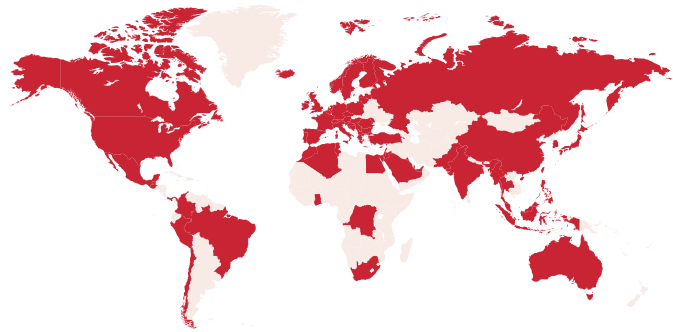




'Fast Forward'. This concept pretty well sums up the year 2019 for Lotus Bakeries. Lotus Biscoff is growing steadily in major consumer markets, is also being produced in the US since August 2019, and is now seducing consumers in 3 categories: cookies, spread and ice cream. Lotus Bakeries' Natural Foods products are now not only successful in the UK but also internationally.



Our mission is to create small  
moments of joy and happiness.  
We do that by offering a versatile  
range of branded snacks with  
superior taste experience.  
To every consumer. For every  
occasion. In every country.





## MESSAGE FROM THE CEO AND THE CHAIRMAN

The start of 2020 has been marked by the outbreak of the coronavirus, with the resultant great concern set to overshadow the year. For everyone, worldwide. Nevertheless, let us start by looking back over 2019. A year in which we made great progress. A year of various milestones, memorable events and ambitious plans in the area of sustainability.

### Two major milestones

2019 is the year in which two giga-projects were completed.

For the first time, our Lotus Biscoff cookies are produced outside of Lembeke, Belgium. What's great about this is that the Lotus Biscoff cookie from Mebane is barely distinguishable from the original from Lembeke.

Firstly, the construction and opening of the new BEAR factory in South Africa, enabling us to take control of the whole process — from production to marketing — for BEAR. A very important step in the continuing internationalisation of this brand. Lotus Bakeries welcomed 300 new South African colleagues to the Lotus family, making us one of the top employers in the area.

We also opened a second factory last year: in the United States. Historically, this is a gigantic milestone for Lotus Bakeries. For the first time, our Lotus Biscoff cookies are produced outside of Lembeke, Belgium. What's great about this is that the Lotus Biscoff cookie from Mebane is barely distinguishable from the original from Lembeke.

This achievement marks our ongoing commitment to the US as our largest market for Lotus Biscoff, which we have continued to build steadily since the '90s.

Our Lotus colleagues from Belgium and the US have made this milestone possible. The team spirit and drive demonstrated to make this project a success is truly heartwarming. We are therefore grateful to all colleagues who have supported the project and made this factory a success.

<

Jan Vander Stichele

Chairman

Jan Boone

CEO

## Substantial investment in the 3 pillars of our growth

Last year saw great efforts in our various countries, markets and brands to grow.

Lotus Bakeries has given its first strategic pillar, Lotus Biscoff, the opportunity to conquer the world with its unique, universal and superior taste. For instance, by launching Lotus Biscoff internationally in a third category: besides the cookie and the Lotus Biscoff spread, consumers in various countries can now also enjoy Lotus Biscoff ice cream.

We have also invested boldly in our second strategic pillar, the new Natural Foods brands. For example, we have invested substantially in several countries with the Nākd 'Mind Blown' TV commercial. We are particularly proud of BEAR's impressive results in the United States, where we started from zero and have achieved very good distribution in the space of two years. As a company, Lotus Bakeries wants to make its mark in healthy snacking. We will remain consistent in supporting the Natural Foods brands to achieve this goal.

In our home markets, we continue with our third strategic pillar, local hero products. Lotus Bakeries makes a conscious choice to continue to invest in its unique cake specialties such as Frangipane and Madeleine in Belgium. In the Netherlands, we have worked on our Peijnenburg gingerbread, which underwent a total rebranding in 2019. This rebranding was supported by a TV commercial starring Dutch singer Frans Bauer.

## 2,000 Lotus ambassadors

2019 was a year of even more memorable events for our colleagues. We will mention some examples: new offices for Kiddylicious in the UK and a new office complex for our colleagues in Lembeke and Enkhuizen. We also achieved a record in October: more than 2,000 Lotus employees!

## Sustainable ambitions

Lotus Bakeries aspires to grow, but its ambitions go further. A major challenge for the coming years is our packaging. As a company, Lotus Bakeries wants to make a significant contribution towards sustainable solutions for our planet. In view of this, we set ourselves the goal of making all

of our product packaging recyclable by 2025. We have already made a significant first step in this direction: from 2020, both the individually wrapped cookies and twin packs will be packaged in fully recyclable film. Without affecting the quality, shelf life and price.

As a company, Lotus Bakeries wants to make a significant contribution towards sustainable solutions for our planet.

In view of this, we set ourselves the goal of making all of our product packaging recyclable by 2025.

## Outlook

In 2020 we continue our ambition of growth. In several major consumer markets such as France, the UK, the US and some countries in the Middle East, we are becoming a major cookie brand with Lotus Biscoff. We see plenty more opportunities in other major consumer markets such as China, Germany and Spain. We strongly believe in the contribution of a particular Lotus Biscoff innovation that we will be launching in 2020:

a filled Lotus Biscoff cookie with a delicious filling of vanilla, chocolate or Lotus Biscoff spread. This modern cookie should be on the shelves for the first time as of April.

But 2020 is set to be the coronavirus year. As a company, we have taken strict measures to protect our staff as much as possible and to minimise the impact on the company. We are proud of our 2,000 employees, all of whom are demonstrating great flexibility and motivation in these difficult times. And I would like to extend a special word of thanks to our staff in the factories, all of whom are assuming responsibility to keep production running.

We are a company with ambitious plans and we are dedicating the necessary resources to achieving the goals we have set.



Jan Boone  
CEO



Jan Vander Stichele  
Chairman

# 2019

## AT A GLANCE



### Nākd on TV for the first time

The first TV campaign for Nākd in the United Kingdom and Belgium (and later that year in the Netherlands).

## January



### Opening of new Kiddylicious office

With a view to Kiddylicious' growth in the UK and internationally, it was decided to relocate the team to new, modern offices following the acquisition.

## February

### Opening of new factory in Enkhuizen, Netherlands

The Enkhuizer factory and offices are fully renovated.





March

**Lotus Biscoff launches new international TV commercial**

New TV commercial for Lotus Biscoff featuring the iconic craving cup.



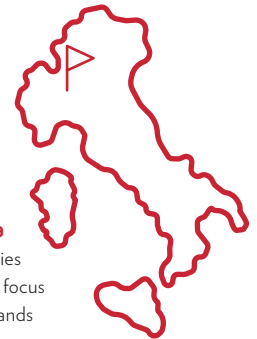
**First launch of Lotus Biscoff ice cream outside Belgium**

Lotus Biscoff ice cream is launched internationally, ready to melt lots of hearts.

April

**Establishment of Lotus Bakeries Italia**

Together with its distributor Lona, Lotus Bakeries forms the joint venture Lotus Bakeries Italia, to focus exclusively on marketing the Lotus Bakeries brands in the Italian retail.



May

**New office complex for Lotus Bakeries Belgium**

For the first time, Lotus Bakeries' AGM takes place in the Jan Boone senior room of the new office complex at Gentstraat 52, Lembeke, Belgium.

**FF2032**

Lotus Bakeries sets up incubator fund FF2032 and takes first stake, acquiring 20% of the shares in Peter's Yard.



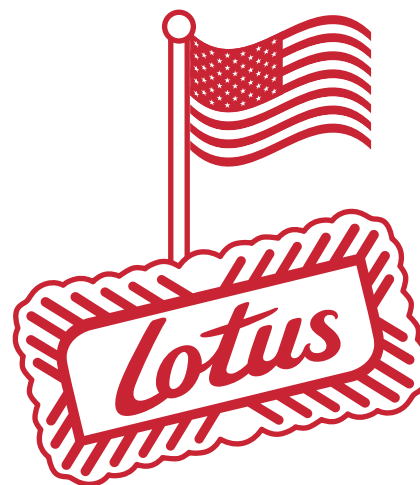
July



**Opening of BEAR factory  
in South Africa**

The opening ceremony is held for the BEAR production facility in Wolseley, South Africa. Lotus Bakeries proudly invites all BEAR colleagues to share in this memorable occasion.

June



**August**

**First Lotus Biscoff cookie  
made in the USA**

Lotus Biscoff cookies are produced outside Belgium for the first time since Lotus Bakeries was founded in 1932.





## September



### Middle East Partner Meeting

Successful Middle East Partner Meeting in Oman for distributors of Lotus Biscoff.

### The BEAR days

The BEAR days are organised for the first time in South Africa. The internal sales teams are immersed in the world of BEAR.



## October



### Passing of EUR 600 million mark

Lotus Bakeries achieves a turnover of EUR 612.7 million in 2019.

## December



### New design for Peijnenburg

The new design for Peijnenburg is launched successfully.

## November

### Launch of Annas ice cream

Lotus Bakeries launches Annas ice cream with pieces of freshly baked Annas Pepparkakor ginger thins.



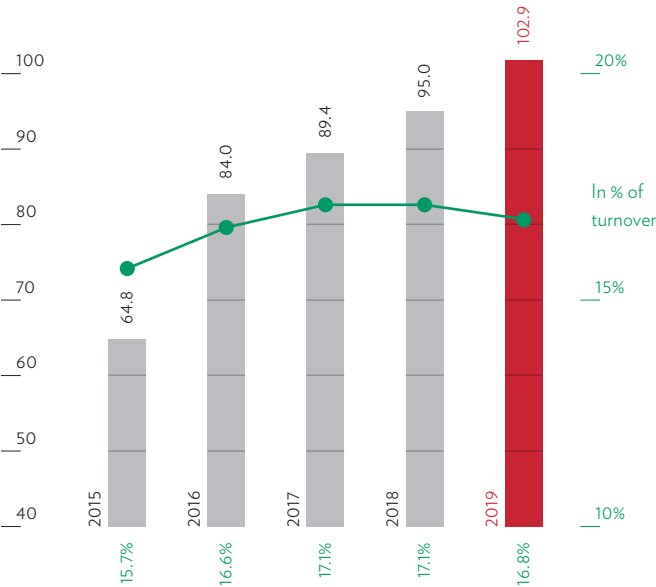
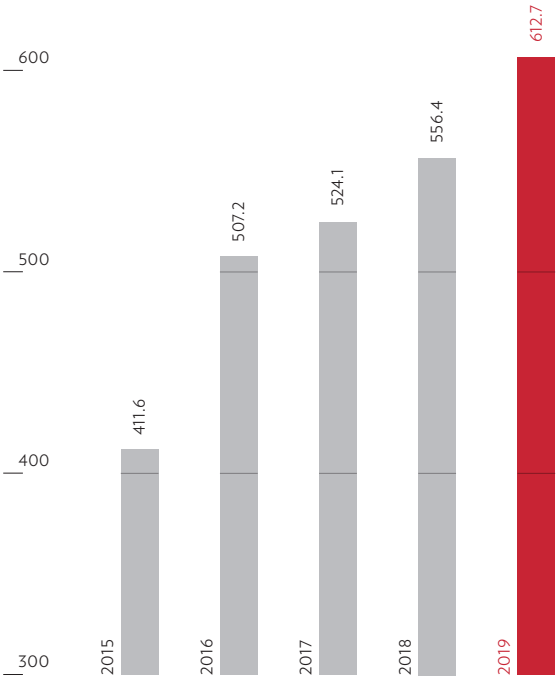
# CONSOLIDATED KEY FIGURES 2019

## TURNOVER

(in millions of EUR)



2019 **612.7**  
2018 **556.4** | **+10.1%**



## REBIT

(in millions of EUR)

2019 **102.9**  
2018 **95.0** | **+8.3%**





## NET RESULT

(in millions of EUR)

2019 **75.8**  
2018 **67.9** | **+11.6%**



## Consolidated income statement

IN MILLIONS OF EUR	2019	2018	2017	2016	2015
<b>TURNOVER</b>	612.74	556.44	524.06	507.21	411.58
<b>RECURRENT OPERATING RESULT (REBIT)</b>	<b>102.89</b>	<b>95.03</b>	<b>89.35</b>	<b>83.95</b>	<b>64.76</b>
<b>RECURRENT OPERATING CASH FLOW (REBITDA)</b>	<b>123.58</b>	<b>110.34</b>	<b>104.33</b>	<b>101.60</b>	<b>82.58</b>
Non-recurrent operating result	(2.29)	(3.01)	(0.09)	4.51	(1.75)
<b>OPERATING RESULT (EBIT)</b>	<b>100.60</b>	<b>92.03</b>	<b>89.26</b>	<b>88.45</b>	<b>63.02</b>
Financial result	(2.51)	(3.32)	(2.23)	(2.68)	(0.78)
<b>PROFIT FOR THE YEAR BEFORE TAXES</b>	<b>98.09</b>	<b>88.70</b>	<b>87.03</b>	<b>85.78</b>	<b>62.24</b>
Taxes	(22.32)	20.83	(22.40)	(23.32)	(16.62)
<b>RESULT AFTER TAXES</b>	<b>75.77</b>	<b>67.87</b>	<b>64.63</b>	<b>62.45</b>	<b>45.61</b>
<b>NET RESULT - attributable to:</b>	<b>75.77</b>	<b>67.87</b>	<b>64.63</b>	<b>62.45</b>	<b>45.61</b>
Non-controlling interests	0.86	0.96	1.09	1.21	0.20
Equity holders of Lotus Bakeries	74.91	66.91	63.54	61.24	45.41

For definitions, see financial supplement

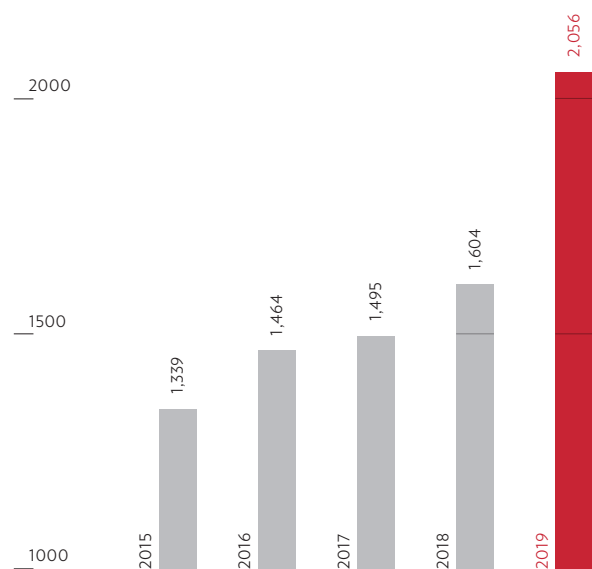
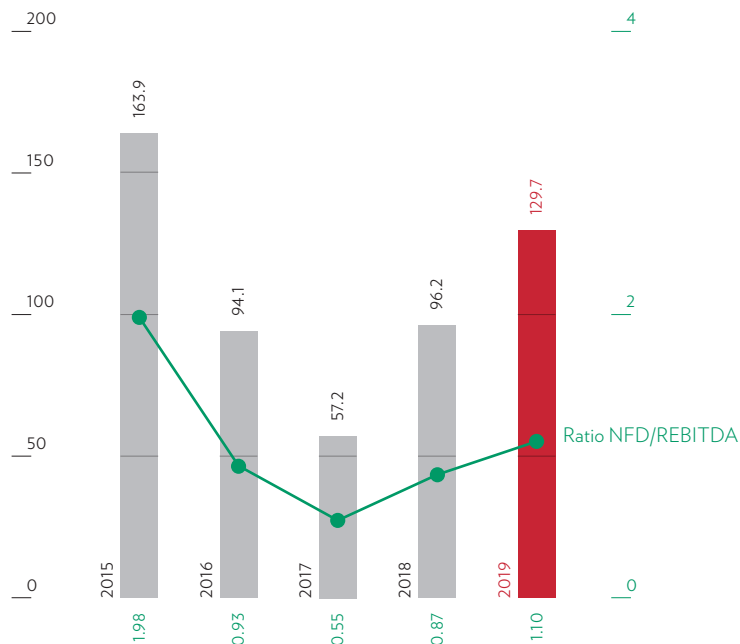


## NET FINANCIAL DEBTS (NFD)

(in millions of EUR)

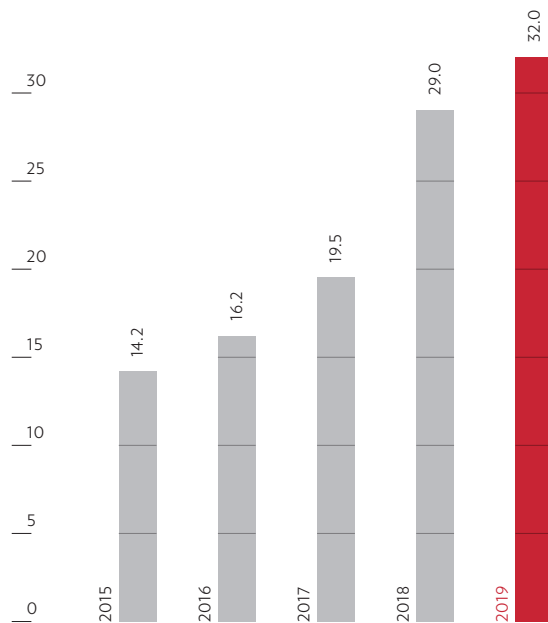
2019 **129.7**

2018 **96.2**



## NUMBER OF PERSONS EMPLOYED

2019 **2,056**  
2018 **1,604** | **+28.2%**



## GROSS DIVIDEND

(in EUR)

2019 **32.0 EUR**  
 2018 **29.0 EUR** | **+10.3%**

## Balance sheet and key figures per share

IN MILLIONS OF EUR	2019	2018	2017	2016	2015
<b>BALANCE SHEET</b>					
Balance sheet total	812.63	711.57	597.49	548.00	571.22
Equity	402.48	346.93	293.21	248.46	217.53
Investments	95.59	111.89	28.24	37.50	16.07
Net financial debts	129.69	96.15	57.20	94.06	163.86
<b>CONSOLIDATED KEY FIGURES PER SHARE in EUR</b>					
Recurrent operating result (REBIT)	127.42	118.21	111.77	105.84	82.15
Recurrent operating cash flow (REBITDA)	153.04	137.26	130.51	128.09	104.76
Net result: share of the Group	92.77	83.23	79.48	77.22	57.61
Gross dividend	32.00	29.00	19.50	16.20	14.20
Weighted average number of shares	807,476	803,878	799,423	793,147	788,341
<b>Total number of shares per 31 December</b>	<b>816,013</b>	<b>815,733</b>	<b>814,433</b>	<b>812,513</b>	<b>811,863</b>

For definitions see financial supplement





# INDEX

# INDEX



## PROFILE LOTUS BAKERIES

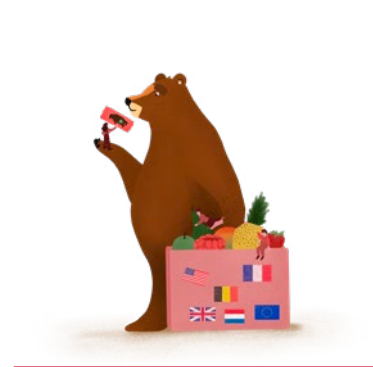
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The international success of the Lotus Biscoff cookie is being strategically levered in other categories: following the launch of Lotus Biscoff spread, it is now the turn of Lotus Biscoff ice cream.



CHAPTER 1

# PROFILE LOTUS BAKERIES

# 1. MISSION, VISION AND STRATEGY

Lotus Bakeries is active worldwide in the snacking segment with the Lotus, Biscoff, Näkd, TREK, BEAR, Kiddylicious, Dinosaurus, Peijnenburg and Annas brands.

## ITS MISSION:

**Our mission is to create small moments of joy and happiness. We do that by offering a versatile range of branded snacks with superior taste experience. To every consumer. For every occasion. In every country.**

By maintaining a healthy balance between tradition and innovation, Lotus Bakeries indulges consumers with a unique range of high-quality, tasty products. Lotus Bakeries aims to offer every consumer a versatile range of responsible and tasty snacks for every consumption moment. The cookies, waffles, cakes, gingerbread and natural snacks our company offers create a moment of pleasure, cheerfulness and joy. With the unique taste experience of its products, Lotus Bakeries wants to be an established part of consumers' daily lives, in as many countries as possible.

Lotus Bakeries' ambitions are far-reaching.

## ITS VISION:

**Lotus Bakeries wishes to base its sustainable profitable growth on offering a versatile range of branded snacks of superior taste for every consumption occasion, while maximising opportunities for generations to come.**

Sustainable entrepreneurship is in Lotus Bakeries' DNA. With this in mind, it has formulated a clear nutritional policy involving - besides aiming for superior taste - a promise to communicate transparently, clearly and consistently with consumers and to ensure diversity in the range in terms of nutritional composition and portion size. In addition, Lotus Bakeries has clear sustainability goals for its product packaging. In the food industry in general and for Lotus Bakeries in particular, packaging is essential to guarantee the quality of products, their shelf life and unique taste experience. Lotus Bakeries is totally committed to making the packaging of our products more sustainable without compromising on quality or taste. Our goals are therefore very ambitious: to make all Lotus Bakeries packaging recyclable by 2025.

In order to climb to the top among global brands and achieve sustainable growth, Lotus Bakeries has a clear strategy in mind, centred on building brands.

This strategy is based on three pillars.



## Lotus Biscoff

Internationalisation of the  
Lotus Biscoff products



## Natural Foods

Investment in a strong healthy snacking business  
so that we gradually enter other markets beyond  
the United Kingdom



## Local Heroes

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



1



2



3



### Pillar 1: Lotus Biscoff

The first pillar focusses on the globalisation of Lotus Biscoff and Lotus Biscoff spread. Lotus Biscoff has a highly unique but accessible flavour, with a subtle caramelised touch. Lotus Bakeries believes in the universal character of its original caramelised cookie, and consequently its Lotus Biscoff spread and Lotus Biscoff ice cream. These products enjoy success across national borders and cultural differences - a quite exceptional situation in the food sector. Lotus Biscoff is now enjoyed in more than sixty countries. This success supports the ambition of globalisation. The geographical expansion of Lotus Biscoff is the most important pillar of growth, with a lot of potential especially in large consumer markets such as the US, the UK, China, Japan, as well as Italy and Germany.

To support the further internationalisation of Lotus Biscoff, Lotus Bakeries operates in fifteen countries with its own sales offices and its own sales teams. Cooperation also takes place with local commercial partners in more than fifty countries and via their channels, we launch our products in new markets. We conquer the markets with our brands by approaching consumers first in hotels and restaurants and seducing them with the taste of our products. The next step is the shop shelf. Here, we want to gradually gain a more prominent place on the shelves with displays

and promotions. The more households are familiar with our products, the better. Once a substantial percentage of households within a particular region consumes our products, we can start with TV and online advertising to continue to grow steadily.

### Pillar 2: Natural Foods

With the second pillar, we target a second international growth area, natural and healthy snacking. Following the acquisitions of Natural Balance Foods and Urban Fresh Foods in 2015, for the BEAR, Nākd and TREK brands, Lotus Bakeries initially focussed on their home market, the United Kingdom. Our existing sales organisations have achieved initial international successes for these brands in our home markets the Netherlands, Belgium and France. BEAR has also managed to penetrate the highly competitive retail market in the United States, where the brand is gradually obtaining an important national position within the kids fruit snacking segment.

In 2018, Lotus Bakeries invested further in natural and healthy snacking with the acquisition of Kiddylicious, the fastest growing brand in the snacking category for amongst others toddlers in the United Kingdom. Internationally, the brand has taken its first successful steps in Australia, China and Norway. This brand will also be further internationalised.



Since every strong brand has a distinct personality, specific DNA and its own consumers, brand ownership is kept separate for each brand. Parallel to this, we focus strongly on our unique capacity to stimulate growth through our extensive international network of sales offices and commercial partners, across all brands.

The growth strategy for the Natural Foods brands is in keeping with the nature of these products. We first introduce consumers to our brands by offering the healthy snacks in individually packaged bars via convenience stores in large city centres, or in impulse channels such as service stations. Again, the next step is to the shop shelves. Explanation to consumers is crucial in this product category so that consumers find their way to the relevant category. A good example of this is BEAR, 100 percent fruit rolls, that are nothing like confectionery, but make up a separate category of healthy pure fruit snacks.

### Pillar 3: Local Heroes

Finally, there are our local core brands, the 'hero' products. We are present in Belgium, the Netherlands and France with a wide range of local 'hero' products: cookies, waffles, cakes and gingerbread. We want to develop these already strong market positions by investing continuously in this wide range. In this way, Lotus Bakeries strengthens its position as market leader in the relevant subsegments. Belief in 'hero' products is great. It is no coincidence that, when making acquisitions, Lotus Bakeries has always focussed on companies with a strong brand, exceptional products and a strong market position in the home market of the company concerned. We are firmly convinced that, by paying attention to these local 'hero' brands in their home market, we can further strengthen the success of these products.









## 2. BRANDS AND PRODUCTS

Ever since Jan Boone senior founded Lotus Bakeries in 1932, the Lotus brand has been inextricably linked with original caramelised cookies: a thoroughly Belgian product whose typical taste is due to the caramelisation during the baking process. Thanks to acquisitions and internal development, the Lotus Bakeries Group is now active in both a broad traditional snacking segment and the natural snacking segment.

The global brand portfolio is of invaluable importance to the Lotus Bakeries Group. In both the category of biscuits and bakery as well as in the natural snacking category, we have strong brands which we intend to develop in the long term. We implement our marketing strategy by continuously investing in our 'hero' brands in our home markets whilst also stimulating the international growth of brands such as Lotus Biscoff, Nâkd, TREK, BEAR and Kiddylicious. Every Lotus Bakeries brand has its own DNA and target group, and its own story.







### Lotus Biscoff cookie

Lotus Biscoff is a surprisingly crunchy cookie loved around the world for its unique, caramelised taste. A great match for a cup of coffee, a tasty treat or kitchen ingredient. It starts from the right combination of carefully selected natural ingredients. But the true magic happens in the oven, during the well-mastered caramelisation process. In fact, it's all a matter of craftsmanship.

Through the years, Lotus Biscoff's popularity spreads far beyond borders. The name Lotus Biscoff itself is a combination of 'biscuit' and 'coffee', a reference to the complementarity of the two tastes. Lotus Biscoff and coffee are the perfect match. Our international strategy is therefore to introduce new consumers to Lotus Biscoff in hotels and restaurants, often during their regular coffee time. The next step is the shop shelf. As such, Lotus Biscoff is now enjoyed in more than sixty countries.



### Lotus Biscoff spread

Our Lotus Biscoff spread is a spreadable, sweet spread with the familiar, unique taste of Lotus original caramelised cookies. There are two varieties: crunchy and smooth. Both varieties offer an original, delicious alternative to traditional spreads. Because this product is also enjoyed as a snack, we launched Lotus Biscoff & Go, a combination of our delicious Lotus Biscoff spread and mini-breadsticks in a handy pack to eat on the go.

In 2019, we also launched Lotus Topping in the out-of-home channel, a liquid version of Lotus Biscoff spread in a handy squeeze bottle. Perfect for topping your crepes, waffles, ice cream and more!



### Lotus Biscoff ice cream

2019 proved to be an exceptional year for Lotus Biscoff ice cream. In addition to the range being significantly expanded through many delicious flavour combinations and new formats, this ice cream was also launched in various continents. We developed the 460ml Biscoff ice cream cup not only in the original Lotus Biscoff flavour, but also in combination with salted caramel, Belgian chocolate chips and brownie chunks. The velvety ice cream in combination with the unique taste of crunchy bits of Lotus Biscoff cookie mixed with smooth Lotus Biscoff spread is a taste sensation, to be enjoyed daily – from the US, Europe and the Middle East to South Korea.





### Lotus cakes

Lotus Bakeries also offers consumers in Belgium a wide range of cake specialties, including Frangipane, Madeleine, Tartélice and Zebra. Following the new packaging for Zebra and Tartélice, all the other cakes were in turn to receive a complete restyling in 2019. The products were divided into different families, each of which was given a particular style. Several new products were born in 2019: Madeleine Chocolat and Zebra Framboise and in the pure butter line Madeleine Pur Beurre aux raisins and Madeleine Pur Beurre au chocolat.



## Dinosaurus

Lotus Dinosaurus cookies are not just deliciously crunchy. They're perfectly balanced. Every cookie is bursting with tasty natural ingredients that provide children and young people with the energy they need to discover the world, try new things and let their imagination run wild. With its cool look, Dinosaurus inspires them to take on new adventures.

The basic version of the beloved Dinosaurus cookies comes in three flavours — milk chocolate, dark chocolate and whole wheat. They are available in a mini-version too. The range also includes Lotus Dinosaurus filled, a crunchy round cookie with a light filling of Belgian milk or dark chocolate.



## Suzy

Irresistible. Delightful. Delicious. Suzy is more than the dynamic young lady in a red dress giving out tasty waffles from a retro van for everyone to enjoy. Suzy is the brand name of the divine Liège and Vanilla Waffles, also available covered with the finest Belgian chocolate. Big or small, the waffles always stand out by their high quality, taste and texture.

Since 2019, the Liège Waffles are also available with milk chocolate, the perfect addition to the existing range. In addition, all of the waffles have gone through a complete restyling, so that the entire range sports a fresh new look.



## Peijnenburg

As a brand, Peijnenburg stands for simple enjoyment every day.

Peijnenburg gingerbread has been baked at Geldrop in the Netherlands since 1883. Over the years, the bakery grew into a fully-fledged factory. In 1983, one hundred years of craftsmanship were crowned with the title Koninklijke or Royal. With its unique flavour, traditional baking and preparation process using well-loved, nutritious ingredients, Peijnenburg is a popular choice for enjoying a special moment at breakfast time.

In 2019, the Peijnenburg product range went through a complete redesign, resulting in an iconic red packaging that at the same time represents the rich history and craftsmanship of the brand.





### Snelle Jelle

Think you can and you will. This has been the philosophy behind the Snelle Jelle brand since 2002. The tasty gingerbread snack made of rye is packed full of energy and handy to eat on the go. Gingerbread with a unique twist.

Snelle Jelle delights active men and women with an assortment of nutritious bars that provides additional energy. Snelle Jelle is a hit and is available in a variety of flavours, as well as in handy takeaway formats. Snelle Jelle Zero was recently added to the range: our tasty gingerbread with no added sugar.



## Annas

The Annas brand dates from 1929, the year in which Anna and Emma Karlsson opened their bakery near Stockholm (Sweden). There they baked the typical Swedish speciality of pepparkakor biscuits: thin, crunchy biscuits flavoured with ginger and cinnamon.

Annas is a success story in its home markets of Sweden and Finland. The biscuits can also be found on the shelves in some twenty other countries, including the US, Canada and a number of Asian markets.

There are now four different flavours, as well as an Annas variety with organic ingredients bearing the EU Organic Logo. Although Annas Pepparkakor biscuits are available all year round, in Scandinavia they are especially popular during the Christmas period. Special Annas Pepparkakor houses are also sold there at that time of the year, which are traditionally put together and decorated by the entire family.

In 2019, Annas celebrated its 90<sup>th</sup> anniversary. We marked this milestone with a brand new product in a totally new product category: Annas Pepparkakor ice cream. Annas ice cream is a combination of deliciously smooth ice cream and pieces of freshly baked Annas Pepparkakor ginger thins.

For the 2019 Pepparkakor season, Lotus Bakeries launched a limited edition of Annas in Scandinavia - Annas Lemon & Ginger. Annas Lemon & Ginger combines the deliciously fresh citrus flavour and the spicy flavour of ginger, with the classic character of the ginger biscuits.



## Nākd

Nākd bars are made with just fruit and nuts smooshed together!

Containing only 100% natural ingredients with no added sugar, syrups or mysterious additives, Nākd bars are the perfect mid-morning snack or afternoon pick-me-up. Appealing to health-conscious consumers who don't want to compromise on taste, Nākd's yummy treats are Vegan and gluten, wheat and dairy free.

Available in a wide variety of mind blowing flavours including Blueberry Muffin, Peanut Delight and Salted Caramel, Nākd bars are the tastiest way to genuinely enjoy healthy snacking.



**TREK**

TREK shares Nākd's natural philosophy, but these snacks are nutritionally balanced with protein to deliver steady energy. The range of energy bars, protein flapjacks and protein nut bars help keep blood sugar levels stable and supply long-lasting energy. This makes TREK ideal for those leading an active lifestyle looking for a natural tasty snack.



## BEAR

Offering an extensive range of healthy snacks for children, BEAR has a clear brand purpose; to make the healthy choice simpler for parents and a whole lot tastier, fun and more engaging for children.

The innovative range of healthy snacks from BEAR consists of 100 percent fruit snacks. The range comprises different formats, including rolls made of pure fruit (BEAR Yoyo's) and fruit pieces made from pure fruit (BEAR Paws). BEAR only uses gently baked, freshly picked seasonal fruits. The snacking products contain no added sugar, concentrates, preservatives or stabilisers.

Not only are BEAR Yoyo's delicious, but they bring fun to healthy snacking with collectible cards inside every pack that kids absolutely love. A new set of cards is released regularly to drive the excitement, making loyal brand lovers come back again and again.

The brand celebrated its 10<sup>th</sup> birthday in 2019, with cubs up and down the UK sending in birthday cards to their favourite furry friend. Grrr!



## Kiddylicious

Kiddylicious is a tasty snacks brand for babies, toddlers and pre-schoolers.

The brand includes an extensive range of responsible snacks that also offer a healthy alternative to the existing baby snacks, with most products containing no added sugar or salt and the majority free from dairy, lactose, gluten and nuts. The Kiddylicious brand — of which the most important products are Wafers, Veggie Straws and Melts — aims to offer a solution to busy parents looking for portion-controlled snacks that also benefit each stage of the toddlers' development.

Due to its diverse and innovative portfolio of baby snacks, Kiddylicious is the fastest growing brand in the UK baby snacking segment.



### 3. NEW PRODUCT DEVELOPMENTS

Interested in finding out which new products were developed under these brands in 2019? Keep on reading...







# ANNAS ICE CREAM

Annas Pepparkakor, now available in the freezer section too. The combination of deliciously smooth ice cream with pieces of freshly baked Annas Pepparkakor – crispy ginger thins with a touch of cinnamon – gives Annas ice cream an authentic flavour of the Swedish classic. The crunchy crumbs are used inside and as a topping, creating an amazing taste experience. With its typical Annas look and feel, Annas ice cream or Pepparkaksglass is instantly recognisable in the freezer section.

The launch of our 'own' ice cream illustrates the entrepreneurial spirit of colleagues at Annas Pepparkakor and Lotus Bakeries.

Pelle Karlsson, Country Manager Nordics

Sales of Annas Pepparkakor were exceeding expectations. We sometimes had to move up a gear to keep up with all of the deliveries. Certainly a great success in the market!

Per Ållebrand, Key Account Manager



## Fun facts



**Massively shared by stores in their own social media channels**



**Top results in all tastings**

< From left to right: Malin Boström (Junior Marketeer), Claes Bergsten (Plant Manager), Henrik Amanius (Key Account Manager), Per-Erik Sundberg (Plant Controller), Per Ållebrand (Key Account Manager), Jan-Christian Koivumäki (Planning Manager), Pelle Karlsson (Country Manager)



# KIDDYLICIOUS®

it's delicious



# KIDDYLICIOUS MEALS & HOUMOUS DIP-DIP

Kiddylicious Houmous Dip-Dips have been specially developed to create a fun, convenient, child-friendly, nutrient-dense snack for little ones, containing just 100 calories per portion. Kiddylicious further launched an innovative range of convenience meals for toddlers and babies, Kiddylicious Meals,

encouraging them to start to explore grown up food. Both innovations contain high quality ingredients only, are an excellent source of protein and contain no artificial preservatives or added sugar or salt.

The Houmous Dip-Dip project was really exciting to work on. It was great to take it from concept to launch. Despite having many challenges along the way, it was fast-paced and motivating to work on a product which is not only healthy but also delivers true innovation to the baby aisle.

Ginny Haywood, NPD Manager

Kiddylicious Meals has been a really exciting project to develop. Each meal is filled with great tasting vegetables introducing babies to new tastes and textures. The meals also encourage little ones to use cutlery, which complements our child development message perfectly.

Claire Anderson, Quality Manager



## Fun facts



**If you stacked up all the breadsticks in the Original and Red Pepper Houmous we have sold, it is the equivalent of 3 Mount Everests**



**The Houmous Dip-Dips is the only houmous product in the baby aisle**

< From left to right — on top: Claire Anderson (Quality Manager), Alexandra Bellis (Brand Manager), Kevin Taggart (Studio Manager), Tamsin Preston (Packaging Designer)  
Below: Emma King (National Account Manager), Ginny Haywood (NPD Manager), Femi Miller (Head of Technical)





# LOTUS BISCOFF ICE CREAM

In 2019 the Lotus Biscoff ice cream range was significantly expanded through many delicious flavour combinations and new formats. We developed the 460ml Lotus Biscoff ice cream cup not only in the original Lotus Biscoff flavour, but also in combination with salted caramel, Belgian chocolate chips and brownie chunks. Each of these flavours are a perfect match with our original Lotus Biscoff flavour, and create a new and unique taste experience on their own, to be enjoyed daily — from the US, Europe and the Middle East to South Korea.

The development and launch of the international ice cream range was exciting on many fronts, but we did it! Now it's up to consumers to continue this fantastic story.

Magd Havermans,  
Global Brand Services Manager

Great opportunities in the ice cream segment don't just happen, you have to create them yourself!

Roel De Jong, Corporate Procurement Director



## Fun facts



**Lotus Biscoff ice cream is made with natural ingredients only**



**Lotus Biscoff ice cream was nominated by the World Dairy Innovation Awards for the best newcomer award**

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From left to right: Roel de Jong (Corporate Procurement Director), Jonas Vandamme (Product Engineer R&D), Magd Havermans (Global Brand Services Manager), Florian De Leersnyder (Global Brand Manager Lotus Biscoff Ice Cream), Lize Boen (Corporate Q&A Engineer), Fleur Serry (Global Brand Services Coordinator), Evelyn Louis (QA Services Manager), Evy Claeys (Corporate QA Engineer), Ben Teirlink (Group Supply Chain Planner), Tim De Baets (Corporate Buyer)







# LOTUS MADELEINE

## WITH CHOCOLATE & SUZY LIÈGE WAFFLE

### MILK CHOCOLATE

In April 2019, Lotus Madeleine, the sweet, tender and delicious cake with a girl's name gained a new little sister. Lotus Madeleine Chocolate is a delightfully soft cake with a chocolate-flavoured centre. Earlier in March, the Liège Waffle milk chocolate was introduced in the Lotus Suzy family. This deliciously soft waffle contains pieces of pearl sugar and is covered in a generous layer of Belgian milk chocolate. A pearl among waffles and a first for Belgium.

We use real chocolate in the chocolate cake mixture which makes our Madeleine Chocolate so tasty.

Tania Ceuppens, Brand Manager Pastry

When I tried the waffle for the first time, I was sold right away! There's a generous covering of the finest Belgian milk chocolate which cracks when you bite into the waffle! A real treat!

Jolien Deledicque, Product Management Support  
Wafels & MDI Coordination



#### Fun facts

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From left to right — on top: Erik Claeysens (Production Manager), Mohamed Baidouri (Teamleader Technique), Susan Vyverman (Maintenance Manager), Luc De Vuyst (Project Engineer), Marnix Cayzele (Packing Manager)  
Below: Jonathan Lenartz (Product & Process Engineer), Lieselotte Geerts (Product & Process Engineer), Sofie Gorleer (Brand Manager Waffles), Erik De Wilde (Project Engineer), Tania Ceuppens (Brand Manager Pastry)



**Lotus Madeleine  
Chocolate is sold in 88%  
of Belgian stores**



**Suzy Liège Waffle is  
the very top of the Lotus  
waffle range**



# PEIJNENBURG REDESIGN

In 2019, Peijnenburg carried out a redesign of the whole portfolio of products. The result of this project is a more attractive gingerbread shelf with an impactful red Peijnenburg brand block. The red colour with the white Peijnenburg word mark is highly characteristic of Peijnenburg and unique, together with the pay-off “Happen naar Peijnenburg” (“Take a bite of Peijnenburg”). As well as being iconic, the packaging reflects the brand's rich history and craftsmanship.

Not just our team, but consumers too love the new design. Based on a shelf survey, we can confirm that they think that the packaging looks more appealing and appreciate the clarity on the shelf due to better navigation.

Jeroen Harks, Marketing Director



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From left to right: Jeroen Harks (Marketing Director), John van Horssen (Sales Director), Manon Swinkels (Brand Manager Peijnenburg), Han van Welie (General Director)

We've succeeded in starting a shelf evolution instead of a revolution. Even the most traditional consumers have transitioned to the new design and think it suits Peijnenburg.

Manon Swinkels, Brand Manager Peijnenburg



## Fun facts



80% of the Netherlands links the phrase 'Happen naar' uniquely with Peijnenburg



Full assortment flowed onto the shop floor in five weeks







# TREK PROTEIN NUT BAR

TREK's Protein Nut Bars are the perfect tasty snack to keep your energy levels sustained throughout the day. Made with natural ingredients, the tasty range of nut-based protein bars are gluten free and pack in 10g of plant based protein and less than 5g of sugar per bar. Not to mention perfectly-balanced flavour profiles. With two chocolatey, and two fruity bars the range suits all tastes!

What makes the Trek Protein Nut Bar so appealing is that it is a multi-dimensional product: each bite provides an interesting mouthfeel of different textures and flavours whilst consistently delivering 10g of protein and less than 5g of sugar.

Mirka Butalova,  
NPD Manager, Natural Balance Foods

The new range of Protein Nut Bars aims to broaden TREK's appeal and open up daytime usage among people looking for great tasting, natural and texturally different protein energy to sustain an active lifestyle.

Marina Love-Smith,  
Marketing Director Natural Balance Foods



## Fun facts

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From left to right: Ryan Grace (Digital Marketing Exec), Jen Dunlop (Designer), Denise Fishburn (Head of Design), Louise Cullinane (Senior Brand Manager), Kate Ellis (Senior Designer), Eva Jacobs (Head of Brand), Mirka Butalova (NPD Manager), Marina Love-Smith (Marketing Director), Victoria Wale (Junior Brand Manager), Georgie Crook (Brand Manager).



**TREK Protein Nut Bar has now achieved listings in several UK-based retailers such as Tesco, Sainsbury's, Asda, Waitrose and Ocado**



**Dark Chocolate & Sea Salt is the leading TREK Protein Nut Bar flavour, closely followed by Chocolate & Orange**

## 4. LOTUS BAKERIES 2019

### 01. FIRST LOTUS BISCOFF PRODUCTION OUTSIDE BELGIUM STARTS IN THE UNITED STATES

After three years of intense preparation, we finally got there in 2019: on 5 August, the first Lotus Biscoff cookies produced outside Belgium rolled off the conveyor belt in the United States. The team looks back on the exciting days of the start-up of production and gives a sneak preview of the future plans for this brand new site.

The fact that Lotus Bakeries is now producing its original caramelised cookies in the United States has everything to do with the fact that Lotus Biscoff sells so well there. “American consumers often first encounter the cookie on a flight. Certain airlines offer it as an in-flight snack”, explains Bart Vanterwyngen, Operations Director in Mebane. “The US is currently the biggest market for Lotus Biscoff, and there’s plenty of potential for growth. So, it was a logical step to start-up a production facility in the United States.”

The US is currently the biggest market for Lotus Biscoff, and there’s plenty of potential for growth. So, it was a logical step to start-up a production facility in the United States.

Bart Vanterwyngen, Operations Director in Mebane



Keith Holmes (Materials Manager), Bart Vanterwyngen (Operations Director Mebane) and Ruth Lopez (Quality and R&D Manager)



Virginie Dubus (key member of the project team) and Derrick Durbin (Plant Controller)

### Good preparation crucial

Thanks to thorough research and extensive testing, by the time of the start-up, the plant in Mebane managed to produce a cookie that tasted and looked exactly the same as in Belgium. This is all down to the fact that the team in Mebane was very well prepared. “The extremely close cooperation between Mebane and Lembeke was also crucial to the success of the start-up”, Bart continues. “People from the US underwent in-depth training in Belgium, and we had Belgian experts on hand in the US throughout the start-up phase. This combination of American drive and Belgian expertise made this story a success.”

### From milestone to milestone

However, it was a major challenge that almost all colleagues were new to the company, so that they were not necessarily all singing from the same page. In spite of this, the start-up of the site went smoothly thanks to the good cooperation within the team. Materials Manager Keith Holmes sums it up as follows: “By making a habit of celebrating each success, we worked our way from milestone to milestone. The first dough, the first cookie, the first packaged cookie, the first full pallet, the first full trailer on its way to the customer... Then I thought: now we’re in business. It’s amazing how fast it went, but also how fast each milestone then became routine. The smooth start-up is down to the strength of our team.”

The opening of the factory attracted plenty of interest from the local community and the press. Major US retailers welcomed Lotus Bakeries as their new neighbours.

Virginie Dubus, key member of the project team

### Great interest

The opening of the factory attracted plenty of interest from the local community and the press. Major US retailers welcomed Lotus Bakeries as their new neighbours. “We even got a mention on local radio as one of Americans’ top ten favourite cookies”, says Virginie Dubus, a key member of the project team. So, it was only logical that Lotus Bakeries also added Lotus Biscoff spread (or cookie butter) and Lotus Biscoff ice cream to the range for the US market. “Both products reinforce familiarity with Lotus Biscoff in the US.”

### Continuing to grow

However, there will be a period of consolidation before we are there. “As far as the taste of the cookie is concerned, we’re already at the same level as in Belgium. That is confirmed by tasting panels, but we continue to monitor this. We also want to add to the team and make sure that both the team and the production become sufficiently routine so we’re ready for future expansion. Then for this young, ambitious team, the sky’s the limit. No one wants to stay with the status quo. We all want to grow. So, as far as we’re concerned, the sales team shouldn’t hold back”, urges Bart.

## 02. LOTUS INSIDE PROJECTS SUPPORT GLOBAL AMBITION FOR LOTUS BISCOFF

**“Partnerships with major international brands are a key driver for making Lotus Biscoff the bestselling cookie in the world.”**

To make our Lotus Biscoff the bestselling cookie in the world: that's our ambition. That's why it's crucial that as many people as possible all over the world discover the unique taste of our product. An important way of making this a reality is Lotus Inside Projects: partnerships with major international brands that use our product as an ingredient to come up with original concepts with our unique Lotus Biscoff taste.

“We're conquering the world with our cookie”, begins Pascal Deckers, Director Global Brand Lotus Biscoff. “That's thanks to the unique, universal flavour of our original caramelised cookies, which are loved the world over. But there are still many people who haven't tried our cookies. So we want to spread the taste as widely as possible.” Lotus Bakeries does this, for example, by making sure that millions of people have the cookie with their coffee every day, as well as via Lotus Inside Projects.

We're conquering the world with our cookie. That's thanks to the unique, universal flavour of our original caramelised cookies, which are loved the world over.

Pascal Deckers, Director Global Brand Lotus Biscoff

### Only top brands

“This involves partnerships with major, established brands which use our cookie, the crumble or Lotus Biscoff spread as an ingredient”, explains Pascal. For this reason, Lotus Bakeries always chooses brands that inspire trust and value quality just as highly. “They set to work with our brand. We want that to happen in the right way, according to the same strict conditions in the areas of hygiene and quality.” Since it is also important for Lotus Bakeries that consumers can clearly see that the product is made by the partner brand, a recognisable signature has been developed. “A red seal with the words ‘created with Lotus Biscoff’ indicates that our partner makes the product using our ingredient.”

### Large reach

Another important requirement for a partnership is that the partner brand itself also has a large reach. “And the link to our cookie should be clear”, says Pascal. “For example, we joined forces with Danone, which in Belgium marketed a fresh cheese speciality using Lotus Biscoff crumble as a crunchy topping.”





Pascal Deckers, Director Global Brand Lotus Biscoff

### Gathering pace

Lotus Inside Projects have gathered pace recently. “That’s partly because consumers are so crazy about our product”, explains Pascal. “Hashtags with our product names are shared amazingly often on social media. But we’re also getting more and more requests from companies to work together. Although Lotus Inside Projects originally focussed on the out-of-home channel, we’ve recently accepted a partnership offer for retail. Together with Nestlé Middle East, we’ve created a version of KitKat containing Lotus Biscoff. The product has just gone on sale in the Middle East and the feedback is fantastic. Because Nestlé is supporting the launch with campaigns on TV and social media, our brand awareness gets a huge boost.”

Finally, there are the Lotus Biscoff spread Inside projects, through which Lotus Bakeries introduces even more people to the taste of Lotus Biscoff. “We do this through partnerships with major ‘bakery’ manufacturers. Through croissants, doughnuts and muffins filled with our Lotus

Biscoff spread, we bring the unique taste of Lotus Biscoff spread to many potential new consumers. A truly delicious combination which we offer in bakeries and supermarkets. We can reach many consumers there. If they all then buy our Lotus Biscoff spread, we can make our brand even greater”, assures Pascal.

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Lotus Inside Projects have gathered pace recently. That’s partly because consumers are so crazy about our product. But we’re also getting more and more requests from companies to work together.

Pascal Deckers, Director Global Brand Lotus Biscoff

## 03. LOTUS BAKERIES OPENS ITS OWN SALES OFFICE IN ITALY

**“Thanks to a joint venture with our out-of-home partner, we’re pooling our expertise and sharpening our focus on the Italian market.”**

After serving the Italian retail market for more than 25 years via a distributor, Lotus Bakeries opened its own sales office in Italy in 2019. The aim: to strengthen our position in the fragmented Italian retail landscape.

For a long time, Lotus Bakeries has moved into foreign markets, either by working with a specialist distributor, or by opening its own office. “A distributor is a commercial partner that builds our brand for us on the spot and takes care of sales and logistics”, begins Bart Bauwens, General Manager International Distributors. “Sometimes, after a while, the momentum gathers for opening our own office in that country. That happened last year in Italy.”

### Faster growth

Lotus Bakeries has already been active in the country for 25 years. As usual, it all started with the out-of-home channel, before moving into retail. For both channels, we worked with specialist distributors. “We’ve worked well together for many years”, says Eef Wauters, Trade Marketing & Category Development Manager. “Our distributors know the way to the customer and have the logistics and market knowledge. After our

long partnership, we decided that the time had come to join forces with our distributor for the out-of-home channel.” That took the form of a joint venture. “Through this new partnership, we want to grow faster in Italy, increase market penetration in that country and have a greater impact on the retail channel”, explains Eef.

“With our partner by our side, we pool our expertise. It allows us to focus on expanding our sales team, without also having to set up all the logistics, accounts and so on. That means we can make rapid progress. We can continue to develop our story, concentrate on the right retailers and add the focus we were looking for.”

### Best practices of other sales offices

As of 2020, the development of the Italian market is handled by the Lotus Bakeries’ Sales Offices EU team, which supports many countries in Europe in which Lotus Bakeries has its own sales office. “Our sales team will focus initially on expanding the distribution of Lotus Biscoff within the Italian retail landscape”, says Els De Smet, General Manager Sales Offices Europe. “A considerable task, given the complex, fragmented retail landscape. There are not only around 20,000 points of sale, but also many retailers and different levels on which you have to negotiate as a supplier. It’s also a real challenge to get around the table with the retailer. After all, we’re not bringing a whole portfolio, but a single brand. Fortunately, retailers usually soon realise that working with a party that is willing and able to invest in its brand has its advantages.”

Through this new partnership, we want to grow faster in Italy, increase market penetration in that country and have a greater impact on the retail channel.

Eef Wauters,  
Trade Marketing & Category Development Manager



Bart Bauwens, General Manager International Distributors, Eef Wauters, Trade Marketing & Category Development Manager and Els De Smet, General Manager Sales Offices Europe

The fact that Lotus Bakeries already has experienced similar situations in different countries is a major advantage. “We now know what story we have to tell, what works and what doesn’t, and how to convince retailers. In any case, there are synergies and similarities between Italy and other countries. We can now apply the best practices in Italy.”

### **Keep on building, step by step**

The launch of Lotus Biscoff spread will probably follow, and then the ice cream. “We’re doing everything step by step, and we are choosing the right things at the right stage”, says Bart. “The basics have to be right first. We’re already strong in the out-of-home channel, but there’s still plenty of growth potential. In 2020, we aim for the individually wrapped Lotus Biscoff cookie to be tasted up to 50 million times by the Italians via this channel. That’s a good step up towards a fine presence in retail. Eventually, we want to get more volume from this channel, so

that it ends up with the highest turnover. Finally, in the coming period, we’ll focus on expanding our highly effective team further.”

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We’re already strong in the out-of-home channel, but there’s still plenty of growth potential. In 2020, we aim for the individually wrapped Lotus Biscoff cookie to be tasted up to 50 million times by the Italians via this channel.

Bart Bauwens,  
General Manager International Distributors

## 04. EXCELLENT YEAR FOR BEAR WITH BRAND-NEW PRODUCTION SITE AND RECORD SALES IN THE US

**“In the US, people specifically look for the shelf with healthy fruit snacks. And we stand out in that range with our clean, delicious and cheerful product.”**

With record turnover in the United States and a brand-new production site in South Africa, 2019 was a year BEAR — a brand representing healthy 100 percent fruit snacks — won't soon forget.

Since Lotus Bakeries took over the British company Urban Fresh Foods — most known for its BEAR brand — in 2015, the brand has reached new heights. In 2019, a great deal of momentum was created for BEAR in the US in particular. “2019 was the year of the breakthrough”, Isabelle Maes, CEO Natural Foods, begins. “We took our first steps on US soil in 2017. Now, almost all national health stores have added us to their range. In the last year, BEAR has also managed to conquer the ordinary retail channel, and we're recording impressive rotation figures. A definite success. Now it's up to us to consolidate this good start in 2020.”

### **Mature market**

One of the reasons why BEAR is so successful in the US is the mature healthy snacking market there. “That might come as a surprise, as the



Paul Hunter, General Manager Urban Fresh Foods and  
Sabien Dejonckheere, Global Brand Director BU Natural Foods



We took our first steps on US soil in 2017. Now, almost all national health stores have added us to their range.

Isabelle Maes,  
CEO Natural Foods



US is often linked with bad eating habits. But, precisely for that reason, healthy alternatives have long been sought there”, explains Isabelle. “In many stores, the assortment of healthy snacks is just as large as the range of candy, bars and chocolate. And we stand out in that healthy segment with our colourful and appealing high-quality product. In many other countries, the healthy snacking segment is still in its infancy.”

The United Kingdom is another relatively mature market for products like BEAR. “There we’re the market leader in the category of healthy fruit snacks for kids”, Paul Hunter, General Manager Urban Fresh Foods, proudly states. “Since the category is already well developed, we’re constantly challenged to stay creative and think out of the box.”

### Own production site in South Africa

Another milestone for BEAR was the opening of the South African production site at the end of May 2019. “We’re really proud of the plant”, continues Isabelle. “It’s close to our heart because we’re creating many jobs there in a rural area with lots of unemployment and seasonal work. Some 300 people can now work for us all year round. That has a positive effect on their lives and those of the people around them.”

The marketing and sales managers from Lotus Bakeries’ sales offices discovered how proud the staff are too when they flew down to South Africa for the BEAR days in October. “Through that initiative, we wanted to share best practices from all over the world, and bring together all available knowledge from our different teams. For three days, we immersed them in the world of BEAR. On the agenda: plenty of workshops, presentations, team building and a tour of the plant, of course.”

### International focus

The South African site is already geared up for further growth. “Our ambition is to introduce BEAR to as many households as possible in various countries”, says Sabien Dejonckheere, Global Brand Director BU Natural Foods.

But there’s more: Lotus Bakeries wants to grow across Natural Foods’ entire product range. “For this, we also need to plant seeds in other countries”, concludes Isabelle. “We’re going to focus strongly on our international business. In view of this, the Natural Foods team is further expanding. Our ultimate aim is to make BEAR the healthy snack of choice for parents and kids around the globe.”

## 05. LOTUS BISCOFF ICE CREAM CONQUERS THE US

**“With our Lotus Biscoff ice cream, we have an extra tool at hand to take the unique taste of Lotus Biscoff to the consumer.”**

Since 2019, Lotus Biscoff ice cream has become a major third category for Lotus Bakeries — along with the cookie and spread — in making the unique caramelised taste even more famous internationally. A crucial step in this process was launching in the United States. For good reason: the US is the country of ice cream. In one short year, we have some five flavours of our pint in freezers there.

A cookie factory that moves into the ice cream business: not a predictable next step. But Lotus Bakeries had its reasons for creating Lotus Biscoff ice cream 10 years ago. “It was in response to the many artisan ice cream makers who were selling homemade Lotus Biscoff ice cream”, says Florian De Leersnyder, Global Brand Manager Lotus Biscoff Ice Cream. “In the meantime, our ice cream business grew to become an important part of our Belgian Lotus Biscoff business.”

### Lotus Biscoff ice cream goes global

As a result, Lotus Bakeries decided to go global with its ice cream. “The United States was a crucial first step”, explains Christian Tesoro, Sales Director US. “That’s because an enormous amount of ice cream is eaten in this country. The ice cream category in the US is therefore of strategic importance for retailers: it’s not just very big, it also brings many consumers into the store. Overall, it’s worth around USD 6.3 billion, not including the out-of-home channel. Launching Lotus Biscoff ice cream here was a good idea. We knew that. It was also an opportunity to take our unique Lotus Biscoff taste once more beyond the cookie aisle. Something we’re already doing with the Lotus Biscoff spread. To a totally different part of the store. Cross-fertilisation between different areas will boost our brand awareness.”

### New flavours for the American market

The teams in Lembeke and the US worked closely together to create a range for the American market. Barely a year later, the first pallets

The United States was a crucial first step. That’s because an enormous amount of ice cream is eaten in this country. The ice cream category in the US is therefore of strategic importance for retailers: it’s not just very big, it also brings many consumers into the store.

Christian Tesoro, Sales Director US

were on their way to the largest ice cream market in the world. “I’m still amazed at how quickly and efficiently it all went: from idea to product and packaging design to the first deliveries”, Florian continues. “Besides the original Lotus Biscoff flavour, we created four new varieties with the caramelised taste as a basis: blueberry cheesecake, chocolate chip, salted caramel and chocolate brownie. Each of these flavours are a perfect match with our original Lotus Biscoff flavour, and create a new and unique taste experience on their own.”

And what’s more, they are currently working on other flavours too. Retailers are hungry for this type of creative approach. “Our product line



is extremely popular”, beams Christian. “We can feel a huge commitment to going into partnership with us.”

### Further globalisation

By the end of 2020, Lotus Bakeries intends to step up distribution in the US. “We would like to make sure that we flawlessly execute summer promotions”, says Christian. “After all, the summer months are crucial for our success in the longer term. At the same time, we’re already working towards 2021: American retailers plan far ahead, but we’re ready for it. With new ideas for further innovations we clearly show to retailers that we’re committed and have moved into this category for the long term.”

In addition, Lotus Bakeries also has plans for other parts of the world. “We’re already available in Asia and the Middle East. In 2020, we also launched the ice cream in some ten other European countries. In this way, we’re building on our experiences in the US. Every day we learn a little more, and that’s the only way we’ll grow”, Florian concludes.

Barely a year later, the first pallets were on their way to the largest ice cream market in the world. I’m still amazed at how quickly and efficiently it all went: from idea to product and packaging design to the first deliveries.

Florian De Leersnyder,  
Global Brand Manager Lotus Biscoff Ice Cream



Christian Tesoro, Sales Director US

## 06. LOTUS BAKERIES SUPPORTS PROMISING YOUNG GROWTH COMPANIES VIA FF2032 FUND

**“By moving in at an early stage, we bring young companies fast forward to 2032.”**

In 2019, Lotus Bakeries set up incubator fund FF2032. With this fund, we aim to provide financial support for promising young brands in the food sector on the path to further growth. At the same time, it's a way for Lotus Bakeries to plant seeds for the future and be inspired by innovative young entrepreneurs.

“In the past, we made several great acquisitions”, begins Jan Boone, CEO of Lotus Bakeries. “We moved into the health snacking category at the right moment and were able to buy several fantastic brands for a relatively affordable price. But this kind of innovative growth company has become unaffordable these days. Via FF2032, we now want to get involved in businesses we love at an earlier stage, by supporting them financially.”

### Long-term commitment

Lotus Bakeries concentrates on young companies in the food sector that are past the start-up stage. “So, we focus on companies that still need time to grow. By getting involved at an early stage, we bring young companies ‘fast forward’ to 2032”, Jan explains. “That also reflects our commitment: we’re not doing it for the short-term, but want to support these companies on their growth path for many years.”

Lotus Bakeries has already made 30 to 40 million euros available to invest in these promising companies in the coming years. It takes a minority stake in these companies. “We only choose companies with products and founders in which we believe. It’s a both-and story”, Jan continues. “Our input is at financial and management level. We don’t want to get involved operationally. For this reason, it is essential that the founders continue to run the business and take it to the next phase.”

### Ensuring future growth

Therefore, the integration of these minority stakes in the Lotus Bakeries Group is not on the agenda for now. However, the incubator fund is a way for Lotus Bakeries to ensure future growth. Benoit Graulich, director of both Lotus Bakeries NV and incubator fund FF2032 NV and Managing Partner of investment firm Bencis, explains: “Lotus Bakeries has no need for a new big acquisition at present. We’re focussing particularly on organic growth with the brands currently in our portfolio. However, with this fund, we’re planting seeds for future acquisitions. Companies that seem to do very well in FF2032 and are in an interesting segment

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**So, we focus on companies that still need time to grow. By getting involved at an early stage, we bring young companies ‘fast forward’ to 2032.**

Jan Boone, CEO





Benoit Graulich, Independent Director of Lotus Bakeries, Director FF2032 and Managing Partner of investment company Bencis and Jan Boone, CEO Lotus Bakeries and Director FF2032

may become part of Lotus Bakeries' core business eventually. In the end, this could lead to several stakes becoming full acquisitions so that these companies are integrated in the Group's activities. But it's not a must."

### **Innovative entrepreneurship**

In addition, Lotus Bakeries wants to be inspired by the fresh ideas of the young entrepreneurs. "We've now become a large, international business", says Jan. "When we talk to candidates for FF2032, they make us think out of the box. They're usually younger people who are abreast of the latest developments and have amazingly good ideas. With those sorts of stimuli, they challenge us and bring us out of our comfort zone. We believe in the interaction between young entrepreneurs and the expertise of an established brand."

### **Proactively seeking**

Lotus Bakeries has already taken a minority stake in Peter's Yard – a British company that makes sourdough crispbread. "When we first communicated about FF2032, we were contacted by lots of young companies wanting to work with us", Jan continues. "Now we want to seek out potential companies which may be of interest ourselves. To this end, we've taken on someone to lead the fund day to day, and proactively seek young, promising consumer brands in Europe, the US and Canada."



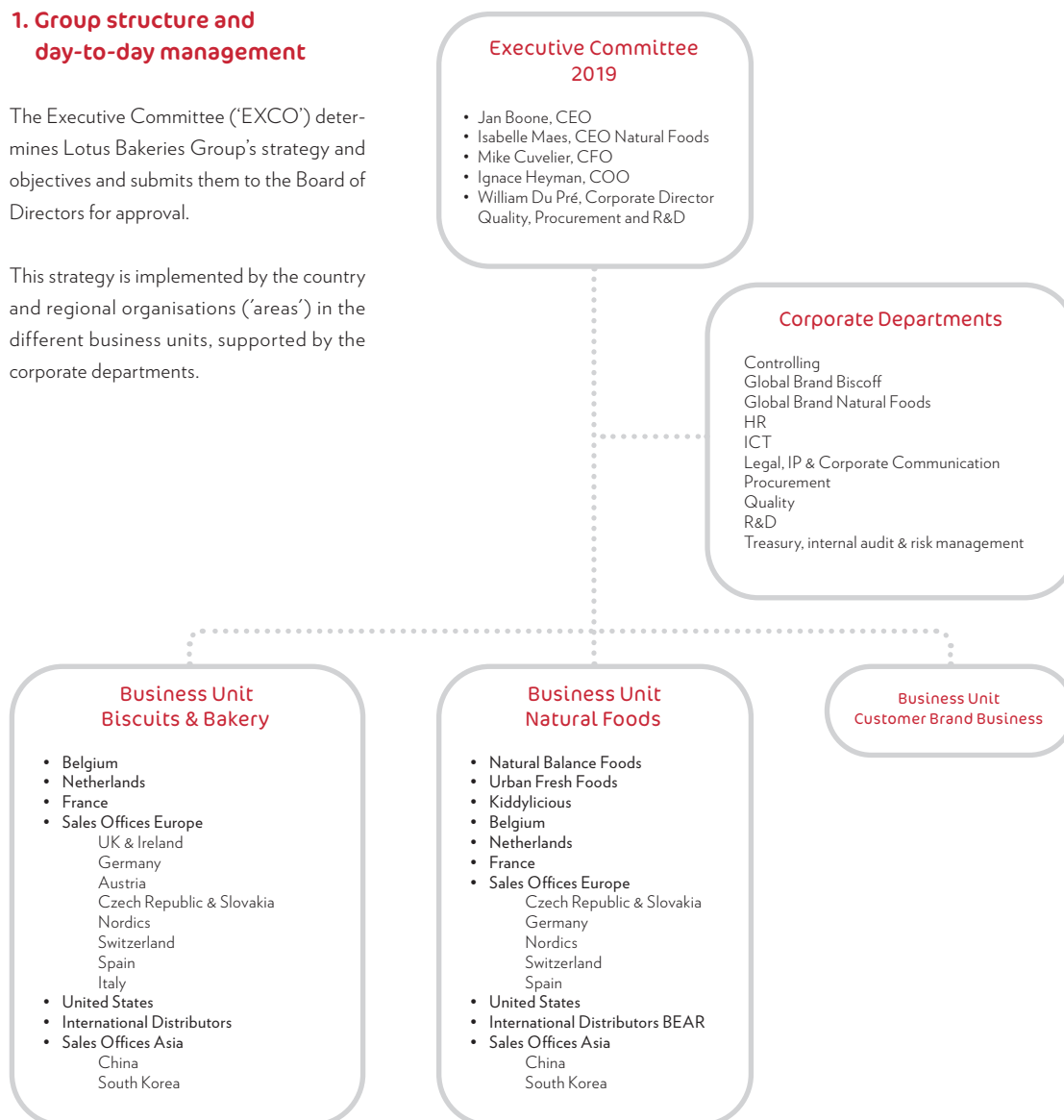
From left to right: Bart Bauwens (General Manager International Distributors), Ignace Heyman (COO), Els De Smet (General Manager Sales Offices Europe), Michelle Singer (General Manager US), Mike Cuvelier (CFO), Twan Thorn (Managing Director Kiddylicious), Ronald Drieduite (General Manager Asia), William Du Pré (Corporate Director Quality, Procurement and R&D), Isabelle Maes (CEO Natural Foods), Paul Hunter (Managing Director BEAR), Jan Boone (CEO), Leon Broer (Global Business Development Director Natural Foods), Jean-Philippe Kloutz (General Manager France), John Van de Par (General Manager Belgium), Han van Welie (General Manager Netherlands)

# 5. ORGANISATION

## 1. Group structure and day-to-day management

The Executive Committee ('EXCO') determines Lotus Bakeries Group's strategy and objectives and submits them to the Board of Directors for approval.

This strategy is implemented by the country and regional organisations ('areas') in the different business units, supported by the corporate departments.









**Jan Boone** has been CEO of Lotus Bakeries Group since 2011 and leads the members of the EXCO on a day-to-day basis. He began his career in the audit department of PwC. From 2000-2005, he was responsible for corporate controlling, reporting and M&A at pharmaceutical company Omega Pharma. He sat on the Executive Committee and Board of Directors there. Jan joined Lotus Bakeries as General Manager and Director in May 2005.

**Isabelle Maes** is CEO Natural Foods within the Lotus Bakeries Group. She began her career as an auditor for PwC. In May 2001, she moved to the Barry Callebaut chocolate company. Having fulfilled various roles and been involved in various projects in Finance and SAP, she was appointed Finance Officer of Barry Callebaut Belgium in 2006. Between 2014 and 2017, Isabelle fulfilled the role of CFO at Lotus Bakeries Group. So as to be able to dedicate herself fully to the internationalisation and growth of the natural snacking segment, she has fulfilled the role of CEO Natural Foods since September 2017.

**Mike Cuvelier** has been CFO of Lotus Bakeries Group since September 2017. Mike began his career in 1996 as an auditor for PwC. Between 2000 and 2013 he fulfilled various controlling roles at Bekaert in the US, Asia and finally Vice President Control Global Business Platforms in Belgium. From 2013 to 2017, Mike was CFO of the Unilin Group, part of Mohawk Industries.

**Ignace Heyman** is COO of Lotus Bakeries Group. He pursued a career in marketing in both Belgium and France, firstly at Procter & Gamble, PAB Benelux (Panzani-Amora-Blédina) and then at Reckitt Benckiser. In 2008, Ignace joined Lotus Bakeries as Marketing Director Belgium, before going on to become Corporate Director Marketing in 2011. From mid-2012 to the end of 2015 he was General Manager France.

**William Du Pré** is Corporate Director Quality, Procurement and R&D, in charge of these corporate departments. William's career with Lotus Bakeries began in 1982. Over the years, he has occupied a variety of sales roles. He has been General Manager Belgium for almost ten years (2007-2015).

Together with the general managers from the various areas within the business units, the EXCO members form the Group Management Team ('GMT'). Each area implements the Lotus Bakeries strategy according to a clearly defined business model. The corporate departments advise and support the Group across all business units and areas and report directly to the EXCO.

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From left to right:

Mike Cuvelier – CFO

Isabelle Maes – CEO Natural Foods

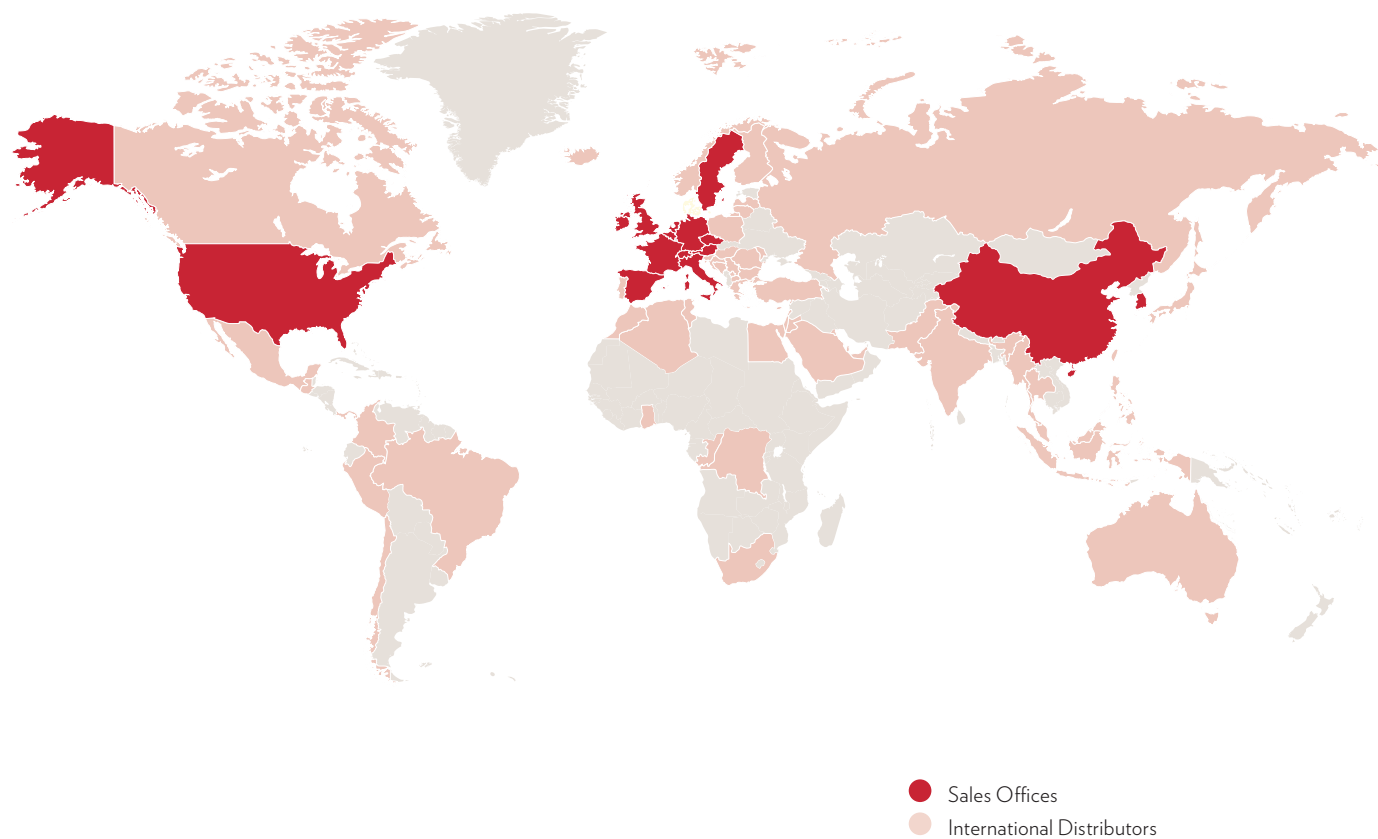
Jan Boone – CEO

William Du Pré – Corporate Director Quality, Procurement and R&D

Ignace Heyman – COO

## 2. Sales structure

Lotus Bakeries has a total of twenty-one Sales Offices in Belgium, France, the Netherlands, the UK, Spain, Germany, Italy, Sweden, Switzerland, the Czech Republic, Austria, the US, Hong Kong, China and South Korea.



In about 50 other countries, we work closely with commercial partners. These partnerships are combined in a separate area: International Distributors. The main countries in this area are Saudi Arabia, Israel, Japan, United Arab Emirates, Kuwait, Australia, Lebanon, Jordan and Singapore.

The business unit 'Natural Foods' combines all of Lotus Bakeries' activities in the natural snacking segment. This business unit covers the Natural Balance Foods, Urban Fresh Foods and Kiddylicious teams as well as the Natural Foods sales teams for Europe and the United States and a team that works together with commercial partners for BEAR.

### 3. Production sites

Production for the traditional specialities takes place at various Lotus Bakeries sites. To guarantee the typical characteristics of our extensive product range, we deploy various production technologies. Mastering, managing and developing these technologies represent a permanent challenge for Lotus Bakeries Group. We therefore try to limit the number of products and technologies for each production site and to centralise production processes in specialised plants.

Lotus Bakeries has a total of twelve production sites. They are spread across Belgium, France, the Netherlands, Sweden the US and South Africa. We also have our own distribution centre in Lokeren (Belgium).

**Belgium**

Lembeke	Lotus Biscoff, Lotus Biscoff spread and Lotus Dinosaur
Courcelles	Lotus waffle plant
Oostakker	Lotus cake specialties
Eeklo	Caramelised cookies, caramelised cookies spread

**France**

Briec-de-L'Odét	Breton butter specialties
Comines	Lotus cake specialties and filled waffles

**The Netherlands**

Enkhuizen	Enkhuizer biscuits and cake specialties
Geldrop	Peijnenburg gingerbread
Sintjohannesga	Peijnenburg gingerbread, Snelle Jelle gingerbread

In 2016, Lotus Bakeries announced the location for the construction of the first Lotus Biscoff manufacturing facility outside Belgium, in Mebane, North Carolina (US). The construction works were finished spring 2019, with a first commercial production of US made Lotus Biscoff cookies in August 2019.

In March 2018, Lotus Bakeries Group came to an agreement with the current co-manufacturer of BEAR to take control of the production process for these natural snacks. This involved building a new plant in Wolseley, South Africa. The building works began in September 2018. In June 2019, the factory became operational with the first BEAR Yoyo's fruit rolls rolling off the conveyor belt.

**Sweden**

Tyresö	Annas Pepparkakor biscuits
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**South Africa**

Wolseley	BEAR
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**US**

Mebane	Lotus Biscoff
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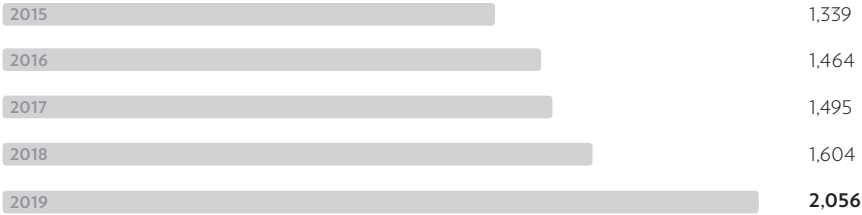
The offices in Lembeke (Belgium) were thoroughly renovated in the past year. Since May 2019, a new administrative wing was put into use. The cake factory in Enkhuizen (Netherlands) was also fully upgraded. After the erection of two new warehouses in 2018, the offices were fully renovated as part of a second phase. This phase is completed since February 2019.

The Kiddylicious team, which has been part of the Lotus Bakeries Group since 2018, moved to brand new offices in Amersham (UK) in February 2019.



4. Personnel

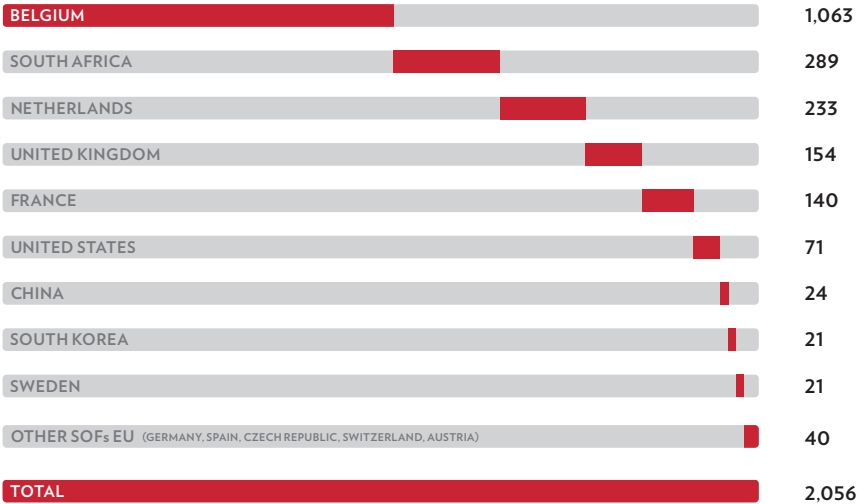
Evolution



The proportion of men and women



Number of employees per country





Via the Lotus Inside Projects, Lotus Bakeries is establishing partnerships with other large, well-known brands.

CHAPTER 2

# REPORT OF THE BOARD OF DIRECTORS

# 1. ACTIVITIES IN 2019

## 1.1 Market situation and sales results in 2019

### General evolution of turnover

In 2019, Lotus Bakeries Group's consolidated turnover increased by EUR 56.3 million to EUR 612.7 million, representing 10.1% growth. The solid growth in the first half of the year therefore continued in the second half. The reported growth was positively impacted by the consolidation of Kiddylicious for a full year, accounting for 2.4% of growth. Exchange rates also had a small positive impact on turnover for 2019.

Once again, the first and largest strategic pillar, **Lotus Biscoff**, grew most strongly in absolute terms. The internationalization of Lotus Biscoff, Lotus Biscoff spread and Lotus Biscoff ice cream continues unabated, resulting in double digit growth in 2019. The large consumer markets of the United States (US), the United Kingdom (UK), France and China continue to grow strongly. Solid growth was also recorded in many other countries, including South Korea, Australia, Spain, the Czech Republic and Switzerland.

Lotus Biscoff was launched in the US market in 1986, the Group opened its own sales office in 2009 and in 2016 the US became the largest national market for Lotus Biscoff. Lotus Biscoff has managed to sustain this significant growth in the US in recent years. Penetration — the number of households buying Lotus Biscoff at least once a year — in the US rose to almost 5% or 6 million households. In the largest consumer market in the world, this represents 1 billion cookies. It also demonstrates that there is still plenty of potential to win many more Americans over to Lotus Biscoff and the Lotus Biscoff taste.

2019 also saw the international launch of Lotus Biscoff ice cream, as a third global category under Lotus Biscoff. The ice cream was already sold in Belgium and the Netherlands, but a new international range has recently been introduced in supermarkets in the US, the UK, France and South Korea.

Lotus Bakeries' second strategic pillar, which also achieved double digit growth, is natural snacking within **Natural Foods**. For the first time, Nākd's growth was supported by a TV commercial in 2019, both in the UK, Belgium and the Netherlands. BEAR also saw turnover grow strongly internationally. In the US, the brand is gradually gaining a strong position nationally in the 'kids fruit snacking' category. Kiddylicious continues to grow strongly in the UK, mainly through expansion of distribution and the successful introduction of new products.

The third pillar of the Lotus Bakeries strategy is the focus on '**local heroes**' in the home markets of Belgium, the Netherlands, France and Sweden.

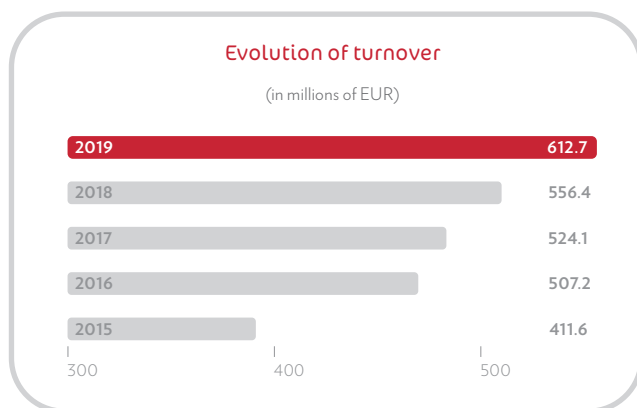
In Belgium, as a brand, Lotus has managed to achieve a particularly high market share and level of penetration among families in recent years. This achievement is due to a strong focus on our 'hero' products in the waffle and cake range. We continue to focus on product innovations with the introduction in 2019 of the chocolate-filled Madeleine, the Suzy milk chocolate Liège Waffle and the expansion of the Tartélice range.

Although the gingerbread category came under pressure, turnover remained stable in the Netherlands across the various brands. Lotus Bakeries' aim, as category captain, to bring about growth in the gingerbread category, once more was reinforced by an integrated action plan in 2019. The most visible actions are the introduction of the new packaging design for Peijnenburg and the launch at the beginning of January 2020 of the new media campaign for Peijnenburg starring Dutch singer Frans Bauer, all under the baseline 'Van Happen word je Happie' (Eating Peijnenburg makes you happy).



Waffles are by far the biggest 'local hero' product in France. These Lotus waffles saw double digit growth once again in 2019, spread across nearly all retailers. We will therefore invest further in this category with TV advertising and the necessary sales and marketing support in the various regions.

Within this pillar of local specialities, Annas Pepparkakor is another key brand in the portfolio. Annas is a firm favourite in Sweden and Finland, achieving good growth in 2019 for the fifth year in a row. This year also saw the successful launch of Annas Pepparkakor ice cream.



## 1.2 Main projects and investments

In 2018 and 2019, Lotus Bakeries invested more than EUR 200 million in both the acquisitions of Kiddylicious and the BEAR factory in South Africa and major CAPEX projects, with the Lotus Biscoff factory in the US as a strategic milestone.

### Successful start-up of factory in the US makes a significant positive contribution to sustainability

As already announced with the half-year results, the new Lotus Biscoff manufacturing facility in the US is operational as of the beginning of August. The US made Lotus Biscoff arrived on American shelves in September and is served on board of several American airlines.

The start-up of the factory was a milestone for Lotus Bakeries and a fantastic achievement for the project team, as well as an example of true Lotus Bakeries team spirit between the project team, the team in Lembeke and the team in the US.

Two production lines have now been started up in two shifts, with expansion to three shifts well on course. When operating continuously at full capacity, these two production lines meet a large proportion of current US demand. The remaining volume is still produced at the factory in Lembeke. The land and basic infrastructure are in place for the further expansion of the current capacity. An increase in capacity will still be associated with further substantial investment.

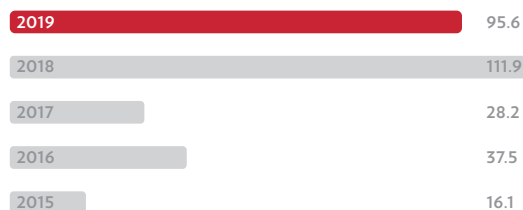
In terms of sustainability, this marks a significant step forwards for Lotus Bakeries by introducing local production in the largest market for Lotus Biscoff. The most tangible impact is that a thousand fewer containers will cross the ocean every year.

Besides leading to a smaller, more sustainable ecological footprint, the investment in the US is the right decision strategically and in the long term for many reasons. It guarantees the best, freshest, locally made product for the largest Lotus Biscoff market. It is possible to respond more quickly to customers. Local sourcing of raw materials forms a buffer against possible import or export restrictions or duties. And exchange rate effects are limited. Based on a purely financial perspective, the factory offers no additional profit in the short term. However, as stated above, building the Lotus Biscoff manufacturing facility in the US is the most sustainable solution in the long term.

In addition, we are taking a significant step towards the sustainable production of BEAR. Due partly to BEAR's success and rapid growth in the US, we have begun to invest in a packaging facility for BEAR YoYo's at the factory in Mebane. This means that, from the second quarter of 2020, products delivered in bulk will be able to be packed there and fresher BEAR YoYo's will be transported to US consumers in a more eco-friendly manner.

### Investments

(in millions of EUR)



## 2. FINANCIAL INFORMATION

### 2.1 Profitability and evolution of costs

In 2019, Lotus Bakeries achieved a recurrent operating result (REBIT) of EUR 102.9 million and a recurrent operating cash flow (REBITDA) of EUR 123.6 million. Both profitability parameters rose, by EUR 7.9 million and EUR 13.2 million respectively. The recurrent operating cash flow includes EUR 3 million relating to the new IFRS 16 'Leases' standard effective from 2019. On the operating result however, the impact of the new standard is minimal.

The increase in turnover is complemented by a positive sales and operating margin contribution. In addition, the Group continues to invest in media support, expansion of the sales teams and the support functions which develop as the Group grows and becomes more international.

The BEAR factory in South Africa officially became part of the Group in June and made a positive contribution to operating results in the second half of the year, thanks to a strong operating performance.

The Lotus Biscoff factory in the US has been operational since August. During the start-up phase in which the factory currently finds itself, the volumes produced are – as predicted – still insufficient to cover overheads and depreciation. The factory's results therefore had a negative impact on the recurrent operating result for the second half of the year.

The substantial investments in recent years in the Belgian, American and South African factories also increase annual depreciation charges and have a significant impact on the recurrent operating result. Annual depreciation charges of EUR 21 million are to be expected for the next few years.

The non-recurrent operating result stands at EUR -2.3 million. This result mainly comprises start-up costs for the Lotus Biscoff manufacturing facility in the US and the result of the acquisition and start-up of the BEAR factory in South Africa.

The financial result of EUR -2.5 million consists of normal interest expenses and bank charges. In addition, the cost of the early redemption of an interest rate derivative due to the refinancing of long-term debt was offset by exchange rate gains on balance sheet positions in foreign currencies.

The tax expense stood at EUR 22.3 million, while the effective tax rate fell to 22.8%. The tax expense comprises a one-off positive impact on deferred taxes as a result of the forthcoming rate reduction in the Netherlands.

The net profit increased by 11.6% to EUR 75.8 million. The recurrent net result, consisting of the reported net result minus non-recurrent costs, rose by 10.5% to EUR 77.5 million.

## 2.2 Principal risks and uncertainties

The following text presents the business risks as assessed by the Lotus Bakeries Executive Committee.

The main and most urgent risk is the outbreak of COVID-19. The Lotus Bakeries Executive Committee is keeping close track of crisis developments and their potential impact on the company. Since the outbreak of the virus, it has quickly taken all necessary measures to protect the Lotus Bakeries workforce. It is also making every effort to limit the impact on operational activities. Lotus Bakeries assumes that the measures imposed by governments worldwide to control the spread of the coronavirus will adversely affect sales to the out-of-home channel (including hotels, bars and restaurants) and airlines.

Otherwise, price fluctuations for raw materials and packaging and exchange rates remain the main market risks for the Lotus Bakeries Group.

### 2.2.1 Raw material and packaging costs

The risk of negative consequences of fluctuations in raw material prices on the results is limited by the signing of forward contracts with a fixed price for the most important volatile raw materials. For other raw materials and for packaging, yearly agreements are made when possible.

### 2.2.2 Currency risk

Purchasing takes place predominantly in euros. On the sales side too, a very significant portion of the turnover is invoiced in euros. The main foreign currency transactions related to buying and selling are in USD, GBP, CHF, SEK, CNY, ZAR and KRW. Lotus Bakeries Group seeks to net out as far as possible its purchases and sales in foreign currencies, with net foreign exchange risks hedged if necessary by forward and/or option contracts if there is a material unhedged net risk for the Group.

Lotus Bakeries' consolidated financial statements are presented in euros. The operating results and financial position of each Lotus Bakeries company whose functional currency is not the euro have to be converted into euros at the applicable exchange rate for inclusion in the Group's consolidated financial statements. Lotus Bakeries does not hedge against this "conversion risk".

A 5% lower average rate for Lotus Bakeries' key foreign currencies would have had a negative impact on the net profit amounting to a total of kEUR 2,781. A 5% higher average rate for Lotus Bakeries' key foreign currencies would have had a positive impact on the net profit amounting to a total of kEUR 3,074.

**CURRENCY RISK**

	EFFECT ON THE NET RESULT OF THE LOWER AVERAGE RATE OF 5% (AMOUNT IN KEUR)	EFFECT ON THE NET RESULT OF THE HIGHER AVERAGE RATE OF 5% (AMOUNT IN KEUR)
USD	(426)	471
GBP	(1,700)	1,879
CNY	(169)	187
CZK	(146)	161
Other	(340)	376
Total	(2,781)	3,074

**2.2.3 Interest rate risk**

The interest rate risk is the risk associated with interest-bearing financial instruments and relates to the risk of the fair value or related interest cash flows of the underlying financial instrument fluctuating due to future changes in market interest rates.

Lotus Bakeries Group's objectives with regard to interest rate risks are to reduce fluctuations in income, limit interest expenses in the long term and protect future cash flows against the impact of significant negative interest rate fluctuations.

As part of managing its interest rate risks, where necessary, the Group enters into interest rate agreements to convert a variable rate into a fixed rate. As of 31 December 2019, the financial interest-bearing liabilities (kEUR 61,500) were hedged at a variable rate under such agreements.

A change in the Euribor rate by ten basis points in 2019 would have had an impact on interest expenses amounting to approximately kEUR 86.

**2.2.4 Credit risk**

The Lotus Bakeries Group opts to conclude contracts as far as possible with creditworthy parties or to limit the credit risk by means of securities.

The Lotus Bakeries Group has a diversified international customer portfolio, consisting mainly of large retail, cash-and-carry and food service customers in various countries. For export outside Western and Northern Europe, the United States, South Korea and China, the Lotus Bakeries Group works on a documentary credit basis or uses credit insurance. Within the Lotus Bakeries Group, there are strict procedures to accurately follow up on customers and to handle possible risks as quickly and as efficiently as possible.

For financial operations, credit and hedging, the Lotus Bakeries Group works only with established financial institutions.

**2.2.5 Liquidity risk**

Lotus Bakeries uses an international cash pooling structure for daily cash pooling where possible. Lotus Bakeries also closely monitors the amount of short-term funds and the ratio of short-term funds to its total debts, as well as the availability of committed lines of credit in relation to the level of outstanding short-term debt.

In connection with the acquisition of Natural Balance Foods Ltd. in 2015, put options were granted to third parties with respect to the remaining non-controlling interests, where these put options give holders the right to sell part or the whole of their investment in this subsidiary. A financial liability is shown on the consolidated balance sheet for this, which could potentially result in a larger cash outlay if the acquired entity performs better than forecast in the long-term business plan. Further details are given in note 21 in the financial supplement of the 2019 annual report.

In view of the significant cash flow from operations compared with the net financial debt position, and the available committed lines of credit, the liquidity risk for the Lotus Bakeries Group is low.



### 2.2.6 Balance sheet structure

Lotus Bakeries aims for a capital structure (the balance between debt and capital) which will give it the required financial flexibility to implement its growth strategy.

Lotus Bakeries strives to keep the proportion of net financial debt (defined as interest-bearing financial debt, monetary investments, liquid assets, treasury shares) and the recurrent company cash flow (REBITDA) at what is considered to be a normal healthy level in the financial market.

FINANCIAL RATIOS	2019	2018	2017	2016	2015
Days customer credit	47	45	42	37	45
Solvency ratio (%)	49.5	48.8	49.1	45.3	38.1
Net financial debts / REBITDA*	1.10	0.87	0.55	0.93	1.98
Net profitability of equity (%)	18.8	19.6	22.0	25.1	21.0

(\*) REBITDA normalised for the impact of acquisitions

### 2.2.7 Product liability risks

The production, packing and sale of food products give rise to product liability risks.

Lotus Bakeries applies the highest product safety standards to the entire production and distribution process, from the purchase of raw materials through to the distribution of the final product, supported and guaranteed by structured procedures and systematic internal quality audits. External audits take place at regular intervals.

The necessary product liability insurance has been subscribed within reasonable limits.

### 2.2.8 Pension scheme risks

The form of and benefits under pension schemes existing within the Lotus Bakeries Group depend on the conditions and customs in the countries involved. Pension benefits can be provided under defined contribution schemes or defined benefit schemes.

A major portion of these pension schemes are defined contribution schemes, including in Belgium, France, Sweden and the United States. These are funded by employer and employee contributions and charged to the income statement of the year in question. Under this type of scheme, there is no legal or constructive obligation to pay further contributions irrespective of the capacity of the funds to pay future pension contributions.

Because of the Belgian legislation applicable to second pillar pension plans (so-called 'Vandenbroucke Law'), basically all Belgian defined contribution plans have to be considered under IFRS as defined benefit plans because of the minimum guaranteed return, although it is normally insured by an external insurance company that collects and manages the contributions. This 'Vandenbroucke Law', which came into force in 2004, stipulates that, in the context of a defined contribution plan, the employer must guarantee a minimum return of 3.75% on employee contributions and 3.25% on employer contributions. As from 1 January 2016, these percentages were replaced by a single percentage which changes in line with market rates, subject to a minimum of 1.75% and a maximum of 3.75%, which reduces the risk for the employer.

In the Netherlands a defined contribution scheme has been concluded with BPF. Because employers pay a fixed contribution, the scheme falls under the defined contribution scheme.

Defined benefit pension schemes exist in the Dutch and German subsidiaries. In certain companies provisions also exist for early retirement ('bridge') pensions (Belgium) and pension obligations resulting from legal requirements (France). These are also treated as defined benefit schemes. For these defined benefit schemes the necessary provisions are set up based on the actuarial present value of the future obligations to the employees concerned.

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

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

## 2.3 Financial instruments

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

## 2.4 Research and development, innovation and sustainability

### 2.4.1 Innovation and product development

The quality of all Lotus Bakeries products is an absolute priority and all employees are intensely involved in the continuous drive for high quality products and processes, which are audited internally as well as externally.

The R&D department hopes to contribute to better products with new insights into processes and the interactions between various ingredients. In this, Lotus Bakeries does not only employ its own expertise but also calls on the expertise of well-known university knowledge centres, and of existing innovation platforms set up by the food industry.

### 2.4.2 Sustainability

The 'Care for Today—Respect for Tomorrow' programme represents in a clear way how Lotus Bakeries is handling sustainability. This programme has been widely communicated to all employees and the Board of Directors. Lotus Bakeries opts to report on its sustainability programme based on the Sustainable Development Goals (SDG reporting) proposed by the United Nations. You can read the result about the progress so far in the chapter 'Care for Today - Respect for Tomorrow'.

## 2.5 Significant events after 31 December 2019

The main and most urgent risk is the outbreak of COVID-19. The Lotus Bakeries Executive Committee is keeping close track of crisis developments and their potential impact on the company. Since the outbreak of the virus, it has quickly taken all necessary measures to protect the Lotus Bakeries workforce. It is also making every effort to limit the impact on operational activities.

Lotus Bakeries judges that there is no material impact on the financial statements as at 31 December 2019 due to the consequences of the worldwide spread of the COVID-19 virus.

Lotus Bakeries assumes that the measures imposed by governments worldwide to control the spread of the coronavirus will adversely affect sales to the out-of-home channel (including hotels, bars and restaurants) and airlines. Exacerbated by the uncertainty over the duration of the crisis and the accompanying measures, the potential financial impact of COVID-19 cannot yet be gauged.

No other significant facts have occurred after 31 December 2019 with a material impact on the 2019 financial statements.

## 3. PROSPECTS FOR 2020

The internationalisation of Lotus Biscoff remains our main organic growth driver with solid and broad-based growth in the major consumer markets and a long list of other countries. In 2020, for example, we aim to roll out Lotus Biscoff ice cream further internationally in about ten more countries.

We are also working hard on product innovation. In view of this, we look forward with great enthusiasm to the launch of our new Lotus Biscoff cookie. This will consist of two round Lotus Biscoff cookies with a filling between them. There will be three versions of the filling: our own Lotus Biscoff spread, vanilla and chocolate. The new cookie is part of a young and dynamic concept and will be presented in a roll pack.

We are currently working hard to have the production capacity ready for this. The plans have also been approved for the purchase and installation of a new, unique line for this product in Lembeke. This cookie will be launched initially in four countries in 2020.

The growth and internationalisation of the healthy snacking business remains a second key pillar of growth. Following the acquisition of Kiddylicious in mid-2018, the growth of the brand remains very solid in the UK and the basis will be laid for further international growth in 2020. The other Natural Foods brands also experienced impressive international growth, with a special mention for BEAR in the US, which, two years after launch, has managed to gain a strong position nationally in the kids fruit snacking category.

For our local heroes, the focus remains on developing a strong market position in the home markets. The actions taken in the Netherlands to bring about growth in the gingerbread category once more should bear fruit in 2020.

At the time of publishing the half-year results, the establishment of incubator fund FF2032 was also announced. In recent months, many proposals for investment have been presented, which we are now studying.

## 4. RESULTS AND PROPOSAL FOR APPROPRIATION OF RESULTS

### Consolidated

The consolidated net profit for 2019 amounted to EUR 75.8 million as compared to EUR 67.9 million in 2018.

### Statutory

The 2019 results for the parent company Lotus Bakeries NV are as follows:

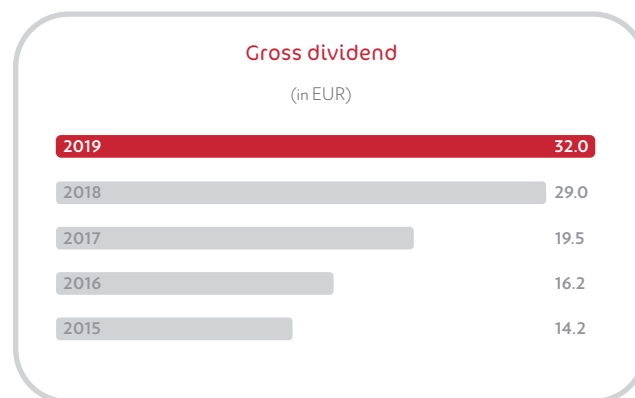
INEUR	
Profit for the financial year	34,880,393.09
Transfer from untaxed reserves	-
Transfer to untaxed reserves	-
<b>Profit for the year available for appropriation</b>	<b>34,880,393.09</b>

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

INEUR	
Allocation to legal reserves	123.20
Allocation / (Transfer) to other reserves	8,517,853.89
Distribution of a gross dividend <sup>(1)</sup>	26,112,416.00
Distribution of emoluments to directors	250,000.00
<b>TOTAL</b>	<b>34,880,393.09</b>

(1) The dividends on the purchased Lotus Bakeries shares will be paid to Lotus Bakeries NV and, as a consequence, will not be suspended.

The Board of Directors will propose to the Ordinary General Meeting of Shareholders of 8 May 2020 to pay a gross dividend of EUR 32 per share for 2019 compared with EUR 29 per share in 2018.





Last year, we decided to increase the gross dividend to one third of recurrent net profit. This gives us the right balance between providing a decent return for shareholders and reinvesting the profit in the business. We are therefore pleased to have achieved excellent growth of the net profit this year, so that we can reinvest even more in Lotus Bakeries Group as well as increasing our dividend by 10%.

Jan Boone, CEO

## 5. CORPORATE GOVERNANCE DECLARATION

Lotus Bakeries has adopted a Corporate Governance Charter under which we commit to apply the principles of the Corporate Governance Code of 12 March 2009 and to respect the associated legal norms and regulations. The charter outlines our corporate governance policy and the internal rules of procedure of the Board of Directors, the Committees and the Executive Committee. It can be consulted on our website ([www.lotusbakeries.com](http://www.lotusbakeries.com)).

The charter is currently being revised in the light of the new Belgian Companies and Associations Code and the Corporate Governance Code 2020. In view of the similarity between certain matters covered in the Charter and the items on the agenda to be proposed by the Board of Directors to the 2020 Annual Shareholders' Meeting, the Board of Directors will finalise the charter after the 2020 Annual Shareholders' Meeting. The revised charter will then be published on the website.

In this annual report, we report factual applications of the Corporate Governance Charter. There are no deviations from the provisions of the Corporate Governance Code.

### 5.1 Share capital and shares

#### 5.1.1 Capital

As a result of the exercise of warrants the share capital of Lotus Bakeries NV was increased on 3 April 2019 by EUR 1,232.0 from EUR 3,589,951.65 to EUR 3,591,183.65.

#### 5.1.2 Shares

Through the exercise of warrants and subsequent capital increases, new shares of Lotus Bakeries NV were issued: 280 on 3 April 2019. As a result, the total number of shares of Lotus Bakeries increased from 815,733 to 816,013.

As of 31 December 2019, there were 816,013 shares of Lotus Bakeries NV, in registered or dematerialised form.

### 5.1.3 Share options

In the context of the Lotus Bakeries share option scheme, 1,199 share options were issued in 2019. As at 31 December 2019 the total number of unexercised share options was 8,568.

YEAR OF ISSUE OF THE OPTIONS	NUMBER OF ALLOCATED OPTIONS <sup>(1)</sup>	NUMBER OF OPTIONS EXERCISED <sup>(2)</sup>	TOTAL OF AVAILABLE OPTIONS
2014	5,333	(5,333)	-
2015	3,337	(1,155)	2,182
2016	2,351	-	2,351
2017	1,697	-	1,697
2018	1,139	-	1,139
2019	1,199	-	1,199

(1) Number allocated minus cumulative number lapsed.

(2) Cumulative number exercised.

### 5.1.4 Warrants

The key conditions of the warrant plan set out in 2007, the exercise conditions and the key consequences of the abolition of the pre-emptive right for shareholders are set out in note 24 of the financial supplement.

### 5.1.5 Purchase of treasury shares

The Extraordinary General Meeting of 15 May 2018 authorised the Board of Directors of Lotus Bakeries NV for 5 years (i) to acquire the shares or profit certificates of the company in an amount of up to 20 percent of the issued capital under the conditions stipulated by the Belgian Companies and Associations Code, with as compensation the average closing share price of the company over the last 30 calendar days prior to the date of purchase, reduced by 20 percent as a minimum price and increased by 10 percent as a maximum price; this authorisation also applies to the acquisition of shares and profit certificates of the company by one of its directly controlled subsidiaries under Article 7:221 of the Belgian Companies and Associations Code, and (ii) to dispose of any shares or profit certificates of the company, regardless of when and on what basis they were acquired, if this divestment either forms part of a stock option plan approved by the Board of Directors of the Company, subject to payment of the agreed option price, or takes place against compensation that is higher than the average closing share price of the company over the last 30 calendar days prior to the date of sale reduced by 20 percent and lower than this average increased by 20 percent.

In 2019, 2,250 treasury shares were purchased. The total number of purchased treasury shares in the portfolio at the end of the financial year is 9,681. They represent an accounting par value of EUR 42,596.4 or 1.19% of the issued capital.

All stock market transactions were executed in accordance with the various mandates granted by the Extraordinary General Meeting of Shareholders to the Board of Directors.

5.2 Shareholders and shareholders structure

The shareholding structure of Lotus Bakeries NV on 31 December 2019:

	NO. OF VOTING RIGHTS	% OF VOTING RIGHTS
Stichting Administratiekantoor van Aandelen Lotus Bakeries <sup>(1)</sup>	455,417	55.81%
Lotus Bakeries NV <sup>(2)</sup>	9,681	1.19%
Publicly held	350,915	43.00%
<b>Total</b>	<b>816,013</b>	<b>100.00%</b>

(1) Stichting Administratiekantoor van Aandelen Lotus Bakeries is not controlled. The interest of Stichting Administratiekantoor van Aandelen Lotus Bakeries in Lotus Bakeries NV appears in the transparency notification that Lotus Bakeries NV received on 5 April 2013\* and in the notifications to Lotus Bakeries NV of the certification of Lotus Bakeries shares in July 2014 and in April 2018.

(2) The voting rights attached to the shares held by Lotus Bakeries NV have been suspended. The dividends have not been suspended and will be distributed to Lotus Bakeries NV.

(\*) Pursuant to article 6 of the Law of 2 May 2007 on disclosure of major holdings.

Communication according to Article 14, para. 1, of the Law of 2 May 2007 on disclosure of major holdings

Lotus Bakeries NV has received a transparency notification, dated 16 August 2019, revealing that, following the disposal of shares on 13 August 2019, Holding Biloba bv now holds less than 5% of the voting rights in the company (either directly or via the company controlled by it, Christavest bv). It has therefore fallen below the shareholding threshold of 5%.

Communication according to article 74§7 of the Law of 1 April 2007 on public takeover bids

Lotus Bakeries NV is not aware of any updates to any communication according to article 74 of the Law of 1 April 2007.

## 5.3 Board of Directors and Committees of the Board of Directors

### 5.3.1 Board of Directors

#### 5.3.1.1 Composition

The composition of the Board of Directors:

**Chairman:**

Vasticom BV, represented by its permanent representative Jan Vander Stichele

*Current term of office ends: 2021 General Meeting*

**Managing director:**

Mercur Consult BV, represented by its permanent representative Jan Boone

*Current term of office ends: 2021 General Meeting*

**Non-executive directors:**

- Beneconsult BV, represented by its permanent representative Benedikte Boone

*Current term of office ends: 2020 General Meeting*

- PMF NV, represented by its permanent representative Johan Boone

*Current term of office ends: 2021 General Meeting*

- Concellent NV, represented by its permanent representative Sofie Boone

*Current term of office ends: 2020 General Meeting*

- Anton Stevens

*Current term of office ends: 2021 General Meeting*

**Independent directors:**

- Peter Bossaert

*Current term of office ends: 2021 General Meeting*

- Benoit Graulich BV, represented by its permanent representative Benoit Graulich

*Current term of office ends: 2021 General Meeting*

- Lema NV, represented by its permanent representative, Michel Moortgat

*Current term of office ends: 2022 General Meeting*

- Sabine Sagaert BV, represented by its permanent representative Sabine Sagaert

*Current term of office ends: 2023 General Meeting*

**Secretary:**

- Brechtje Haan



**Benedikte Boone** Non-executive director

- Master's degree in Applied Economics (KU Leuven)
  - She has held positions at Creyf's Interim and Avasco Industries
  - Director in various family companies (Bene Invest BV, Holve NV and Harpis NV) and also director at Deceuninck NV
  - Member of the Board of Directors at Lotus Bakeries since 2012
- 

**Jan Boone** CEO / Managing director

- Master's degree in Applied Economics (KU Leuven); Master in Audit (UMH)
  - Started his career in the Audit department of PwC
  - Between 2000 and 2005 Head of Corporate Controlling, member of the Executive Committee and Board of Directors at Omega Pharma
  - Since 2005, active at Lotus Bakeries as managing director and since 2011 as CEO
  - Since 2005, member of the Board of Directors at Lotus Bakeries and managing director since 2011
  - Member of the Board of Directors of Omega Pharma, director at Club Brugge and FF2032
  - President of the Board of Directors of Animal Care, a listed company in the veterinary sector
- 

**Johan Boone** Non-executive director

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

**Sofie Boone** Non-executive director

- Master's degree in Pharmaceutical Sciences (KU Leuven), postgraduate degree in Business Economics (Vlekho) and Business Management for pharmacists (Vlerick Business School)
  - 1996 – 2001: deputy pharmacist and titular pharmacist.
  - Since 2002, owner and titular pharmacist of Boone pharmacy in Tervuren
  - Since 1999, active as volunteer departmental pharmacist at the Red Cross Tervuren
  - Member of the Board of Directors at Lotus Bakeries since 2016
- 

**Peter Bossaert** Independent director

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

**Benoit Graulich** Independent director

- Master's degrees in Law, Business and Finance (KU Leuven)
- Began his professional career at PwC and then at Paribas Bank/Artesia Bank. In 2000 he became a partner at EY. Currently he is a managing partner at Bencis Capital Partners
- Various directorships at Van de Velde, Confinimmo and FF2032, among other companies
- Member of the Board of Directors at Lotus Bakeries since 2009

### Michel Moortgat Independent director

- Master's degree in Business and Finance (Ichech Brussels) and MBA (Vlerick Business School)
  - Since 1991, active at Duvel Moortgat and since 1998 as CEO
  - Member of the Board of Directors at Lotus Bakeries since 2018
- 

### Sabine Sagaert Independent director

- Master's degree in Commercial Engineering (KU Leuven), Master in Economic Legislation (UCL) and MBA (KU Leuven), graduate degree in Taxation (Fiscale Hogeschool Brussel)
- Held various positions in the Benelux at CBR cement companies and at AB InBev, amongst others as Business Unit President Belux. Subsequently, she led the Dental Division at Arseus
- Since 2011, employed by Cargill as General Manager Malt business Europe. As of 2015, Global Managing Director Malt Business and since June 2018, Managing director Oils and Seeds Emea
- Member of the Board of Directors at Lotus Bakeries since 2011

### Anton Stevens Non-executive director

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

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

- Master of Science in Electromechanical Engineering (KU Leuven) and a Bachelors's degree in Business Economics (KU Leuven)
- Was technical director of the Verlipack Group
- Since the end of 1996 active in the Lotus Bakeries Group as General Manager Lotus Bakeries France, thereafter as General Manager Operations and between 2011 and 2016 as Executive Director
- Since 2005, member of the Board of Directors at Lotus Bakeries
- Member of the Board of Directors at TVH Parts Holding, BIG and OLV Hospital Aalst
- Chairman of the Board of Directors at Team Industries, FEVIA and Flanders'FOOD

In the selection of candidates for the Board of Directors by the current members of the Board of Directors, prior to the proposal of a new director to the General Shareholder's Meeting, skills, competencies and diversity are paramount. Lotus Bakeries is conscious that it must ensure the presence of a critical Board of Directors, with specialist knowledge of the various areas relevant to Lotus Bakeries. Certain diversity criteria are imposed by law and are naturally adopted by Lotus Bakeries, including the number of independent directors and the number of directors of a different gender. In this respect, Lotus Bakeries declares that, with the aforementioned composition, it complies with the requirement for at least one third of directors to be of a different gender than that of the other members. The aforementioned obligation is contained in Article 7:87 of the Belgian Companies and Associations Code. It also wishes to point out in this connection that the abovementioned independent directors fulfil the independence criteria of Article 7:87 of the Belgian Companies and Associations Code and Corporate Governance Code 2020. Besides these diversity criteria enshrined in law, Lotus Bakeries also aims for diversity in knowledge and experience and, when selecting candidates, performs a thorough assessment based on competencies which would additionally benefit the company in view of the existing competencies among the members of the Board of Directors. The results of this policy are illustrated in the CVs described above.

This means Lotus Bakeries has a balanced Board of Directors in which the majority shareholder, the independent directors and the executive board are sufficiently represented.

### 5.3.1.2 Activities of the Board of Directors

The Board of Directors met six times in 2019. Only Lema NV, represented by its permanent representative, Michel Moortgat and Sabine Sagaert BV, represented by its permanent representative Sabine Sagaert were absent once.

The subjects dealt with at the meetings were:

- financial results
- sales results
- results at 31/12 and 30/06 and proposed press release
- investment budget and global budget
- media investments
- clarification of the year action plans of the different countries
- start-up of new factory in the United States
- start-up of new factory in South Africa
- evolution of prices of raw materials and packaging
- product developments and innovations
- reports and recommendations from Committees
- Remuneration policy EXCO
- Establishment incubator fund FF2032
- Brexit preparations
- M&A policy
- Corporate Governance
- agenda for Annual Shareholders meeting
- initiatives in the area of CSR

In the course of 2019, there were no incidences within the Board of Directors which led to the application of the conflict of interest procedure as set out in Article 7:96 of the Belgian Companies and Associations Code.

### 5.3.2 Audit Committee

The Audit Committee consists of two independent directors and one non-executive director. The two independent directors are Lema NV, represented by its permanent representative Michel Moortgat (Chairman) and Benoit Graulich BV, represented by its permanent representative Benoit Graulich. The non-executive director is Vasticom BV, represented by its permanent representative Jan Vander Stichele. All members have accounting and audit experience.

The Audit Committee met three times in 2019 and all members were present at all meetings. The Auditor participated in all three meetings, at which he presented his findings to the Audit Committee.

The subjects examined were:

- risk management
- discussion of report and internal controls / recommendations of the Statutory Auditor
- discussion of annual and interim results
- future applications IFRS 16

### 5.3.3 Remuneration and Nomination Committee

The Remuneration and Nomination Committee consists of two independent directors and one non-executive director. The independent directors are Sabine Sagaert BV, represented by its permanent representative Sabine Sagaert (Chairman) and Benoit Graulich BV, represented by its permanent representative Benoit Graulich. The non-executive director is Vasticom BV, represented by its permanent representative Jan Vander Stichele. All members have both HR management and remuneration policy experience. The Committee met twice in 2019, with all members present.

The subjects examined were:

- remuneration Executive Committee
- remuneration policy and its application
- impact new Belgian Companies and Associations Code and Corporate Governance Code 2020

### 5.3.4 Evaluation of the Board of Directors and its Committees

The operation of the Board of Directors and of the Committees is evaluated every three years. The evaluation of the effectiveness of the Board of Directors is undertaken by the Board itself under the leadership of its Chairman. This evaluation covers the size of the Board, the general functioning of the Board of Directors, the way meetings are prepared, the contribution of each individual director to the work of the Board, the presence and involvement of each individual director at meetings and decision-making, the composition of the Board of Directors and the interaction with the Executive Committee.

This assessment makes it possible to constantly optimise the management of Lotus Bakeries. Where appropriate, based on this review, and eventually in consultation with external experts, the Remuneration and Nomination Committee presents a report on the strengths and weaknesses of the Board of Directors and, where necessary, a proposal for the appointment of a new director or the non-prolongation of a directorship. The non-executive directors evaluate annually the interaction of the Board of Directors and the Executive Committee and when appropriate, submit proposals for improving cooperation. The CEO and the Remuneration and Nomination Committee also together evaluate annually the operation and performance of the Executive Committee. The CEO is not present at his own evaluation.

## 5.4 Executive Committee

Composition of the Executive Committee:

- Jan Boone, permanent representative of Mercur Consult BV, CEO
- Isabelle Maes, permanent representative of Valseba BV, CEO Natural Foods
- Mike Cuvelier, permanent representative of Cumaco BV, CFO
- Ignace Heyman, COO
- William Du Pré, Corporate Director Quality, Procurement and R&D

The members of the Executive Committee are appointed by the Remuneration and Nomination Committee. The Remuneration and Nomination Committee selects on the basis of knowledge, competencies, experience, background and skills and aims for diversity in these areas so as to have all knowledge in house to manage Lotus Bakeries with a team specialising in all relevant areas. Within the Executive Committee, there is currently a good balance between members with a financial background and members with a marketing and/or sales background. A good proportion of members with a long history in the company and members with a fresh view of matters is also ensured.

The Executive Committee met thirty-five times in 2019. All members were present at all meetings.

## 5.5 Remuneration report

### 5.5.1 Introduction

The purpose of the 2019 remuneration report is to provide transparent information about the specific remuneration policy adopted by Lotus Bakeries for directors and executive managers.

The remuneration report below will be submitted to the General Meeting of 8 May 2020 for approval. The works council has been informed in accordance with the provisions of the Act. The report has also been reviewed by the Auditor.

## 5.5.2 Procedure for defining remuneration policy and remuneration

### 5.5.2.1 Directors

The Remuneration and Nomination Committee set up by the Board of Directors makes specific recommendations to the Board of Directors with regard to remuneration policy and its application to executive and non-executive directors.

The current remuneration policy for directors was approved by the General Meeting of 13 May 2011, based on a proposal by the Board of Directors, on the advice of the Remuneration and Nomination Committee. Directors' remuneration is benchmarked every two years against a relevant sample of other listed companies to enable Lotus Bakeries to attract directors with appropriate competences in order to realise its ambitions.

### 5.5.2.2 Executive managers

For the purpose of determining who falls into the category of 'executive managers' according to the Act of 6 April 2010 to strengthen corporate governance, Lotus Bakeries considers the members of its Executive Committee as falling into this category. The Executive Committee is responsible for the management of the company.

The remuneration policy for members of the Executive Committee is set every two years by the Board of Directors based on a proposal by the Remuneration and Nomination Committee. Individual remuneration is reviewed annually.

For this Lotus Bakeries uses the services of an international HR consultancy firm, that assesses the functions and presents the corresponding salary package as commonly awarded in the relevant market. The consultant reports directly to the Remuneration and Nomination Committee and provides verbal explanations.



### 5.5.2.3 Senior managers

Remuneration policy for senior managers ('kaderleden') is set by the Executive Committee. This is then approved by the Remuneration and Nomination Committee. The services of an international HR consultancy are also called upon in this regard. They propose the job weighting and the corresponding salary package as commonly awarded in the relevant market.

## 5.5.3 Statement on remuneration policy applied in 2019

### 5.5.3.1 Non-executive and executive directors

#### Policy criteria

The non-executive directors receive a remuneration as indicated in the table on the opposite page, with no performance-based remuneration such as bonuses, stock-related long-term incentive schemes, fringe benefits or pension plan-related benefits.

Neither Lotus Bakeries nor its subsidiaries provide any personal loans, guarantees or the like to other members of the Board of Directors.

Besides the fee, all reasonable expenses of members of the Board of Directors incurred with the consent of the Chairman of the Board of Directors are reimbursed.

The provisions concerning the remuneration of non-executive directors apply equally to executive directors in their capacity as directors.

Lotus Bakeries aims at a competitive remuneration, based on a comparison of directors' remuneration in companies that are comparable in terms of size, complexity and international activity.

Directors' remuneration is benchmarked every two years against a relevant selection of listed companies, to enable Lotus Bakeries to attract directors with appropriate competences in order to realise its ambitions.

#### Remuneration

Members of the Board of Directors each receive EUR 20,000 a year. The Chairman receives EUR 40,000 a year. Each member of the Audit Committee and Remuneration and Nomination Committee receives a fee of EUR 5,000 a year.

No other compensation is provided to non-executive directors, such as performance bonuses in cash, shares or options. The table on the opposite page shows the remuneration awarded for 2019 to each member of the Board of Directors.

NAME	BOARD OF DIRECTORS	AUDIT COMMITTEE	REMUNERATION AND NOMINATION COMMITTEE	TOTAL REMUNERATION 2019
Vasticom BV, represented by its permanent representative Jan Vander Stichele	Chairman	Member	Member	50,000 EUR
Mercur Consult BV, represented by its permanent representative Jan Boone	Managing Director	-	-	20,000 EUR
PMF NV, represented by its permanent representative Johan Boone	Non-executive director	-	-	20,000 EUR
Anton Stevens	Non-executive director	-	-	20,000 EUR
Beneconsult BV, represented by its permanent representative Benedikte Boone	Non-executive director	-	-	20,000 EUR
Concellent NV, represented by its permanent representative Sofie Boone	Non-executive director	-	-	20,000 EUR
Peter Bossaert	Independent director	-	-	20,000 EUR
Benoit Graulich BV, represented by its permanent representative Benoit Graulich	Independent director	Member	Member	30,000 EUR
Lema NV, represented by its permanent representative, Michel Moortgat	Independent director	Chairman	-	25,000 EUR
Sabine Sagaert BV, represented by its permanent representative Sabine Sagaert	Independent director	-	Chairman	25,000 EUR

The Chairman of the Board of Directors shall be provided with the necessary material resources to perform his task properly.

The Chairman receives an additional compensation of EUR 100,000 for representing the company with respect to interest groups.

### 5.5.3.2 Executive managers

#### Policy criteria

The Remuneration and Nomination Committee makes specific recommendations to the Board of Directors on the remuneration of the members of the Executive Committee.

The level and structure of the remuneration of the Executive Committee must be such as to attract, retain and continually motivate qualified and skilled managers, taking into account the nature and scope of their individual responsibilities. To this end, a survey is carried out every two years of the remuneration of managers in Belgium in order to facilitate an external comparison of key functions. In order to ensure an internal logic between remuneration levels, in defining the remuneration for executive managers for each function, account is taken of the way the function is fulfilled at Lotus Bakeries.

In addition to their fixed remuneration, there is a variable compensation. For executive managers, this depends on the results of Lotus Bakeries, based on well-defined criteria with a one year evaluation period and evaluation periods of two and three years.

The evaluation criteria used to determine the variable compensation in 2019 are the main performance indicators based on the objectives for 2019. The evaluation period for this is one year.

Already since the financial year 2011, a long-term incentive plan is in place for executive managers with objectives set over 2 and 3-year periods. The criteria used are the objectives of the strategic plan of the Lotus Bakeries Group.

There is an additional pension plan, on the basis of a predetermined contribution. The plan is placed with an insurance company.

Apart from this, there is also a stock option plan in place with a fixed number of options for the members of the Executive Committee.

In principle shares which have been allotted or other forms of deferred compensation are not deemed to be acquired, and options may not be exercised during the first three and a half year after being allocated.

### Recovery provisions

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

#### 5.5.4 Evaluation criteria for the performance-based remuneration of executive managers

The objectives for 2019 were presented to the Remuneration and Nomination Committee. The evaluation criteria used to determine the variable compensation in 2019 are the main performance indicators based on the objectives for 2019. The evaluation period for this is one year. The bonus plan for executive management provides that the bonus is earned only after approval of the consolidated figures by the Auditor and then by the Remuneration and Nomination Committee.

Objectives for the 2018-2020 period were decided upon and presented to the Remuneration and Nomination Committee for determining the long-term remuneration. The main performance indicators are taken from the strategic plan of the Lotus Bakeries Group.

#### 5.5.5 CEO's remuneration in 2019

The CEO is paid on a self-employed basis and via a number of directorships. The remunerations mentioned are expressed as cost for the company.

The cost of the fixed basic salary in 2019 amounts to EUR 829,202. The variable portion based on the 2019 targets amounts to EUR 437,142

and will be paid in 2020. The deferred payment related to the 2017 – 2019 targets and the settlement of the long-term variable remuneration based on the 2017 – 2019 targets amounts to EUR 472,114 and will be paid in 2020. The contributions to the pension scheme amount to EUR 132,745. Other components of the remuneration amount to EUR 43,064. There is no recovery provision. Evaluation of the performance is based on the audited results.

#### 5.5.6 Remuneration of executive managers in 2019 (excluding CEO)

In 2019, three members of the EXCO were paid on a self-employed basis and via directorships and one member through an employment contract. In the case of pay through an employment contract, the amounts given do not include social insurance contributions and in the case of pay on a self-employed basis, the full cost is given.

The remuneration for all executive managers together on a full year's basis, are the following for 2019.

The fixed annual salary in 2019 amounts to EUR 1,587,327. The variable portion based on the 2019 targets amounts to EUR 658,115 and will be paid in 2020. The deferred payment related to the 2017 – 2019 targets and the settlement of the long-term variable remuneration based on the 2017 – 2019 targets amounts to EUR 710,764 and will be paid in 2020. The contributions to the pension scheme amount to EUR 251,635. Other components of the remuneration amount to EUR 87,839. There is no recovery provision. Evaluation of the performance is based on the audited results.

### 5.5.7 Arrangements for the Executive Committee as a whole

The pension plan is based on defined contributions as a function of the annual base salary. The other compensation relates primarily to insured benefits such as guaranteed income and the cost of a company car. A share option plan also exists.

### 5.5.8 Share-based compensation

#### 5.5.8.1 Allocations in 2019

In 2019, share options relating to the financial year 2018 were granted to members of the former Executive Committee.

NAME	YEAR OF ALLOCATION	NUMBER OF OPTIONS	EXERCISE PRICE
Jan Boone	2019	255	EUR 2,352
William Du Pré	2019	128	EUR 2,352
Ignace Heyman	2019	128	EUR 2,352
Isabelle Maes	2019	128	EUR 2,352
Mike Cuvelier	2019	128	EUR 2,352

#### 5.5.8.2 Exercise of stock options and/or warrants in 2019

The members of the Executive Committee have exercised the following share options or warrants in 2019:

DATE	NAME	TRANSACTION	AMOUNT	PRICE	TOT. VALUE
02/09/2019	William Du Pré	Exerc. options	2	EUR 1,243.57	EUR 2,487.14
03/09/2019	William Du Pré	Exerc. options	98	EUR 1,243.57	EUR 121,869.86
03/10/2019	Ignace Heyman	Exerc. options	150	EUR 1,243.57	EUR 186,535.50

In 2019 there are no lapsed unexercised options relating to members of the Executive Committee.

### 5.5.9 Severance pay

Members of the Executive Committee compensated on a self-employed basis and via directorships are entitled to severance pay equal to 12 months' fixed and variable remuneration. The other member of the Executive Committee is bound by a salaried employee contract. In 2019 no severance pay was paid to members of the Executive Committee.

## 5.6 Internal code of conduct

Respect for and promotion of human rights and the fight against bribery and corruption are self-evident at Lotus Bakeries. It is no coincidence that the corporate culture of Lotus Bakeries is expressed in the TOP values 'team spirit', 'open dialogue' and 'passion'. The management of Lotus Bakeries emphasises these values based on respect for fellow human beings, transparency, togetherness and the purity of pleasure in our work. The focus lies on upholding these values in our own organisation. We also focus on the activities of our suppliers of raw materials and packaging materials and co-manufacturers.

Since 2012, Lotus Bakeries has summarised its internal code of conduct in the 'Code of Conduct', which is regularly reviewed in the light of changed circumstances. The Code of Conduct for our employees has been updated in 2019 and will be implemented in 2020.

The code of conduct sets out six key principles which must be respected by all employees of Lotus Bakeries at all times:

**1. Transparency:** Lotus Bakeries aims for accurate and clear communication with its customers, suppliers, consumers and business partners, and promotes open communications with all of its stakeholders to continue to guarantee top quality and food safety.

**2. Respect for others:** Lotus Bakeries aims to create a safe working environment and sets great store by integrity & respect for human rights of people in and outside the workplace together with respect for personal data.

**3. Fair & compliant trade:** Lotus Bakeries ensures fair competition, respect for export laws and regulations and prevention of insider trading.

**4. Anti-corruption:** Lotus Bakeries has a zero tolerance approach to bribery and corruption and has in place a clear procedure concerning conflicts of interest and accurate records, reporting and accounting.

**5. Information security:** Lotus Bakeries is committed to protecting its own confidential information and the confidential information of third parties.

**6. Respect for the environment & responsible sourcing:** Lotus Bakeries closely monitors the impact of its activities on the environment and constantly strives to reduce its ecological footprint.

These key principles ensure that each of our employees acts correctly and averts the risks run by a company such as Lotus Bakeries in the light of all market conditions.

The principles of the Lotus Bakeries Code of Conduct also apply to all of our suppliers of packaging, raw materials, equipment and end products. We expect these suppliers to implement the Code of Conduct for Suppliers and inform their employees, agents and subcontractors in a thorough and transparent manner.



## 5.7 Internal control and risk management

In running its business, Lotus Bakeries seeks to implement a sustainable policy regarding internal control and risk management.

### 5.7.1 Control environment

The organisation of the finance function is based on three pillars. First, the responsibilities of the various financial departments in the Lotus Bakeries Group are set out in general corporate guidelines ('General Directives') at Group level so that each employee clearly knows his or her role and responsibility. These are set out for all operational finance-related fields such as accounting and consolidation, management reporting, costing, planning, budgeting and forecasting processes, the central master data management, the treasury function, approval of investments, insurance and the internal control environment.

Second, there is a Lotus Bakeries Accounting Manual which establishes the accounting policies and procedures. There are also financial management reporting standards to ensure that the financial information can be interpreted unambiguously in the whole organisation.

Thirdly, Lotus Bakeries has opted to implement the financial function in the same ERP package (SAP). This offers comprehensive capabilities for internal control and management and facilitates the internal audits carried out by the Corporate Finance department.

### 5.7.2 Risk management process

Lotus Bakeries implemented an ongoing process of risk management aimed at ensuring that this is organised so that risks are identified, assessed, controlled and monitored in such a way that they can be kept at an acceptable level. The risk management process fits very closely with the implementation of the strategic, operational and financial objectives of the company. The entire risk management process is based on the COSO Internal Control Framework. The Executive Committee has total responsibility for the risk management process for Lotus Bakeries. The Corporate Director Quality, Procurement and R&D is responsible for coordination.

The Executive Committee has defined special risks which are considered to be the most important at group level. These risks, which are defined very specifically, are tackled with the highest priority. A process owner is appointed for each of these risks who puts in place a specific action plan to avert or mitigate the risks or be as well prepared as possible. The process owner is also responsible for following up the specified actions. This top-down approach was proposed and approved at the meeting of the Audit Committee on 2 December 2016. The results will be reported to the Audit Committee on an annual basis.

### 5.7.3 Control activities

Each month the results of each area within the business units are discussed and explained by the area manager. The Executive Committee also discusses the results on a monthly basis at its meeting. The Corporate Finance department directs the whole process. For this Lotus Bakeries has developed various KPIs for the sales operations, for the financial reporting of each area and for the consolidated results. There are also KPIs relating to personnel and for factory operations, purchasing and logistics. These KPIs and reports exist for each area separately and are aggregated for the Lotus Bakeries Group. The Corporate Treasury department monitors the cash position closely on a daily basis.

Finally, various internal audits are organised by the corporate departments in their areas of expertise: Corporate Finance for proper compliance with accounting principles and standards or the investment procedure, Corporate Treasury for the authorisation of payments, the Corporate Quality department for quality standards in the production plants.

### 5.7.4 Information and communication

Lotus Bakeries has chosen to manage all key business processes through a single ERP package (SAP). This not only offers extensive functionality with regard to internal reporting and communication, but also the ability to manage and audit access rights and authorisation management on a centralised basis.

As mentioned above, the results of each area within the business units are reported in writing on a monthly basis and discussed and explained verbally by the area manager. The Executive Committee also discusses the results on a monthly basis at its meeting. The Corporate Finance department directs the information and communication process. For both internal and external information reporting and communication there exists an annual financial calendar in which all reporting dates are set out and which is communicated to all parties involved.

For the provision of information Lotus Bakeries has developed various KPIs for its sales operations, for the financial reporting, as well as KPIs relating to personnel, factory operations, purchasing and logistics. These reports are available on an individual basis, but also aggregated at area or group level.

### 5.7.5 Control

Lotus Bakeries evaluates every internal audit and takes appropriate steps to avoid any deficiencies in the future by means of concrete action points.

Employees are asked to constantly question and improve existing procedures and practices based on the Lotus competencies.

First and foremost both the Audit Committee and the Auditor play an important role in internal control and risk management. Any remarks by the Auditor are discussed in the Audit Committee and monitored for improvement.

Finally, the shareholders have a right to ask questions during the General Meeting, and the company falls under the supervision of the Financial Services and Markets Authority (FSMA)

### 5.8 Announcements according to article 34 of the Royal Decree of 14 November 2007 — protective constructions

1. The Board of Directors of Lotus Bakeries NV is authorised by the Extraordinary General Meeting of Shareholders of 15 May 2018, in the event of a public takeover bid on the shares of the company, and by application of the authorised capital, to increase the capital of the company under the conditions of Article 7:2020 of the Belgian Companies and Associations Code. This authorisation was granted for a period of three years from 15 May 2018.
2. By resolution of the Extraordinary General Meeting of Shareholders of 15 May 2018 the Board of Directors is authorised, in accordance with the provisions of Article 7:215 of the Belgian Companies and Associations Code, to acquire shares in the company for the account of the same, whenever such acquisition is necessary to prevent the company from suffering serious and imminent disadvantage. This authorisation is granted for a period of three years from 15 May 2018 and is renewable.

### 5.9 External audit

PwC Bedrijfsrevisoren BV, represented by Mrs. Lien Winne, 'bedrijfs-revisor', was appointed as Auditor of Lotus Bakeries NV on 10 May 2019 by the Ordinary General Meeting for a term of three years. Its mandate expires immediately after the Ordinary General Meeting of 2022. The compensation received in 2019 for auditing and non-auditing services by PwC Bedrijfsrevisoren and by people connected to PwC Bedrijfs-revisoren, is described in note 38 of the financial supplement.

AUDIT FEE FOR THE GROUP AUDIT 2019	IN THOUSANDS OF EUR
Lotus Bakeries NV	84
Lotus Bakeries Group	317
<b>Total</b>	<b>401</b>

Powered by its unique taste, Lotus Biscoff is travelling the world, conquering such large consumer markets as the UK and the US.

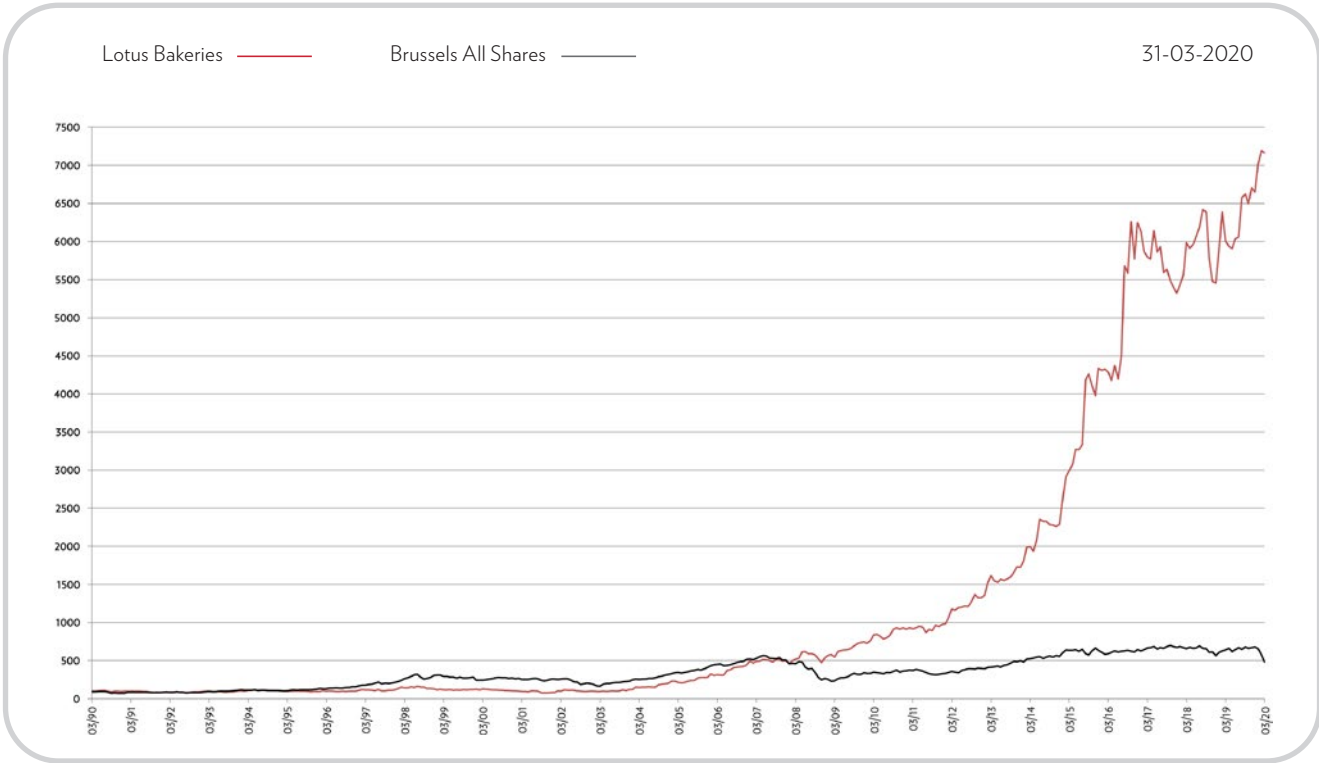


CHAPTER 3

# STOCK MARKET AND SHAREHOLDERS' INFORMATION



Evolution of the Lotus Bakeries share in comparison to the BASR-index



Both share evolutions are with reinvested net dividend.

STOCK DATA ABOUT THE LOTUS BAKERIES SHARE IN EUR

	31-03-2020	2019	2018	2017	2016	2015
Highest price till 31/12 (till 31/03 in 2020)	3,090.00	2,680.00	2,690.00	2,529.00	2,617.95	1,845.00
Lowest price till 31/12 (till 31/03 in 2020)	2,500.00	2,080.00	2,010.00	2,025.00	1,550.00	926.10
Price per 31/12 (per 31/03 in 2020)	2,790.00	2,590.00	2,150.00	2,116.95	2,500.00	1,750.00
Market capitalisation per 31/12 in millions of EUR (per 31/03 in 2020 in millions of EUR)	2,276.68	2,113.47	1,753.83	1,724.11	2,031.28	1,420.76
Number of shares per 31/12 (per 31/03 in 2020)	816,013	816,013	815,733	814,433	812,513	811,863
Ratio price/earnings (PER) <sup>(1)</sup> per 31/12 (per 31/03 in 2020)	30.39	28.21	26.21	27.13	33.17	31.29

(1) PER: Price Earnings Ratio: The price at the end of the year (per 31 March in 2020 respectively) divided by net result, per share at the end of the year.

## 1. Stock market listing

The Lotus Bakeries shares have been listed since the beginning of January 2002 on the continuous market of Euronext (Brussels). Previously, the shares were listed on the spot market with double fixing. The share code is LOTB (ISIN code 0003604155).

## 2. Financial service

Financial servicing for the Lotus Bakeries share is provided by Degroof - Petercam, BNP Paribas Fortis, Belfius, ING Bank and KBC Bank. The main paying agent is BNP Paribas Fortis.

## 3. Liquidity and visibility of the share

Lotus Bakeries has appointed the stock market company Degroof - Petercam as 'liquidity provider'. The liquidity and market activation agreement that was agreed with Degroof - Petercam lies within the context of the care taken by Lotus Bakeries to ensure a sufficiently active market in the share so that in normal circumstances adequate liquidity can be maintained.

## 4. Market capitalisation

On 31 December 2019, market capitalisation of Lotus Bakeries amounted to EUR 2,113.47 million.

## 5. Evolution of the Lotus Bakeries share

The graph on the previous page shows the evolution of the share price with reinvested net dividend as from 31 December 1988 of the Lotus Bakeries share in comparison to the BASR (Brussels All Share Return) index. The BASR-index reflects the price of the total Belgian market.

## 6. Stock data on the Lotus Bakeries share

Charts with the consolidated key figures per share and the stock market performance of the Lotus Bakeries share can be found on pages 12 – 15 and 104 of this annual report.

## 7. Corporate website

A substantial portion of the corporate website is reserved for investor relations. The website ([www.lotusbakeries.com](http://www.lotusbakeries.com)) thus plays an increasingly important role in the Lotus Bakeries Group's financial communication.

## 8. Financial calendar

### Wednesday 8 April 2020

Annual Report 2019 available on [www.lotusbakeries.com](http://www.lotusbakeries.com)

### Friday 8 May 2020

Ordinary and Extraordinary General Meeting of Shareholders at 4.30 PM

### Friday 22 May 2020

Payment of dividend for the 2019 financial year

### Friday 14 August 2020

Announcement of the half-year results for 2020

### Monday 8 February 2020

Announcement of the year results for 2020

## 9. Annual report

This annual report is also available on the corporate website of Lotus Bakeries: [www.lotusbakeries.com](http://www.lotusbakeries.com). The first part of this annual report, as well as the financial supplement (the second part) is available in Dutch and in English. In matters of any misinterpretation, the Dutch annual report will prevail.



Lotus Bakeries is setting up its FF2032 incubator fund, creating a platform to help young companies achieve their growth plans quicker and at the same time to be inspired by the entrepreneurship, speed and innovations of these companies, in the hope that they will have an accelerating and beneficial effect on Lotus Bakeries' growth ambitions.

CHAPTER 4

# FINANCIAL STATEMENTS

In this section of the 2019 annual report, only the consolidated balance sheet, the consolidated income statement and the abridged five-year financial summary for the Lotus Bakeries Group are presented. The financial supplement to this annual report contains the entire consolidated annual account, including the consolidated external Auditor's report, and is available in Dutch and English.

The consolidated financial statements for 2019 shown, are based on the 2019 consolidated annual account, which has been prepared in accordance with IFRS rules as adopted for use within the European Union with comparative IFRS figures for 2018.

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

Only the consolidated annual financial statements present a faithful picture of the assets, financial position and results of the Lotus Bakeries Group.

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

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

The Auditor has issued an opinion without reservation with respect to the consolidated and the statutory annual financial statements of Lotus Bakeries NV.

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## CONSOLIDATED BALANCE SHEET

IN THOUSANDS OF EUR	31-12-2019	31-12-2018
<b>ASSETS</b>		
<b>NON CURRENT ASSETS</b>	<b>641,122</b>	<b>545,647</b>
Property, plant and equipment	263,793	219,897
Goodwill	229,365	177,639
Intangible assets	142,709	138,887
Participating interests	-	2,448
Investment in other companies	2,243	12
Deferred tax assets	2,505	3,936
Other non-current assets	507	2,828
<b>CURRENT ASSETS</b>	<b>171,507</b>	<b>165,925</b>
Inventories	44,461	39,066
Trade receivables	79,072	71,097
VAT receivables	5,280	4,503
Income tax receivables	1,075	523
Other amounts receivable	172	2,993
Cash and cash equivalents	40,093	45,597
Deferred charges and accrued income	1,354	2,146
<b>TOTAL ASSETS</b>	<b>812,629</b>	<b>711,572</b>

IN THOUSANDS OF EUR	31-12-2019	31-12-2018
<b>EQUITY</b>		
<b>EQUITY AND LIABILITIES</b>	<b>402,477</b>	<b>346,927</b>
Share Capital	16,388	16,319
Retained earnings	422,724	369,114
Treasury shares	(15,866)	(11,406)
Other reserves	(20,848)	(27,156)
Non-controlling interests	79	56
<b>NON-CURRENT LIABILITIES</b>	<b>239,584</b>	<b>198,042</b>
Interest-bearing liabilities	158,010	116,500
Deferred tax liabilities	50,737	52,725
Pension liabilities	3,712	3,519
Provisions	285	377
Derivative financial instruments	2,340	2,319
Other non-current liabilities	24,500	22,602
<b>CURRENT LIABILITIES</b>	<b>170,568</b>	<b>166,603</b>
Interest-bearing liabilities	36,579	36,655
Pension liabilities	325	234
Provisions	21	21
Trade payables	88,716	86,794
Employee benefit expenses and social security	24,146	21,330
VAT payables	254	300
Tax payables	11,630	14,761
Other current liabilities	5,240	3,102
Accrued charges and deferred income	3,657	3,406
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>812,629</b>	<b>711,572</b>

# CONSOLIDATED INCOME STATEMENT

IN THOUSANDS OF EUR	2019	2018
<b>TURNOVER</b>	<b>612,737</b>	<b>556,435</b>
Raw materials, consumables and goods for resale	(197,799)	(184,804)
Services and other goods	(168,966)	(150,732)
Employee benefit expense	(123,493)	(111,977)
Depreciation and amortisation on intangible and tangible assets	(17,754)	(12,942)
Impairment on inventories, contracts in progress and trade debtors	(2,135)	(1,706)
Other operating charges	(3,254)	(2,123)
Other operating income	3,555	2,879
<b>RECURRENT OPERATING RESULT (REBIT)<sup>(1)</sup></b>	<b>102,891</b>	<b>95,030</b>
Non-recurrent operating result	(2,292)	(3,005)
<b>OPERATING RESULT (EBIT)<sup>(2)</sup></b>	<b>100,599</b>	<b>92,025</b>
Financial result	(2,514)	(3,324)
Interest income (cost)	(4,460)	(2,435)
Currency gains (loss)	2,232	(596)
Other financial income (cost)	(285)	(293)
<b>PROFIT FOR THE YEAR BEFORE TAXES</b>	<b>98,086</b>	<b>88,701</b>
Taxes	(22,317)	(20,829)
<b>RESULT AFTER TAXES</b>	<b>75,769</b>	<b>67,872</b>
<b>NET RESULT</b>	<b>75,769</b>	<b>67,872</b>
Attributable to:		
Non-controlling interests	857	964
Equity holders of Lotus Bakeries	74,912	66,908

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

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

IN THOUSANDS OF EUR	2019	2018
<b>OTHER COMPREHENSIVE INCOME</b>		
<b>Items that may be subsequently reclassified to profit and loss</b>	<b>7,417</b>	<b>(1,726)</b>
Currency translation differences	7,929	(587)
Gain/(Loss) on cash flow hedges, net of tax	(512)	(1,139)
<b>Items that will not be reclassified to profit and loss</b>	<b>(124)</b>	<b>276</b>
Remeasurement gains/(losses) on defined benefit plans	(124)	276
<b>Other comprehensive income</b>	<b>7,293</b>	<b>(1,450)</b>
<b>Total comprehensive income</b>	<b>83,062</b>	<b>66,422</b>
attributable to:		
Non-controlling interests	1,842	793
Equity holders of Lotus Bakeries	81,220	65,629
<b>EARNINGS PER SHARE (EUR)</b>		
Weighted average number of shares	807,476	803,878
<b>Basic earnings per share (EUR) – attributable to:</b>		
Non-controlling interests	1.06	1.20
Equity holders of Lotus Bakeries	92.77	83.23
Weighted average number of shares after effect of dilution	809,848	808,813
<b>Diluted earnings per share (EUR) – attributable to:</b>		
Non-controlling interests	1.06	1.19
Equity holders of Lotus Bakeries	92.50	82.72
Total number of shares <sup>(1)</sup>	816,013	815,733
<b>Earnings per share (EUR) – attributable to:</b>		
Non-controlling interests	1.05	1.18
Equity holders of Lotus Bakeries	91.80	82.02

(1) Total number of shares including treasury shares, per 31 December.

## FIVE YEAR FINANCIAL SUMMARY

### Consolidated balance sheet

IN THOUSANDS OF EUR	31-12-2019	31-12-2018	31-12-2017	31-12-2016	31-12-2015
<b>NON CURRENT ASSETS</b>	<b>641,122</b>	<b>545,647</b>	<b>447,693</b>	<b>437,310</b>	<b>442,884</b>
Property, plant and equipment	263,793	219,897	174,426	161,590	139,377
Goodwill	229,365	177,639	141,001	144,368	93,229
Intangible assets	142,709	138,887	123,924	126,006	107,901
Participating interests	-	2,488	-	-	-
Investment in other companies	2,243	12	12	37	96,244
Deferred tax assets	2,505	3,936	4,310	4,854	5,889
Other non-current assets	507	2,828	4,020	455	244
<b>CURRENT ASSETS</b>	<b>171,507</b>	<b>165,925</b>	<b>149,801</b>	<b>110,692</b>	<b>128,337</b>
Inventories	44,461	39,066	33,653	32,175	35,659
Trade receivables	79,072	71,097	60,104	50,922	56,143
Cash and cash equivalents	40,093	45,597	48,129	19,932	18,547
<b>TOTAL ASSETS</b>	<b>812,629</b>	<b>711,572</b>	<b>597,494</b>	<b>548,002</b>	<b>571,221</b>
<b>EQUITY</b>	<b>402,477</b>	<b>346,927</b>	<b>293,213</b>	<b>248,464</b>	<b>217,525</b>
<b>Non-current liabilities</b>	<b>239,584</b>	<b>198,042</b>	<b>193,923</b>	<b>197,245</b>	<b>169,242</b>
Interest-bearing liabilities	158,010	116,500	117,500	118,500	97,000
Deferred tax liabilities	50,737	52,725	49,206	50,666	44,607
Other non-current liabilities	24,500	22,602	20,987	19,560	22,815
<b>Current liabilities</b>	<b>170,568</b>	<b>166,603</b>	<b>110,358</b>	<b>102,293</b>	<b>184,454</b>
Interest-bearing liabilities	36,579	36,655	1,750	7,533	99,086
Trade payables	88,716	86,794	68,542	54,742	42,498
Employee benefit expenses and social security	24,146	21,330	18,383	18,418	18,336
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>812,629</b>	<b>711,572</b>	<b>597,494</b>	<b>548,002</b>	<b>571,221</b>

## Consolidated income statement

IN THOUSANDS OF EUR	2019	2018	2017	2016	2015
<b>TURNOVER</b>	612,737	556,435	524,055	507,208	411,576
<b>RECURRENT OPERATING RESULT (REBIT)</b>	<b>102,891</b>	<b>95,030</b>	<b>89,349</b>	<b>83,945</b>	<b>64,764</b>
Non-recurrent operating result	(2,292)	(3,005)	(91)	4,507	(1,748)
<b>OPERATING RESULT (EBIT)</b>	<b>100,599</b>	<b>92,025</b>	<b>89,258</b>	<b>88,452</b>	<b>63,016</b>
Financial result	(2,514)	(3,324)	(2,228)	(2,675)	(778)
<b>PROFIT FOR THE YEAR BEFORE TAXES</b>	<b>98,086</b>	<b>88,701</b>	<b>87,030</b>	<b>85,777</b>	<b>62,238</b>
Taxes	(22,317)	(20,829)	(22,397)	(23,322)	(16,623)
<b>RESULT AFTER TAXES</b>	<b>75,769</b>	<b>67,872</b>	<b>64,633</b>	<b>62,455</b>	<b>45,615</b>
<b>NET RESULT – attributable to:</b>	<b>75,769</b>	<b>67,872</b>	<b>64,633</b>	<b>62,455</b>	<b>45,615</b>
Non-controlling interests	857	964	1,094	1,210	202
Equity holders of Lotus Bakeries	74,912	66,908	63,539	61,245	45,413





Following its success in the UK, BEAR is now going international with the integration of the BEAR factory in South Africa and key listings, among other countries, in the US and Europe.

CHAPTER 5

# CORPORATE SOCIAL RESPONSIBILITY

It was not by chance that founder Jan Boone named his company Lotus in 1932. It was a reference to the purity of the lotus flower. Right from the start, the recipe for Lotus Biscoff has consisted solely (and exclusively) of natural ingredients. We still respect his decision today.

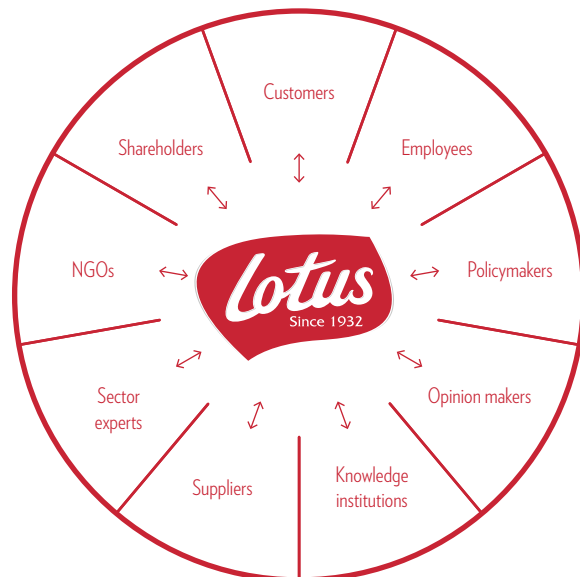
Our objective is to make Lotus Bakeries products more and more sustainable. This ambition involves much more than just the production process. People, environment and society - we treat them all with care and respect. So that we remain successful as a company, today and tomorrow. And consumers can continue to enjoy our products.

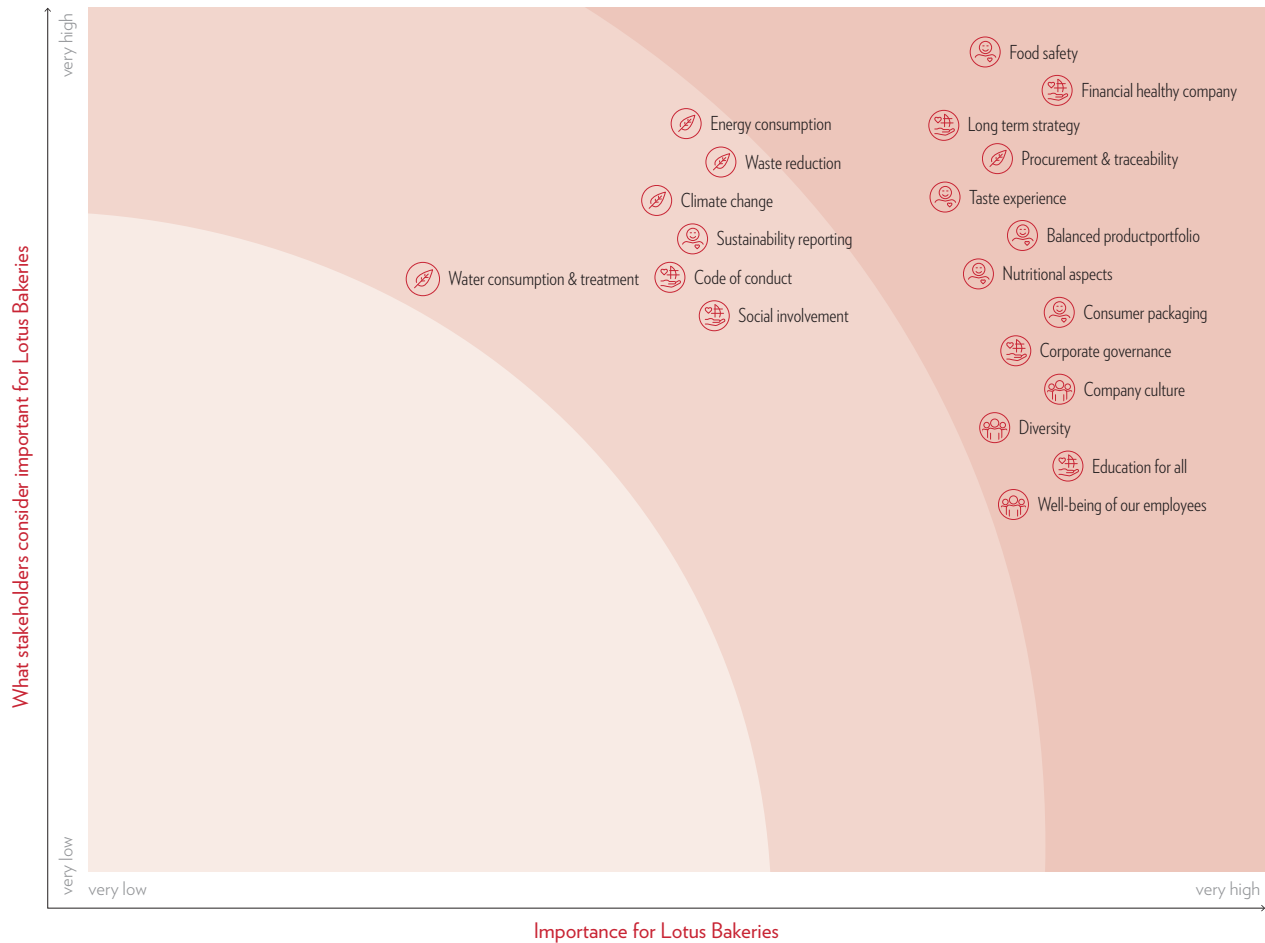
## THE STARTING POINT: THE MATERIALITY MATRIX

Lotus Bakeries' approach to Corporate Social Responsibility (CSR) is reflected in our sustainability programme 'Care for Today – Respect for Tomorrow'.

To ensure that the outside world was sufficiently represented in our Corporate Social Responsibility policy (CSR), we carried out a materiality analysis. For this, we identified several issues that are important to our stakeholders as well as the company.

Using a questionnaire, partly based on the themes of our sustainability programme 'Care for Today – Respect for Tomorrow' and inspired by the latest trend analyses in CSR, we gauged the relevance and importance of these issues. Besides the stakeholders, we also submitted the questionnaire to the Executive Committee (EXCO).





We plotted the stakeholders' answers on the y-axis theme by theme and the Executive Committee's answers on the x-axis. The result of the exercise is known as the 'materiality matrix'.

This materiality matrix was updated by both external stakeholders and the EXCO in 2019. You can see the result of this update in the materiality matrix.

At the top right, the materiality matrix shows the aspects viewed by both Lotus Bakeries and its stakeholders as most important. These underlie the four pillars of sustainability which form the basis for the 'Care for Today — Respect for Tomorrow' programme: society, employees, people and environment.

Lotus Bakeries has decided to report on its sustainability programme according to the sustainable development goals (SDG reporting) proposed by the United Nations.

### Our 4 pillars of sustainability



#### **Society**

Lotus Bakeries has a role to play in society. We are only too happy to assume our responsibilities, time and time again.



#### **Employees**

Every employee deserves our respect. After all, it is thanks to the motivation and commitment of our employees that we make a difference.



#### **People**

Our aim is to ensure in a responsible way that consumers can enjoy products produced by us in a sustainable manner.



#### **Environment**

Because all of our ingredients come from nature, we like to give something back.



# OUR SUSTAINABILITY PROGRAMME IN PRACTICE



## 01. WE PLAY OUR PART IN SOCIETY

Lotus Bakeries is in the midst of society and we are fully aware of our social responsibility. Under the first CSR pillar, we enthusiastically take on this role.

It all begins with our own ethical business practices. In addition, we support community projects. At local level, naturally, where we are present through our plants and sales organisations, but we also support social and development projects internationally.

### Ethical business practices

#### Lotus Bakeries Code of Conduct

Lotus Bakeries is committed to act with integrity, honesty, fairness and in full compliance with applicable laws, rules and regulations at all times. It has developed a Code of Conduct which sets out six key principles which must be respected by all employees of Lotus Bakeries at all times:

- 1. Transparency:** Lotus Bakeries aims for accurate, clear communication with its customers, suppliers, consumers and business partners and promotes open communications with all of its stakeholders to continue to guarantee top quality and food safety.
- 2. Respect for others:** Lotus Bakeries aims to create a safe working environment and attaches great importance to integrity & respect for human rights of people in and outside the workplace together with respect for personal data.

- 3. Fair & compliant trade:** Lotus Bakeries ensures fair competition, respect for export laws and regulations and prevention of insider trading.

- 4. Anti-corruption:** Lotus Bakeries has a zero tolerance approach to bribery and corruption and has in place a clear procedure concerning conflicts of interest and accurate records, reporting and accounting.

- 5. Information security:** Lotus Bakeries is committed to protect its own confidential information and the confidential information of third parties.

- 6. Respect for the environment & responsible sourcing:** Lotus Bakeries closely monitors the impact of its activities on the environment and constantly strives to reduce its ecological footprint.



Reputation takes years to build, but only a second to lose. Trust in our company makes consumers want to buy our products, retailers to list our products, investors to value and hold our stock and talented people to join our Lotus community. We cannot risk the long-term success of our company due to anyone's failure to comply with our way of doing business.

Jan Boone, CEO

These key principles ensure that each of our employees acts correctly and averts the risks to which Lotus Bakeries is exposed in the market. The Code of Conduct for our employees was updated in 2019 and will be rolled out in 2020.

### **Responsibilities**

Each employee of Lotus Bakeries has a responsibility to use good judgement and follow the principles set out in the Code of Conduct. Responsibility for the implementation of the Code of Conduct lies with the Compliance Officer, assisted by the HR department.

### **Training & implementation**

The following steps will be taken with regard to the revised Lotus Bakeries Code of Conduct:

- The Code of Conduct will be translated into the local languages of those countries in which Lotus Bakeries has a sales office or factory.
- The Code of Conduct is included in the onboarding pack for new employees and explained verbally by the Compliance department during the onboarding programme.
- All existing employees of Lotus Bakeries are also asked to sign up to the Code of Conduct.

### **Whistleblowing**

All employees of Lotus Bakeries are encouraged to report concerns around the Code of Conduct to the Compliance Officer. Lotus Bakeries also prohibits retaliation against any person who reports issues in good faith and commits to investigate any such reported issues. Lotus Bakeries will take corrective action if warranted by the situation. Failure to comply with the Code may result in disciplinary or legal action.

### **Reporting**

The Compliance Officer will report to the Board of Directors anonymously on an annual basis on the enforcement of the Code. The report will cover any breaches or concerns expressed, which will also be formulated into action points to avoid a repetition.

### **KPIs**

Lotus Bakeries aims to have all of its existing and new employees sign up to the revised Code of Conduct by the end of 2020 and to inform all employees of their obligations under the Code of Conduct in a clear and transparent manner.

### **Code of Conduct for Suppliers**

The principles of the Lotus Bakeries Code of Conduct also apply to all of our suppliers of packaging, raw materials, equipment and end products. We expect these suppliers to implement the Code of Conduct for Suppliers and inform their employees, agents and subcontractors in a thorough and transparent manner.

### **Responsibilities**

The purchasing department is responsible for the implementation of the Code of Conduct for Suppliers, supported where necessary by Legal & Compliance.

### **Implementation**

The Code of Conduct for Suppliers is implemented as follows:

- The Code of Conduct for Suppliers is provided in the language of the contract.
- Existing suppliers of packaging, raw materials, equipment and end products will be asked to sign the Code of Conduct separately.
- For new suppliers of packaging, raw materials, equipment and end products, the Code of Conduct is added to the contract.

### **Whistleblowing**

Suppliers are asked to express any concerns to their contact person at Lotus Bakeries.

### **Monitoring**

The Code of Conduct for Suppliers contains an obligation for the supplier to provide documentation based on which Lotus Bakeries can verify compliance with the Code of Conduct.

Lotus Bakeries already conducts audits of its suppliers, focused primarily on quality and food safety. It is examining how it can monitor the correct enforcement by the suppliers of other principles from the Rules of Conduct and integrate them into existing audits, where possible.

Lotus Bakeries expects suppliers to take any requisite mitigating actions as a consequence of any gaps identified.

### **KPIs**

Lotus Bakeries aims to have the Code of Conduct for Suppliers signed by all of its suppliers of packaging, raw materials, equipment and end products by the end of 2020.

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## LOTUS BAKERIES FOUNDATION FOR EDUCATION

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Mission: Lotus Bakeries aims to make a substantial contribution to carefully selected educational projects focussing on providing quality education to disadvantaged children and young people.

Lotus Bakeries is a family business, to which family values have been central since its foundation in 1932. "Care for one another" is in our company's DNA. In the workplace and beyond.

At Lotus Bakeries, we help ensure the wellbeing of others by offering support for education. The reason is simple: education is the key to breaking the vicious circle of poverty.

Any one who has access to quality education can learn a profession and thus also gain access to the labour market, earn an income and support a family, share knowledge and develop further.

It is no coincidence that education is a universal human right, to which every child has a right. Education offers a future and helps the child grow into an independent and self-sufficient person. A person who can make a contribution to the economy. Education is therefore the key to success for the child and society.

Our principles are clear:

- We want to give disadvantaged children and young people in various regions access to high quality education.
- We do this by supporting projects focusing on primary and secondary education, as well as technical skills and extracurricular cultural or sports activities.
- We select a few projects to which we can make a substantial contribution.





<  
Founder of the Kusasa school,  
Doug Gurr, welcomes Jan Boone,  
CEO Lotus Bakeries.







The Lotus Bakeries Foundation for Education supports the following 4 projects:



The Kusasa Project is not just a project, it's a belief. It gets you exactly where it matters most. Everyone has the right to dream big and believe in those dreams. It's fantastic that we can be part of this for them.

Annelies van Hoorick,  
Global Brand Manager Nākd,  
TREK & Kiddylicious

<

The children from the Kusasa school start the day together

### Kusasa school

Since 2018, Lotus Bakeries has been the main sponsor of the Kusasa school. The Kusasa school is an educational project in South Africa's Western Cape Province that is close to our company's heart.

The Kusasa school was founded in 2006 to address the systemic deficiencies in the areas of education, nutrition and sport for disadvantaged children. One of the greatest contributors to the recurring cycle of poverty is the lack of access to primary education in the region, precisely one of the most critical stages in education which has the greatest impact on future human development. The people behind Kusasa have built a new primary school and recruited highly skilled and passionate teachers to offer children from the shanty towns a high standard of education. The standard of education at the school is now as high as that of leading private schools in the region. It offers talented yet disadvantaged children a future.

Every year, around 130 children can receive a good basic education and are supported in their further development. As a result, they can look forward to a better future, which is also good for society in the region.

### Lotus Bakeries child sponsorship

This project was set up together with Cunina at the school in Reichenau, Underberg, South Africa. It was our wish to provide extra support in developing regions, especially in education. We wanted to increase the involvement of our employees. In 2017, the employees of Lotus Bakeries Corporate were given the opportunity to become godparents. All sponsored children are offered education from the first year of primary education to the final year of secondary education. This means a long-term commitment for 12 years. The Lotus employees involved will communicate with the children they sponsor several times a year, receive their photo and school report and follow their development. In this way, a personal bond can be developed. We chose a school in South Africa, due to the link with the manufacture of our BEAR products there.

We are particularly proud that our employees responded positively to this project en masse when it was presented. They say that they are proud to be able to work for a company in which such an initiative is proposed and carried out. An individual sponsor cannot save all of the children in the world, but they can save the world of an individual child. We are therefore pleased with our decision - together with our colleagues from the corporate departments - to give about a hundred children access to a decent education, giving them the chance of a better future.



It's always a great moment when you receive mail from the child you sponsor! It's fantastic to build a personal connection by exchanging letters, reports and drawings by the children themselves. That's what makes Cunina truly unique and more than worth supporting.

Brechtje Haan, General Counsel



Talentatelier  
voor jongeren  
Gent



## TAJO

The 2018 Ghent Poverty Report states that 23% of children in Ghent (Belgium) are born in poverty and that 20% of young people in Ghent leave secondary education without a school-leaving certificate.

Via its support for the Ghent Talent Workshop for young people ('TAJO'), Lotus Bakeries is offering socially vulnerable young people in the Ghent region new opportunities and stimulating their motivation to study. Via interactive workshops these young people get immersed in a wide range of fields. Our aim here is to encourage them to choose the right direction, in education and in their further lives.

## City Pirates

"Football as the engine, social commitment as the fuel, diversity as the strength!" — that's the motto of the City Pirates, a social football project in Antwerp (Belgium) where football is used to give young people a chance in life and to learn skills. Here again, education is at the heart of the project. Moreover, the fact that the social aspect goes hand in hand with the sport aspect was a key factor leading Lotus Bakeries to support this project. Via City Pirates, we would like to give deprived children in Antwerp a chance to obtain training, a diploma and a job.

## Other social and development projects

### Partner of 'Entrepreneurs for Entrepreneurs'

When Entrepreneurs for Entrepreneurs was founded almost two decades ago, Lotus Bakeries was one of its partners right from the start. After all, the mission of helping entrepreneurs in developing countries was a perfect fit for our family values. Today we are still actively involved as a key member of this not-for-profit organisation.

### Promoting entrepreneurship in Benin

In the north of Benin, fonio is one of the staple food crops, which can be used in many ways. However, crops have been declining for several years. Via Entrepreneurs for Entrepreneurs and Louvain Coopération, Lotus Bakeries supports a project with the goal of ensuring continuous access all year round to healthy and nutritious food products for 8,000 families. For this, 850 microprojects have been set up and 3,300 families receive help to produce fonio.





## 02. THANKS TO OUR EMPLOYEES, WE MAKE A DIFFERENCE

Offering pleasant work in a challenging environment is our motto. Our employees' well-being and an inspirational corporate culture form the key objectives of our second pillar of sustainability. Lotus Bakeries is committed to sustainable growth so as to offer long-term employment.

### Human capital

#### Recruitment policy

A key challenge for Lotus Bakeries is to attract competent employees who reflect the TOP values. When selecting new employees, the competencies of the applicant and the TOP corporate values are paramount. During the selection process, the applicants meet several Lotus Bakeries employees and undergo an external assessment adapted to the role for which they are applying. The aim is twofold: to create a broad platform for selecting the candidates with the best set of skills and competencies for the role in question and to give the candidates a better idea of the corporate values and culture. In this way, we believe that we can employ a diversified group of employees who all have the TOP values in common.

In addition, Lotus Bakeries has started its 'Young Graduate Programme', an intensive 2-year programme specifically targeting master or MBA students. For two years, these young graduates get immersed in one of our departments, not only gaining operational experience but also getting to know our company inside out. Moreover, they also get the opportunity to participate in a cross-departmental strategic project and can further develop their skills and knowledge through a Young Graduate training & development programme. Via this programme, we give opportunities to young talent.





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Employees kick off the new year at the Lotus Bakeries New Year's reception.



### Our corporate values are TOP

**Team spirit:** each link in the process is equally important, from marketing to production and packaging. It is essential to work as a well-oiled team. We work together every day to make Lotus Bakeries a success, in an inspiring working environment.

**Open dialogue:** a listening, open attitude, proactive communication and respectful feedback are priorities in dealings with and between employees. This is put into practice via regular departmental meetings, use of internal communication platforms and promotion of two-way communication between employees.

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



Diversity policy

Lotus Bakeries does not apply any quotas based on gender, age, nationality, language or any other factor. We recruit each candidate using the same process as described above, subject to internal and external assessments of competencies, skills and values, regardless of origin, age, gender and nationality. We find that Lotus Bakeries’ objective recruitment policy results in excellent gender diversity, with 53% female and 47% male employees. Even if we break this down further, results remain nicely balanced:

Board of Directors	30% female, 70% male
Leadership team <sup>1</sup>	40% female, 60% male
Management team total <sup>2</sup>	41% female, 59% male

Lotus Bakeries considers it important to encourage diversity, whether with regard to gender or age and experience.

Onboarding

Once on board, Lotus Bakeries aims for thorough onboarding, in which new Lotus employees are immersed in our company, our products, our brands and our culture. Special induction days are organised for new employees. In the case of acquisitions too, we ensure that employees integrate well into the Lotus Bakeries Group.

Continuous development of human capital

Once they are on board, it is a question of retaining these engaged and motivated TOP talents in the company so that the know-how these employees have acquired is not lost. Here, the focus lies on the further development of our employees, offering training opportunities and constant challenge.

(1) The group made up of the Executive Committee, the General Managers, Managing Directors and Corporate Heads

(2) The group made up of the Executive Committee, the General Managers, Managing Directors, Corporate Heads and all other managers within the Group

Safety first in the workplace

Another challenge especially in the production environment of Lotus Bakeries is the safety and well-being of employees. ‘Safety first’ is always top of the agenda.

Safety procedures and trainings

Our employees’ well-being depends first and foremost on a safe working environment. An accident can happen any time, and a moment’s carelessness can have serious consequences on a production floor. In that respect, various procedures apply concerning a safe working environment.

Above all, workplace safety is an integral part of the onboarding programmes of all factory workers. All employees take part in the annual refreshment of their HACCP training.

In addition, ‘safety first’ is always top of the agenda at work meetings. Our employees and managers discuss safety situations on a daily basis and we are committed to bringing about improvements across the board. One good example is the VAM (VeiligheidsActieMoment/Safety Action Moment) process in Lembeke, in which a new safety topic is spotlighted every six weeks. Everyone gets involved with the topic via personal videos, flyers, posters and, above all, many discussions, helping our employees to learn the safety reflex.



Status 2019 and KPIs

In 2019, 45 lost-time accidents occurred within the Lotus Bakeries Group (all locations). This is a decrease compared to last year, despite the fact that two new factories were opened in 2019 with more than 350 new employees. Nevertheless, Lotus Bakeries is well aware that further attention needs to be paid to safety to reduce the number of work-related accidents and, as far as possible, to avoid them.

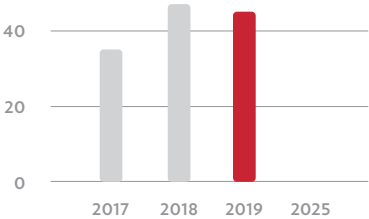
Lotus Bakeries emphasises that no work-related accident can be classified as serious.

We intend to keep up our extra efforts to bring about a further improvement in results in future. Each year, Lotus Bakeries strives for a zero-accident year in all its locations.

The fact that some departments and even some factories have kept the counter at zero for several years strengthens our assurance that we must continue our efforts just as strongly to achieve our ultimate goal: ‘zero’ occupational accidents across all Group sites.



Number of occupational accidents involving absence from work in our current production sites



Arbogignet for Lotus Bakeries Netherlands

The Dutch Working Conditions Act, known as the Arbowet for short, contains rules for promoting the health, safety and well-being of employees and preventing occupational accidents. The Dutch Association for the Baking and Confectionary Industry (VBZ) has developed an “Arbogignet” or occupational health and safety label for the industry. Both the plant in Enkhuizen and the plant in Geldrop have proved that they can meet the high quality standards and have been awarded the label again in 2019.

## Make work pleasant for our employees

### Pleasant working environment

Lotus Bakeries aims to offer a pleasant working environment with a variety of facilities such as desks to encourage working standing up, showers so that employees can easily cycle to work, sufficient expanses of glass to create light and airy offices.

Among others, the offices in Lembeke (BE) and Enkhuizen (NL) have been fully refurbished, with a great amount of attention paid to creating a pleasant work environment. Both office complexes became operational in 2019. In the same vein, our Kiddylicious team moved into its new building in Amersham (UK), with offices fully reflecting the look and feel of the Kiddylicious brand.





### Healthy and fit for the day

Lotus Bakeries believes that paying attention to health and fitness benefits both the employee and the company. As a further example, all Lotus Headquarters employees have the opportunity since 2019 to participate in a weekly fitness hour.

Similar initiatives are also being discussed in other Lotus locations: possibilities to join a bicycle lease programme, company fitness subscriptions, weekly healthy lunches, boot camps, etc.





### 03.

## ENJOYING OUR SUSTAINABLE PRODUCTS RESPONSIBLY

Ensuring that people enjoy our products to the full but responsibly, now and in the future. We are committed to this day after day as part of our third pillar of sustainability.

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## NUTRITIONAL POLICY

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In this view Lotus Bakeries has a clear nutritional policy, focussing on five concrete goals.

### 1. Superior taste experience

Lotus Bakeries wants to offer its consumers tasty and high-quality snacks for all times of day. A key aspect here is a superior taste experience, whether in the range of cookies and cakes or of natural snacks. To achieve this, only high-quality ingredients are used, while production and supply chain processes are monitored from start to finish. Ensuring the quality, origin, composition and safety of our products is vital, and our R&D department has a key role to play here, developing products with a focus on continuously improving quality and taste.

### 2. Diversified offering

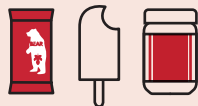
Lotus Bakeries is striving to be able to serve every consumer at every moment with a high-quality range of snacks, offering a portfolio of products with varying ingredients.

Through the acquisition of such brands as Näkd, TREK, BEAR and Urban Fruit, a new focus area of snacks based on fruit and nuts was tapped into. On the other hand, the takeover of Kiddylicious has extended our range to include snacks for little ones.



1

Superior taste  
experience



2

Diversified  
offering



3

No artificial  
flavours  
or colours



4

Different  
portion sizes



5

Clear information  
& responsible  
marketing

### 3. No artificial flavours or colours

Our pursuit of healthy and high-quality products is reflected in our choice not to use artificial flavours or colours in our products. Since its establishment in 1932, we as a company have deemed it important to use pure ingredients and to make consumers aware of this well-considered choice.

### 4. Different portion sizes

Our goal is to offer consumers responsible snacks, not just through our range of natural snacks, but also through a number of top products in both large and small packs. Products offered in small sizes always contain no more than 150 Kcal per portion.

### 5. Clear information & responsible marketing

To support consumers in their nutritional choices, we consider it important for them to be given accurate product information, including nutritional values.

In addition, Lotus Bakeries has a clear position with regard to responsible advertising to children.

## Healthy lifestyle

### Catch them young

Anyone who learns about healthy eating and a healthy lifestyle as a child will reap the rewards in later life. Based on this reasoning, our site at Geldrop in the Netherlands has teamed up with the JOGG organisation, which promotes a healthy weight among young people. We have also signed up to 'healthy school canteens' and, in partnership with JOGG, we offer healthy alternatives for breaktime with our Nakd, BEAR, Snelle Jelle and Peijnenburg Zero brands.



Product safety

Product safety programme

We work to achieve high-quality products and processes every day, accompanied by high levels of investment in research. Accordingly, our R&D department refines the composition of our products. In addition to their own expertise, they also rely on new insights into various ingredients from well-respected knowledge institutions and innovation platforms in the food industry. We learn a lot from one another too.

The Corporate Quality Assurance Department is responsible for monitoring the quality of our products. Every day, specialised in-house labs analyse samples of each product sold within the Lotus Bakeries Group, checking them against predetermined quality criteria. In addition, any quality problems are closely tracked via a corporate reporting tool.

Our Corporate Quality Assurance department is also responsible for constantly monitoring changes in the law and incorporating them in our Quality Management System (QMS). Among other aspects, the department ensures that there is clear information on packaging in

accordance with the law, so that the consumer is well informed about our products and their ingredients. Suppliers and their products are also tested against the requirements that Lotus Bakeries imposes on them.

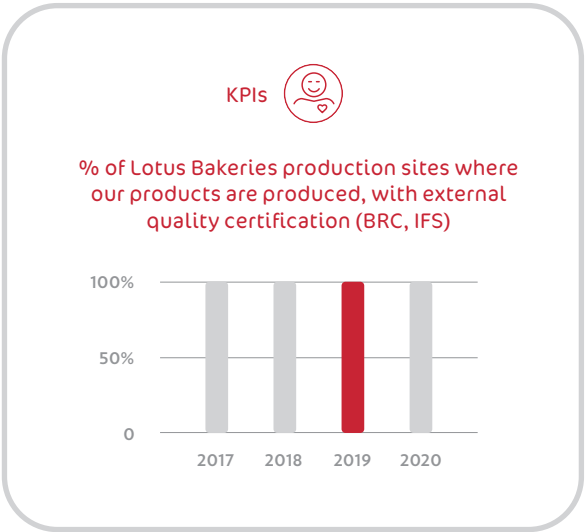
Internal and external Audits

To apply best practices as fast as possible in other plants, we work with a system of organised meetings. The continuous striving for high quality products and processes is being audited internally as well as externally.

Both our own production sites and our production partners and suppliers are required to obtain a GFSI (Global Food Safety Initiative) certificate. This can be either a BRC or an IFS certificate. Certification has to be regularly renewed. Continuous improvement is stimulated by the remarks or suggestions from these audits. A few (all small) suppliers who have not yet received this certification are subjected to an additional traceability exercise during our audit.

KPIs

All Lotus Bakeries production sites, as well as all external sites producing Lotus Bakeries products, are BRC- and IFS-certified. Lotus Bakeries is doing everything to keep it this way.





## 04. SYSTEMATICALLY REDUCING OUR IMPACT ON THE ENVIRONMENT

When it comes to respect for the environment, we leave nothing to chance. From purchasing to production and packaging: care for our living environment is key. As part of the fourth pillar of sustainability, we continuously monitor and improve the impact of all of our processes on nature.

### Environmental policy

Lotus Bakeries wishes to achieve sustainable growth. Compliance with the relevant environmental legislation is an obvious aim. Our goal goes further. Lotus Bakeries closely monitors the impact of its activities on the environment and constantly strives to reduce its ecological footprint.

Based on the materiality matrix, we have identified some key environmental risks. Firstly, Lotus Bakeries now sells products in sixty countries and produces them in six countries, so that we have to deal with constantly changing legislation, including in relation to the environment. Reducing waste and the use of recyclable packaging are also a key focus in the food sector. Cutting energy and CO<sub>2</sub> is also deserving of attention. Finally, the purchasing side presents various challenges, regarding traceability and compliance of our suppliers with principles corresponding to those valued by Lotus Bakeries with regard to the environment and society.

### Responsible purchasing

Every supplier of packaging, raw materials, equipment and finished products is required to uphold the principles formulated by Lotus Bakeries in accordance with its own Code of Conduct, two pillars of which are respect for the environment and the traceability of raw materials.

### Responsibility for environmental policy

Within the Executive Committee, the Corporate Director Quality, Procurement and R&D is responsible for various environmental policy topics. Sustainable packaging lies within the remit of the COO. Both report regularly on environmental policy application to the Board of Directors.

The Executive Committee is supported here by the R&D and Corporate Quality Assurance departments. For example, the R&D department has set up a sustainable packaging team that focuses on sustainable packaging and reports to the COO.

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## SUSTAINABLE PACKAGING

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### All Lotus Bakeries packaging to be recyclable by 2025

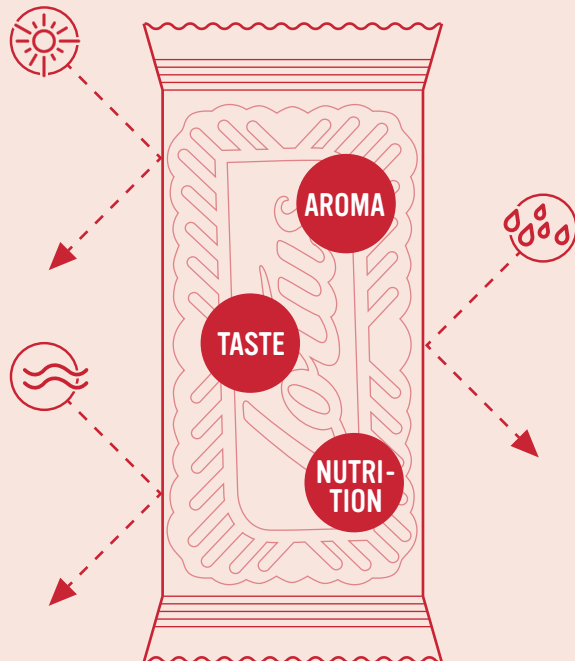
Plastic packaging is under fire throughout the world. Sharing this concern, Lotus Bakeries intends to stand up to its responsibility, doing everything not just to reduce packaging but also to make it more recyclable. What's more, Lotus Bakeries is committed to ensuring that all its packaging will be recyclable by 2025.



### Guarantee of superior taste

No producer in the food sector can do without packaging. Packaging ranges from the cartons used to bring products from the factory to retailers, to the packaging surrounding the products themselves. Packaging has a clear goal: to protect the product, whether on its journey to the retailer, on the shop shelf, in the consumer's pantry, right up to the moment of consumption.

In the words of Ignace Heyman, Lotus Bakeries' COO: "Only by properly protecting our product can we create a superior taste experience for our consumers. And we don't want to make any concessions in this respect. Our caramelised cookies must be crunchy and fresh, our frangipane creamy and soft. To ensure that taste experience and product quality, we have to pack our product, creating a barrier against outside influences."



### Longer shelf life, less waste

High-quality packaging also ensures that Lotus Bakeries products have a longer shelf life, thus helping to prevent food waste, an aspect at least as worrying as packaging waste. Estimates show that 1/3 of all food produced — some 1.3 billion tonnes — gets thrown away.

"And for the most part at the point of sale and with the consumer", says Ignace. "That's a lot of food. And we're not just talking about the raw materials used, but also a lot of energy and water. Not to mention all the unnecessary transport."

Nutrition is thus not (always) possible without packaging. Nevertheless, Lotus Bakeries is also concerned about the mountains of packaging waste. It is thus reducing its packaging footprint to a minimum, using as little and as sustainable packaging as possible. This puts the focus on the relationship between packaging and content, with the materials used under constant scrutiny.

"For example, thanks to technical innovations and a great deal of research, we recently succeeded in reducing the weight of the plastic around the 250g Lotus Biscoff cookie by as much as 11%", Ignace states. "That translates into a substantial amount of plastic now removed from the market, and thus from the mountain of waste."

### 100% of packaging to be recyclable by 2025

Lotus Bakeries is committed to making all its packaging recyclable by 2025 and is confident that it will be able to meet this commitment. A large number of products in its range already have recyclable packaging. For several others, Lotus Bakeries is searching for new solutions together with its suppliers. For example, plastic can be better recycled if it is made of just one material and does not contain any PVDC. The latter gets burned during the recycling process, making the recycle much inferior. But up to now it was an essential component for creating a good barrier. After two years of intensive research and a lot of testing in conjunction with suppliers, Lotus Bakeries has managed to come up with a suitable alternative.

Ignace Heyman explains: “The packaging of a lot of our products is now completely recyclable. Our Lotus Biscoff spread for example is sold in a glass jar with a recyclable plastic lid. And we will be switching from plastic to cardboard for small ice cream cups in 2020. We will also be switching to 100% recyclable plastic packaging for our caramelised cookies packed individually and in pairs in 2020. We will be using a monolayer film without PVDC but offering optimal protection for our cookies. The new film is somewhat more expensive, but we are making that investment on the basis of our commitment to work as sustainably as possible.

For several other products we are still looking for a solution. For example, the plastic film used for our 250g Lotus Biscoff pack is metallised, making it difficult to recycle: the infrared detection used in waste-sorting centres cannot distinguish the different metallised plastics (PP, PE and PET) from each other. As a company, we are obviously also dependent on various other partners. Luckily, technologies are evolving fast and we are confident that we will soon find a solution for this film as well.

Our transport packaging is now made of 90% recycled materials on average and we are aiming for the currently achievable technical maximum. Similarly, we are ensuring that such packaging is as light as possible, but without losing stability, as that could be disadvantageous in terms of food waste. The paper used for our transport packaging is FSC-certified, meaning that it comes from forests managed in a responsible manner.”

### **Biscoff Sustainable Packaging team makes our commitment tangible**

Giving a commitment is one thing, turning it into reality another thing. That is why Lotus Bakeries has put together a packaging team that is exclusively tasked with searching for improvements in this field. The team is headed by Els van Parys (Program Manager Strategic Projects Biscoff) and Laetitia Vlaminck (R&D Engineer), both of whom report to COO Ignace Heyman. The team members, all of them experts, work closely with internal stakeholders, suppliers and research centres, and also keep close track of legislative developments.

“We assess each potential new packaging with regard to its impact on shelf life and product quality”, Ignace emphasises. “Because, as we mentioned earlier, we’re not making any compromises in this field. In a first phase, the team is focusing on the packaging of our caramelised cookie products. We will subsequently apply the expertise gained to the other products in our range, ultimately fulfilling our commitment for all our brands and products. At the latest by 2025.”

KPIs



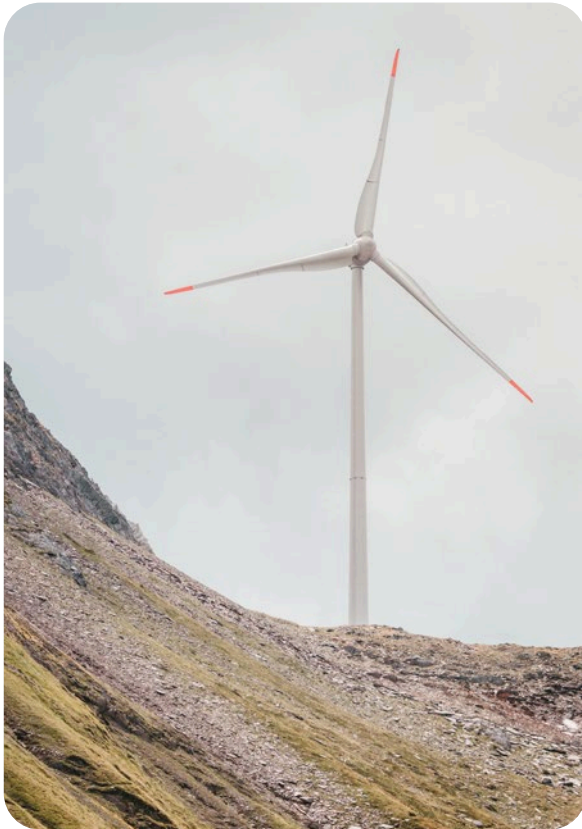
1.

**In 2020, 100% recyclable plastic packaging for our individually wrapped caramelised cookies and twin packs**

2.

**By 2025, 100% of Lotus Bakeries packaging to be recyclable**





## Respect for our ecological footprint

### Waste policy

By systematically optimising the production process, we keep our production waste as low as possible. Anything left over from production is processed into animal feed, but we also intend to minimise waste flows through more efficient use of ingredients.

We also help consumers waste less food by offering a choice of different packaging formats. And we are increasingly using portion packs. The idea behind this: throwing away food is much more damaging to the environment than using a small amount of plastic to package portions separately. The ecological footprint of the production process in the broadest sense (growing, harvesting, assembling, etc.) is generally significantly larger than that of the packaging. At Lotus, we seek flexibility in our packaging formats and a solution for different sizes of household and consumption moments, depending on how often people want to enjoy our cookies.

Our staff are also involved in reducing waste and emissions. For example, Lotus has installed water coolers and dispensers in its factories and is encouraging the use of personal drinking bottles or glasses. The water containers are also made of 100% recyclable material and can be reused up to 60 times. This is an important contribution to reducing plastic waste. As a result of these efforts, the total amount of waste (residue, production waste, fat, paper, cardboard) per tonne produced decreased by 10% when compared to 2017.



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## CARBON FOOTPRINT – STATUS & KPIs

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From the very start, Lotus Bakeries has constantly strived to interact carefully with nature. As a consequence, it is working hard to reduce its energy consumption and limit waste.

Since 2011, Lotus Bakeries has been assisted by an independent partner to measure CO<sub>2</sub> emissions (scope 1 & 2). These have again decreased by 4% compared to 2018. Compared with 2011, the base year, our emissions per production tonne (scope 1 & 2) have been cut by almost half (-46%), the result of ongoing efforts to do better every year.

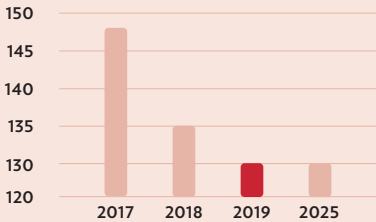
We use green electricity in all our factories, including our two new factories in South Africa and the US.



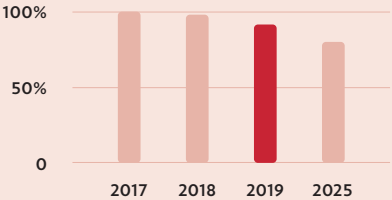




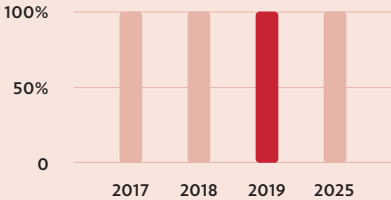
Emission of CO<sub>2</sub> equivalent emissions per tonne produced (in kgCO<sub>2</sub>e/tonne)\* in our production sites



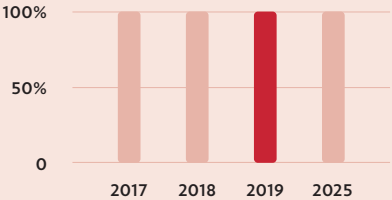
Reduction of waste (residue, production waste, fat, paper, card board)



% of our production sites that has achieved the CO<sub>2</sub> neutral label



% of our production sites that processes palm oil, that has achieved the RSPO certificate



\*These KPIs apply to scope 1 and 2 emissions and are calculated on the basis of Bilan Carbone.



Moreover, our gas consumption is offset through the WWF Gold Standard programme, with our concrete support going to a wind park project in Anantapur, India. Its goal: to generate sustainable energy by means of 50 wind turbines, thus making a positive contribution to the local community. The result of all these efforts: Lotus Bakeries production has been CO<sub>2</sub>-neutral since 2015.

From the very start in 2019, the two new locations in South Africa and the US immediately opted for obtaining the CO<sub>2</sub>-neutral label.







Our employees are also involved in reducing waste and emissions. For example, the use of modern means of communication is promoted to reduce travel. Attention is also paid to a greener car fleet and a bicycle leasing scheme has been introduced for our employees in Belgium. So far, more than 400 enthusiastic employees have opted to purchase a bicycle via this leasing scheme and to regularly commute by bicycle. All together, they covered almost 450,000 km. This is not only good for the employees' health, but also has a positive effect on CO<sub>2</sub> emissions.

### Local production in our largest export market

When developing a new product or a different packaging format, we always take the whole logistics chain into account. Such as optimal loading of pallets and trucks. In this way we minimise the impact of transport.

To supply our largest export market for Lotus Biscoff, we are even going a step further. The first Lotus Biscoff manufacturing facility outside Belgium was built in North Carolina, USA. By producing locally in the largest Lotus Biscoff market, we are taking an important step forwards in the field of sustainability. Not only will there be a thousand less containers crossing the ocean every year, our new production lines are also equipped with modern energy recovery techniques. In addition, our raw materials and packaging materials are as far as possibly purchased locally.

The four sustainability pillars of Lotus Bakeries' CSR policy are presented in the overview below in accordance with the Sustainable Development Goals (SDG).

Lotus Bakeries' pillars of sustainability	Sustainable Development Goals	Lotus Bakeries' reporting
SOCIETY	 <p>2 ZERO HUNGER</p> <p>End hunger, achieve food security and improved nutrition and promote sustainable agriculture</p>	<ul style="list-style-type: none"> <li>• Partner of 'Entrepreneurs for Entrepreneurs'</li> <li>• Lotus Bakeries child sponsorship</li> <li>• Support for The Kusasa Project</li> </ul>
	 <p>4 QUALITY EDUCATION</p> <p>Ensure inclusive and quality education for all and promote lifelong learning</p>	<ul style="list-style-type: none"> <li>• Lotus Bakeries Foundation for Education               <ul style="list-style-type: none"> <li>- Support for The Kusasa Project</li> <li>- Lotus Bakeries child sponsorship</li> <li>- Support for TAJO</li> <li>- Support for City Pirates</li> </ul> </li> </ul>
	 <p>12 RESPONSIBLE CONSUMPTION AND PRODUCTION</p> <p>Ensure sustainable consumption and production patterns (waste management, sustainable production and consumption patterns, sustainable supply chain, etc.)</p>	<ul style="list-style-type: none"> <li>• Partner of 'Entrepreneurs for Entrepreneurs'</li> <li>• Training of farmers in Benin</li> <li>• Follow-up reduction of waste</li> <li>• CO<sub>2</sub>-neutral</li> </ul>
	 <p>16 PEACE, JUSTICE AND STRONG INSTITUTIONS</p> <p>Promote just, peaceful and inclusive societies, ensure access to justice for all and build effective, accountable institutions at all levels</p>	<ul style="list-style-type: none"> <li>• Lotus Bakeries Code of Conduct</li> </ul>
EMPLOYEES	 <p>5 GENDER EQUALITY</p> <p>Achieve gender equality and empower all women and girls</p>	<ul style="list-style-type: none"> <li>• Lotus Bakeries has excellent gender diversity, with 53% female and 47% male employees</li> <li>• The gender diversity within Lotus Bakeries is in balance at all levels of management: 30%/70% within the Board of Directors, 40%/60% within the leadership team and 41%/59% within the management team as a whole (female/male).</li> </ul>
	 <p>8 DECENT WORK AND ECONOMIC GROWTH</p> <p>Promote lasting, inclusive and sustainable economic growth, full and productive employment and decent work for all</p>	<ul style="list-style-type: none"> <li>• TOP values</li> <li>• 'Safety First' strategy</li> <li>• VAM process</li> <li>• The Arbovignet (Netherlands)</li> </ul>

## PEOPLE



End hunger, achieve food security and improved nutrition and promote sustainable agriculture

- Specialised department Corporate Quality Assurance
- Internal and external audit for high-quality products and processes (IFS, BRC)



Ensure healthy lives and promote well-being for all at all ages

- Goals nutritional policy
  - Superior taste experience
  - Diversified offering
  - No artificial flavours or colours
  - Different portion sizes
  - Clear information & responsible marketing
- JOGG (Netherlands)

## ENVIRONMENT



Ensure access to water and sanitation for all

- Efficient use of ingredients to reduce waste



Ensure sustainable consumption and production patterns (waste management, sustainable production and consumption patterns, sustainable supply chain, etc.)

- Efficient use of ingredients to reduce waste
- Processing of food waste (from production) into animal feed
- Use of plastic packaging to keep products fresh
- Different packaging formats



Take urgent action to combat climate change and its impacts

- Energy consumption and emission reduction + offset via WWF Gold Standard
- Ecological footprint reduced by the creation of a Lotus Biscoff production site outside Belgium (in North Carolina, US)



Protect, restore and promote sustainable use of terrestrial ecosystems, sustainably manage forests, combat desertification, halt and reverse land degradation, halt biodiversity loss

- Traceability audit
- RSPO-certified
- Usage of FSC-certified cardboard

## NOTES





**REGISTERED OFFICE**

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**Concept and realisation**

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