LOOTUS BAKERIES: HALF-YEAR REPORT 2017

Lotus sustains strong profitability and turnover following record growth in 2016:
- Like-for-like growth in turnover of +3%
- Growth of recurrent operating result by 6.5% to EUR 46.7 million

1. Half-year results 2017

<table>
<thead>
<tr>
<th>Income statement (in thousands of EUR)</th>
<th>30/06/2017</th>
<th>30/06/2016</th>
<th>Evolution %</th>
</tr>
</thead>
<tbody>
<tr>
<td>Turnover</td>
<td>258,871</td>
<td>256,379</td>
<td>+ 1.0</td>
</tr>
<tr>
<td>Recurrent operating result (REBIT)</td>
<td>46,670</td>
<td>43,826</td>
<td>+ 6.5</td>
</tr>
<tr>
<td>Recurrent operating cash flow (REBITDA)</td>
<td>53,728</td>
<td>52,607</td>
<td>+ 2.1</td>
</tr>
<tr>
<td>Non-recurrent operating result</td>
<td>(1,064)</td>
<td>(436)</td>
<td>+ 144.0</td>
</tr>
<tr>
<td>Operating result (EBIT)</td>
<td>45,606</td>
<td>43,390</td>
<td>+ 5.1</td>
</tr>
<tr>
<td>Financial result</td>
<td>(1,648)</td>
<td>(1,412)</td>
<td>+ 16.7</td>
</tr>
<tr>
<td>Profit for the year before taxes</td>
<td>43,958</td>
<td>41,978</td>
<td>+ 4.7</td>
</tr>
<tr>
<td>Taxes</td>
<td>(12,108)</td>
<td>(11,137)</td>
<td>+ 8.7</td>
</tr>
<tr>
<td>Net result</td>
<td>31,850</td>
<td>30,841</td>
<td>+ 3.3</td>
</tr>
<tr>
<td>Non-controlling interests</td>
<td>430</td>
<td>610</td>
<td>- 29.5</td>
</tr>
<tr>
<td>Equity holders of Lotus Bakeries</td>
<td>31,420</td>
<td>30,231</td>
<td>+ 3.9</td>
</tr>
<tr>
<td>Total number of shares on 30 June</td>
<td>800,576</td>
<td>793,543</td>
<td>+ 0.9</td>
</tr>
</tbody>
</table>

Key figures per share (in EUR)

| Recurrent operating result (REBIT)    | 58.30      | 55.23      | + 5.6       |
| Recurrent operating cash flow (REBITDA) | 67.11      | 66.29      | + 1.2       |
| Net result: Group share               | 39.25      | 38.10      | + 3.0       |

Balance sheet (in thousands of EUR)

| Balance sheet total                   | 571,270    | 556,099    | +2.7        |
| Equity                                | 267,191    | 219,505    | + 21.7      |
| Investments                           | 13,173     | 16,458     | - 20.0      |
| Net financial debts                   | 83,946     | 129,803    | - 35.3      |

(1) Further information on the income statement and balance sheet can be found on the website: www.lotusbakeries.com
(2) REBIT is defined as the recurrent operating result, consisting of all the proceeds and costs relating to normal business.
(3) Recurrent operating cash flow is defined as recurrent operating result + deprecations + provisions and amounts written off + non-cash costs valuation option and warrant plan.
(4) EBIT is defined as recurrent operating result + non-recurrent operating result.
(5) Total number of shares on 30 June, excluding treasury shares.
(6) Investments in tangible and intangible fixed assets.
(7) Net financial debts are defined as interest bearing financial debts - investments - cash and cash equivalents - treasury shares.

The statutory auditor, PwC Bedrijfsrevisoren, represented by Peter Opsomer, has executed a limited review of the consolidated balance sheet and consolidated interim financial information. The statutory auditor has no comments. For the statutory auditor’s report we refer to the interim financial report on our website.
2. Management explanation

2.1 Turnover

In the first half of 2017, the consolidated turnover of Lotus Bakeries Group grew by EUR 2.5 million to EUR 259 million. Like for like, ignoring exchange rate effects, turnover grew by almost 3%.

The greatest growth in the first half of the year was seen in the natural snacking category with the brands Näkd, Trek, BEAR and Urban Fruit. The Lotus waffles category also continues to grow strongly and the internationalization of Lotus Biscoff and Lotus Biscoff spread is progressing (the word Biscoff is a contraction of ‘Biscuit with Coffee’).

Last year, Lotus Biscoff achieved historic growth in the United States. Lotus Biscoff spread has also grown very strongly and experienced clear exponential growth in the Middle East. Turnover in these regions was sustained in absolute terms in the first half of 2017. Lotus Biscoff continues to experience global growth. In the first half of this year, this was primarily in the UK, South Korea, Switzerland and the Netherlands.

The turnover for Lotus waffles (Liège, vanilla and filled) keeps growing in France and Belgium. In both countries, the category was supported by national TV campaigns, combined with point-of-sale promotions.

Since the end of 2015, Lotus Bakeries has also been active in the natural snacking market. In 2017, this category has again grown strongly in the UK. The distribution of the Näkd, Trek and BEAR brands was successfully expanded in the Netherlands and initial launches of the brands have taken place in Belgium.

The Näkd brand, under which natural bars made of cashew nuts and dates are offered, has become the number three brand for natural snacking in the UK in the last twelve months. Along with Näkd, the Trek brand has also continued on its growth path and become a Top 15 brand in the UK in the same category. Both brands continue to perform well in the Netherlands, where they were launched during 2016.

BEAR's healthy fruit snacks, especially BEAR Yoyos, grew significantly in the first half of the year. This growth is mainly attributable to increased visibility at the point of sale. The new range of flavours for BEAR Yoyos, 'BEAR Yoyos Sour', was received very positively by retailers and consumers in the UK with excellent distribution established from the start. This further improved the shelf impact of BEAR Yoyos in general.

2.2 Operating result

The recurrent operating result (EUR 46.7 million) and recurrent operating cash flow (EUR 53.7 million) increased by EUR 2.8 million and EUR 1.1 million respectively compared to last year.

Growth in turnover and more efficient use of the available production capacity form the basis of the improved operating result.

Additional investments have also been made in international growth for Lotus Biscoff by adding to the sales teams in Europe and Asia and substantial investments have also been made in the new natural snacking category, both in the UK, where the marketing teams and field sales teams have been increased and in the new sales teams in Europe and America.
Lotus Bakeries has continued to invest consistently in promotional activities at the point of sale and marketing campaigns. In both the US and the UK, Lotus Biscoff has had a TV presence for the first time - in regions with a high brand penetration. The initial results of these targeted Lotus Biscoff media campaigns, combined with a strong presence at points of sale, were highly positive.

The non-recurrent operating result amounts to EUR -1.1 million and mainly consists of reorganization costs at the gingerbread factory in Sintjohannesga (Netherlands). Further automation and process improvements will enable gingerbread production to be organized even more efficiently. As a result of this automation, thirty-five employees will be let go during the second half of 2017. The social plan for this is complete.

The financial result of EUR -1.6 million is mainly made up of interest expenses amounting to EUR 1 million and negative exchange rates results.

The tax expense is EUR 12.1 million or 27.5% of the profit before tax. This is in line with the tax burden at the end of 2016.

The net profit for the first half of the year increases by 3.3% compared with 2016 and stands at EUR 31.9 million.

2.3 Net financial debt

Net financial debt decreased by EUR 10.1 million to EUR 84 million over the last six months, despite cash outflow for investments totalling EUR 12.1 million and the payment of the dividend for the 2016 financial year.

2.4 Main projects and investments

Further investments were made in the first half of 2017, primarily in the expansion of the capacity of the Lotus Biscoff factory in Lembke and the construction of a new Lotus Biscoff factory in the United States.

Here is an overview of the main projects:

a. Expansion of Lotus Biscoff factory in Lembke

In the second half of 2016, construction started on a third production hall in Lembke, in which an additional production line has been installed. This line has been fully operational since March this year. An extra warehouse for storing packaging and equipment has also been completed. Finally, the new staff facilities have also come into service very recently.

b. New Lotus Biscoff factory in the United States

Last year, it was decided to build a Lotus Biscoff factory in North Carolina, USA. The United States is now Lotus Bakeries’ biggest market for Lotus Biscoff. In view of the current volume and potential, it is the right decision ecologically, economically and strategically to build a Lotus Biscoff factory specifically for this important market.

Lotus Bakeries has now acquired a piece of land in Mebane, North Carolina, and is busy finalizing the design of the factory and production lines. The first steps have been taken towards sourcing ingredients and packaging. Recruitment of the first American staff for this new Lotus Biscoff factory
will also begin shortly.

Building a factory on a new continent is a challenging project involving many aspects and specialisms. The existing internal expertise of Lotus Bakeries’ management in Belgium, combined with local know-how, are crucial to the success of the project. A project team has been set up comprising various disciplines including Plant Design, Procurement, R&D and Human Resources. This team is overseen by a Project Management team, which reports to the members of Lotus Bakeries’ Executive Committee every two weeks.

Construction will begin shortly and will last for two years.

c. Upgrade of cake factory in Enkhuizen (Netherlands)

The cake factory in Enkhuizen will be fully upgraded. The first phase, in which two new warehouses are being erected, has begun and should be completed by the end of the year. During the second phase, the offices will be refurbished.

d. Waffle factory in Courcelles

Since last year, all waffle production has been successfully centralized at the factory in Courcelles. Because of this, output of this factory has more than doubled. In order to be able to produce these additional volumes and increase the capacity, two additional production lines were installed. The next phase will focus on further improvements in productivity of this expansion.

e. Relaunch of Zebra cake range

In 2017, Zebra, a light cake with crunchy iced topping, was relaunched on the Belgian market. As well as a new packaging design, Zebra products are now individually prepackaged and the range has been
3. Conclusion and prospects

In the first half of 2017, Lotus Bakeries managed to sustain the historically high turnover of 2016, while still achieving organic growth of almost 3%. Profitability remains very high and the net result stands at EUR 31.9 million, representing a 3.3% increase.

Following the achievement of record growth in absolute terms in 2016 - thanks to unparalleled growth in the Middle East and the United States - the Management and the Board of Directors are satisfied that both turnover and the profitability have been sustained.

The weaker pound sterling following last June’s Brexit result is having a significant impact on the consolidated turnover. During 2017, price increases have been initiated in the UK. The positive effect of these measures will mainly be felt in the second half of the year.

Establishing Natural Foods teams and sales offices in several countries in Europe as well as the United States has required time and effort. Launching the new Nikd, Trek, BEAR and Urban Fruit brands in these various markets involves investing in people together with sales and marketing support. The continued growth of natural snacking in the UK and the first international successes confirm Lotus Bakeries’ potential for future, sustainable growth in this area.

Lotus Bakeries continues to invest in additional production sites. The new production hall at the Lotus Biscoff factory in Lembeke became operational in 2017. The project team working on establishing the first Lotus Biscoff factory in the United States is fully mobilized. Lotus Bakeries has now acquired a site in Mebane, North Carolina, on which the first Lotus Biscoff factory outside Belgium will be built.

One of the fundamental pillars for the achievement of the strategic objectives for Lotus Biscoff is an intense focus on the continued expansion of household penetration in the various countries and markets. We want to further support these long-term objectives by significant investment in sales and marketing, which will give the brand a strong foundation in the longer term. For instance, TV campaigns have been launched for Lotus Biscoff for the first time in the US (Atlanta) and the UK. These are excellent examples of countries or specific regions that - after years of successful groundwork - have reached a sufficient level in terms of distribution and household penetration to be able to move on to the next phase of marketing support, TV commercials and online advertising. At the other end of the spectrum lie many countries and markets in Africa and Asia, for example, where little or no turnover is generated for Lotus Biscoff as yet. The intention is to launch sales of Lotus Biscoff there too in the next few years. For example, a distribution agreement has been signed with a partner in India. Belief in Lotus Biscoff’s potential for further growth in a number of countries is great, but it has to happen gradually - accompanied by commercial investment appropriate for the phase reached by Lotus Biscoff.
CEO Jan Boone is pleased with the results and developments in the period under review: “2017 is a year of consolidation following record growth in 2016. We continue to build on the foundations in order to realize our long-term international ambition - for Lotus to be present in more and more families worldwide and to gradually internationalize the Natural Foods brands. To this end, as a company, we are prepared to continue to make the necessary investments in our production sites and in sales in our various markets.”

4. Financial calendar

Financial analysts’ meeting (conference call): 18 August 2017
Announcement annual results 2017: 9 February 2018
Financial analysts’ meeting: 9 February 2018
Ordinary General Meeting of shareholders: 15 May 2018
Dividend* record date: 24 May 2018
Dividend* payable as of: 25 May 2018

*Only applicable if a dividend is paid.

Lotus Bakeries in a nutshell

Lotus Bakeries is active worldwide in the indulgent and natural snacking segment with the Lotus, Lotus Biscoff, Lotus Dinosaur, Lotus Suzy, Peijnenburg, Snelle Jelle, Annas, Nkfd, Trek, BEAR and Urban Fruit brands. Lotus Bakeries, with headquarters in Belgium, is a dynamic, internationally oriented company with production facilities in Belgium, the Netherlands, France and Sweden, and sixteen own sales organizations in Europe, America and Asia. Lotus Bakeries also works with commercial partners in approximately forty countries worldwide. Lotus Bakeries has approximately 1,450 employees. By maintaining a healthy balance between tradition and innovation, the Lotus brand indulges consumers with a unique range of high-quality, tasty products. With Peijnenburg and Snelle Jelle, the company is market leader in gingerbread in the Netherlands. Under the Nkfd, Trek, BEAR and Urban Fruit brands, Lotus Bakeries offers tasty snacks, manufactured from all-natural, unprocessed ingredients, with no added sugar. In 2016 the Group achieved a turnover of EUR 507.2 million. The shares of Lotus Bakeries are listed on Euronext Brussels.

For more information please contact:
Jan Boone - CEO Tel. +32 9 376 26 01
Isabelle Maes - CFO Tel. +32 9 376 26 01

Further information on Lotus Bakeries can be found on www.lotusbakeries.com

For pictures concerning our company Lotus Bakeries, please click on the following link:
http://www.lotusbakeries.com/corporate/investor-relations/doclist/media-gallery