

## LOTUS BAKERIES: HALF-YEAR RESULTS 2023

- Lotus Bakeries reaches a new milestone of half a billion euro in sales at half-year
- Strong performance of all three strategic pillars of Lotus® Biscoff®, Lotus™ Natural Foods and Lotus® Local Heroes contributing to an overall revenue growth of 20%
- Recurring EBITDA rose by 16% to EUR 95.8 million
- Net financial debt remains low at 1 times recurring EBITDA despite EUR 236 million investments in the last 24 months

### 1. HALF-YEAR RESULTS 2023

Income statement <sup>(1)</sup> (in thousands of EUR)	30/06/2023	30/06/2022	Change %
<b>Revenue</b>	<b>501,125</b>	<b>416,771</b>	<b>20.2%</b>
Recurring operating result (REBIT) <sup>(2)</sup>	78,430	68,619	14.3%
<b>Recurring operating cash flow (REBITDA) <sup>(3)</sup></b>	<b>95,789</b>	<b>82,510</b>	<b>16.1%</b>
Non-recurring operating result	(782)	(2,106)	62.9%
Operating result (EBIT) <sup>(4)</sup>	77,648	66,514	16.7%
Financial result	(1,066)	(406)	-162.2%
Result before income taxes	76,583	66,107	15.8%
Income taxes	(17,346)	(15,009)	-15.6%
<b>Net result</b>	<b>59,237</b>	<b>51,098</b>	<b>15.9%</b>
Recurring net result	59,842	52,726	13.5%
Total number of shares on June 30 <sup>(5)</sup>	811,510	810,763	
<b>Key figures per share (in EUR)</b>			
Recurring operating result (REBIT)	96.65	84.64	14.2%
Recurring operating cash flow (REBITDA) <sup>(3)</sup>	118.04	101.77	16.0%
Earnings per share (EPS)	73.02	63.01	15.9%
<b>Balance sheet (in thousands of EUR)</b>			
Total balance sheet	1,179,888	1,014,357	13.3%
Equity	589,314	535,432	10.1%
Investments <sup>(6)</sup>	33,917	58,930	-42.4%
Net financial debt <sup>(7)</sup>	184,412	133,094	38.6%

(1) For more details on the income statement and the balance sheet, we refer to the interim financial report on our website [www.lotusbakeries.com](http://www.lotusbakeries.com)

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

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

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

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

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

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

All figures and tables contained in this press release have been extracted from Lotus Bakeries' unaudited condensed consolidated interim financial statements for the first six months of 2023, which have been prepared in accordance with IAS 34 Interim Financial Reporting, as adopted by the European Union. The statutory auditor, PwC Bedrijfsrevisoren BV / Reviseurs d'Entreprises SRL, represented by Lien Winne, has reviewed these condensed consolidated interim financial statements and concluded that based on the review, nothing has come to the attention that causes them to believe that the condensed consolidated interim financial information is not prepared, in all material respects, in accordance with IAS 34, as adopted by the European Union. For the condensed consolidated interim financial statements for the first six months of 2023 and the review report of the statutory auditor we refer to Lotus Bakeries' website.



# PRESS RELEASE

Regulated information  
11/08/2023 - 7.45 AM

## 2. MANAGEMENT COMMENTS

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

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

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

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

#### *Household penetration in the US surpasses the 5% milestone for Lotus<sup>®</sup> Biscoff<sup>®</sup> cookies*

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



# PRESS RELEASE

Regulated information  
11/08/2023 - 7.45 AM

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

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

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

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





# PRESS RELEASE

Regulated information  
11/08/2023 - 7.45 AM

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

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

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

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

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

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

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

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

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

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

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



# PRESS RELEASE

Regulated information  
11/08/2023 - 7.45 AM

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

### Biscoff® is outperforming the Consumer Products industry

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

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

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

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

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

### Need for increased brand investments in targeted markets

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

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

## 4. MARKETING CAPABILITIES FOR THE FUTURE

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

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

For efficient development of new capabilities and deployment of the reinforcements, it was decided that the two Global Brand teams will report to Isabelle Maes, member of the executive committee. Besides her role as



# PRESS RELEASE

Regulated information  
11/08/2023 - 7.45 AM

CEO Lotus™ Natural Foods, Isabelle Maes has been appointed Chief Marketing Officer (CMO) of the Lotus Bakeries Group.

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

## 5. MANUFACTURING FOOTPRINT OF BISCOFF®, BEAR® AND nākd®

### Global Footprint of Lotus® Biscoff®

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

With Lotus® Biscoff® plants in Europe (Lembeke), the US (Mebane) and Thailand (Chonburi), the future production footprint is geographically defined and fixed. The three production facilities will supply Europe & Middle-East, Americas and Asia-Pacific respectively with the freshest possible products in the most cost-effective and eco-efficient way possible. All three locations will, over time, have capability to produce a format range of original cookies. The hero concepts in original cookies are typically invested first. In the short and medium term, the capacity of the Biscoff® sandwich cookie will be concentrated in Belgium, given the complexity of the production lines and the expertise centered in the plant in Lembeke.

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

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

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

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

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

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



# PRESS RELEASE

Regulated information  
11/08/2023 - 7.45 AM

## 7. CONCLUSION AND OUTLOOK

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

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

Responsible price increases over the last two years were inevitable to offset unprecedented and accumulating cost increases across all cost components, ranging from raw materials, packaging, co-manufacturing, freight, utilities and labour to services. The company's pricing strategy has always been aligned with company-specific and actual cost parameters and evolution, not with commodity-market indices and spot-market prices. Historically, it has also been company practice to hedge and capture strategically important input costs with a short or long time horizon to the extent this is possible and reasonable. For this, strong relationships with strategic suppliers based on mutual long term vision, plans and commitment are paramount, especially in recent periods of unpredictable supply and inflation of commodities.

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

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



# PRESS RELEASE

Regulated information  
11/08/2023 - 7.45 AM



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

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

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





# PRESS RELEASE

Regulated information  
11/08/2023 - 7.45 AM

## 8. FINANCIAL CALENDAR

Financial analyst's meeting:	11 August 2023
Announcement of the 2023 annual results:	7 February 2024
General Meeting of Shareholders:	14 May 2024
Announcement of the 2024 half-year results:	9 August 2024

### Lotus Bakeries in a nutshell

*Lotus Bakeries, founded in 1932 in Lembeke (Belgium), operates worldwide in the indulgent and natural snacking segment with brands including Lotus, Lotus® Biscoff®, nāko®, TREK®, BEAR®, Kiddylicious®, Peter's Yard®, Dinosaurus®, Peijnenburg® and Annas®. Headquartered in Belgium, Lotus Bakeries is a dynamic and internationally oriented company with production facilities in Belgium, the Netherlands, France, Sweden, South Africa and the United States, and 21 of our own sales organisations in Europe, America and Asia. Lotus Bakeries also works with commercial partners in approximately 50 countries worldwide. Lotus Bakeries has around 2,700 employees and achieved a revenue of EUR 877,5 million in 2022. The shares of Lotus Bakeries are listed on Euronext Brussels. The majority of the shares are owned by the Boone and Stevens family.*

For more information please contact:

Jan Boone - CEO

Mike Cuvelier - CFO

Tel. + 32 9 376 2614

Tel. + 32 9 376 2614

Further information on Lotus Bakeries can be found on [www.lotusbakeries.com](http://www.lotusbakeries.com)