired as part of the acquisition of Natural Balance Foods. Nākd is loved by customers for its delicious, innovative products made from 100% natural ingredients with no added sugar. They are dairy, wheat and gluten free. Since Nākd is the base brand of Natural Balance Foods in the UK and elsewhere, it is not amortised. In accordance with the valuation rules, its fair value is tested annually, using the DCF method. Accordingly, the sale of Nākd products in the UK and elsewhere is treated as a cash generating unit.

At the end of 2015, the BEAR brand was acquired as part of the acquisition of Urban Fresh Foods. The BEAR brand is the market leader in the UK for pure fruit snacks for children. Since BEAR is the base brand of Urban Fresh Foods in the UK and elsewhere, it is not amortised. In accordance with the valuation rules, its fair value is tested annually, using the DCF method. Accordingly, the sale of BEAR products in the UK and elsewhere is treated as a cash generating unit.

In 2018, Kiddylicious brand was acquired as part of the acquisition of Kiddylicious. Delicious, nutritious, portion-controlled snacks for growing babies, toddlers and pre-schoolers are marketed under this brand. Since Kiddylicious is the base brand in the UK and elsewhere, it is not amortised. In accordance with the valuation rules, its fair value is tested annually, using the DCF method. Accordingly, the sale of Kiddylicious products in the UK and elsewhere is treated as a cash generating unit.

At year-end 2021, the Group tested the value of these brands for possible impairment. Taking into account the assumptions used, the value in use of the unit exceeds its carrying amount and no impairment loss was recognised.

The main judgements, assumptions and estimates are:

- Revenue and gross profit margin: revenue and gross profit margin reflect management's expectations based on past experience and taking into account the risks specific to the cash generating unit.
- The first year of the model is based on the budget for the year, taking into account historical results and is management's best estimate of the free cash flow outlook for the current year.
- In years two to five of the model, free cash flows are based on Lotus Bakeries' long-term plan. The long-term plan of Lotus Bakeries is prepared country by country, based on internal plans that take into account the specific market situation and the past.
- Cash flows beyond the first five years are extrapolated by applying a perpetual growth rate to free cash flows, lying between 1% and 3%.
- Projections are discounted at the weighted average cost of capital after tax, which lies between 4.6 and 5.6%. The pre-tax discount rate is calculated by dividing the discount rate after tax by one minus the applicable tax rate. This result is not materially different from an iterative calculation method as described in IAS 36.

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

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

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

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

ON 31 DECEMBER 2021

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

ON 31 DECEMBER 2020

IN THOUSANDS OF EUR	INDEFINITE LIFE BRANDS	DEFINITE LIFE BRANDS	SOFTWARE	CUSTOMER PORTFOLIO	TOTAL
ACQUISITION COST					
At the end of the preceding year	140,757	4,627	11,781	1,030	158,195
Acquisitions during the year	-	-	1,693	-	1,693
Translation differences	(3,517)	-	(17)	-	(3,534)
Total acquisition cost	**137,240**	**4,627**	**13,457**	**1,030**	**156,354**
DEPRECIATIONS AND AMOUNTS WRITTEN DOWN					
At the end of the preceding year	-	(4,627)	(10,018)	(841)	(15,486)
Depreciation during the year	-	-	(813)	(103)	(916)
Translation differences	-	-	14	-	14
Total depreciation and amounts written down	**-**	**(4,627)**	**(10,817)**	**(944)**	**(16,388)**
NET BOOK VALUE	**137,240**	**-**	**2,640**	**86**	**139,966**

8. DEFERRED TAXES

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

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

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

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

Investments in other companies

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

In 2019, Lotus Bakeries set up corporate venture fund FF2032 NV, creating a platform for investment in promising brands and growth companies offering innovative products, technologies or market approaches within the food sector.

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

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

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

Other long-term receivables

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

10. INVENTORIES

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

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

11. TRADE RECEIVABLES AND OTHER AMOUNTS RECEIVABLE

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

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

With regard to trade receivables there are no indications that debtors will not meet their payment obligations. Nor are there any customers representing more than 10% of the consolidated turnover. IFRS 9 requires Lotus Bakeries to establish a provision for expected losses on the recovery of trade receivables. This has no material impact. More information regarding the credit risk is included in the chapter 'Report of the Board of Directors' in part 1 of the Lotus Bakeries 2021 annual report.

Movements on valuation allowances of trade receivables:

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

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

12. CASH AND CASH EQUIVALENTS

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

IN THOUSANDS OF EUR	31-12-2021	31-12-2020
Cash and cash equivalents	132,160	81,261
TOTAL	**132,160**	**81,261**

13. NET FINANCIAL DEBT

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

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

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

14. ISSUED CAPITAL

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

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

Structure of shareholdings

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

Capital risk management

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

15. DIVIDENDS

IN THOUSANDS OF EUR	2021	2020
Dividend payments in		
Gross dividend per ordinary share (EUR)	35.50	32.00
Number of ordinary shares	816,013	816,013
Gross dividend on ordinary shares	28,968	26,112
Proposed dividend per ordinary share (EUR)	**40.00**	**35.50**
Gross dividend on ordinary shares	32,641	28,968

The Board of Directors will propose to the Ordinary General Meeting of Shareholders of 13 May 2022 to pay a gross dividend of EUR 40.00 per share for 2021 compared to EUR 35.50 per share in 2020.

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

16. TREASURY SHARES

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

IN THOUSANDS OF EUR	2021	2020
On 1 January	11,474	15,866
Purchased during the year	-	-
Sold during the year	(1,960)	(4,392)
On 31 December	9,514	11,474
Number of treasury shares		
On 1 January	5,542	9,681
Purchased during the year	-	-
Sold during the year	(1,432)	(4,139)
On 31 December	4,110	5,542

17. INTEREST-BEARING LIABILITIES

Non-current financial debts, excluding lease liabilities, with an initial maturity of more than 1 year increased by kEUR 16,000. The current interest-bearing liabilities increased by kEUR 4,308. The currency of all non-current interest-bearing liabilities is euro. Current interest-bearing liabilities are mainly expressed in euro.

The leasing debt mainly relates to the lease of company cars and office buildings.

The interest due on interest-bearing liabilities at the end of 2021 amounts to kEUR 8,715. The majority of this (kEUR 6,309) relates to a period of more than one year, but less than five years. The interest due within one year or after five years amounts to kEUR 2,365 and kEUR 41 respectively.

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

IN THOUSANDS OF EUR	DUE WITHIN 1 YEAR	DUE BETWEEN 1 TO 5 YEARS	DUE AFTER 5 YEARS	TOTAL
Non-current interest-bearing liabilities	-	198,500	11,000	209,500
Current interest-bearing liabilities	14,000	-	-	14,000
Total interest-bearing liabilities 2021	**14,000**	**198,500**	**11,000**	**223,500**
IFRS 16 leases standard	3,439	5,831	3,506	12,776
TOTAL ON 31 DECEMBER 2021	**17,439**	**204,331**	**14,506**	**236,276**

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**

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

The unused committed credit lines amounted to kEUR 130,536 on 31 December 2021.

18. NET OMPLOYEE DEFINED BENEFIT LIABILITIES

On 31 December 2021, the net debts of defined benefit pension plans amount to kEUR 4,353 as opposed to kEUR 4,065 at the end of 2020. This debt consists mainly of provisions for early retirement pensions ('bridging pensions') in Belgium, and for defined benefit pension plans in the Netherlands, France and Germany.

IN THOUSANDS OF EUR	2021	2020
Net periodic cost		
Service cost	128	270
Interest charges	8	15
(Gains) / Losses	-	(82)
NET PERIODIC COST	**136**	**203**
Remeasurements (recognised in OCI)		
Remeasurements on the defined benefit obligation	268	47
REMEASUREMENTS	**268**	**47**
Movement in the net liability		
Net debt as at 1 January	4,065	4,036
Service cost	128	270
Interest charges	8	15
Remeasurements	268	47
Employers contribution	(116)	(84)
(Gains) / Losses	-	(82)
Other	-	(137)
NET DEBT AS AT 31 DECEMBER	**4,353**	**4,065**

Defined benefit costs are split into 2 categories:

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

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

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

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

	2021	2020
Discount rate	0.35%	0.02%
Inflation rate	1.80% p.a.	1.80% p.a.

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

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

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

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

Defined contribution plan

As part of a defined contribution plan, the Group pays contributions to well defined insurance institutions. Management of the pension plan is outsourced to an insurance company. These employer contributions are subtracted from the results for the year concerned. The Group has no further payment obligations in addition to these contributions.

Because of the Belgian legislation applicable to 2nd pillar pension plans (so-called 'Law Vandenbroucke'), all Belgian defined contribution plans have to be considered under IFRS as defined benefit plans. This 'Law Vandenbroucke', which came into force in 2004, states that in the context of defined contribution plans, the employer must guarantee a minimum return of 3.75% on employee contributions and 3.25% on employer contributions. As from 1 January 2016, these percentages were replaced by a single percentage which changes in line with market rates, subject to a minimum of 1.75% and a maximum of 3.75%, reducing the risk for the employer.

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

In the past the company did not apply the defined benefit accounting for these plans because the return on plan assets provided by insurance companies was sufficient to cover the minimum guaranteed return. As a result of continuous low interest rates offered by the European financial markets, the employers in Belgium effectively assumed a higher financial risk related to the pension plans with a minimum fixed guaranteed return than in the past, requiring them to measure the potential impact of defined benefit accounting for these plans. We made an estimate of the potential additional liabilities as at 31 December 2021 and these are assessed as not significant.

The Group expects to pay around kEUR 4,096 of contributions to these defined contribution plans in 2021.

19. PROVISIONS

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

IN THOUSANDS OF EUR	TOTAL
Provisions on 1 January 2021	**303**
Reversal of unutilized provisions	-
Provisions used during the year	(166)
Provisions on 31 December 2021	**137**
Long term	116
Short term	21

IN THOUSANDS OF EUR	TOTAL
Provisions on 1 January 2020	**306**
Reversal of unutilized provisions	(3)
Provisions used during the year	-
Provisions on 31 December 2020	**303**
Long term	282
Short term	21

Current provisions are expected to be settled within 12 months.

20. FINANCIAL DERIVATIVES

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

Interest rate hedges

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

Lotus Bakeries has a loan agreement from 2015 for which an interest rate agreement was entered into at the same time (variable for fixed) to hedge against fluctuations in cash flow caused by changes in interest rates. This agreement runs until March 2023. As of 31 December 2021, the market value of the existing interest rate swaps was kEUR -371. The evolution in market value is included in equity as a change in market value under other comprehensive income (gain on cash flow hedge, kEUR 346).

Exchange rate hedges

The Group is subject to foreign currency risks. The main foreign currency transactions take place in USD, GBP, ZAR, CHF, SEK, CNY and KRW. The net foreign exchange risk of these currencies are hedged by forward contracts whenever there exists a material uncovered net risk for the Group. At the end of 2021, Lotus Bakeries did not own a material foreign currency derivative.

21. OTHER NON-CURRENT LIABILITIES

At the end of 2021, other non-current financial liabilities stood at EUR 1.9 million. These mainly arise from the impact of the financial liabilities relating to put options granted to third parties with respect to the entire non-controlling interest in Natural Balance Foods Ltd., where these put options give holders the right to sell part or the whole of their investment in this subsidiary. At the end of December 2021, Lotus Bakeries held 97.9% of the shares, with the remaining 2.1% still held by the founders.

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

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

22. TRADE PAYABLES AND OTHER LIABILITIES

IN THOUSANDS OF EUR	31-12-2021	31-12-2020
Trade payables	125,315	87,370
Remuneration and social security	26,515	26,508
Tax payables		
VAT payables	402	145
Tax payables	5,850	12,701
Total tax payables	6,252	12,846
Other current liabilities	2,144	4,624
Accrued charges and deferred income	5,091	4,404
TOTAL	**165,317**	**135,752**

The increase in 2021 is mainly due to higher trade payables. The higher trade payables relate to delivered goods and services in the context of investment projects and the increased activity in general.

23. PERSONNEL COSTS

IN THOUSANDS OF EUR	2021	2020
Salaries and wages	98,785	92,461
Social security contributions	19,690	17,103
Contributions for company pension plans with fixed contribution	4,205	3,965
Other personnel costs	30,177	23,587
TOTAL PERSONNEL COSTS	**152,857**	**137,116**
Average number of members of personnel	2,305	2,214
Number of members of personnel as at the end of the year	2,398	2,155

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

Personnel costs increased in 2021 compared with 2020 due to the increase in the number of personnel and temporary staff.

24. SHARE-BASED PAYMENTS

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

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

In 2021, 660 share options were granted to and accepted by Lotus Bakeries employees. In 2020, 962 share options were granted to and accepted by Lotus Bakeries employees.

The share options outstanding at the end of 2021 have a weighted average term of two years and five months (2020: two years and seven months).

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

For all allotted and accepted options, a charge of kEUR 419 was recorded in the income statement in 2021 (kEUR 521 in 2020). For share options exercised during 2021, the weighted average share price at exercise date was EUR 4,449.86 (2020: EUR 2,851.54).

NUMBER OF OPTIONS	2021	2020
Outstanding options at 1 January	**5,267**	**8,568**
Options granted during the year	660	962
Options exercised during the year	(1,379)	(4,140)
Options expired during the year	(7)	(123)
Outstanding options at 31 December	**4,541**	**5,267**
Exercisable at 31 December	581	341
Charge recorded in the income statement (kEUR)	**419**	**521**

The weighted average exercise price of options is as follows:

IN EUR	2021	2020
Outstanding options at 1 January	**2,395.26**	**1,891.03**
Options granted during the year	4,517.14	2,828.95
Options exercised during the year	2,179.36	1,464.49
Options expired during the year	1,702.49	1,991.64
Outstanding options at 31 December	**2,770.30**	**2,395.26**
Exercisable at 31 December	2,331.77	1,702.49

The weighted average term of the share options outstanding at the end of the period:

	2021	2020
Number of years	2	2
Number of months	5	7

ALLOTTED IN		NUMBER ALLOTTED [1]	NUMBER EXERCISED [2]	AVAILABLE BALANCE	EXERCISE PRICE	EXERCISE PERIOD
2016	Options	2,327	2,327	-	1,702.49	01/01/2020 - 12/05/2021
2017	Options	1,626	1,045	581	2,331.77	01/01/2021 - 11/05/2022
2018	Options	1,139	-	1,139	2,373.00	01/01/2022 - 14/05/2023
2019	Options	1,199	-	1,199	2,351.58	01/01/2023 - 09/05/2024
2020	Options	962	-	962	2,828.95	01/01/2024 - 07/05/2025
2021	**Options**	**660**	**-**	**660**	**4,517.14**	**01/01/2025 - 17/05/2026**
	TOTAL	**7,913**	**3,372**	**4,541**		

[1] Cumulated number allocated minus cumulative number lapsed.

[2] Cumulative number exercised.

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

	2021	2020
Fair value of options granted	720.51	471.65
Share price	4,630.00	2,890.00
Exercise price	4,517.14	2,828.95
Expected volatility	23.69%	25.07%
Expected dividends	0.94%	0.95%
Risk-free interest rate	(0.34%)	(0.36%)

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

25. DEPRECIATION AND AMORTISATION ON (IN)TANGIBLE ASSETS

IN THOUSANDS OF EUR	2021	2020
Depreciation of intangible assets	1,086	916
Depreciation of property, plant & equipment	22,029	20,085
TOTAL	**23,115**	**21,001**

The increase in depreciation is in line with the investments in additional capacity. The application of IFRS 16 has an impact of kEUR 4,257 on depreciation on property, plant and equipment in 2021, against an impact of kEUR 3,284 in 2020. See notes 5, 7 and 27 concerning tangible assets, intangible assets and non-recurrent operating result.

26. OTHER OPERATING INCOME AND CHARGES

IN THOUSANDS OF EUR	2021	2020
Other costs	**8,253**	**5,919**
Other taxes	3,532	3,054
Other operating charges	4,721	2,865
Other revenues	**(4,011)**	**(7,751)**
Transport charges	516	26
Fixed assets - own construction	(932)	(856)
Other operating income	(3,595)	(6,921)
OTHER OPERATING CHARGES (INCOME)	**4,242**	**(1,832)**

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

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

27. NON-RECURRENT OPERATING RESULT

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

The non-recurrent operating result at the end of 2021 amounts to kEUR -4,135. It mainly comprises one-off costs resulting from the relocation and merger of two Lotus™ Natural Foods offices in the UK and preparation and start-up costs for further capacity expansions in the US.

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

28. FINANCIAL RESULT

IN THOUSANDS OF EUR	2021	2020
Interest expense (income)	**2,766**	**2,726**
Interest charges	2,883	2,933
Interest income	(117)	(207)
Foreign exchange losses (gains)	**(886)**	**(51)**
Exchange rate losses	4,154	5,480
Exchange rate gains	(5,040)	(5,531)
Other financial expenses (income)	493	329
FINANCIAL RESULT	**2,373**	**3,004**

On an annual basis, the Group reports a financial charge of kEUR 2,373 versus kEUR 3,004 in 2020. The net financial result for 2021 consists mostly of interest expenses. The change in the foreign exchange result is related to the valuation of balance sheet positions in foreign currency at the closing rate of 2021.

29. TAXES

Income tax amounted to EUR 26.6 million and increased by 26.6% compared with 2020. There is a one-off negative impact on deferred taxes in 2021 as a result of the corporate income tax rate increase to 25% in the UK from April 2023. This is an accounting and non-cash effect. The lower tax expense in 2020 is explained by the release from deferred tax on the foreign exchange result arising on the repayment of an intercompany debt accompanied by the one-off positive impact of the realised exemption from a double taxation. The average effective tax rate was 22.6% in 2021 compared with 20.3% in 2020.

IN THOUSANDS OF EUR	2021	2020
Income taxes on the results		
Income taxes on the results of the current year	21,411	20,143
Tax adjustments for prior years	(1,885)	(5,528)
Deferred taxes of the current year	7,028	6,357
TOTAL TAX CHARGE REPORTED IN THE INCOME STATEMENT	**26,554**	**20,972**
Accounting profit before tax	**117,297**	**103,517**
Effective tax rate of the year	22.64%	20.26%
Reconciliation between theoretical and effective tax rate		
Results before taxation	117,297	103,517
Legal tax rate	25.00%	25.00%
Legal income tax expense	29,324	25,879
Effect of different tax rates in other countries	(2,020)	(901)
Deductions of taxable income	(2,646)	(1,493)
Tax adjustments for prior years	(4,193)	(1,437)
Taxes on dividend income	-	48
Disallowed expenses	736	2,350
Tax free income	(5)	(206)
Tax losses used for which no deferred tax asset has been recorded	(20)	(110)
Changes in tax rate or new taxes	4,901	1,818
Deferred taxes on the foreign exchange result through repayment intercompany debt	-	(4,951)
Other	477	(25)
Effective tax	26,554	20,972
Effective tax rate	22.64%	20.26%

30. EARNINGS PER SHARE

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

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

IN THOUSANDS OF EUR	2021	2020
Net result - attributable to:	**90,743**	**82,545**
Non-controlling interests	(24)	(48)
Equity holders of Lotus Bakeries	90,767	82,593
Weighted average number of shares	811,550	809,664
Ordinary earnings per share (EUR) - attributable to:		
Non-controlling interests	(0.03)	(0.06)
Equity holders of Lotus Bakeries	111.84	102.01
Dilutive effect	**2,127**	**1,520**
Weighted average number of shares under option	4,518	5,655
Weighted average number of shares which should be issued at average market share	(2,391)	(4,135)
Weighted average number of shares after effect of dilution	813,677	811,184
Diluted earnings per share (EUR) - attributable to:		
Non-controlling interests	(0.03)	(0.06)
Equity holders of Lotus Bakeries	111.55	101.82
Total number of shares	816,013	816,013
Earnings per share (EUR) - attributable to:		
Non-controlling interests	(0.03)	(0.06)
Equity holders of Lotus Bakeries	111.23	101.22
Total number of shares less treasury shares	811,903	810,471
Earnings per share (EUR) - attributable to:		
Non-controlling interests	(0.03)	(0.06)
Equity holders of Lotus Bakeries	111.80	101.91

31. RELATED PARTIES

A list of all Group companies is provided in note 1. Further details of the shareholding structure of Lotus Bakeries NV as at 31 December 2021 are contained in the Corporate Governance Statement in part 1 of the 2021 annual report of Lotus Bakeries.

For information on the remuneration of the CEO, the remuneration of the executive managers and the remuneration of the board members in 2021, we refer to the remuneration report included in Part 1 of the 2021 annual report.

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

32. RIGHTS AND COMMITMENTS NOT REFLECTED IN THE BALANCE SHEET

1. Commitments to acquire tangible fixed assets

As at 31 December 2021, the Group had kEUR 35,747 of commitments (2020: kEUR 4,070) for the purchase of fixed assets.

2. Contracts for raw materials and finished products

Purchased but not yet delivered raw materials and finished products in 2022 and 2023 amount to kEUR 108,487, as detailed below.

IN THOUSANDS OF EUR	2021	2020
Less than one year	97,267	87,705
More than one year and less than five years	11,220	21,075

3. Other rights and commitments

Bank guarantees as at 31 December 2021: kEUR 1,564 (31 December 2020: kEUR 1,530). Lotus Bakeries commits itself not to dispose of, mortgage or pledge any fixed assets without prior consultation with the credit-granting institutions. These assets serve as guarantee for the loans ('full negative pledge').

33. FINANCIAL RISK MANAGEMENT

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

For a description of these risks, please refer to the financial information contained in the report of the Board of Directors in part 1 of the 2021 annual report of Lotus Bakeries.

34. CATEGORIES AND FAIR VALUE OF FINANCIAL INSTRUMENTS

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

FINANCIAL ASSETS BY CLASS AND MEASUREMENT CATEGORY

31 DECEMBER 2021

IN THOUSANDS OF EUR	NOTE	FINANCIAL ASSETS MEASURED AT AMORTISED COST	FINANCIAL ASSETS MEASURED AT FAIR VALUE			
			DERIVATIVES - THROUGH PROFIT OR LOSS	DERIVATIVES - THROUGH EQUITY	AVAILABLE FOR SALE - THROUGH EQUITY	TOTAL
Trade receivables	11	94,549	-	-	-	94,549
Cash and cash equivalents	12, 13	132,160	-	-	-	132,160
TOTAL FINANCIAL ASSETS		**226,709**	**-**	**-**	**-**	**226,709**

FINANCIAL ASSETS BY CLASS AND MEASUREMENT CATEGORY

31 DECEMBER 2020

IN THOUSANDS OF EUR	TOELICHTING	FINANCIAL ASSETS MEASURED AT AMORTISED COST	FINANCIAL ASSETS MEASURED AT FAIR VALUE			
			DERIVATIVES - THROUGH PROFIT OR LOSS	DERIVATIVES - THROUGH EQUITY	AVAILABLE FOR SALE - THROUGH EQUITY	TOTAAL
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 2021

IN THOUSANDS OF EUR	NOTE	FINANCIAL LIABILITIES MEASURED AT AMORTISED COST	FINANCIAL LIABILITIES MEASURED AT FAIR VALUE			TOTAL
			DERIVATIVES - THROUGH PROFIT OR LOSS	DERIVATIVES - THROUGH EQUITY	FAIR VALUE HIERARCHY	
Interest-bearing liabilities	13, 17	209,500	-	-	-	209,500
Derivative financial instruments	20	-	-	371	Level 2	371
Other non-current liabilities	21	3	-	1,860	Level 3	1,863
Interest-bearing liabilities IFRS 16 leases standard	13, 17	9,337	-	-	-	9,337
Non-current liabilities		**218,840**	**-**	**2,231**	**-**	**221,071**
Interest-bearing liabilities	13, 17	14,000	-	-	-	14,000
Trade payables	22	125,315	-	-	-	125,315
Interest-bearing liabilities IFRS 16 leases standard	13, 17	3,439	-	-	-	3,439
Current liabilities		**142,754**	**-**	**-**	**-**	**142,754**
TOTAL FINANCIAL LIABILITIES		**361,594**	**-**	**2,231**	**-**	**363,825**

FINANCIAL LIABILITIES BY CLASS AND MEASUREMENT CATEGORY

31 DECEMBER 2020

IN THOUSANDS OF EUR	NOTE	FINANCIAL LIABILITIES MEASURED AT AMORTISED COST	FINANCIAL LIABILITIES MEASURED AT FAIR VALUE			TOTAL
			DERIVATIVES - THROUGH PROFIT OR LOSS	DERIVATIVES - THROUGH EQUITY	FAIR VALUE HIERARCHY	
Interest-bearing liabilities	13, 17	193,500	-	-	-	193,500
Derivative financial instruments	20	-	-	717	Level 2	717
Other non-current liabilities	21	5	-	1,738	Level 3	1,743
Interest-bearing liabilities IFRS 16 leases standard	13, 17	4,656	-	-	-	4,656
Non-current liabilities		**198,161**	**-**	**2,455**	**-**	**200,616**
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**	**-**	**2,455**	**-**	**300,538**

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

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

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

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

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

No transfers between the different fair value hierarchy levels took place in 2021 and 2020.

35. RESEARCH AND DEVELOPMENT

External and internal costs of research and development are expensed to the income statement during the year in which they are incurred. For 2021 these costs amounted to kEUR 1,473.

IN THOUSANDS OF EUR	EXTERNAL AND INTERNAL COSTS OF RESEARCH AND DEVELOPMENT
2021	**1,473**
2020	1,627
2019	1,539
2018	1,623
2017	1,568

36. SUBSEQUENT EVENTS

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

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

37. MANAGEMENT RESPONSIBILITY STATEMENT

We hereby certify that, to the best of our knowledge, the consolidated financial statements for the year ended 31 December 2021, which have been prepared in accordance with IFRS (International Financial Reporting Standards), give us a true and fair view of the assets, liabilities, financial position and profit or loss of the company and the subsidiaries included in the consolidation as a whole, and that the annual report includes a fair review of the important events that have occurred during the year 2021 and of the major transactions with the related parties, and their impact on the consolidated financial statements, together with a description of the principal risks and uncertainties with which the company is confronted.

Lembeke, 8 april 2022
On behalf of the Board of Directors

Jan Boone, CEO

38. INFORMATION ABOUT THE STATUTORY AUDITOR, ITS REMUNERATION AND ADDITIONAL SERVICES RENDERED

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

IN THOUSANDS OF EUR	2021
Audit fee for the Group audit 2021	
Lotus Bakeries NV	88
Lotus Bakeries Group	401
TOTAL	**489**
Fees for the mandates of PwC Bedrijfsrevisoren	346
Fees for the mandates of persons related to PwC Bedrijfsrevisoren	143
Group's Auditor fees for additional services rendered	
Other audit-related fees	40
Tax fees	-
Other non-audit fees	-
Fees for additional services rendered by persons related to PwC Bedrijfsrevisoren	
Other audit-related fees	25
Tax fees	107
Other non-audit fees	-

AUDITOR'S REPORT

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

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

We have been appointed as statutory auditor by the general meeting d.d. 10 May 2019, following the proposal formulated by the board of directors and following the recommendation by the audit committee. Our mandate will expire on the date of the general meeting which will deliberate on the annual accounts for the year ended 31 December 2021. We have performed the statutory audit of the Company's consolidated accounts for 15 consecutive years.

REPORT ON THE CONSOLIDATED ACCOUNTS

Unqualified opinion

We have performed the statutory audit of the Group's consolidated accounts, which comprise the consolidated balance sheet as at 31 December 2021, the consolidated income statement, the consolidated statement of changes in equity and the consolidated cash flow statement for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies and other explanatory information, and which is characterised by a consolidated balance sheet total of EUR '000 992,092 and a profit for the year, attributable to equity holders of Lotus Bakeries, of EUR '000 90,767.

In our opinion, the consolidated accounts give a true and fair view of the Group's net equity and consolidated financial position as at 31 December 2021, and of its consolidated financial performance and its consolidated cash flows for the year then ended, in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union and with the legal and regulatory requirements applicable in Belgium.

Basis for unqualified opinion

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

We have obtained from the board of directors and Company officials the explanations and information necessary for performing our audit.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

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

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

Description of the Key Audit Matter

The carrying value of the Group's goodwill and other intangible assets with an indefinite life amounts to EUR'000 224,846 and EUR'000 141,341 respectively at 31 December 20201.

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

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

How our Audit addressed the Key Audit Matter

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

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

We understood and challenged:

- assumptions used in the Group's budget and internal forecasts and the long-term growth rates by comparing them to economic and industry forecasts;

- the discount rate by assessing the cost of capital and other inputs including benchmarking with comparable organisations;

- the historical accuracy of budgets to actual results to determine whether cash flow forecasts are reliable based on past experience;

- the mechanics of the underlying calculations.

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

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

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

Revenue recognition relating to commercial arrangements – Note 2

Description of the key audit matter

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

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

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

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

How our audit addressed the key audit matter

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

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

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

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

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

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

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

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

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

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

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

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated accounts, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control;

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the board of directors;

- Conclude on the appropriateness of the board of directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our statutory auditor's report to the related disclosures in the consolidated accounts or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our statutory auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern;

- Evaluate the overall presentation, structure and content of the consolidated accounts, including the disclosures, and whether the consolidated accounts represent the underlying transactions and events in a manner that achieves fair presentation;

- Obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

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

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

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

OTHER LEGAL AND REGULATORY REQUIREMENTS

Responsibilities of the board of directors

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

Statutory auditor's responsibilities

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

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

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

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

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

European Uniform Electronic Format (ESEF)

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

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

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

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

Statement related to independence

- Our registered audit firm and our network did not provide services which are incompatible with the statutory audit of the consolidated accounts, and our registered audit firm remained independent of the Group in the course of our mandate.

- The fees for additional services which are compatible with the statutory audit of the consolidated accounts referred to in article 3:65 of the Companies' and Associations' Code are correctly disclosed and itemized in the notes to the consolidated accounts.

Other statements

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

Ghent, 8 April 2022

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

Lien Winne
Réviseur d'Entreprises / Bedrijfsrevisor

ABRIDGED FIVE-YEAR FINANCIAL SUMMARY GROUP LOTUS BAKERIES

CONSOLIDATED BALANCE SHEET

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

CONSOLIDATED INCOME STATEMENT

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

ABRIDGED STATUTORY FINANCIAL STATEMENTS OF LOTUS BAKERIES NV

BALANCE SHEET AFTER APPROPRIATION OF PROFIT

IN THOUSANDS OF EUR	31-12-2021	31-12-2020
ASSETS		
FIXED ASSETS	**625,826**	**626,973**
II. Intangible fixed assets	**1,497**	**2,994**
IV. Financial fixed assets	**624,329**	**623,979**
A. Affiliated enterprises	624,329	623,979
1. Participating interests	624,329	623,979
CURRENT ASSETS	**38,686**	**31,460**
VII. Amounts receivable within one year	**18,856**	**17,383**
A. Trade debtors	18,603	16,160
B. Other amounts receivable	253	1,223
VIII. Current investments	**9,514**	**11,474**
A. Own shares	9,514	11,474
IX. Cash at bank and in hand	**10,286**	**2,583**
X. Deferred charges and accrued income	**30**	**20**
TOTAL ASSETS	**664,512**	**658,433**

IN THOUSANDS OF EUR	31-12-2021	31-12-2020
LIABILITIES		
EQUITY	**133,344**	**152,284**
I. Contribution	**16,388**	**16,388**
A. Capital	3,591	3,591
1. Issued capital	3,591	3,591
B. Outside the capital	12,797	12,797
1. Share premium account	12,797	12,797
IV. Reserves	**116,956**	**135,896**
A. Reserves not available	9,945	11,905
1. Legal reserve	359	359
3. Acquisition of own shares	9,514	11,474
5. Other	72	72
B. Untaxed reserves	545	545
C. Available reserves	106,466	123,446
AMOUNTS PAYABLE	**531,168**	**506,149**
VIII. Amounts payable after more than one year	**208,311**	**208,168**
A. Financial debts	198,455	198,455
5. Other loans	198,455	198,455
D. Other amounts payable	9,856	9,713
IX. Amounts payable within one year	**322,857**	**297,981**
B. Financial debts	280,182	259,813
2. Other loans	280,182	259,813
C. Trade debts	7,561	5,895
1. Suppliers	7,561	5,895
E. Taxes, remuneration and social security	2,201	3,037
1. Taxes	2,201	3,037
F. Other amounts payable	32,913	29,236
TOTAL LIABILITIES	**644,512**	**658,433**

NON-CONSOLIDATED INCOME STATEMENT

IN THOUSANDS OF EUR	2021	2020
I. Operating income	**18,506**	**16,160**
D. Other operating income	18,506	16,160
II. Operating charges	**(5,827)**	**(5,813)**
B. Services and other goods	4,253	4,243
D. Depreciation of and other amounts written off formation expenses, intangible and tangible fixed assets	1,497	1,497
G. Other operating charges	77	43
I. Non-recurring operating charges	-	30
III. Operating profit	**12,679**	**10,347**
IV. Financial income	**8,712**	**126,376**
A. Income from financial fixed assets	6,533	122,621
C. Other financial income	2,179	3,755
V. Financial charges	**(3,914)**	**(17,328)**
A. Debt charges	3,813	2,927
C. Other financial charges	101	794
D. Non-recurrent financial charges	-	13,607
VI. Gain for the period before taxes	**17,477**	**119,395**
VIII. Income taxes	**(3,526)**	**(2,365)**
A. Taxes	3,526	2,365
XI. Gain of the period	**13,951**	**117,030**
XIII. Gain of the period available for appropriation	**13,951**	**117,030**

APPROPRIATION OF THE RESULT

IN THOUSANDS OF EUR	2021	2020
A. Profit to be appropriated	**13,951**	**117,030**
1. Gain of the period available for appropriation	13,951	117,030
B. Withdrawals from capital and reserves	**18,940**	**-**
2. From reserves	18,940	-
C. Transfer to capital and reserves	**-**	**(87,812)**
3. To other reserves	-	87,812
F. Profit to be distributed	**(32,891)**	**(29,218)**
1. Dividends	32,641	28,968
2. Director's entitlements	250	250

EXTRACT FROM THE NOTES

	IN THOUSANDS OF EUR	IN THOUSANDS OF EUR	NUMBER OF SHARES
	2021	2020	2021
VIII. Statement of capital			
A. Capital	-	-	-
1. Issued capital	-	-	-
At the end of the preceding year	3,591	3,591	-
At the end of the year	3,591	3,591	-
2. Structure of the capital	-	-	-
2.1. Different categories of shares	-	-	-
Ordinary shares	3,591	3,591	816,013
2.2. Registered shares and dematerialised shares	-	-	-
Registered	-	-	376,155
Dematerialised	-	-	439,858
C. Treasury shares held by:			
The company itself	9,514	11,474	4,110
E. Amounts of authorised capital, not issued	**1,197**	**1,197**	**-**

ACCOUNTING PRINCIPLES

1. Assets

1.1. Formation expenses

Formation expenses are recorded at cost and depreciated at 100%.

1.2. Intangible fixed assets

Intangible fixed assets are recorded at purchase or transfer price. The amortisation percentages applied are:

- brand: 10%
- software: 33%

1.3. Financial fixed assets

Financial fixed assets are valued at acquisition price or contribution value without supplementary costs.

Reductions in value are applied where the estimated value of the financial fixed assets is less than the accounting value and where the loss of value so determined is of a lasting nature in the opinion of the Board of Directors.

The estimated value of the financial fixed assets is determined at the end of the accounting period based on the most recent available balance sheet and on one or more criteria.

Reductions in value are reversed, up to the amount of the previously recorded reductions in value, where the valuation at the closing date of the accounting period concerned significantly exceeds the previous valuation.

1.4. Receivables

The necessary reductions in value are applied to receivables, the collection of which is in doubt.

Receivables are recorded at their nominal value, less any credit notes remaining to be drawn up.

Receivables in foreign currencies are converted at the exchange rate applying on the balance sheet date.

Negative exchange rate differences in non-euro currencies are included in the income statement as in the past.

1.5. Investments and cash at bank and in hand

Treasury shares are valued at purchase price.

Cash at bank and in hand in foreign currency is converted at the exchange rate applying on the balance sheet date.

Both the negative and the positive conversion differences are included in the profit and loss account.

2. Liabilities

2.1. Provisions for liabilities and charges

Provisions are made for all normally foreseeable liabilities and charges.

2.2. Amounts payable within one year

Suppliers

Debts to suppliers are recorded at nominal value. Debts in foreign currencies are valued at the rate of exchange applying on the balance sheet date.

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

3. Additional disclosure

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

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

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

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REGISTERED OFFICE

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

Register of legal persons of Ghent,
Enterprise number 0401.030.860

CONTACT

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