



STATUTORY AUDITOR'S REPORT TO THE GENERAL SHAREHOLDERS' MEETING OF LOTUS BAKERIES NV ON THE CONSOLIDATED ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2023

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

We have been appointed as statutory auditor by the general meeting d.d. 13 May 2022, following the proposal formulated by the board of directors and following the recommendation by the audit committee. Our mandate will expire on the date of the general meeting which will deliberate on the annual accounts for the year ended 31 December 2024. We have performed the statutory audit of the Company's consolidated accounts for 17 consecutive years.

Report on the consolidated accounts

Unqualified opinion

We have performed the statutory audit of the Group's consolidated accounts, which comprise the consolidated statement of financial position as at 31 December 2023, the consolidated statement of profit or loss and statement of comprehensive income, the consolidated statement of changes in equity and the consolidated cash flow statement for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies and other explanatory information, and which is characterised by a consolidated statement of financial position total of EUR'000 1,243,503 and a profit for the year, attributable to equity holders of Lotus Bakeries, of EUR'000 129,261.

In our opinion, the consolidated accounts give a true and fair view of the Group's net equity and consolidated financial position as at 31 December 2023, and of its consolidated financial performance and its consolidated cash flows for the year then ended, in accordance with International Financial Reporting Standards as adopted by the European Union and with the legal and regulatory requirements applicable in Belgium.

Basis for unqualified opinion

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

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



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

Key audit matters

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

Impairment testing of goodwill and brands - Notes 13 and 14

Description of the Key Audit Matter

The carrying value of the Group's goodwill and brands amounts to EUR'000 222,915 and EUR'000 144,974 respectively at 31 December 2023.

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

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

How our Audit addressed the Key Audit Matter

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

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

We understood and challenged:

- assumptions used in the Group's budget and internal forecasts and the long-term growth rates by comparing them to economic forecasts;
- the discount rate by assessing the cost of capital and other inputs including benchmarking with comparable organisations;
- the historical accuracy of budgets to actual results to determine whether cash flow forecasts are reliable based on past experience;
- the mechanics of the underlying calculations.

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

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



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

Revenue recognition relating to commercial arrangements – Note 4

Description of the key audit matter

As described in Note 4 Revenue, section 4.1 Accounting policy, the Group enters into commercial agreements with its customers whereby volume-related allowances, promotional and marketing allowances and various other fees and discounts are contractually agreed. The Group measures revenue, cost of services & other goods taken into consideration the estimated amount based on those contractual agreements and the specific classification criteria in accordance with IFRS.

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

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

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

How our audit addressed the key audit matter

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

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

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

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

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



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

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

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

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

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

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

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

- Identify and assess the risks of material misstatement of the consolidated accounts, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control;
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the board of directors;



- Conclude on the appropriateness of the board of directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our statutory auditor's report to the related disclosures in the consolidated accounts or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our statutory auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern;
- Evaluate the overall presentation, structure and content of the consolidated accounts, including the disclosures, and whether the consolidated accounts represent the underlying transactions and events in a manner that achieves fair presentation;
- Obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

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

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

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

Other legal and regulatory requirements

Responsibilities of the board of directors

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

Statutory auditor's responsibilities

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



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

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

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

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

Statement related to independence

- Our registered audit firm and our network did not provide services which are incompatible with the statutory audit of the consolidated accounts, and our registered audit firm remained independent of the Group in the course of our mandate.
- The fees for additional services which are compatible with the statutory audit of the consolidated accounts referred to in article 3:65 of the Companies' and Associations' Code are correctly disclosed and itemized in the notes to the consolidated accounts.

European Uniform Electronic Format ("ESEF")

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

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

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



Based on our procedures performed; we believe that the format of and marking of information in the digital consolidated financial statements included in the annual financial report of Lotus Bakeries per 31 December 2023 comply in all material respects with the ESEF requirements under the Delegated Regulation.


Other statements

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

Ghent, 28 March 2024

The statutory auditor

PwC Bedrijfsrevisoren BV/PwC Reviseurs d'Entreprises SRL
Represented by

DocuSigned by:


AF31B8E5949E461...

Lien Winne*
Bedrijfsrevisor/Réviser d'Entreprises

*Acting on behalf of Lien Winne BV



ANNUAL REPORT 2023



**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.**



Jan Boone – CEO



Jan Vander Stichele – Non-Executive Chairman of the Board of Directors

NAVIGATING GROWTH

Dear reader,

In this annual report, we are eager to elucidate the strategy, milestones, challenges, and initiatives that define 2023 for our Lotus Bakeries Group. Looking back over the past year, we take pride and enthusiasm in the steps we have taken and are pleased to offer you an open window into our journey in this report.

As you delve into the content, you will find that throughout 2023, our strategic growth ambition and our Environmental Social Governance (ESG) vision have been of utmost importance, as they are increasingly intertwined and mutually reinforcing. This synergy is reflected in the structure of the annual report, which consists of three main sections: a corporate chapter, a financial chapter, and a comprehensive ESG compilation along with the Global Reporting Initiative (GRI) report.

2023 was a meaningful year, in which more than one milestone was reached. For the first time in history, Lotus Bakeries achieved a revenue milestone of more than one billion euro. 2023 also marked the implementation of our Biscoff growth model, the outcome of which confirmed our ambition to be present in consumers' favourite indulgence moments around the world and confirmed our confidence to take our fair share in the cookie category in every country. This successful implementation was complemented by the robust performance of our Natural Foods healthy snacking business, driven by its continued internationalisation, its strong performance in the UK and its focus on innovation. Additionally, our Local

Heroes business played a central role in our Group's success, leveraging its strong position in local home markets, renowned brands and remarkable products.

After a few turbulent years due to the pandemic, geopolitical tensions, and inflationary pressure, today we look ahead with optimism. We start the new year in more calm waters and look forward to continuing structural, good cooperation with our customers.

We would like to extend our heartfelt gratitude to everyone who contributes daily to our mission of creating small moments of joy and happiness by offering a diverse range of branded snacks with a superior taste experience, reaching every consumer, for every occasion, in every country.

On behalf of the entire Executive Committee and the Board of Directors, we end this message with confidence, as in 2023 strong foundations were further strengthened and we continue to believe in a bright future for the company based on our elaborated strategy.

Enjoy reading!



Jan Boone
CEO



Jan Vander Stichele
Non-Executive Chairman of
the Board of Directors



Jan Boone – CEO Lotus Bakeries

THE CEO'S REFLECTION, OUTLOOK AND VISION

A WORD OF GRATITUDE

Before eagerly anticipating what 2024 holds, I find it important to reflect on our journey. Looking back at the past year, I find great happiness in our Group's achievements. What stands out is our TOP values: the team spirit, open dialogue and passion demonstrated by all Lotus Bakeries employees in 2023. We are a family business with over 90 years of history, and a long-term vision. We wish to share the pride of our achievements and gratitude with all our employees, who are the foundation of our Group's growth.

A VALUED ESG VISION

This pride and gratitude is aligned with the Social pillar of our Environmental Social Governance (ESG) vision, confirming the value Lotus Bakeries dedicates to this pillar. Building a culture is only possible when people unite. Therefore, fostering a social environment within our company is paramount. We want our people to feel at home and connected while at work, understanding that disconnection outside work is crucial.

Of course, the Environmental and Governance pillars of our ESG vision are equally important. Amongst other actions, a new ESG Director was appointed in 2023, and efforts to reduce our carbon footprint and increase the recyclability of our product packaging continued. The streamlined governance model further integrates the focus on ESG within our operations. You can find full details on our ESG chapter of this annual report.

A RECORD

Reflecting on last year, 2023 began with a major challenge as we faced inflationary times, leading us to raise prices worldwide to maintain our margin and profitability. Thanks to the dedicated commitment of our international teams, we successfully implemented the price increase, achieving record sales of EUR 1.063 billion and sales increase of 21%, the strongest growth figures ever for Lotus Bakeries.

BISCOFF® PROVES ITSELF ONCE AGAIN

Biscoff® continued its strong performance with revenue reaching EUR 500 million and a sales increase of 20%. Our strategic review that examined Biscoff's growth model led to several changes, including a focus on positioning the cookie and spread within a wide range of consumption moments. In addition, investments in digital marketing and a clearer, more modern rebranding support Biscoff's ambitions to become the cookie number three in the world.

GROWING NATURAL FOODS BRANDS

In 2023, our Natural Foods brands grew exponentially, with revenue of EUR 220 million, now accounting for 24% of Lotus Bakeries' revenue in branded goods. The construction of nākd®'s first ever in-house production site in South Africa and the launch of nākd Protein Bars were significant milestones. In the United States, BEAR® continued to grow steadily in a consumer market increasingly aware of the impact of food on health.

INNOVATIVE LOCAL HEROES

In our domestic market Belgium, we launched the new Lotus® Cake Donut, rejuvenating the waffles and pastries category. And in the Netherlands, we relaunched the Peijnenburg® product line with an increased focus on the version without added sugars.

LOOKING AHEAD

Lotus Bakeries continues to invest in marketing, commercial operations, in-store activities and e-commerce as we embark on the 2024 journey and beyond. Our commitment is evident in the resources allocated to our three strategic pillars: Lotus® Biscoff®, Lotus™ Natural Foods and Lotus® Local Heroes.

In 2023, we strengthened our marketing organisation under the leadership of CMO Lotus Bakeries and CEO Natural Foods, Isabelle Maes. Using a strong data-driven approach, the newly appointed revenue growth management team will help shape the product range, pricing, distribution and promotions for Lotus Biscoff and Lotus Natural Foods. Furthermore, we are setting up phased digital channels in several major markets to support the brand awareness and household penetration of these brands.

In addition, we are committed to invest in our third strategic pillar, Lotus Local Heroes, through initiatives such as the relaunch of Peijnenburg® in the Netherlands and the introduction of the innovative Lotus® Cake Donut in Belgium. These efforts are supported by major commercial initiatives and tailored digital campaigns aimed at engaging our younger target group.

Meanwhile, operationally, our focus remains on the development of our Biscoff® plant in Thailand, which will be a major project in the new year. We know that for Biscoff the greatest potential can be found in the top consumer markets, which is where we want to achieve our fair market share. So, we aim to pursuing bigger and bigger success in these international markets. Our ambition remains the same; we want Biscoff to become the world's third largest cookie brand.

However, the more global our business becomes, the more local we need to think, and in many areas. For example, it is strategically important for us to buy locally. Reducing transport not only has a positive impact on price, but also, of course, on our carbon footprint. In 2023, we have continued to work hard to reduce it and we will continue to do so. It starts with a responsible sourcing policy, but we are also making a broader effort regarding efficient logistics, and we continue to work on the technical recyclability of our packaging. It is still our goal to market only packaging that is 100% technically recyclable by end 2025.

We can only achieve the presumed growth by retaining our current employees – with their commitment and passion – and by recruiting new talent. We are creating a unique story, and we can only do that by bringing together top talent. In this context, our well-being charter calls for connecting (at work), disconnecting (after work) and discussing mental health. This charter is a signal that we believe it is important for our employees to feel good within the company. As a family business, sustainable growth is important. So focussing on the well-being of our people contributes to this belief. It is thanks to their dedication, their enthusiasm and their passion for what we do, that we are able to achieve these great results year after year.

As for me, we are not just looking forward to 2024, but are confidently looking beyond the 2024 horizon to the potential of the distant future!





CONTENTS

Navigating growth	5
The CEO's reflection, outlook and vision	7
Highlights 2023	14
Key figures 2023	20

01

OUR STRATEGY



Lotus® Biscoff®	28
Lotus™ Natural Foods	44
Lotus® Local Heroes	54

02

OUR SUSTAINABILITY PROGRAMME CARE FOR TODAY, RESPECT FOR TOMORROW



Our sustainability ambition	66
Our materiality	72
Our sustainability in action	82
EU Taxonomy	148
Limited Assurance Report	152

03

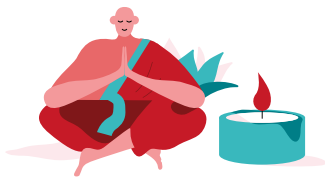
OUR ORGANISATION



Group structure and day-to-day management	158
Our worldwide presence	166

04

REPORT OF THE BOARD OF DIRECTORS



Activities in 2023	176
Financial information	179
Prospects for 2024	180
Results and proposal for appropriation of results	182
Corporate Governance Declaration	183
Enterprise Risk Management	206
External audit	211

05

STOCK MARKET AND SHAREHOLDERS' INFORMATION



Stock market and shareholders' information	214
---	-----

06

FINANCIAL STATEMENTS



Consolidated statement of financial position	220
Consolidated statement of profit or loss and statement of comprehensive income	221
Condensed five-year consolidated financial statements	222

HIGHLIGHTS 2023



JANUARY

STARTUP OF SECOND BISCOFF® SANDWICH COOKIE PRODUCTION LINE

In Lembeke, Belgium, the second Biscoff® sandwich cookie line enables the internationalisation and distribution of this hero product to be scaled up.

FEBRUARY

PUBLICATION OF 2022 ANNUAL RESULTS

Lotus Bakeries' revenue is up by a record EUR 127.2 million to EUR 877.5 million.

ROYAL STATE VISIT TO SOUTH AFRICA

As a participant of the Belgian delegation, our CEO and Managing Director South Africa had the chance to showcase our company's investments and contribution to the growth and development of the local economy, and to discuss our ambitious plans within the region with the Royal Family and all the political and business leaders present.

LOTUS BAKERIES SIGNS THE SBTI'S BUSINESS AMBITION

We are committed to limiting global warming to 1.5°C above pre-industrial levels and becoming net-zero by 2050.

MARCH





TRADITIONAL THAI CEREMONY FOR GOOD FORTUNE FOR OUR NEW BISCOFF® PLANT, CURRENTLY UNDER CONSTRUCTION IN CHON BURI, THAILAND

The ceremony was graced with prayers and offerings to the Buddhist monks, as well as lighting candles and incense. A symbolic first pile was driven into the ground and blessed with holy water.

NEW BISCOFF® GROWTH MODEL

A deep-dive and update into the Lotus® Biscoff® strategy was completed to further commit to the ambition to become the #3 cookie in the world.

APRIL

LAUNCH OF NĀKD® PROTEIN BAR

With this new protein bar, nākd® is broadening the product offering raw bars with even more added benefits.

MAY

APPOINTMENT OF A NEW INDEPENDENT DIRECTOR

The shareholders of Lotus Bakeries appointed Eagli BV, represented by Noelle Goris, as an independent director of the company.

JUNE



INTRODUCTION OF NEW LOTUS® BISCOFF® BRANDING

The Biscoff® logo is restyled with a confident, contemporary look.

JULY



BEAR® LAUNCHES FRUIT SPLITS

BEAR® kicks off the back-to-school season with the launch of a new Fruit Splits range in the UK, broadening the product offering to older children.

AUGUST

LOTUS BAKERIES REACHES A NEW MILESTONE OF HALF A BILLION EUR 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%.

RELAUNCH OF PEIJNENBURG® IN THE NETHERLANDS

The focus of this relaunch is to reposition Peijnenburg® to a healthy, accessible in-between snack. The hero product is the significantly improved gingerbread with no added sugars, while still retaining the unique Peijnenburg taste.



SEPTEMBER

OCTOBER

100% OF ALL PACKAGING OF OUR WAFFLE RANGE IS NOW TECHNICALLY RECYCLABLE

Lotus Bakeries is committed to designing all its brands packaging to be technically recyclable by end 2025. Biscoff® Cookies' packaging was already fully technically recyclable in 2022, and we are proud that 100% of all packaging of our waffle range is now also recyclable!

FOREST PLANTATION PROJECT IN PARTNERSHIP WITH THE COLRUYT GROUP

With this project, it is the Colruyt Group's ambition to plant over 10,000 hectares of forest containing 12 million trees in the Democratic Republic of Congo. We believe that our partnership in this project strengthens our joint determination to both reduce and compensate carbon emission.



Image by Christian Crauwels

NOVEMBER

LAUNCH OF THE LOTUS® CAKE DONUTS IN BELGIUM

With these Cake Donuts, Lotus Bakeries is seeking to bring a tasty product with a big dose of fun to the market.



DECEMBER



LOTUS BAKERIES EXCEEDS THE EUR 1 BILLION REVENUE MILESTONE

And a revenue milestone of EUR 500 million for the Group's largest strategic pillar Lotus® Biscoff®.

KEY FIGURES 2023

REVENUE: **1,063.0 €M** (2022: 877.5 €M) **+ 21.1%**

REBIT: **173.0 €M** (2022: 140.2 €M) **+ 23.4%**

NET RESULT **129.3 €M** (2022: 103.3 €M) **+ 25.2%**

NET FINANCIAL DEBT **120.5 €M** (2022: 153.6 €M)

GROSS DIVIDEND **58.0 €** (2022: 45.0 €) **+ 28.9%**

2,984

Employees
(2,698 in 2022)

12

**Production facilities
in 6 countries**

23

**Offices in
17 countries**

50+

**Countries with
commercial partners**

100%

**External
quality certification**

100%

**Lotus Bakeries' Palm Oil Policy
endorsed by palm oil suppliers¹**

99.9%

**Code of conduct
signed by the current employees²**

94.2%

**Code of conduct
signed by key suppliers³**

¹ Palm oil producers who have signed up to the Lotus Bakeries palm oil policy or have their own palm oil policy in force that includes at least equal standards and who supply ingredients or raw materials containing at least 50% palm oil.

² An internal employee is an employee who is connected to Lotus Bakeries with an employment contract, either of unlimited duration or of limited duration.

³ Key suppliers are all of our suppliers of end products (external production), raw materials, packaging and machinery, with whom Lotus Bakeries has entered into a written contract.

IN 2023, A TOTAL OF ABOUT **555 TONNES** OF PACKAGING WAS SAVED

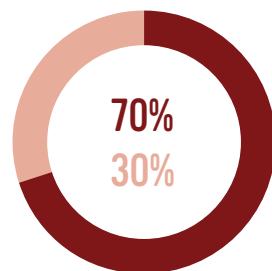
98% OF ALL LOTUS BAKERIES PACKAGING IS RECYCLABLE⁴

⁴ The recyclability rate is the average technical recyclability of the packaging of all Lotus Bakeries brands at the end of 2023. It takes into account consumer packaging, distribution packaging and transport packaging. The technical recyclability rate is determined per packaging component on the basis of state-of-the-art design guidelines for recyclability (Ceflex, Recyclass). The average technical recyclability is a weight average, based on the packaging weight of each packaging component.

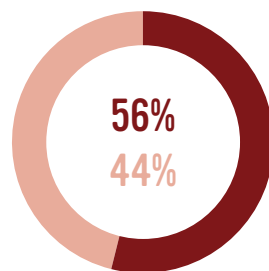
100% OF OUR OWNED SITES HAVE EARNED THE CO₂-NEUTRAL LABEL

GENDER DIVERSITY

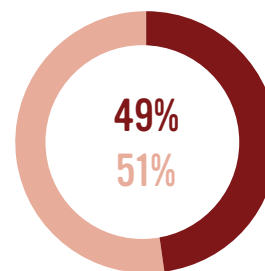
Board of Directors



Leadership Team⁵



All employees



Men
Women

⁵ The group comprising the Executive Committee, the General Managers and the Corporate Directors.

01

OUR STRATEGY

Lotus® Biscoff®	28
Lotus™ Natural Foods	44
Lotus® Local Heroes	54





OUR 3 STRATEGIC PILLARS

LOTUS® BISCOFF®

SHARE OF REVENUE¹

54%

2023 GROWTH

20%

HISTORIC CAGR

16%
(2013-2023)

STRATEGIC AMBITION

Build Lotus Biscoff to the cookie number three in the world

LOTUS™ NATURAL FOODS

24%

25%

17%
(2015-2023)

Accelerate growth of Lotus Natural Foods through internationalisation, innovation and acquisitions²

¹ FY 2023 branded revenue

² Acquisition adjusted organic growth

LOTUS® LOCAL HEROES

22%

15%

3%

(2013-2023)

Secure market leadership and
strong cash flow

GENERAL STRATEGY

Lotus Bakeries' story starts with a caramelised cookie, made with nothing but natural ingredients, named after the flower symbolising purity, Lotus. Today, Lotus Bakeries is a global food company with dozens of snacks that brighten every day. With "offering the perfect snack for every occasion" as the foundation of our mission, we focus on unique, universally loved snacks tailored for everyone. From that well-earned afternoon treat to that extra energy snack on the go. By combining sharp long-term thinking with quick short-term decision-making, intrinsic to a listed family company, Lotus Bakeries is building brands for future generations.

With its Biscoff® cookies and spread, the Natural Foods snacks nākd®, BEAR®, TREK® and Kiddylicious®, and our Local Heroes such as our waffles, our company is committed to having the perfect snack for every single occasion, creating a moment of pure joy for consumers. Lotus Bakeries aspires to be a part in consumers' daily lives, across age groups and across the world's borders.

We have a clear strategy in mind to climb to the top of global brands and achieve sustainable growth. Building brands is at the heart of this. Lotus Bakeries operates globally in the snack segment, with brands such as: Lotus, Lotus Biscoff, nākd, TREK, BEAR, Kiddylicious, Peter's Yard®, Dinosaurus®, Peijnenburg® and Annas®. Each of these brands has its own DNA and target audience, which require the right focus and attention. That's why we have designed our strategy using three pillars: Lotus Biscoff, Lotus Natural Foods and Lotus Local Heroes.

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.



SUPERIOR

Each of our products offers a unique taste experience. We never compromise on taste!



BRANDED

We focus on developing brands, globally and locally. Our products are recognisable due to strong brand ownership.



OMNIPRESENT

We strive to offer every consumer worldwide a snack for every occasion.



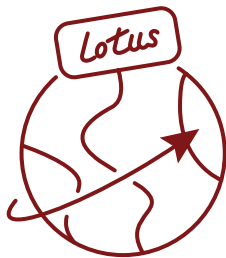
JOYFUL

With our brands, we aim to bring a (small) moment of pleasure and happiness to the lives of our consumers.



SUSTAINABLE

We focus on sustainable growth and are committed to maximising opportunities for future generations.



LOTUS® BISCOFF®

Globalisation of Lotus® Biscoff® products with Lotus® Biscoff® – ultimately – at the top of global brands.



LOTUS™ NATURAL FOODS

Investment in a strong healthy snacking business, both in our home market, the United Kingdom, and internationally.



LOTUS® LOCAL HEROES

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

VISION

Realising sustainable profitable growth by offering a versatile range of branded snacks for every consumption occasion, while maximising opportunities for generations to come via our programme

**CARE FOR TODAY,
RESPECT FOR TOMORROW**

> Read more on page 66.



Historic CAGR

16%

(2013-2023)

20%

2023 Growth

54%

Share of Revenue¹



Strategic Ambition

**Build Lotus Biscoff to the cookie
number three in the world**

¹ FY 2023 branded revenue

LOTUS® BISCOFF®

STRATEGY

The globalisation of Lotus® Biscoff® is the first pillar of our strategy. Biscoff has a highly universally loved flavour, with a subtle caramelised touch and a crunchy bite. Biscoff is appreciated across the globe, which is quite unique in the food industry. That is why we have tremendous faith in the universal success of the Biscoff cookie and the Biscoff spread.

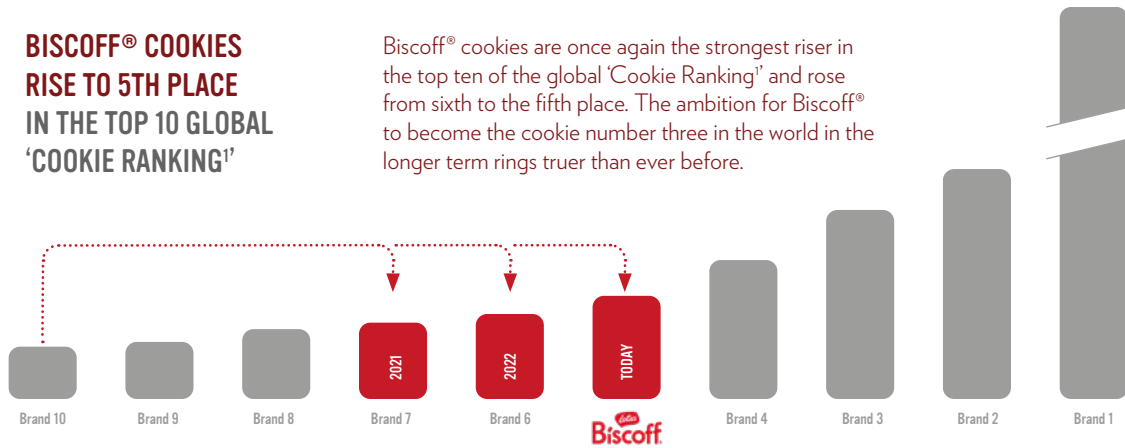
Our ambition for Biscoff is high, we want Biscoff to become the number three cookie in the world. It is our mission to bring our unique Biscoff taste to people's favourite indulgent moments across the globe. Biscoff is now enjoyed in more than 60 countries. In the last few years, we achieved strong growth in big consumer markets, including the United States, the United Kingdom, China, South Korea, Germany, Spain, Italy, Canada, Japan and Australia. This success supports our ambition of globalisation. The geographical expansion of Lotus Biscoff is the primary pillar of growth, with plenty of further potential. To support Biscoff's continued internationalisation, a third plant is under construction in Thailand in addition to existing production facilities in Lembeke in Belgium, and in Mebane in the United States. To support the commercialisation of Biscoff Lotus Bakeries has 23 sales offices and agencies, and works with commercial partners in around 50 countries.

In order to take into account the universal appeal of the Biscoff cookie and spread, we have sharpened our growth strategy.

The classic cookie, the sandwich cookie and the spread are our hero products, and making our heroes bigger should be the single-minded focus for all. They also have a unique halo effect; people consuming the Biscoff cookies are more likely to buy the Biscoff spread and the other way around. Historically people enter the Biscoff brand via the cookies, but more and more youngsters get to know Biscoff via the spread.

BISCOFF® COOKIES RISE TO 5TH PLACE IN THE TOP 10 GLOBAL 'COOKIE RANKING'¹

Biscoff® cookies are once again the strongest riser in the top ten of the global 'Cookie Ranking'¹ and rose from sixth to the fifth place. The ambition for Biscoff® to become the cookie number three in the world in the longer term rings truer than ever before.



We will activate these products in every possible way, with a format appropriate to each country. We will also use cross-communication to maximise the halo effect and the cross-pollination between these three products, with the ice cream and chocolate acting as amplifiers. We will continue to position Biscoff as the cookie to enjoy with a cup of coffee, including out-of-home and on airlines. Additionally, we will also activate additional demand spaces such as emphasizing its appeal as a snack, encouraging the use of Biscoff spread on morning toast, and leveraging

during special occasions like Christmas, Ramadan or Diwali. By working together in partnership, with big Consumer Packaged Goods (CPG) companies or impactful influencers, we will amplify the communication around Biscoff even more!

A data-driven digital-first strategy and a strong focus on e-commerce will further accelerate Biscoff's international growth.

¹ Source: External data (sweet biscuits category, mono cookie concepts); Biscoff retail sales value based on internal calculations.

Biscoff® Growth Model updated after strategy exercise

Isabelle Maes
CMO AND CEO NATURAL FOODS

In early 2023, Lotus Bakeries conducted another strategy exercise for Biscoff® in collaboration with consulting firm Bain & Company. Our current growth strategy has definitely been strong, but the world around us has evolved and we have evolved too, becoming a global player in more categories.

LEGITIMATE AMBITION TO HAVE OUR FAIR SHARE IN THE COOKIE CATEGORY ACROSS THE GLOBE

In a large consumer survey in 28 countries, Bain & Company surveyed consumers about awareness of our brand and product, and what it means to them. In many countries, Biscoff® already occupies a solid position. Our brand and product awareness are high. Consumers know Biscoff, and have a lot of enthusiasm about it. A few words always come up: unique, flavour and crunchy. For a cookie to be this highly appreciated in all the countries where we are present is unique, since there are not so many global cookie brands. It is often a category driven by specific local customs and preferences. There are only a few brands that can crack this, and Biscoff is clearly one of them.

“It’s our mission to be present in consumers’ favourite indulgent moments across the globe with the unique Biscoff taste experience.”

- Isabelle Maes

CMO and CEO Natural Foods Isabelle Maes: *“The outcome of the strategy exercise confirmed our ambition: we want to have consumers around the world love Biscoff and we want to earn our fair share in the global cookie market. What makes Biscoff special is its unique flavour and its crunchy texture, which have universal appeal.”*

THE NEW BISCOFF® GROWTH MODEL

CMO and CEO Natural Foods Isabelle Maes: *“We want the Biscoff® cookie to be the number three cookie in the world. It’s our mission to be present in consumers’ favourite indulgent moments across the globe with the unique Biscoff taste experience. Biscoff’s new strategic growth model has given us the confidence to achieve our ambitions, which are centred on four key pillars.”*

Biscoff Heroes

The classic Biscoff cookie, the Biscoff Sandwich Cookie and the Biscoff spread are our heroes, and our number one priority should be to increase the household penetration of these heroes. Focus is what characterises Lotus Bakeries. And our focus is on household penetration for our heroes. We will keep activating these three products in every possible way, with a wide range of formats matching the local market where we offer these products.

The Halo Effect

Consumers who buy the Biscoff cookie are 4,5 times more likely to buy the Biscoff spread than those who do not buy the cookie. The same is true the other way round. The categories reinforce each other in a unique halo-effect that we should take advantage of more; by activating both cookie and spread on the same displays, in media campaigns, etc.

“Traditionally, Lotus Bakeries has always separated the activation of the Biscoff cookie and the Biscoff spread, also in terms of marketing. Now that we know they enhance each other, we have decided to activate them together, for example in media or online communication, but also at the point of sale,” explains CMO and CEO Natural Foods Isabelle Maes.

This halo effect also extends to the Biscoff ice cream and the Biscoff chocolate. Both the ice cream and chocolate amplify the unique Biscoff flavour and will help us in our ambition to sell more Biscoff.

Thanks to cross-communication – with one creative idea, one website, one identity – we will make sure that our unique taste experience will give us even more global recognition and acclaim, contributing to our ambition to become the number three cookie in the world.

Expanding Demand Spaces

While the activation of Biscoff as the perfect coffee companion remains very important, there are many other occasions where people can enjoy Biscoff. Examples of these additional demand spaces include the Sandwich Cookie as the ideal treat to share with others, the Biscoff cookie as the perfect snack on the go, and the spread as the ideal ingredient to make a delicious cheesecake with the kids or on toast in the morning. Biscoff can also be used for special occasions such as Christmas, Ramadan or Diwali.

Amplifiers – Activating Partnerships

Focusing on the right partnerships with global FMCG brands will help build awareness of Biscoff. We will focus on fewer collaborations, but true partnerships to ensure consistent messaging and a true ‘Biscoff’ taste. We are very proud of our collaborations with Häagen-Dazs and KitKat. But partnerships with impactful influencers and with quick service restaurant chains, can also serve the same purpose. Social media knows no boundaries, so it makes sense to look beyond our national borders for partnerships. The key is to have enough Biscoff flavour in any offering that is launched in partnership with our Biscoff brand.

INTERNATIONALISATION STRATEGY

Knowing that Biscoff® is universally loved, and that our heroes are also heroes to our retailers, gives us the confidence to take our fair share of the cookie category in every country. Cookies are a global category, consumed all over the world, but the same cannot be said for spread. To ensure that our strategy is appropriate for the markets we want to penetrate, we have grouped all countries into “dual hero” countries, “cookie first” countries and “tailored scale” countries.

- In so-called dual hero countries, we activate both the cookie and the spread because we know we can make both of them huge. These countries have sufficient per capita consumption for cookies and spread which confirms the potential.
- Countries where the per capita consumption for spread is lower (e.g. because there is no habit in that country to eat sweet spreads on bread) we refer to as cookie first countries. There, we are committing 100% to the cookie, while at the same time supporting the spread as an amplifier to promote the Biscoff cookie.



Isabelle Maes – CMO Lotus Bakeries and CEO Natural Foods

- The third category consists of countries where we feel we need to adapt our strategy to specific characteristics of that country. These are called tailored scale countries. A customised look and feel or a different packaging format here could help make Biscoff big in those countries too.

DIGITAL TRANSFORMATION AND BISCOFF ACADEMY

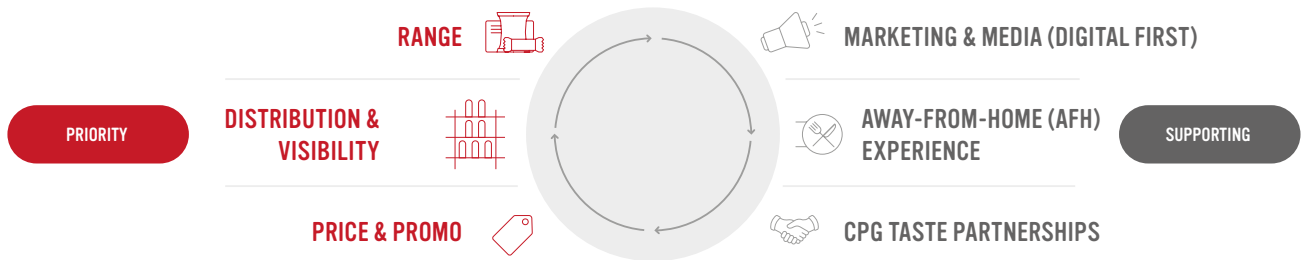
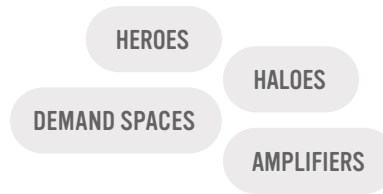
Finally, under the umbrella of digital first, we are opting to focus fully on digital media as key enabler. We will create global campaigns, which we roll out in different countries, so that we once again create the same message and experience. This will be supported, among other things, by the rebranding of Biscoff® in 2023 with Lotus as an endorser. Finally, the new central Biscoff Academy ensures that all centrally accumulated know-how about the brand is systematically shared with the entire Biscoff community worldwide.



OUR UPDATED STRATEGY

BRING THE UNIQUE BISCOFF TASTE EXPERIENCE TO
PEOPLE'S FAVOURITE INDULGENT MOMENTS AROUND THE WORLD

GROWING MARKET SHARE
AT HEALTHY MARGINS
AT EVERY STAGE



Data Management,
monitoring & tracking



Revenue Growth
Management



Marketing & media capabilities

A NEW LOOK FOR BISCOFF®

In 2023, the rebranding of Biscoff® was introduced. This is a further step in the ambition to build a strong global cookie brand; already in 2013, Biscoff has been gradually introduced as a brand on all packaging worldwide. This has been a huge success and has contributed to a consistent and internationally recognised brand in the more than 60 countries where the products are sold.

The new visual identity highlights Biscoff as a brand, supported by the Lotus® brand name, which carries recognition as well as quality and trust. This modified brand architecture is combined with a new style, ensuring strong visibility on shop shelves and a contemporary and powerful look.

The brand personality incorporated in the design reflects optimism, self-confidence and accessibility.

A unique font was developed for Biscoff to reinforce the brand personality. The font is simple and modern, with an attractive design that reflects Biscoff's confident personality.

The first packages in the new design were introduced in several markets starting in late July. The implementation of the new design will be carried out systematically across the different brand carriers.





Ambitious capacity expansion for Biscoff®

Ignace Heyman
COO

Rogier Verkarre
OPERATIONS DIRECTOR BELGIUM

In the past years, the production capacity for Biscoff® has been significantly expanded. While additional production lines were being put into service in Belgium and the United States, production efficiency is being further increased, and a new plant is rising in Thailand. All of this is related to the rapidly growing demand for Biscoff worldwide and it is also in line with Lotus Bakeries' ecological ambitions.

"Biscoff sales continue to rise internationally," says COO Ignace Heyman. "In numbers, we're talking about an average yearly growth over the past 10 years of around 16%. To keep up with increasing demand, it is necessary to continue investing in expanding our production capacity."

1,000 FEWER SHIPPING CONTAINERS ANNUALLY

Historically, all Biscoff® products were manufactured in Lembeke (Belgium) and sold worldwide. This changed in 2019 with the start-up of the plant in the United States. Now, Lotus Bakeries is taking the strategy of producing locally one step further. "After the site in Mebane in the United States, the construction of our third Biscoff site in Thailand is now in full swing. This plant will produce for the Asia-Pacific region, a region where Biscoff continues to grow very well and that accounts for about one-sixth of our global sales."

The reasons for starting local production in major markets are diverse. "Firstly, it gives us more flexibility to respond more quickly to sales opportunities. Simply because the products are delivered much faster. As a result the products are also fresher." Ignace explains. "Another advantage is that we require much less sea container transport. For example, by having a facility in the United States we are able to send 1,000 fewer containers across the ocean every year. That is an important step forward, both ecologically and economically. Even though transport will be organised between the plant in Thailand and the local markets in Asia, we will save about 15,000 kilometres per container there too. Lastly, dispersed production across different sites and across continents ensures more business continuity."



Ignace Heyman – COO and **Rogier Verkarre** – Operations Director Belgium

FOCUS ON CAPACITY AND TALENT IN LEMBEKE

The Lembeke site, commissioned additional production lines last year. *“It concerns additional capacity for the Biscoff® Sandwich Cookie, a highly popular and high-growth innovation,”* explains Operations Director Belgium Rogier Verkarre. *“The capacity of the spread line was also increased. In addition to this equipment capacity, we also added a lot of shifts, accounting for an increase of about 50 employees in a year’s time. Whereas production used to be limited during weekends, we now operate most of our lines full-time, which means they are operational 24 hours a day, 7 days a week. By further optimising our planning, we also made more production hours available, maximising the use of our current facilities. In short, we are not just adding production lines, we are making better use of that capacity as a whole.”*

Retention and recruitment of new employees also received a lot of attention in Lembeke last year. *“Attracting people and making sure they feel good within our company is something we invest in every day,”* Rogier says. *“This involves both office and plant workers. Finding and retaining the right people is more important than ever. This also benefits production capacity.”*

THREE PRODUCTION SITES, SAME EXPERTISE

The project of the new, third plant in Thailand, which is scheduled to be operational at the latest in the first half of 2026, is being managed by a strong team of expats and local employees with a wide range of expertise. *“We purposely chose a very well-situated location there, in an area labelled by the Thai government as an economic hot spot and where lots of investments are made in the infrastructure,”* Ignace explains. *“The new plant is located in less than an hour from one of the world’s largest seaports, which is also ecologically and economically interesting.”*

The new plant will employ around 150 people a year after opening. *“The employees in Lembeke have tremendous know-how and expertise. We want to achieve that same level in the United States and Thailand. We are working towards this by setting up a global structure where we share what we learn and exchange best practices across sites. As a part of this process, we temporarily assign employees to other sites for training and to facilitate the exchange of information. The great thing is that our staff have so much pride and motivation to do so. They personally want to do their part, and we are very grateful for that,”* Ignace comments.

“The employees in Lembeke have tremendous know-how and expertise. We want to achieve that same level in the United States and Thailand. We are working towards this by setting up a global structure where we share what we learn and exchange best practices across sites.”

- Ignace Heyman

In Thailand, one notable difference from Belgium is that Biscoff® is not yet a well-known brand, and Lotus Bakeries is not a well-known employer. This entails a different focus in terms of employer branding, Ignace adds. *“With the brand Lotus, we reach 70% of families in Belgium every year. In Thailand, we have yet to establish this. We are making every effort to show that we are a reliable employer that cares for its people, where working is pleasant and safe, but also where people are able to flourish. This will go hand in hand with the brand’s distribution in stores.”*

ENERGY-SAVING MEASURES FROM THE START

The new site in Thailand will be equipped with solar panels on the roof. Additional plans have also been made in Belgium in this regard. *“We are significantly expanding our total area of solar panels on all sites. Because it is our business philosophy to take maximum steps to do so. Our ambition extends far beyond what the law requires,”* Rogier concludes.



Find out more at www.lotusbiscoff.com

You
gotta
love



A small, golden-brown, rectangular Lotus Biscoff cookie with a textured surface and embossed details, positioned on the left side of the word "Biscoff".
Biscoff®

25%

2023 Growth



24%

Share of Revenue¹

Historic CAGR

17%

(2013-2023)



Strategic Ambition

Accelerate growth of Lotus Natural Foods through internationalisation, innovation and acquisitions²



¹ FY 2023 branded revenue

² Acquisition adjusted organic growth

LOTUS™ NATURAL FOODS STRATEGY

The internationalisation of our Lotus™ Natural Foods brands forms the second pillar of our strategy. Lotus Bakeries wants to offer the perfect snack for every moment and for every consumer around the world. More responsible, healthier snacks therefore have a clear role to play in our offering. Our ESG ambitions underline this. Since 2015, we have been investing in the natural and healthy snacks category, focusing on strong brands, such as nākd®, BEAR®, TREK® and Kiddylicious® and, since 2022, the sourdough crackers of Peter's Yard®.

In the United Kingdom, the home market of these brands, our ambition is to maintain our category leadership and grow the categories. We do this on the one hand by activating our hero products, both at the point of sale and through targeted digital marketing. On the other hand, we have an ambitious innovation programme that will help to expand the categories further.

In addition, we are fully committed to accelerated international growth for the Natural Foods brands outside the UK as one of our main growth pillars. Today, around 33% of revenue in these brands is generated outside the home market. That is why, back in 2020, we already centralised all international operations for these brands at the Lotus Natural Foods international headquarters in Baar, Switzerland. This created a multitude of synergies in terms of strategy, development and protection of international brands, but also helped us optimise supply chain and sales strategies.

The appointment of CMO and CEO Natural Foods Isabelle Maes and an overarching marketing approach for Biscoff® and the Natural Foods brands since 2023 creates further synergies in terms of digital and data-driven marketing, which is helping to accelerate the internationalisation of the Natural Foods brands. In addition, the central E-commerce Acceleration Team and the regional Amazon teams are also contributing to the global growth of Lotus Natural Foods.

Lotus™ Natural Foods expand its production footprint in South Africa

Donald Matheson

MANAGING DIRECTOR LOTUS MANUFACTURING SOUTH AFRICA

Saskia De Paepe

CORPORATE DIRECTOR FINANCE & SUPPLY CHAIN NATURAL FOODS

Elena Bayod

R&D DIRECTOR

Gareth Dunne

MANAGING DIRECTOR NATURAL BALANCE FOODS

“We are proud to be the preferred employer for many people and take that responsibility very seriously. Wolseley has a population of about 14,000. When you realise that every person we employ supports about eight people, our social impact is pretty great.”

- Donald Matheson

As of 2024, nākd® bars will also be produced in-house by Lotus Bakeries in Wolseley. The new nākd® production facility, adjacent to the existing BEAR® production site, underscores Lotus Bakeries’ dedication to fostering local production and making a positive impact on the surrounding communities. This expansion positions the South African site as the second-largest production site for Lotus Bakeries, in terms of employees, contributing significantly to the local economy and employment opportunities.

In early January 2024, the very first nākd® bars produced inhouse by Lotus Bakeries rolled off the production line in Wolseley, South Africa. A milestone the site had been meticulously preparing for over the past few years, having previously focused solely on the production of the BEAR® Fruit Rolls. “We started in 2019 with around 280 employees” explains Donald Matheson, Managing Director Lotus Manufacturing South Africa. “Since then, we have more than doubled production of the fruit rolls and invested in packaging capacity. In 2024, the nākd bars will be added. Nākd is one of Lotus™ Natural Foods’ brands, and was until recently fully produced by a co-manufacturer in the UK. Sales have grown strongly in recent years, especially thanks to the internationalisation of the brand. We wanted to be able to ensure sufficient production capacity to accommodate that strong growth.”

South Africa was chosen as the first in-house production site for nākd given the good experience of BEAR production in recent years. “The experience of our employees in the plant that manufactures and packages BEAR for transport around the world is very extensive,” explains Corporate Director Finance & Supply Chain Natural Foods Saskia De Paepe. “This gives us great confidence that this can be duplicated for the production of nākd bars. Moreover, two years ago we had purchased a piece of land adjacent to the BEAR plant. So we had the space. Bringing the production of nākd to South Africa was therefore a win-win. Furthermore, it also made sense from a risk management perspective to produce on two continents.” The co-manufacturer in the UK will also continue to produce nākd for the local market. “



Elena Bayod – R&D Director, **Saskia De Paepe** – Corporate Director Finance & Supply Chain NF, **Gareth Dunne** – Managing Director NBF and **Donald Matheson** – Managing Director Lotus Manufacturing South Africa

The UK remains our largest market and is growing, so it makes sense that the co-manufacturer focusses on this market. Whereas the Wolseley plant will produce international volumes,” Saskia adds.

VISION BECOMES A REALITY

The production of nākd® in South Africa is carried out in a completely separate building from the BEAR® plant, since both products have very different allergenic status. “There are also manufacturing differences,”

R&D Director Elena Bayod continues. “What both products have in common is that they use pure ingredients. For BEAR we mainly use apples and pears, which are locally sourced from the surrounding Ceres Valley. However the production process is different; for BEAR the fruit pulp is heated at a low temperature, after which the fruit rolls are cut, rolled and packed on site. The production of nākd consist of cold-pressing dried fruits and nuts together into a bar, and this process is much more automated.”

Donald nods in agreement. *“It was exciting to produce nākd ourselves for the first time: in a plant 6,000 miles from the co-manufacturer, by people who had never done this before, and with machinery we still had to get used to. A historic moment was the day the Executive Committee confirmed to us that the taste and the texture of the nākd bars were right, and we got the GO to start production. The vision we had, became a reality.”*

“We even managed to improve the bars further in several areas,” Elena adds. “For instance, they now have a better and more controlled shape, and we made big changes in terms of packaging. A metallised film improves shelf life and reduces the risk of drying out. We also paid a lot of attention to make the packaging optimal for international transport, which loads efficiently and reduces the chance of product damage during transport.”

SELF-SUFFICIENT IN WATER AND ELECTRICITY

A lot of employees were involved in making this ambitious project a success, says Gareth Dunne, Managing Director Natural Balance Foods. *“From Lembeke to the UK to South Africa, from Quality to R&D team and from logistics to production teams, it is impressive how well everyone worked together at all levels and in all regions. Employees from various departments put their expertise to work to ensure that we achieved a quality product within the scheduled timeframe. And this was in a country that poses specific challenges, for example in terms of electricity.”*

Lotus Bakeries has this covered too: the Wolseley plant has one of the largest solar panel installations in the region, combined with a battery solution that will ensure the site can produce its own electricity for up to 16 hours. *“For BEAR®, this makes us 100% self-sufficient, and this is also partially the case for nākd®. We also have our own water supply with a filtration system, so we can work independently of local supply,”* Gareth adds.

At the same time, Lotus Bakeries also permanently invests in ecological optimisation and strives to minimise its ecological footprint by limiting emissions as much as possible. For nākd, pallets are now double-stacked to make sure that containers are more effectively loaded before they depart for distribution. *“Moreover, we procure the secondary ingredients for nākd locally in South Africa. The main ingredients (dates and cashews) still come from our usual suppliers, but they don’t travel a greater distance in the process than if they had to go to the UK,”* Saskia explains.

BEAR® ALSO KEEPS GROWING

Meanwhile, Lotus Bakeries was not idle in terms of BEAR® production either. Though Fruit Rolls were initially produced in South Africa and packaged in the UK, over the past few years, thanks to strong growth, a packaging line was also added in the US and three packing lines in South Africa, which makes it possible to distribute from there all over the world. Growth was so strong that a fourth flow wrapper was added in Wolseley in 2023 that is operational since January 2024. Production capacity was also expanded with an additional oven to support international growth.

Not surprisingly, over 650 people are now employed at the Wolseley plants. *“As an employer, Lotus Bakeries occupies an important role in the community,”* says Donald. *“We are proud to be the preferred employer for many people and take that responsibility very seriously. Wolseley has a population of about 14,000. When you realise that every person we employ supports about eight people, our social impact is pretty great. Our local employees are very proud, driven, hard workers. They are willing to go the extra mile to get results. So it was very gratifying that the Belgian King and Queen selected us as one of the five ambassador projects that were allowed to present themselves during their visit to the country. It was a wonderful experience to be able to show what we have achieved. Their visit was an important milestone for Lotus Bakeries in South Africa.”*



nākd® expands range: protein bars with 100% natural ingredients

Salome Altwegg

GLOBAL BRAND MANAGER NĀKD® & TREK®

Joanna Agnew

UK MARKETING DIRECTOR UFF & NBF

Lotus Bakeries believes it is important to offer a balanced range to consumers. In this context, we are constantly pushing for innovation and closely monitoring trends in the market. Last year we launched the brand new nākd® Protein Bar, a natural addition to the existing range.

Consumers are more conscious than ever about what they eat. They are choosing snacks that taste good, but at the same time they are aware of how they affect their physical performance and well-being.

Salome Altwegg, Global Brand Manager nākd® & TREK® explains: *“From spreads to beverages to breakfast cereals and snack bars, across all categories, we see that consumers are looking for products with protein. In the bars category, protein bars are the fastest growing segment. That growth is expected to accelerate over the next four years.”*

“Our protein comes from natural ingredients such as peanuts and peanut flour. And at the same time, we don’t compromise on taste at all.”

– Joanna Agnew

Up until a decade ago, protein bars were mainly used by extreme sporters, but ever since the pandemic a much wider audience has been buying them. In the UK alone, high-protein variants added 25 million pounds¹ of revenue to the snack bar market. On the one hand, this is due to increased consumer demand, but at the same time the category has seen a lot of innovation and a greater focus on taste, texture and responsible ingredients. And that is exactly where the new nākd protein bar has a key role to play. The nākd Protein Bar still has the same great taste and texture and the simple, pure ingredients that consumers love, but with the benefit of additional, plant-based protein. This version was launched in the UK in May 2023, followed by Ireland, Switzerland, the Netherlands and Spain at the end of 2023.

¹RI 31/12/2022 & Globalnewswire 2022



Joanna Agnew – UK Marketing Director UFF & NBF

UK Marketing Director UFF & NBF Joanna Agnew: “nākd was a perfect fit to respond to the increased demand for bars with benefits. No other brand in the UK does it like nākd: with a bar made from 100% natural ingredients such as raw fruit and nuts, that are cold pressed and with no added sugars. Our protein comes from natural ingredients such as peanuts and peanut flour. And at the same time, we don’t compromise



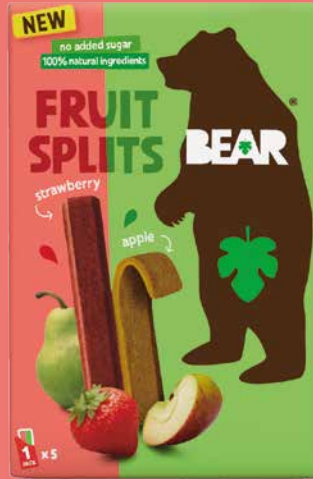
Salome Altwegg – Global Brand Manager nākd® & TREK®

on taste at all. In May 2023, we launched the protein version of the nākd bar in three flavours: Cocoa Hazelnut, Peanut Butter and Caramel in the UK, and quickly achieved strong distribution with retailers. So far, the new protein bars have been an integral part of the nākd growth in 2023, demonstrating the love for this brand and the importance of remaining relevant to today’s consumers.”

BEAR

Just fruit. Nothing else!

bearsnacks.com



KIDDYLICIOUS®

Winning Tiny Tummy Yumminess

kiddylicious.com



PETER'S YARD

GOOD THINGS TAKE TIME

petersyard.com



nākd.

RAW BARS

just **FRUIT** AND **NUTS!**

eatNAKD.COM



TREK

NATURAL ENERGY

eattrek.com



15%
2023 Growth



Strategic Ambition

Secure market leadership
and strong cash flow



Historic CAGR

3%
(2013-2023)



22%

Share of Revenue¹

¹ FY 2023 branded revenue

LOTUS® LOCAL HEROES STRATEGY

The Lotus® Local Heroes are Lotus Bakeries' third strategic pillar. These include a wide range of local brands and products – waffles, cakes, gingerbread and cookies – that play an important role in their home market of Belgium, France, the Netherlands or Sweden. The level of confidence in our Local Heroes is high. It is no coincidence that, when making acquisitions, Lotus Bakeries has always focused on companies with a strong brand, exceptional products and a strong position in their home market. We firmly believe that we can reinforce this success by focusing on these local strongholds. We are reinforcing their already strong market positions by continuing to invest in these brands on an ongoing basis, thereby strengthening Lotus Bakeries' market leadership in the associated sub-segments.

Cake Donut rejuvenates waffles and pastries market

Cindy Goeteyn
MARKETING DIRECTOR

John Van de Par
GENERAL MANAGER BELGIUM

In the autumn of 2023, Lotus Bakeries in Belgium launched the biggest innovation of recent years in the pastries category: the Lotus® Cake Donut. With this unique product in three popular flavour versions, Lotus Bakeries is rejuvenating the more traditional category and making it more dynamic. And both retailers and consumers clearly like the taste of that.

“The Sweet Cookie and Bakery market in Belgium is split into two categories: on the one hand, there are the crunchy cookies, and on the other, everything that falls into the category of pastry and waffles,” Marketing Director Cindy Goeteyn explains. *“Being the market leader, Lotus Bakeries wanted to rejuvenate the latter category and make it more dynamic. We were convinced that the new Cake Donut would be the perfect product for this, because donuts are very popular among young people.”*

PINKYLICIOUS, CHOCOMANIA AND ZEBRA KISS

The Lotus® Cake Donut, however, is not a deep-fried donut, but a donut made of fluffy cake with a topping in three flavours with eye-catching names. *“We have created flavours, colours and decorations inspired by the favourite versions of traditional donuts available at the bakery shop,”* continues General Manager Belgium John Van de Par.

“We have the good cooperation between R&D, marketing and the employees at our plant in Oostakker to thank for the fact that we managed to make it a success. This was a great project for them. They can be proud of what rolls off the belt now.”

– John Van de Par

“Their catchy names resonate with a younger audience: the strawberry variant Pinkylicious is fun and stands out, Chocomania is the favourite of young and old, and Zebra Kiss – with a sugar icing glaze – is a nod to our well-known Zebra pastry. More colours may be added in the future. That’s the fun part of the Cake Donut: the product is perfectly suited to respond to seasonal themes.”

As always, quality was paramount in the creation of this innovation. *“Flavour and quality always take priority. From cake to topping to decoration: everything had to be top notch,”* John continues. *“The Cake Donut proved to be a challenging project: we were producing a new product on a new line. The cake was new, but so was the coating, the decorative vermicelli, and there were tight deadlines. We have the good cooperation between R&D, marketing and the employees at our plant in Oostakker to thank for the fact that we managed to make it a success. This was a great project for them. They can be proud of what rolls off the belt now.”*

STRONG MARKETING SUPPORT

Retailers were thrilled immediately after the launch. *“After the first orders, purchasers told us that they wanted to place additional orders and urged us to produce enough. And consumers are fan as well; the fact that the*

Cake Donut is airy and not sticky is something that people especially enjoy,” says Cindy.

To boost this innovation, 2024 will pretty much be all about the promotion of the Cake Donut. For one thing, the product was given a prominent role in the script of the TV show Milo, which aired in January and features Belgian pop sensation Camille Dhont in the lead role.

“We are also participating with product placement and have commissioned a billboard before and after each episode. In addition, we are organising strong digital campaigns starring Camille Dhont, in line with the younger target group. The product is actually perfect for that: the donut is the most Instagrammed product among young people for good reason.”



John Van de Par – General Manager Belgium and **Cindy Goeteyn** – Marketing Director Belgium

Tasty, healthy and accessible: Peijnenburg®'s gingerbread more relevant than ever

Jeroen Harks

GENERAL MANAGER OF LOTUS BAKERIES
IN THE NETHERLANDS

David Jiscoat

MARKETING DIRECTOR

In the autumn of 2023, the famous gingerbread by Peijnenburg® – a Lotus® Local Hero in the Netherlands – got a complete relaunch. With an improved recipe, a sustainable, modern packaging and, above all, up-to-date positioning, today's gingerbread surprises young and old as a responsible snack for every moment.

"The gingerbread category has been going through a rough patch for a while," explains Jeroen Harks, General Manager of Lotus Bakeries in the Netherlands. "There are several explanations for this. First of all, consumers are much more health-conscious today. However, they do not always perceive gingerbread as a healthy breakfast option, which is incorrect. And on top of that, far fewer people eat breakfast in the traditional sense nowadays than, say, ten years ago. As a result, gingerbread is not considered by consumers as much as it used to be."

"People today want to enjoy healthy food more consciously, and are also more price-conscious than ever. Peijnenburg scores well in all those areas."

– Jeroen Harks

On the other hand, however, Peijnenburg®'s gingerbread is not only an icon in the Netherlands, but also has exactly the product characteristics consumers are looking for today. *"People today want to enjoy healthy food more consciously, and are also more price-conscious than ever. Peijnenburg scores well in all those areas,"* Jeroen continues. *"We had already been named the most responsible snack. We know from consumer tests that people like our product. So the question was: how do we highlight those relevant product features of our icon in the present day?"*



Jeroen Harks – General Manager the Netherlands and **David Jiscoot** – Marketing Director the Netherlands

HEALTHY OPTIONS TAKE THE LEAD

A comprehensive study of the market found that Peijnenburg®'s gingerbread possesses relevant characteristics to today's age: as a healthy, tasty and affordable snack for every moment. So the Peijnenburg range was completely relaunched at the beginning of October 2023 with the new positioning.

"We didn't change anything about the iconic identity, we just started using it more," continues Marketing Director David Jiscoat. *"We future-proofed the strengths by making some clear, fundamental choices. So, together with our bakers, we revamped the recipes: the Peijnenburg Naturel without added sugars variant was given a new recipe that makes the gingerbread just as delicious as the version with sugar. We also added a wholegrain version, which earned a Nutri-Score A. We also adapted the design of the packaging to make it even easier for consumers to choose gingerbread without added sugars. The new packaging not only has a high-quality appearance, but it is also suited to today's environmental requirements due to its 100% technical recyclability."*

In all the efforts for the relaunch, the no-added-sugar version was put forward as the key player in the range. *"We also gave a more important, prominent role to smaller and individual packaging. This acts as a barrier-breaker for consumers, in terms of price and quantity. This aligns with what today's young consumers are seeking and, at the same time it supports the positioning as a responsible snack. And yet it's still very much identifiably Peijnenburg."*

150 MILLION FEWER SUGAR CUBES

Also at the point of sale, Peijnenburg® Naturel without added sugar was clearly promoted as the hero product and this version was given the most shelf space. A development that was also fully welcomed by retailers. *"Peijnenburg is simply addressing very relevant themes,"* Jeroen continues. *"Retailers also have a sugar reduction target. So we really connected with their strategy. As a result, the relaunch was consistently well received. This again underlines the relevance of this product. The initial results are encouraging and confirm the choices we're making."*

The relaunch is just the first step, because the ambitions of the Dutch Local Heroes brand are big. *"We want to future-proof Peijnenburg for the longer term,"* says Jeroen. *"One of the goals we have set is to use at least 150 million fewer sugar cubes for our production by 2027. That's a lot. It underlines that we are taking a clear role in society. Also, in the background, we are constantly talking to nutritional experts to fine-tune the accuracy of our message and our developments. This ensures that our story is also backed by the support of experts. In short: for us, after 140 years, the pride of the past is the relevant choice today."*

DELICIOUSLY
INBETWEEN
LOW IN SUGARS,
RICH IN FIBERS



DA'S BETERE KOEK //

WWW.PEIJNENBURG.NL



A brisky dose of
ENERGY

WWW.SNELLEJELLE.NU



Tasty
iConicity
since 1920

www.echteenkhuizerkoek.nl

Suzy



Go to www.lotusbakeries.be/nl for more information

ANNAS

Swedens most loved Pepparkaka



Visit Annas.se



02

OUR SUSTAINABILITY PROGRAMME CARE FOR TODAY, RESPECT FOR TOMORROW

Our sustainability ambition	66
Our materiality	72
Our sustainability in action	82
EU Taxonomy	148
Limited Assurance Report	152





1.5°C

OUR SUSTAINABILITY AMBITION

Lotus Bakeries aims to achieve sustainable, profitable growth by providing consumers around the world with a diverse range of branded snacks for every occasion. As part of this ambition, we aspire to create value in a sustainable way, not only today, but also for the future generations to come. The range of sustainability matters that are material to our company have been captured in the programme 'Care for Today, Respect for Tomorrow'. This programme continues to apply, while some significant refinements were applied in 2023 following an extensive double materiality exercise aimed at further strengthening our ambitions. The double materiality exercise strengthened our focus on risks related to environmental and social welfare, giving the Company today an even better view of the specific topics on which we want to work in the coming years. To implement that focused yet challenging strategy and achieve our ambitions, we have also scrutinised our ESG governance structures, steered by the Executive Committee, who in 2023 appointed a new ESG Director and now reports on sustainability matters to the Audit & Sustainability Committee, via the Executive Committee.

Jan Boone, CEO: *"When referring to ESG, the focus is often on conducting business in the interest of, and with respect for the environment. Our company takes many steps to protect our environment. The more global our business becomes, the more we need to think locally in many areas. It is strategically important for us to source locally and close to our production sites. Reducing transport not only has a positive impact on price, but also, of course, on our carbon footprint. We further continue the work on our product packaging and aim to achieve 100% technical recyclability by 2025.*

However, it is important to recognise that ESG is not just about the environment. The 'S' in Social deserves equal attention and consideration. As a family-owned business, we strive to achieve profitable growth that goes hand-in-hand with fostering a healthy community of people around the world. We can only achieve this growth by retaining our current employees – with their commitment and passion – and by attracting new talent. Our focus on employee well-being contributes to this belief."

At Lotus Bakeries, we consider it important to report in a clear way on our ESG initiatives. Therefore, we continue this year with a separate ESG-compilation and a Global Reporting Initiative (GRI) report. We are well on our way to preparing for the future disclosure requirements in accordance with the Corporate Sustainability Reporting Directive (CSRD). In this context, we have elaborated our existing materiality assessment and have carried out a comprehensive double materiality assessment.

Lotus Bakeries has responded to sustainability challenges in the past which are still solid foundations to build our onward sustainability journey. In 2023, again significant steps have been taken on our sustainability matters.

ESG HIGHLIGHTS 2023



GOVERNANCE

- Implementing the new ESG Governance Structure
- Performing a Double Materiality Assessment
- Getting ready for CSRD & ESRS compliant reporting



ENVIRONMENT

- Committing to set science-based reduction targets through SBTi
- Calculating our baseline of CO₂e emission in Scope 1, 2 and 3 for the base year 2023
- Achieving 98% technical recyclability of our branded packaging



EMPLOYEES

- Promoting employee well-being
- Obtaining ISO 45001 certification for Lotus Bakeries South Africa Manufacturing
- Issuing an Anti-Discrimination & Anti-Harassment Policy



COMMUNITY

- Installing a Human Rights Policy
- Setting up a Whistleblowing Line & Policy

ESG GOVERNANCE

The Executive Committee ('EXCO') is responsible for the sustainability strategy and objectives for Lotus Bakeries. In 2023, the EXCO has appointed an ESG Director, corporate director and member of the Leadership Team, reporting to the CFO. The ESG Director has to progressively develop the sustainability strategy and ensure compliance with new sustainability regulations. The integration of the sustainability strategy into the organisation is steered by the ESG Director and implemented by the ESG workstreams, which are owned by the business or relevant corporate departments. The workstream leaders are responsible for the delivery of the sustainability targets. The Group

Sustainability Steerco, which meets at least once a month, provides oversight of ESG projects and monitors progress.

The EXCO presents Lotus Bakeries' sustainability strategy to the Audit & Sustainability Committee. The Board of Directors has broadened the mandate of the Audit Committee with ESG matters and renamed it to the Audit & Sustainability Committee by decision of November 24, 2023.

For further details, reference is made to chapter 4 of this annual report.





“The next and obvious step in the development of our ESG policy was the appointment of ESG Director Sabien Dejonckheere. The ESG Director will develop and define the sustainability strategy for the Lotus Bakeries Group in close collaboration with the EXCO, the leadership team and the area management teams. She will embed and integrate the strategy throughout the whole organisation. She will take the initiative to create even more ESG awareness by involving employees in this journey and making optimal use of best practices. In addition, she will provide structure to all the different local projects and responsibilities. ESG has also been given its proper place in our organisation by expanding the Audit Committee in the Board of Directors into an Audit and Sustainability Committee. From now on, the Committee will also advise the Board of Directors on sustainability policy and reporting.”

– CFO, Mike Cuvelier



“As a family business, Lotus Bakeries has been focused on sustainable policies for generations. It is an integral part of what we do. We want to see a healthy Lotus Bakeries, today and tomorrow, so that future generations can enjoy it too. On the one hand, we have been working on a balanced, sustainable product range since long by developing the right portion sizes and, from 2015, by acquiring the Natural Foods brands. Our TOP values – which stand for Team, Open Dialogue and Passion – have been an important dimension of our corporate culture for many years and show our commitment to the well-being of our employees. We also made a commitment to use only recyclable packaging for our branded products by end 2025. As you can see, driving growth in a sustainable way has always been and will always be part of our Lotus DNA.”

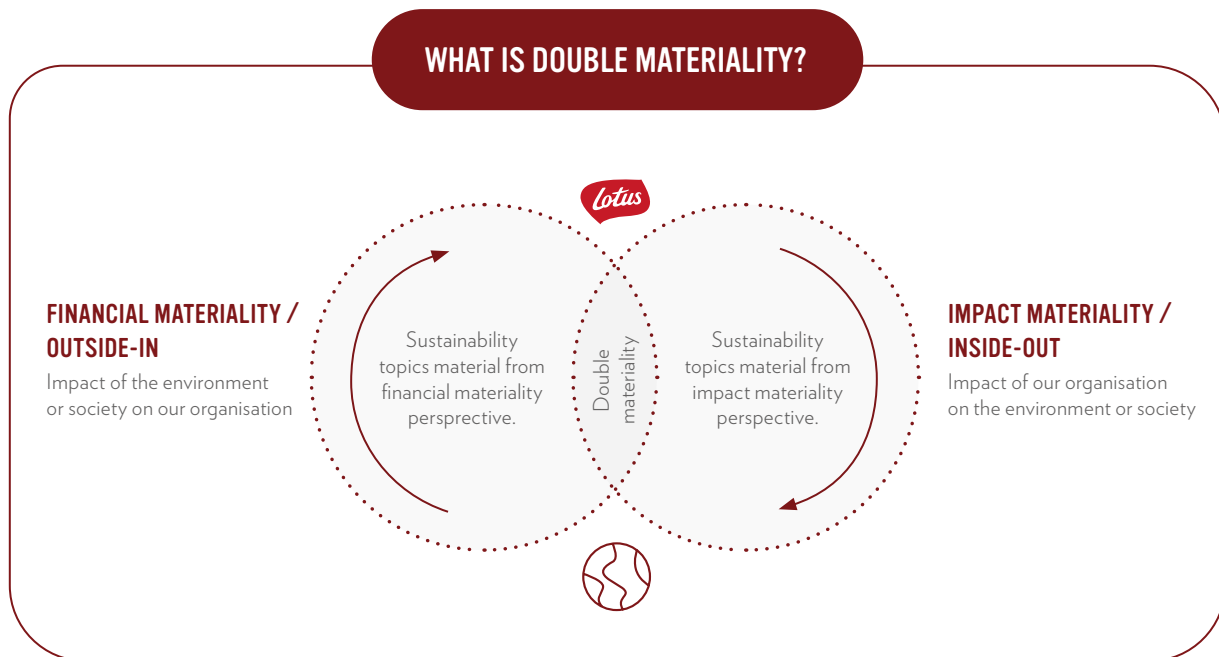
– ESG Director, Sabien Dejonckheere

OUR MATERIALITY

Lotus Bakeries has its sustainability programme 'Care for Today, Respect for Tomorrow' since long. In the past, to determine our sustainability priorities, we regularly conducted a 'single' materiality assessment.

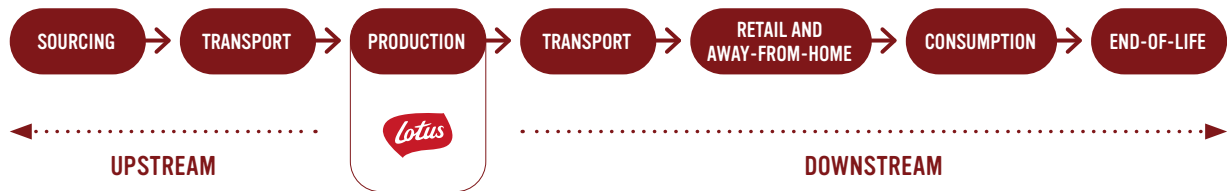
As today's world is changing rapidly, we are faced with a range of new challenges in the business and along the value chain. We interact with many parties, so it is essential to get a full understanding of the impact of our operations and snacks on the world. In order to confirm or reconsider the priorities of our sustainability programme, Lotus Bakeries in 2023 performed a broad and in-depth assessment using the double materiality lens, reviewing a list of topics from both a financial and an impact materiality perspective.

We engaged with a large number of stakeholders on these topics. The outcome will serve as the basis to select our strategic ESG platforms within the 'Care for Today, Respect for Tomorrow' programme, as well as guide us on which ESRS standards to report on for the upcoming CSRD reporting. This assessment will provide strategic guidance on sustainability matters, and how to integrate this with our ambition: offering a versatile range of branded snacks for every consumption occasion to consumers worldwide.



OUR VALUE CHAIN

We develop, create and offer a versatile range of snacks that meets the needs of consumers for the global market. In order to do so, we strive to cooperate with our partners along the value chain to create our branded snacks in the most sustainable way possible.



Sourcing: We source high-quality raw materials such as wheat flour, sugar, palm oil, chocolate and others to create our products and packaging materials to protect them. We source related goods and services such as distribution, logistics, production equipment.

Transport: Raw and packaging materials are transported to our production sites. The greater part of our raw materials is sourced on the same continent where we operate as we strive to keep the distance as short as possible.

Production: We transform raw materials into unique and great tasting snacks. We do so at our own production site as well as for some of our brands jointly with our co-manufacturers. We take care to use the precious natural resources efficiently in a safe working environment.

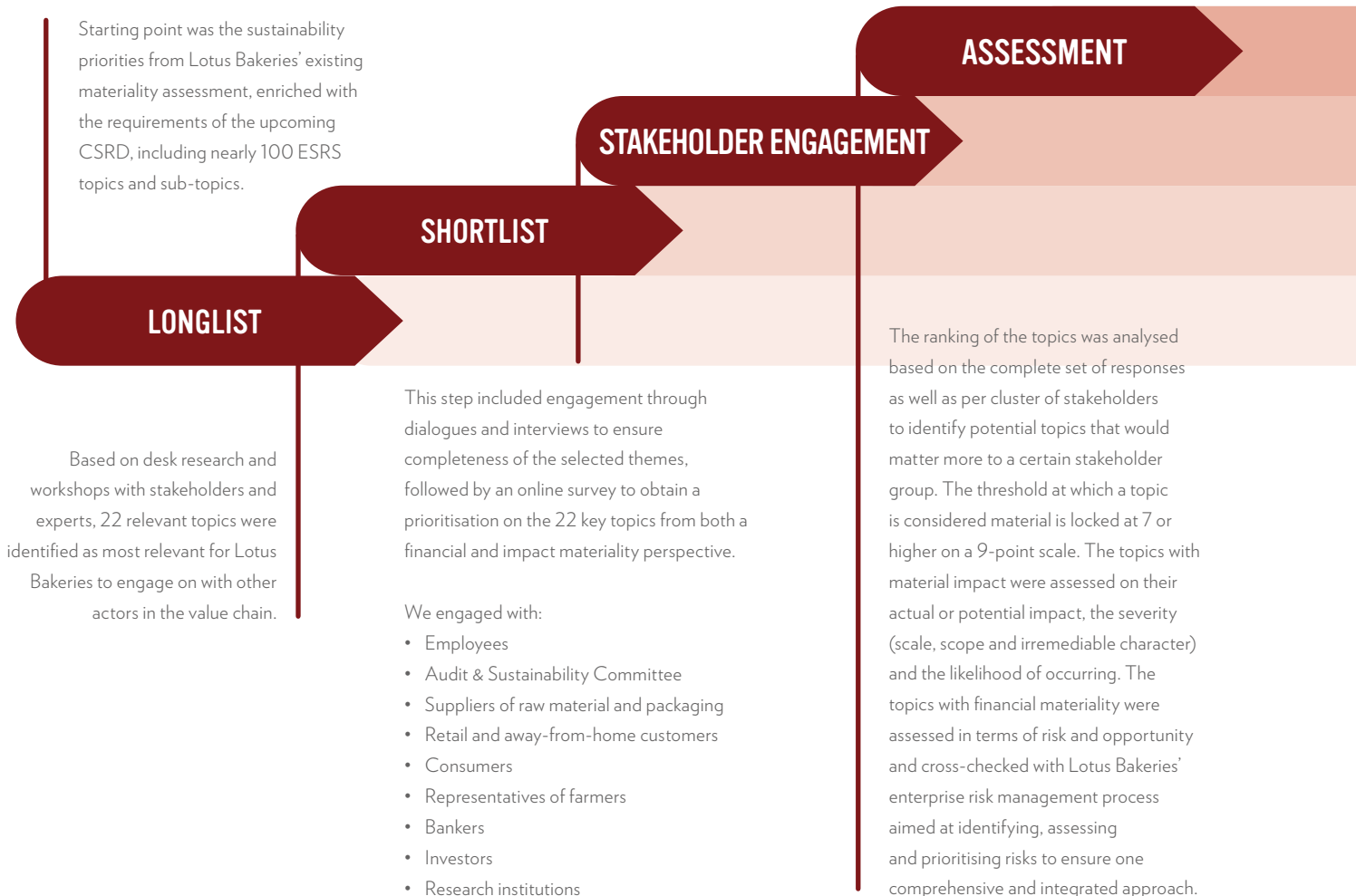
Retail and away-from-home: We aim to make our range of branded snacks accessible for everyone. Our products are sold by our partners through retail channels (brick&mortar and online) and through away-from-home channels.

Consumption: We provide snacks for different consumption moments and needs. Everything we launch has to uphold the highest quality and food safety standards. We pack our most popular snacks in different formats fitting different household sizes in order to combat food waste. On top, everything has to taste delicious, because we know that this will keep consumers coming back to our product range.

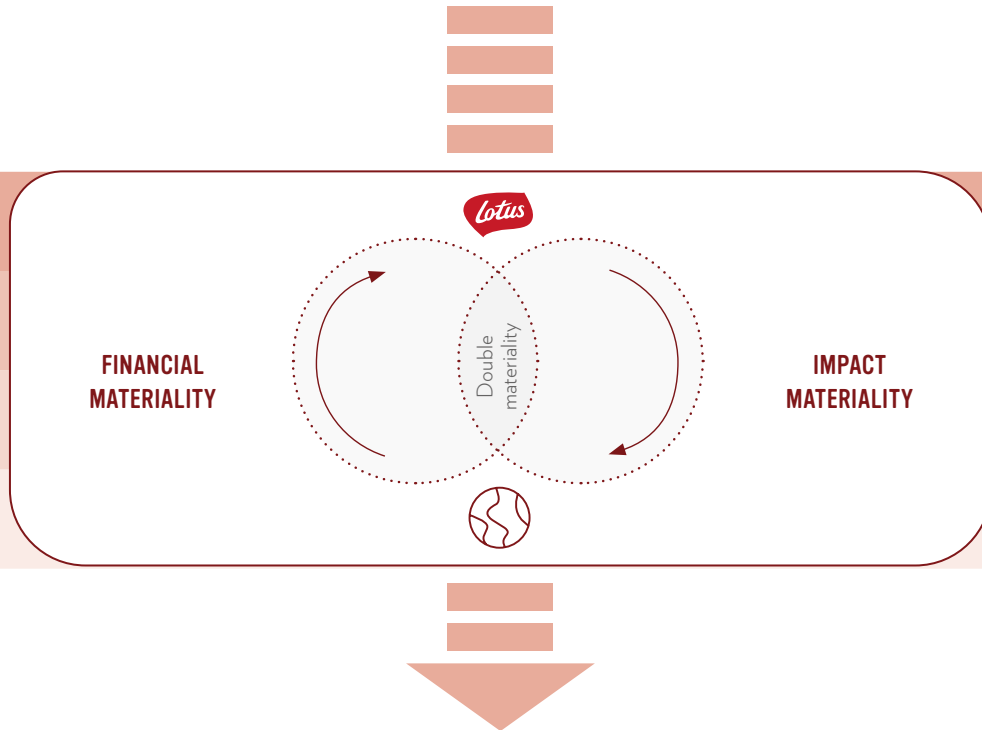
End-of-life: We aim to contribute to a circular economy via our technical recyclable packaging and we encourage consumers to sort correctly by providing clear sorting advice.

THE MATERIALITY ASSESSMENT: A 4-STEPS APPROACH

Lotus Bakeries performed a double materiality assessment in 2023, which was approached as follows:



CARE FOR TODAY, RESPECT FOR TOMORROW



DOUBLE MATERIALITY ASSESSMENT AS BASE FOR THE SUSTAINABILITY STRATEGY

THE MATERIALITY MATRIX

The double materiality assessment shows which of the 22 topics can have a material financial impact on the Group and which topics we as a company can have a material impact on.

- 1 Carbon reduction**

Reducing direct greenhouse gas emissions in our manufacturing, fleet, transport and our full supply chain to contribute to the race towards net zero and helping to limit global warming to 1.5 degrees Celsius above pre-industrial levels.
- 2 Energy usage**

Reducing the energy consumption or replacing fossil fuel related energy with renewable energy in our manufacturing sites and across our full supply chain to reduce indirect greenhouse gas emissions coming from energy generation.
- 3 Sustainable sourcing**

Ensuring the sustainable sourcing of key ingredients, such as palm oil, chocolate, sugar, and wheat, and other sensitive ingredients to minimise environmental impact including deforestation or habitat destruction. Addressing ethical practices throughout the supply chain to minimise social impact, including labour conditions, fair trade, and human rights.
- 4 Pollution**

Pollution is the introduction of harmful materials into the environment, often generated by human activities such as the disposal of waste, including plastic waste, or the runoff produced by factories and economic activities, such as the use of pesticides in agriculture. These pollutants can damage the quality of air, water and land.
- 5 Water stewardship**

Addressing water-stress by developing means to reduce, reuse and reserve water at our own operations and in engagement with our suppliers.
- 6 Biodiversity**

Developing measures to protect and preserve biodiversity, including efforts to protect ecosystems at our own sites and ways to promote sustainable agriculture at our suppliers. A reduced pollination could lead to reduced availability of crops.
- 7 Circular economy**

Contributing to a circular economy by continuously improving our manufacturing efficiency with continued efforts on reducing waste and developing further initiatives on water usage, on top of the initiatives to reduce our environmental impact (GHG).
- 8 Product packaging**

Addressing packaging sustainability by reducing what we use, increasing recyclability, and using as much as recycled packaging for packaging not in contact with the food.
- 1 Safety and health**

Promoting a strong safety culture and providing the right working conditions at the workplace to safeguard every employee against health issues related to the workplace.
- 2 Employee well-being**

Promoting a TOP-culture (Transparency, Open Dialogue, Passion) to ensure employees feel good about their job on a mental, physical and emotional level. This includes both, moments of connection and engagement at work as well as finding moments to disconnect.
- 3 Talent development**

Training and upgrading the capabilities, skills and competencies of employees based on the strategic needs of the organisation, employee performance and career development review. Learning and development comes in many shapes and sizes, including on-the-job, online courses or in-person training.
- 4 Diversity and inclusion**

A diverse and inclusive workplace to make everyone feel equally involved, regardless of who they are or what they do for the business. Diversity can entail amongst other diversity in race, gender, sexual orientation, age, religion, national origin and disability.
- 5 Community engagement**

Prosperity for all by contributing positively to the areas in which Lotus Bakeries operates. This entails initiatives such as The Foundation for Education, as well as local involvement in the communities where we have operations.
- 6 Food safety and quality**

Ensuring the safety and quality of products, including compliance with food safety standards and certifications and traceability.
- 7 Responsible marketing practices**

Providing clear information on product ingredients and nutritional value. Efforts to educate consumers and promote healthy dietary habits. Ensuring responsible and ethical marketing and advertising practices.
- 8 Balanced portfolio**

Providing a balanced portfolio of snacks ranging from delicious Biscoff® cookies over bars fitting the better-for-you platform, on to snacks for babies and toddlers. Accessible for all at every moment.
- 9 Taste experience**

The ability to create snacks that deliver a memorable experience, for all around the globe.
- 1 Corporate governance**

Conducting business operations in accordance with internationally accepted principles and practices, ensuring a robust risk management system and incorporating sustainability practices.
- 2 Long term strategy**

The Company's ability to deliver sustainable growth, increase the value of the Company's portfolio, in combination with profitability.
- 3 Financially sound company**

Long-term financial stability and the capacity to withstand market-related or financial headwinds.
- 4 Cyber security**

Protecting the data and information assets and implementing security measures to prevent cyber-attacks.
- 5 Prevent business interruption**

Developing plans to prevent and mitigate major and long operational interruptions in our factories caused by fire, floods, tropical storms, or other unusual events.

Double materiality matrix



As such, Lotus Bakeries has identified five topics with double materiality, i.e. the impact of our organisation on the environment or society (“Impact Materiality”) and the impact of society or the environment on our organisation (“Financial Materiality”).

FIVE TOPICS WITH DOUBLE MATERIALITY

- **Food safety and quality**
- **Energy usage**
- **Carbon reduction**
- **Sustainable sourcing**
- **Corporate governance**

There are three topics with mainly impact materiality (safety & health of employees; product packaging; employee well-being) and six topics with mainly financial materiality (financially sound company; balanced portfolio; long-term strategy; preventing business interruptions, cyber security; taste experience).

The double materiality assessment was performed in the Audit & Sustainability Committee on 24 November 2023 and the outcome thereof, the double materiality matrix, was approved by the Board of Directors on 4 March 2024.

When we analyse the scores of the multiple stakeholder groups, we see a fairly consistent pattern: the same material topics emerge across all these groups. This gives us confidence that we have identified the right material topics for Lotus Bakeries that matter to us and our stakeholders. The qualitative conversations with external stakeholders have moreover indicated that water stewardship is considered important in the wider food and agriculture sector,

but there is a recognition that water usage in our operations is more limited. This explains why water stewardship did not come forward as material for Lotus Bakeries. However, we feel it is important to report on our water balance and our water management and refer to page 102.

The topics identified as a result of the double materiality exercise serve as the basis for selecting the proper ESRS standards from the CSRD regulations. The topics that are material are linked to the following ESRS standards:

- ESRS E1: Climate change (Energy usage, carbon reduction)
- ESRS E5: Resource use and circularity (Product packaging and sustainable sourcing)
- ESRS S1: Own workforce (Safety and health of employees and Employee well-being)
- ESRS S4: End consumer and customer (Food safety and quality, Balanced portfolio and taste experience)
- ESRS G1: Corporate governance (financially sound company, long-term strategy, cybersecurity and preventing business interruptions)

In the course of 2024, Lotus Bakeries will further assess - within each of these ESRS standards - which datapoints are relevant to include in future progress reporting.

PROGRESSIVE EVOLUTION OF OUR SUSTAINABILITY STRATEGY

While our framework ‘Care for Today, Respect for Tomorrow’ is a robust foundation, our sustainability strategy will be screened using the fresh insights of the double materiality exercise. Lotus Bakeries will progressively evolve its sustainability strategy, focusing on both double and single material priorities for the Group. The ESG governance bodies will play a crucial role in crystallising the ESG strategy throughout 2024, providing guidance in setting targets and developing clear roadmaps for the environmental and social aspects of our sustainability programme.

We acknowledge that there will be challenges on our sustainability journey. There are global challenges such as the inflaming geopolitical tensions that could expose economies to disruption in sourcing raw materials, but also the devastating effects of climate change puts a stronger pressure on companies to gear up in their decarbonisation journey. For Lotus Bakeries, there are several concrete challenges. Exploring the electrification of gas ovens will entail a comprehensive investigation in the production of our cookie and bakery snacks, as we will always want to preserve our unique great taste. Realising decarbonization in our Scope 3, especially relating to raw materials such as palm oil and chocolate will require a thorough approach as the challenges are complex because the risk of deforestation is closely linked to farmer poverty and there is no straightforward solution. We will need to work closely with our suppliers on these matters. Packaging remains challenging, as on the one hand it is needed to guarantee the highest food quality and safety and to combat food waste. On the other hand, it is currently technically impossible to fully close the cycle, and for food safety reasons, it is not allowed to use mechanically recycled material that comes in contact with food. Lastly, as a fast growing company, our impact on people working directly and indirectly for the Group will continue to increase and it remains our first and foremost challenge to ensure safety and well-being of all our people. As a global company, Lotus Bakeries faces many cultural, regulatory and language barriers to overcome in order to safeguard essential social welfare guardrails throughout our operations and our value chain.

Balanced Portfolio of Great Taste

Nevertheless Lotus Bakeries remains steadfast in its sustainability ambition and has identified several strategic areas of exploration. The first one is to have a Balanced Portfolio of Great Taste. We aim to meet the needs of all end-consumers in a balanced way, at all times. We will make sure that our range is balanced on several levels; there will be a diverse range of products (from Biscoff® cookies to pastries to the cold-pressed nākd® bars with only natural ingredients, to the BEAR® fruit rolls), for multiple target groups (from babies to toddlers to children and adults) and for different consumption moments and needs. Everything

¹ Lotus Bakeries, Annual Report 2023, page 116.

we launch has to uphold the highest quality and food safety standards. On top, everything has to taste delicious, because we know that this will keep consumers coming back to our product range.

One Lotus Family

A second strategic priority is our One Lotus Family. This concerns the health, safety and well-being of our employees. The good policies that we are already implementing for our employees today will be continued in the future. In this context, the Executive Committee signed the Well-being & Disconnection Charter in 2023¹, which is a strong statement about just how much we value the well-being of our employees. In addition, we will also follow up on matters such as training, diversity, onboarding new employees and safety. In doing so, we also want to pay attention to employees in our value chain, both upstream and downstream.

Sustainable Sourcing

The latter is also a key focus within our third strategic priority, namely Sustainable Sourcing, which has a number of dimensions and touches on both social and environmental factors with our suppliers. For example, last year we developed the Human Rights Policy, both for our own employees and for those from our value chain. The second dimension focuses on environmentally friendly choices within that value chain to aid in our pathway of decarbonisation. In this context, we are reaching out to our front-line suppliers to dedicate even more time and attention to selecting sustainable raw materials. We are also preparing for the new EU Deforestation Regulation which comes into force as from 2025.

Climate Change

A final area of attention is Climate Change. We will contribute to this by focusing on various components. This includes our packaging strategy and commitment to use only recyclable packaging for our branded products by end 2025, as well as all initiatives aimed at reducing our carbon footprint. In 2024, a roadmap will be set up to reduce our carbon footprint, which may include opportunities to electrify our gas ovens, to audit our energy balance, to greening our fleet, and to evaluate the CO₂ emissions of the suppliers that Lotus Bakeries works with.

Lotus Bakeries prepares for European Green Deal & CSRD

Mike Cuvelier

CFO

Sabien Dejonckheere

ESG DIRECTOR

Respect for the environment, people and society is in Lotus Bakeries' DNA. In the past, we summed this up in our programme Care for Today, Respect for Tomorrow. Under the new ESG regulations, that programme remains a powerful statement. By integrating the underlying philosophy within our entire business operations, we are preparing for the European Green Deal and the resulting Corporate Sustainability Reporting Directive (CSRD).

We have been making our ESG initiatives available to our stakeholders for a number of years in an ESG compilation report. The new European CSRD regulation requires companies to elaborate and harmonise ESG reporting as from 2024 through a set of reporting standards in order to increase the comparability between companies.

CFO Mike Cuvelier: *"To prepare for this, we carried out a readiness scan in 2023, revealing our level of preparedness for reporting in accordance with datapoints that are requested by new European legislation. In addition, as part of the double materiality assessment, we explored the topics that European legislation put forward for companies to assess in terms of materiality from both, a financial and an impact perspective.*

The previous materiality assessment¹, which was prepared solely from a financial perspective, was updated and supplemented with the impact materiality. The double materiality assessment includes all Group entities that are consolidated, thus including organisations from outside Europe as well."

ESG Director Sabien Dejonckheere: *"In total, Europe put forward close to 100 topics and subtopics. We first narrowed down this longlist to a smaller number through desk research, and then discussed them with experts in focus groups. Not all of these are priorities for Lotus Bakeries. For example, our water audit shows that the topic "water and marine resources" is not a priority as we don't use a lot of water in our organisation. On the other hand, our workforce is a big priority, as we employ more than 2,900 people. This is why we ultimately ended up with a reduced but relevant set of 22 topics for our Company, which we then shared with stakeholders for a qualitative discussion and quantitative scoring."*

As a result of this double materiality assessment, it became clear on the one hand, which topics could have a material financial impact on the Group and on the other, which topics we as a company could have a material impact on. This also helps us to determine exactly which priorities we will continue to focus on as a company. We will report on those priorities for the 2024 reporting period in line with the CSRD.

¹Lotus Bakeries, Annual Report 2022, page 79.



Mike Cuvelier – CFO and **Sabien Dejonckheere** – ESG Director

“We will also be looking at what information is already available for reporting, and the datapoints for which we need to do some additional preparation”, Sabien continues. “Together with Corporate Finance, which already has very robust reporting processes, a data warehouse will be set up to make this possible. Since the underlying thinking and approach of the finance department is similar to that of ESG reporting, the internal expertise we have already developed is priceless.”

For some time now, Lotus Bakeries had opted to voluntarily provide limited assurance for a limited set of figures. As of the reporting period 2024, such assurance will be provided for the entire assessment, as required by law.

OUR SUSTAINABILITY IN ACTION

Our 'Care for Today, Respect for Tomorrow' framework, is aimed at doing sustainable business, not only today, but also for the future generations to come. Our sustainability strategy in 2023 is still centred around three pillars: 'our environment', 'our employees' and 'our community'.

THE THREE PILLARS OF OUR SUSTAINABILITY STRATEGY

With regard to the **environment**, we are actively combatting global warming. In all our activities, we strive to source sustainably and to reduce our environmental footprint.

For our **employees**, we have a recruitment policy that aims to attract a diverse and talented group of people who share our TOP values. We are committed to long-term employment and provide our employees with a pleasant, challenging, inspiring and safe working environment.

Finally, regarding **community**, we actively undertake our social responsibility by ensuring sound business practices throughout our organisation. We also contribute to the prospects of future generations by supporting educational projects through our Foundation for Education.

PROGRESS REPORTING 2023

Operational Key Performance Indicators (KPIs), such as waste, utilities usage and accident frequency, as well as Human Resources (HR) KPIs, are tracked on a monthly basis using a comprehensive monitoring and registration system. Meanwhile, additional metrics like emissions and packaging recyclability are presently assessed annually at each production site. A thorough assessment of our emissions across Scope 1, 2, and 3 categories are performed in collaboration with CO₂ logic - South Pole Group. Starting in 2024, KPIs identified through the double materiality assessment will undergo more frequent monitoring, occurring at least quarterly. This enhanced monitoring will be facilitated through our Enterprise Resource Planning (ERP) system.

With this report, Lotus Bakeries aims to communicate about its achievements and progress within the established sustainability strategy for 2023.

Sustainability indicators

Each of the three pillars contains a set of sustainability indicators. A selection of indicators has been validated by PwC Bedrijfsrevisoren BV. The validation was performed in accordance with the International Standard on Assurance Engagements (ISAE) 3000, a model developed to provide assurance on non-financial data.

The assurance indicators are marked throughout the text by .



For the assurance report on the attested indicators for the year as per December 31, 2021 and 2022, please refer to page 138 of the 2021 annual report and page 140 of the 2022 annual report.



The assurance report on the attested indicators for the reporting period ending December 31, 2023, can be found on page 152 of this annual report.

Global Reporting Initiative

We have been publishing a Global Reporting Initiative (GRI) report since 2021.

- This GRI report will be published on our website:
<https://www.lotusbakeries.com/reporting-disclosure>

In the future, this GRI report will become an integral part of reporting requirements established by the Corporate Sustainability Reporting Directive (CSRD) and the related European Sustainability Reporting Standards (ESRS).

UNITED NATIONS GLOBAL COMPACT

In March 2021, Lotus Bakeries was accepted as a member of the United Nations (UN) Global Compact. The UN Global Compact is a global sustainability initiative for businesses set up by the United Nations. As a result, Lotus Bakeries is committed to upholding the Ten Principles¹ of the United Nations in the area of human rights, working conditions, environment and anti-corruption and to ensure they form part of its strategy, culture and daily activities.

Our participation in the UN Global Compact also means that we renew our commitment annually and report on the progress of our efforts to implement the Ten Principles.

 **The renewed commitment and progress report for 2023 will be available on the UN Global Compact website.**

¹ Businesses must support and respect the internationally proclaimed human rights; Businesses must ensure they are not complicit in human rights abuses; Businesses must uphold freedom of association and the right to collective bargaining; The elimination of all forms of forced or compulsory labour; The effective abolition of child labour; The elimination of discrimination in respect of employment and occupation; The supporting of a precautionary approach to environmental challenges; Undertaking initiatives to promote greater environmental responsibility; Encouraging the development and diffusion of environmentally friendly technologies; Businesses should work against all forms of corruption, including extortion and bribery.

Lotus Bakeries uses the Sustainable Development Goals (SDGs) of the United Nations as a framework and guide in determining its sustainability strategy, its priorities and its action plans. The SDGs were adopted by the General Meeting of the United Nations in 2015 and consist of 17 goals to be achieved by 2030.



EXTERNAL CERTIFICATIONS AND EVALUATIONS

To help us meet and demonstrate our commitments, we also hold a number of key certifications and memberships, and are assessed by independent organisations. For a full overview of certifications, we refer to page 144.

ENVIRONMENT: AMBITION 2023 & ACHIEVEMENTS

In recognition of the pressing challenges presented by climate change to both our environment and human well-being, Lotus Bakeries is committed to taking action.

Our Group is determined to join the battle against global warming and minimise our impact on the environment in all aspects of our operations. The main focus areas where we aim to achieve zero ecological impact are:



HIGHLIGHTS

- Committed to set science-based reduction targets through SBTi
- Calculating our baseline of CO₂e emissions in Scope 1, 2 and 3 for the base year 2023
- Achieving 98% technical recyclability of our branded packaging



CARBON FOOTPRINT	UNIT	2023	2022	2021
% of owned sites that have earned the CO ₂ -neutral label	%	100 ✓	100 ✓	100 ✓
Total GHG emissions	Tonnes CO ₂ e	557,275		
GHG emissions - scope 1 ¹	Tonnes CO ₂ e	27,825		
GHG emissions - scope 2 ²	Tonnes CO ₂ e	12,648		
GHG emissions - scope 3	Tonnes CO ₂ e	516,802		
GHG emissions intensity ³	Tonnes CO ₂ e/mEUR	524.3		
Energy consumption	kWh/tonne	1,119	1,074	1,064
kg of waste per tonne generated ⁴	kg/tonne	72 ✓	60 ✓	63 ✓

SUSTAINABLE PACKAGING	UNIT	2023	2022	2021
Packaging to product ratio	g/kg product	162	166	179
Reduction of plastic	tonnes/year	103	62	22
Reduction of glass	tonnes/year	155	1,120	
Reduction of cardboard	tonnes/year	249	526	
SKUs with 100% recyclable packaging	%	86	81	73
Packaging of all Lotus Bakeries brands that is recyclable ⁵	%	98 ✓	97 ✓	97 ✓
Use of recycled cardboard	%	79	80	75
Use of cardboard with the 'sustainable managed forest guarantee' ⁶	%	77	78	76

SUSTAINABLE SOURCING	UNIT	2023	2022	2021
Key palm oil suppliers who endorsed the principles of Lotus Bakeries Palm Oil Policy ⁶	%	100 ✓	90 ✓	90 ✓
Our production sites which process palm oil and have achieved the RSPO certificate	%	100 ✓	100 ✓	100 ✓
Our Lotus® Biscoff® chocolate products with the Rainforest Alliance quality mark	%	100	100	100
Our eggs that are sourced cage-free	%	100	100	100

¹ Total Scope 1 and 2 emissions relating to our owned sites amount to 40,377 tonnes CO₂e. ✓

² Market-based / ³ Total GHG emissions in Tonnes per €mio of revenue / ⁴ This concerns residual waste, production waste, grease, paper and cardboard at our owned sites. The increase of waste per kg produced is largely driven by the start-up of new production lines and innovations in our product range with a related increase in trials and set-up for new products. / ⁵ The Recyclability Rate is the average technical recyclability of the packaging of all Lotus Bakeries brands by the end of 2023. It takes into account consumer packaging, distribution packaging and transport packaging. The technical recyclability rate is determined per packaging component on the basis of the state-of-the-art design guidelines for recyclability (Ceflex, Recyclclass). The average technical recyclability is a weighted average, based on the packaging weight of each packaging component. /

⁶ Palm oil suppliers who have signed up to the Lotus Bakeries palm oil policy or have their own palm oil policy in force that includes at least equal standards and who supply ingredients or raw materials containing at least 50% palm oil, and in so far these products represent more than 5% in any recipe.



REDUCING OUR CARBON FOOTPRINT

BASELINE OF OUR CARBON FOOTPRINT

In 2023, Lotus Bakeries committed to the Science Based Targets initiative (SBTi) and its reduction target standards to reach net-zero by 2050. Upon joining the SBTi, we meticulously established our 2023 baseline, employing the Greenhouse Gas Protocol as our guiding methodology, in collaboration with CO₂ logic - South Pole Group. This comprehensive approach involved a thorough assessment of our emissions across Scope 1, 2, and 3 categories. As a food company, we are participating in the Food, Land and Agriculture (FLAG) segment within SBTi, which means our commitment extends upstream to the farmer's level to analyse our Scope 3.



We assessed the following:

Scope 1 emissions:

- Stationary combustion of fossil-fuel related sources in our own operations
- Mobile combustion of fossil-fuel related sources in our own operations
- Fugitive emissions from our own operations
- Process emissions (baking powder) in our own operations

Scope 2 emissions:

- Indirect emissions associated with purchased electricity, heat and steam in our own Lotus Bakeries operations

Scope 3 emissions:

- Purchased goods and service (including effects of Direct Land Use Change and Land Management)
- Capital goods
- Upstream transportation and distribution
- Waste generated in operations
- Business travel
- Employee commuting
- Upstream leased assets
- Investments
- Downstream transportation and distribution
- End of life treatment of sold products

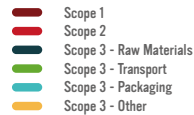
Our total Greenhouse Gas (GHG) emissions (Scope 1, 2 and 3) reached 557,275 tonnes of CO₂ equivalent in 2023.

CO₂e EMISSIONS PER SCOPE

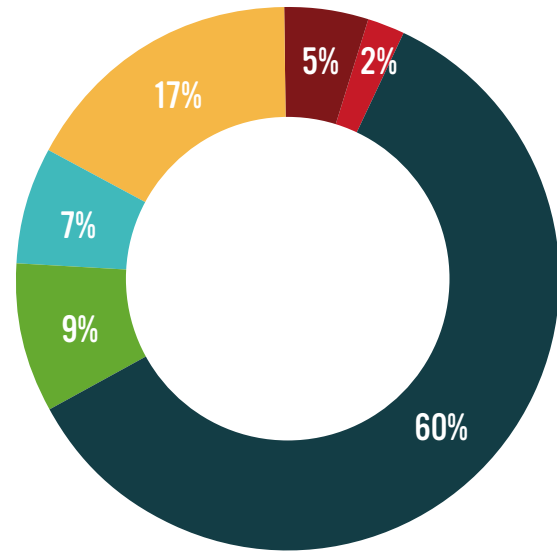
Scope 1: 27,825 tonnes CO₂e

Scope 2: 12,648 tonnes CO₂e

Scope 3: 516,802 tonnes CO₂e



Carbon Footprint 557,275 T CO₂e



The main contributors to our Scope 3 CO₂e emissions are raw materials and, to a lesser extent, transport and packaging. Important ingredients in this respect are vegetable oils, wheat flour, sugar and chocolate, which represent together more than 75% of the CO₂e emissions coming from raw materials. For palm oil and chocolate, which are ingredients known for their high CO₂-intensity, we have already partnerships through RSPO Palm oil and Rainforest Alliance. We are reinforced in our belief that sustainable sourcing is important and we will continue to build on these partnerships. We refer to page 101 of this annual report.

During 2024, we will develop a roadmap with concrete initiatives to reduce our carbon footprint. This step is critical as we work towards submitting for SBTi validation in 2024, for validation by March 2025.

Furthermore, we acknowledge the challenges that we are facing in determining our decarbonisation roadmap. Therefore, it is of utmost importance that our roadmap is well-considered and well-founded, so that aspiring targets can be defined in line with our sustainability strategy and ambitions.

Reliant on technological development and referring to page 86, the “Net Zero by 2050” target requires the Group to assess the need and timing of both CAPEX and OPEX investments.

We also refer to the EU taxonomy disclosure presented on page 148 of the Annual Report.

DECARBONISATION INITIATIVES UNDERTAKEN IN 2023

Lotus Bakeries' owned sites are carbon neutral. This has been the case since 2015 and remains so in 2023. All our scope 1 and 2 emissions of our owned sites are offset with certificates.

To have a meaningful impact we also actively proceed with the implementation of decarbonisation projects to reduce the amount of GHG. In 2023, Lotus Bakeries structured its decarbonisation initiatives around three segments: own operations, sustainable logistics and sustainable sourcing.

Own operations (scope 1 and 2)

Energy efficiency

In Lotus Bakeries Manufacturing South Africa, an important investment was allocated to further increase the plant's solar capacity and install solar power batteries. Utilizing renewable energy will strongly reduce the future output of the plant's CO₂e emissions.

In Belgium, energy-saving measures were implemented for the compressed air systems used in our production facilities for processing and cleaning. We implemented a phased installation of ergonomically shaped air blow guns, which are more robust, effective and energy efficient. Additionally, a study on leakage detection and mapping of standby consumption resulted in further reduction of air consumption, and consequently, energy consumption.

Another initiative involved a preparatory study to establish a detailed e-monitoring system across all our Belgian plants. This system will enable Lotus Bakeries to obtain detailed insights on energy usage throughout the production cycle of a product and provide ideas to optimise energy usage.

In the context of scope 2 emissions, it was identified that a diverse mix of energy sources is utilised. In 2023, 4% comes from renewable energy sources. We aim to further increase the use of renewable energy as part of our pathway to decarbonise.





Use of refrigerants

Lotus Bakeries also investigated its cooling systems and infrastructure. While refrigerants work well to keep things cool, some have a drawback in the sense that they emit greenhouse gas. We screened the sites in Geldrop and Sint-Johannesga (the Netherlands) and Oostakker (Belgium) and initiated a renewal process of the cooling installations and refrigerants in 2023. This renewal operation is labour intensive, and the execution thereof will run into early 2024.

In our new plant in Thailand we have opted for water-cooled cooling towers. In hot climate, year in year out, it is far more effective and energy friendly to use water cooling.

Green employee mobility

We aim to go to a 100% green fleet in Europe in the future.

The largest fleet is located in Belgium. Employees in Belgium can only choose a fully electric vehicle as their company car. To support this transition, electric charging stations have been provided. In 2023, 50% of the Belgian fleet were electric cars vs. 15% the previous year.

In the Netherlands we offer a choice between electric and plug-in hybrid cars until 2026, after that date, we will offer only full electric cars in the fleet. In 2023, 43% of the Dutch fleet were electric cars vs. 28% the previous year.

Furthermore, there is a bicycle leasing scheme in place for Lotus Bakeries employees in Belgium. About 200 of our employees have opted for this benefit.

Transition to more sustainable logistics (scope 3)

Reduction of container transport through local production and optimised packaging solutions.

Since 2019, Lotus Bakeries has chosen to spread its production sites across different continents. The production sites in Lembeke (Belgium), Mebane (USA) and Chonburi (Thailand) are not only economically advantageous but also ecologically beneficial for reducing container transport overseas. Our Biscoff plant in Mebane, for instance, has already contributed to a yearly reduction of 1,000 containers. Furthermore, with our third plant in Thailand, which is currently under construction, we anticipate saving about 15,000 kilometres per container.

In Australia, we have changed our packaging for Lotus® Biscoff® spread from glass jars to PET jars. PET jars are commonly used in the Australian market and are able to preserve the taste and quality very well. But since they are lighter in weight, the pallets can be stacked higher. As a consequence, we ship fewer pallets which leads to a reduction in transport. This contributes to the reduction of carbon emissions. On a yearly basis, this means a reduction of 20 containers for one market for one product.

Electrification of truck transport in Belgium

In collaboration with one of our clients and one of our logistic providers in Belgium, Lotus Bakeries has tested the potential electrification of its truck transport. Together, we decided to initiate the electrification of heavy road trucks, starting with two electric trucks in 2024. This pilot programme is aimed at garnering valuable insights into the viability of this green transport mode and will allow us to be ready for further expansion in the coming years.



Compensation of emissions within the value chain

In our roadmap we aim to decarbonise as much as possible. To become hundred percent net-zero we will need to capture the remaining part via carbon removal credits.

To prepare for this carbon capturing Lotus Bakeries has joined the Colruyt Group's collaborative tree project in the Democratic Republic of Congo in November: the planting of 10,000 hectares of forest, which

equates to over 12 million trees. It is foreseen to obtain Gold Standard verification on this project.

Lotus Bakeries is convinced that only through collaboration with like-minded partners, we can effectively reduce emissions across the entire value chain.



Image by Christian Crauwels



SUSTAINABLE PACKAGING

OUR AMBITION: 100% RECYCLABLE PACKAGING BY END 2025

By the end of 2025, Lotus Bakeries aims to market only 100% technically recyclable packaging for all our brands. The ideal packaging also contains as little packaging material as possible, while optimising the use of recycled materials. This must be achieved without compromising the quality, taste and freshness of our products. Protecting our products and providing the right format for each type of household will at the same time contribute to the fight against food waste. Innovative packaging designs and circularity remain top priorities.

LOTUS BAKERIES' VISION ON PACKAGING

1. We only want to offer our consumers products of the highest product quality and with a superior taste experience.
2. That is why we must protect our products: packaging allows us to combat food waste and guarantee food safety.
3. We aim to make our packaging as sustainable as possible and are committed to reducing our packaging carbon footprint.

In this context, Lotus Bakeries has formulated a packaging strategy that focuses on the reduction of packaging, using innovative design and investment in circularity.

REDUCE WHAT WE USE

In 2023, Lotus Bakeries continued to reduce the amount of packaging material put on the market. A total of 555 tonnes of packaging was saved. The further we get in this process, the more challenging the processability of these materials within our production plants becomes. It is thus a fine balance between reduction and processability. Improvements have been made in primary, secondary and tertiary packaging.

Primary packaging

Finding optimisations to the packaging for consumer units is embedded in the procurement activities on a daily basis, but also tackled in specific reduction projects.

- For the Suzy[®] sugar and vanilla waffle product, the thickness of the bundle packs has been reduced, which saves two tonnes of plastic per year.
- For Kiddylicious[®], we switched to a recyclable and thinner mono-material wrap for several products¹. This saves 35 tonnes of plastic on an annual basis.
- For Urban Fruits[®], the sharing pack formats have been standardised which led to a reduction of one tonne of plastic and six tonnes of cardboard. Furthermore, the uniform packaging facilitates more efficient stacking on transport pallets, resulting in a 20% reduction in the number of pallets we transport. Needless to say, any savings in terms of materials will also invariably contribute to reduced transport and carbon emissions.

Secondary packaging

After focusing heavily on primary consumer packaging in recent years, we took a close look at our secondary packaging. We scanned the entire range and looked for improvement areas with a clear impact. The rebranding of Biscoff[®] was the ideal opportunity to implement those changes right away.

One major improvement has been to shorten the flaps on the sides of the cardboard boxes for the 250g packages of Biscoff cookies and the Biscoff sandwich cookies. The boxes now have a small opening on the side, with great sustainability benefits:

- Around 117 tonnes of material is saved annually
- The trucks supplying us have to travel roughly 2,000 km less per year because of efficient stacking on pallet level
- Carbon emissions are significantly reduced because of reduced material use and optimised transport.

Based on this project, we also set up new guidelines on how to design boxes in the future: shorter flaps are now standard, ensuring optimal and future-proof design.

Tertiary packaging

After finishing a successful pilot to reduce the amount of plastic used for stretch film wrapped around baked goods pallets, the findings were implemented in 2023 for pallets in our production plants in Lembeke, Eeklo and Courcelles. This results in an annual reduction of 10 tonnes of plastic.

¹ Smoothie Melts, Crispy Tiddlers, Fruit Wriggles and Fruity Drops



DESIGN FOR TOMORROW

As part of our commitment to launch fully technically recyclable packaging for all our brands by the end of 2025, we achieved a score of 98% technical recyclability by the end of 2023. The last percentages tend to be the most challenging ones, as improvements become more complex on a technical and operational level. Still, in 2023 we were once again able to make important improvement across all our strategic pillars.

Biscoff®

While our Biscoff® cookie range was already at 100% technical recyclability in 2022, there were still some actions to take for Biscoff® spread and Biscoff® chocolate.

- The non-recyclable multi-material for the cover film of the catering cups was replaced by a mono-material, which is technically recyclable.
- With regard to Biscoff® chocolate, we removed the carbon black from the tray of the end-of-year collection, as it prevented the tray from being sorted and therefore recycled.

Natural Foods

Within the Natural Foods brands, nākd® and TREK® were already 100% technically recyclable. Peter's Yard®, which was added to the range in 2023, already had technically recyclable packaging as well. In 2023, efforts were focused on Urban Fruit® and Kiddylicious®.

- By replacing the multi-material for the Coconut Chips packaging of Urban Fruit with a mono-material this year, this range now also achieves a score of 100%.
- The biggest efforts in 2023 went into the Kiddylicious, a large and diverse packaging range. The project to make this range technically recyclable was initiated in 2020, but the switches for some major products¹ took place over the past year. By the end of 2024, Lotus Bakeries aims to have switched completely to 100% technically recyclable packaging for this brand.

¹ Smoothie Melts, Crispy Tiddlers, Fruit Wiggles and Fruity Drops

Local Heroes

The packaging of many of the Local Heroes brands has historically been technically recyclable. Some products in the pastry and waffles range still needed some adaptations to increase their recyclability.

- Lotus® crispy waffles, Le Glazik® palets and galettes packaging all used a PVdC coating, which kept the products crispy, but made the packaging non-recyclable. Over the past year we found an alternative that allowed us to remove the coating while maintaining quality.

All that remains for the Lotus® Local Heroes is the quatre-quart butter cake, a product for which the right moisture balance is essential. This makes finding a fully recyclable solution complex. There is a test in progress, and Lotus Bakeries hopes to switch to more sustainable packaging for this product as well in 2024.

While 2025 is just around the corner, 2023 has proven to be a fruitful year for increasing the recyclability score of Lotus Bakeries with a focus on the products shown below. The road to 100% is clear and will be further implemented in 2024 and 2025.





AIM FOR CIRCULARITY

Lotus Bakeries' sustainable packaging strategy also contributes to a circular economy. In the process, we always seek to ensure that products are sorted and recycled to subsequently use the recycled material. In order to close the cycle as much as possible, there are some focus points which are tackled in our 'Aim for circularity' pillar.



Although it would be ideal, it is currently technically impossible to fully close the cycle, since there will always be a loss of material during the process; as a result, an input of new material will always be necessary. For this, we will use as many sustainable sources as possible, for example certified cardboard fibres through certification by FSC, PEFC or SFI. Lotus Bakeries does not currently have a target of achieving 100% FSC, PEFC or SFI certification. Lotus Bakeries has the ambition to increase the use of certified cardboard fibres and proactively inquires about the availability and price for certified fibres during tender procedures.



To encourage consumers as much as possible to sort packaging correctly, we updated all the recycling information during the Biscoff® rebranding. Now all packaging that is recyclable in the country where it is marketed, carries the 'Recycle Me'-logo. If not, the packaging will show the Tidy Man, urging consumers to dispose of it properly in the right bin.



What happens to the waste then varies worldwide. Lotus Bakeries contributes to this through various networks and initiatives. For example, in the UK, we are a member of the Flexible Plastic Fund, which through the FlexCollect project, aims to develop guidelines for municipalities to collect flexible plastics at the kerbside.



Furthermore, we are a member of CEFLEX, and part of a CEFLEX working group, helping to develop guidelines for brand owners on optimal packaging design for sortability and recyclability in mind.



Recycled material use is crucial to close the cycle. In 2023, our cardboard consisted of 79% recycled cardboard, while for glass we are using 58% recycled glass. In terms of plastic, we use 30% recycled plastic for the shrink wrap around the trays of our spread, but the challenge is greater for plastic that comes into direct food contact. Although 98% our branded product packaging was technical recyclable by the end of 2023, the percentage of recycled plastic used represents only 1% of the total amount of plastic used for the packaging of branded products. The low percentage is directly linked to food safety. Mechanically recycled plastic is not permitted to come into contact with food. Chemically recycled plastic offers a solution for this, but at present this is only made available on a limited scale. It is to date not yet possible to close the cycle and reuse our recyclable packaging as recycled content in food packaging.

Finally, we also need to consider the packaging taxes. Extended Producer Responsibility systems have been in place since the 1990s. Recently, additional taxes on packaging such as plastic tax and litter tax have been introduced in several countries such as UK, Spain, Netherlands following the European Green Deal. Our “Reduce what we use” and “Design for tomorrow” pillars help in minimizing this, as most taxes are based on packaging weight and recyclability. Where we cannot minimise any further, we make a financial contribution in order to create a social impact. In that way, we hope to contribute to significant improvements in the recycling infrastructure.



SUSTAINABLE SOURCING

Lotus Bakeries' carbon footprint analysis confirmed that the main contributors to our CO₂e emissions are in Scope 3 and more specifically raw materials and crops, with transport and packaging contributing to a lesser extent. This reinforces our belief that sustainable sourcing is critical. Not only does it support communities and improve the social welfare of workers in the value chain, but it also plays a vital role in addressing global warming. To maintain this commitment, we will continue to engage with our suppliers. Palm oil and cocoa are particularly significant for decarbonization, and we

already have partnerships through RSPO Palm Oil and the Rainforest Alliance certificate for our Biscoff chocolate. We plan to build on these partnerships and increase our efforts further.

Lotus Bakeries is therefore committed to minimising deforestation and improving livelihoods through the sustainable sourcing of its raw materials and crops sustainably.



PALM OIL

RSPO certificate

Lotus Bakeries has been member of RSPO since 2011. It is important to Lotus Bakeries that the palm oil it uses in its products has been produced sustainably and does not contribute to deforestation or the destruction of vulnerable areas. Lotus Bakeries therefore selects its key palm oil suppliers carefully on the basis of the NDPE principle (No Deforestation, No Peat, No Exploitation) in its purchasing standards. That is why Lotus Bakeries only buys RSPO certified palm.

In 2023, Lotus Bakeries was a member of the RSPO (Roundtable on Sustainable Palm Oil) and the Belgian Alliance for Sustainable Palm Oil, and was committed to purchasing only sustainable palm oil.

Moreover, all Lotus Bakeries' sites that use or purchase palm oil also have an RSPO certificate.

Palm Oil Policy: investment in sustainable agriculture and reforestation

In addition, Lotus Bakeries requires its key palm oil suppliers to also invest in a number of projects to, among other things, rejuvenate forests and help farmers switch to sustainable cultivation.

Lotus Bakeries has endorsed this in its palm oil policy. At the end of 2023, 100% of key palm oil suppliers¹ had endorsed the principles of Lotus Bakeries' Palm Oil Policy.

The full text of the sustainable palm oil policy is available on our website <https://www.lotusbakeries.com/governance-practices-and-policies>

¹Key palm oil suppliers are those who supply products containing more than 50% palm oil and in which the ingredient makes up 5% or more of the recipes, or have their own palm oil policy in force that includes at least equal standards.

COCOA

Rainforest Alliance

100% of the cocoa butter and cocoa mass used in our Lotus® Biscoff® chocolate has been certified by the Rainforest Alliance. The Enkhuizer and Peijnenburg products with chocolate were originally UTZ certified but are Rainforest Alliance certified since the transition from UTZ to Rainforest Alliance.

SOY

IP certificate

The soybean flour in the Lotus® Biscoff® products is IP certified ('Identity Preserved'). This means that the soy flour we use in our products can be traced to the sustainable plantation from which this raw material originates. Moreover, it is sourced from a region not identified as being subject to deforestation.

EGGS

Barn eggs

Animal welfare is important to us and is in our case focused on the origin of the eggs. We use barn eggs in small amounts in our bakery products. As of January 2012, 100% of our eggs come from cage-free hens. Cage-free refers to farm environments where chickens who produce eggs live in open indoor spaces. Overall, cage-free represents an increased quality of life for hens as compared with those held in cages.

PULP- AND PAPER-BASED PACKAGING

Lotus Bakeries footprint analysis shows we have 7% of GHG emissions associated with our packaging in 2023. Today, 77% of wood pulp and paper-based packaging of our brands are FSC, PEFC, or SFI-certified with the guarantee that the products come from sustainably managed forests. This preserves biological diversity and combats deforestation. Read more about our packaging policy on page 93.

LOCAL SOURCING TO DECARBONISE OUR TRANSPORT

9% of Lotus Bakeries carbon footprint comes from transport. We therefore purchase our raw materials and packaging materials locally as far as possible. This means we purchase the greater part of our raw materials on the same continent where we operate our production facilities and strive to keep the distance between grower and our production site as short as possible.

¹ Water withdrawal describes the total amount of water withdrawn from a surface water or ground-water source.

WATER MANAGEMENT

Climate change and droughts are becoming more frequent. Industrialisation often puts additional pressure on water availability. Although water use is not considered a material topic for Lotus Bakeries as the amount we use is limited, we consider it our duty to manage water efficiently. The actions we take to minimise our water footprint are the following:

Monitoring

As part of its internal operational reporting, Lotus Bakeries reports on its water consumption. It has been among the standard KPIs that all production facilities report regularly. Based on these reported figures, Lotus Bakeries monitors carefully evolutions in water usage across the various facilities.

The water withdrawal¹ in Lotus Bakeries production sites is 117,203 m³ water.

Sustainable water collection

For future infrastructure initiatives we will always look into using the most efficient water management systems.

The 'House of Biscoff' in Belgium is equipped with technology for sustainable water management. This includes a rainwater collection system and a well water filtration system. This well water filtration system makes it easier for water to seep into the ground, ensuring more even and improved wetting. This contributes to a good groundwater balance.

Two initiatives in our new plant in Thailand are worthwhile mentioning. We foresee the construction of a storm water pond, acting as a buffer in case of heavy showers in rain season. In dry season this water will be used for watering the plants and trees in the green zone on the site. Additionally, we plan also the construction of an underground rain water reservoir. This rain water will be used for the sanitary facilities.



EMPLOYEES: AMBITION 2023 & ACHIEVEMENTS

We believe in the power of our people to drive performance. We want to contribute to the employee well-being via offering an attractive and inspiring workplace that promotes health and safety, diversity, employee satisfaction, development, and equal opportunity for all. We aim to build one Lotus family based on our TOP-culture (Team, Open Dialogue and Passion).

To support the acceleration of our growth we focus on attracting, developing and retaining diverse talent.

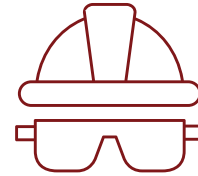
ONE LOTUS FAMILY



WELL-BEING



SAFETY



HIGHLIGHTS

- Promoting employee well-being
- Installing an anti-discrimination and anti-harassment policy
- Obtaining ISO 45001 certification for Lotus Bakeries South Africa Manufacturing



GENDER DIVERSITY ¹		UNIT OF MEASURE	2023		2022		2021	
Board of Directors ✓	%		70 M 30 F		70 M 30 F		70 M 30 F	
Leadership Team ² ✓	%		56 M 44 F		55 M 45 F		54 M 46 F	
All employees ✓	%		49 M 51 F		49 M 51 F		48 M 52 F	

GEOGRAPHICAL DISTRIBUTION ¹		UNIT OF MEASURE	2023		2022		2021	
Belgium ✓	#	1,458	752 M 706 F		1,378		703 M 675 F	
	%		52 M 48 F				48 M 52 F	
South Africa ✓	#	669	276 M 393 F		518		221 M 297 F	
	%		41 M 59 F				43 M 57 F	
The Netherlands ✓	#	213	122 M 91 F		222		122 M 100 F	
	%		57 M 43 F				55 M 45 F	
United Kingdom ✓	#	126	45 M 81 F		119		46 M 73 F	
	%		36 M 64 F				39 M 61 F	
France ✓	#	140	73 M 67 F		142		76 M 66 F	
	%		52 M 48 F				54 M 46 F	
United States ✓	#	196	115 M 81 F		156		89 M 67 F	
	%		59 M 41 F				57 M 43 F	
China ✓	#	32	13 M 19 F		33		14 M 19 F	
	%		41 M 59 F				42 M 58 F	
South Korea ✓	#	21	11 M 10 F		19		9 M 10 F	
	%		52 M 48 F				47 M 53 F	
Sweden ✓	#	31	24 M 7 F		27		19 M 8 F	
	%		77 M 23 F				70 M 30 F	
Other (AT, AU, CH, CZ, DE, ES, HK, IT, JP, TH) ✓	#	98	38 M 60 F		84		33 M 51 F	
	%		39 M 61 F				39 M 61 F	
TOTAL	#	2,984	1,469 M 1,515 F		2,698		1,332 M 1,366 F	
	%		49 M 51 F				49 M 51 F	
Of which permanent employees at December 31	#	2,746						
Of which temporary employees at December 31	#	238						

¹ The scope of the KPI includes our internal employees and the members of the leadership team working through a management company. Internal employees are employees who are connected to Lotus Bakeries with an employment contract, either of unlimited duration or of limited duration.

² The group comprises the Executive Committee, the General Managers and the Corporate Directors.

A CULTURE OF TEAM, OPEN DIALOGUE AND PASSION WORKING ENVIRONMENTS

TOP-values are our guiding compass

Team spirit: each link in the process is equally important, from marketing through 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' commitment is evident on a daily basis in the workplace. It is reflected in their justified pride in our products and in our company. Investing in our employees benefits the whole company.

Diversity policy and inclusion

Guided by our TOP-values, diversity is to be cherished.

We value diversity amongst our employees and those with whom they collaborate. We are steadfast in our commitment to providing a workplace that ensures equal opportunities and is free from discrimination and harassment. Our company does not tolerate any form of discrimination or harassment directed at employees or candidates based on race, colour, gender, sex, sexual orientation, age, religion, national origin, political opinion, disability or any other protected class. We firmly believe in treating all individuals fairly, as articulated in our Code of Conduct under Principle II: respect for people in line with ILO conventions.

To strengthen this guiding principle, a Group anti-harassment and anti-discrimination policy was developed and rolled-out to increase awareness and understanding of workplace harassment, violence and discrimination among our employees. The policy is particularly designed to provide managers with a framework to identify, prevent and manage allegations of harassment and discrimination at work. This Group policy acts as an overarching statement within which all local offices can continue and expand their existing initiatives.



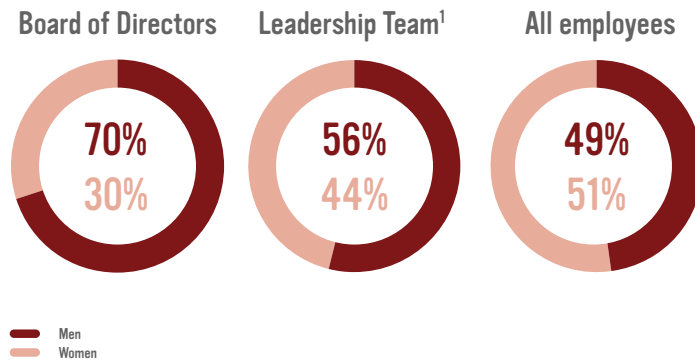
The full Anti-harassment and anti-discrimination Policy is available on our website

<https://www.lotusbakeries.com/governance-practices-and-policies>

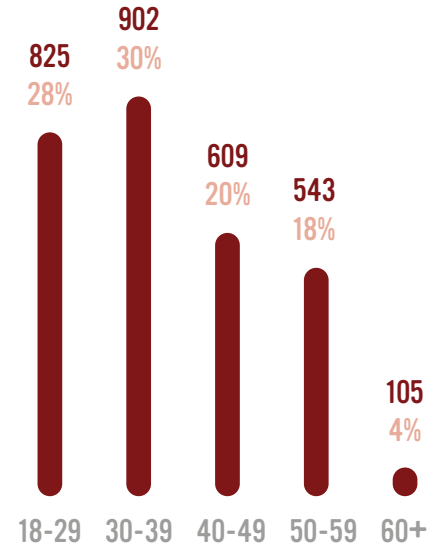
Starting with our recruitment policy, Lotus Bakeries creates a foundation to attract a diverse and talented group of people. Attention to diversity, as well as equal opportunities, are key parts of this strategy, in which we aim to select candidates with the best range of skills and competences for the role. We also look at the knowledge and experience available in the existing teams and how this matches with the desired competences, knowledge and/or experience of the candidate.

Lotus Bakeries is committed to equal pay for equal work, regardless of gender, race, ethnicity or other factors unrelated to performance. To fulfil this commitment, we benchmark and set pay ranges based on market data and consider various factors such as an employee's role and experience, job location and performance.

In this way we continue to maintain a diverse group of employees, with balanced gender diversity across all employees. We see a nice balance of 49% men and 51% women within the Lotus Bakeries Group. When we take a closer look at the Leadership team¹ the split is 56% men, 44% women and the Board of Directors is 70% men, 30% women. Additionally, we see a high level of diversity in age categories in Lotus Bakeries, and associated experience. This is similar to previous year.



Gender diversity



Age diversity

¹ The group comprising the Executive Committee, the General Managers and the Corporate Directors.

WHY TO JOIN THE LOTUS BAKERIES FAMILY

UNITED BY PASSION

We might have hundreds of different jobs, but we are all passionately working towards the same goal: to create small moments of joy all over the world. We can only achieve this together, as every one of us makes an impact in his or her own way. Knowing that our work makes people smile is what makes us proud.

HAPPINESS MADE BY PEOPLE

We can only bring happiness to the world when we do it with a smile on our face as well. That is why, at Lotus Bakeries, it's all about our people. We believe that their talent is the driving force behind our growth, which is why we tailor our employees' work to their personal skills as much as possible. Through accessible leadership and well-defined ambitions, we help them to become their best self. Our team is a unique combination of talented and authentic people. Together, we spread our homemade happiness all over the world.

CO-WRITE A UNIQUE STORY

There is only one company like us. We are an international player with sky-high ambitions, yet still a family business: open-minded, inclusive and small enough for your personal impact to be seen and heard. We are professional and personal, solid and adventurous. This exciting duality is reflected in our brands as well. Lotus® Biscoff®, Lotus™ Natural Foods and our Lotus® Local Heroes offer both the healthy and indulgent, the global and local. Once you've had a taste of this one-of-a-kind combination, you'll never get enough.



TO SUPPORT THE ACCELERATION OF OUR GROWTH WE ATTRACT TALENTED PEOPLE

Recruitment policy

Scarcity in the labour market poses a challenge that we actively address. To attract talented employees with the optimal fit, Lotus Bakeries has defined clear value propositions that allow us to seek the best match between the future employee and Lotus Bakeries in complete transparency:

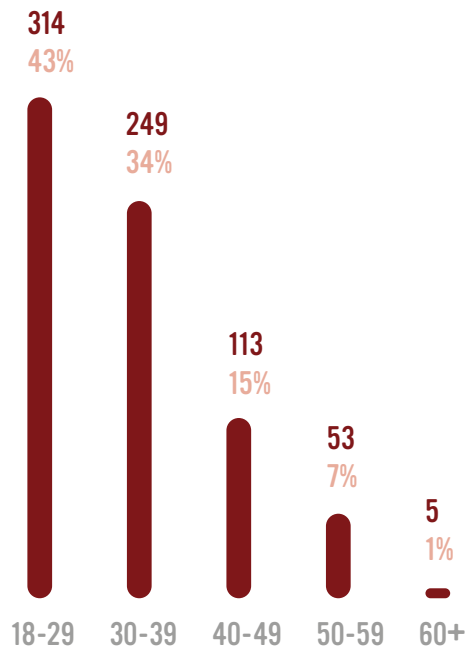
One of the initiatives to facilitate recruitment is our international career site www.lotusbakeriesjobs.com. This website strengthens our employer identity as a global food company with dozens of products that brighten every day. It also provides a complete overview of all career opportunities within the Group worldwide. Through testimonials of employees and pictures of our offices and locations, potential candidates can moreover get a glimpse of our unique culture.

When selecting new employees, we communicate the full selection process clearly and transparently. The applicant's professional competences, relevant experience and TOP values are paramount. During the selection process, applicants meet with several Lotus Bakeries employees to gain a good understanding of our company values and culture. Via the various touchpoints, candidates have several opportunities to ask questions or gather more information. For all office workers, the selection also includes objective testing, or an external assessment tailored to the position for which the candidate is applying. By including this objective element into our selection process, we reduce the chance of subjective assessment. Our recruitment is an intensive process where we consciously invest a lot of time to ensure the optimal fit between the future employee and Lotus Bakeries.

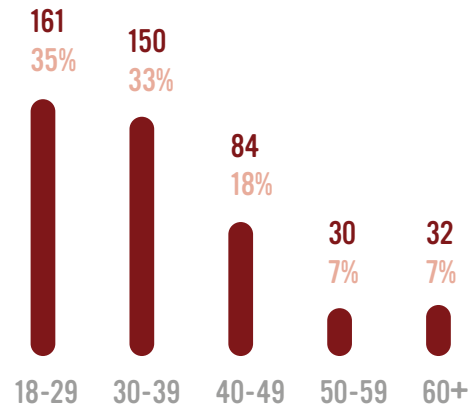
Onboarding

Creating an optimal employee experience starts during the employee onboarding process. Therefore we have ensured that our global career site connects seamlessly with our intranet site: MyLotus, the global HR platform in which all HR data from different countries is centralised and available in real time. The need for scanning contractual documents & policies, as well as emailing back and forth with candidates is eliminated, as the full onboarding process is managed through our global HR platform.

Upon joining, Lotus Bakeries aims for thorough onboarding, in which new Lotus employees are immersed in the company, the products, brands and the culture. Special induction days are organised for new employees. From the management level onwards, new employees from around the world are invited to the 'Group Wide Onboarding days' that are organised in Belgium. During an intense two-day programme, they receive more information about the strategy, the different brands, the organisational structure and the different departments. A tour of the Lembeke plant is the icing on the cake. In the case of acquisitions, we ensure that all employees are quickly integrated into the Lotus Bakeries Group.



Total new starters per age group in 2023



Total leavers per age group in 2023

We also have a ‘Young Graduate Programme’. This is an intensive two-year programme designed specifically for graduated master’s or MBA students who enter in a function-specific domain. To guarantee a smooth onboarding and good career management inside Lotus Bakeries we have implemented a bespoke learning & development track for young graduates. Through various training sessions they acquire specific skills & competencies which will enable them to be successful in the role. Our young graduates get day-to-day coaching from their manager. Thanks to the mentorship programme, they also get input and reflection from a senior employee outside of their function area of expertise, providing them with a broader view of the company. This mentor moreover acts as a sounding board and can offer impartial advice and support related to career development and ambitions. To broaden their perspective and knowledge, the young graduates furthermore get assigned a cross-departmental project of strategic importance. Their mission is to tackle a specific business challenge and prepare a recommendation to EXCO.

As part of the onboarding track, each new office employee will also be asked to complete a survey after several months of service and will be offered a follow-up interview by HR. In this survey the employee is questioned about the recruitment and onboarding process, they are polled about how the first few months have gone in the position, about how the job and the organisation meet expectations and how the collaboration with the manager and with colleagues is going. In countries with a large workforce in the factories, such as Belgium, a bespoke survey is provided. The goal of the survey is to gain insights into how the employee has settled in and to identify areas for improvement.



EMPOWERING OUR EMPLOYEES

	UNIT OF MEASURE	2023
Employees invited for performance and career development reviews (office employees)	%	100
Total number of training hours	#	43,848
Average number of training hours per employee	#	15
Number of new young graduates	#	10
Internal mobility rate	%	17
Employees as at December 31 covered by collective bargaining agreements	%	74

Once part of the Lotus Bakeries family, it is important to retain these engaged and motivated TOP talents. We aim to empower our employees to reach their fullest potential and secure employment for our permanent workforce via several means.

Fostering feedback and performance

We invest in a culture of open feedback and two-way communication because we believe this increases engagement, motivation and performance. The performance process for all office workers is fully integrated into the Global HR platform *MyLotus*. The operational workers, use a non-digitalised system, where the feedback conversation happens with team leaders. In *MyLotus* feedback exchange between manager and employee is encouraged several times a year, instead of having one annual review. This process provides ongoing opportunities to give and receive feedback, and our employees are encouraged more frequently to reflect on their career path. By gaining more insight into the employees' strong assets, areas for improvement and ambitions, the right development and, if needed, guidance can be offered.

All office employees are invited at least yearly to participate in performance and career reviews. All feedback is documented through our Global HR platform.

The platform foresees a written preparation from both the manager and employee, and encourages a digital feedback request from various relevant stakeholders, which allows for a broad and objective assessment of the past year.

Employee learning and talent development

In the performance review process, our employees are encouraged to work with their direct manager to develop an appropriate and individual development plan. Lotus Bakeries applies the 70-20-10 learning model¹. This may include on the job learning to get to know the organisation for newcomers as well as providing stretched assignments, special projects or cross-functional collaborations for employees who have been in their role for some time. Formal external training opportunities, accessible to all employees annually, address both hard skills for specific technical needs and soft skills aimed at enhancing interpersonal abilities.

¹ 70% practical experience on the job – 20% feedback and coaching – 10% formal training.



Our training courses cover different topics such as project management, negotiation skills, people management skills, priority management, presentation skills, as well as the effective usage of MS Office tools. Collaboration and team dynamics are fostered during Insights Discovery workshops. Next to these programmes we offer internal trainings around legal topics, safety trainings, HR workshops, as well as dedicated technical trainings for our blue collar workers in our plant in Lembeke. In today's society it is important to continuously improve digital skills. Therefore, we offer training on the usage of SharePoint as well as on cybersecurity. Last year, close to 90% of PC users followed training to identify data hacks or phishing activities.

In 2023, the total investment in training activities was on average 15h per employee.

International connectivity and mobility

We believe that an open feedback culture and investing in our employees' development are effective enablers of internal mobility. In this way we strive to keep talent in-house. In 2023 our internal mobility rate for white collar and staff is 17%. When we recruit new talents, we typically assess the cultural fit and match with the required skills & competencies. Equally important, we also screen for potential as we believe that we don't recruit employees for a position, but we select them for a long-term career in the company. As Lotus Bakeries continues to grow internationally, our internal mobility extends beyond functional domains.

We also provide our employees with the opportunity to relocate to another country in the Group. Similar to any other instance of internal mobility, we will always strive to find the optimal match between the individual's aspirations and the company's ambitions.

In 2023, our employee turnover amounts to 16%. About 13% can be attributed to voluntary turnover, of which 3% of this voluntary turnover can be attributed to natural causes such as the end of fixed term employment contracts, health reasons or retirement. This results into a voluntary turnover rate of approximately 10%.

Collective organisation and social dialogue

As a Group, we believe in an organisation that collaborates with all employees, the representation of employees, employee organisations and external social stakeholders. Currently, employees are covered by collective bargaining agreements on company, sector and national level in Belgium, South Africa, the Netherlands, France, Sweden, Spain, Italy and Austria. This amounts to approximately 74% of our employee population worldwide being covered by collective bargaining agreement.

We remain committed to respecting our employees' right to freedom of association, to join trade unions and to collective bargaining. Our primary measure in this respect is to hold regular meetings with the work councils and maintain the social dialogue. In our European countries where we have significant employment, 100% of employees are covered by workers' representatives.¹ We are convinced that good collaboration contributes to our success.

¹ European countries with significant employment include Belgium, The Netherlands, France, Sweden.

WELL-BEING AT WORK

	2023
Employees entitled to take family-related leave	100%
Employees entitled that took family-related leave	15%
Female	10%
Male	5%

We are steadfast in our commitment to ensuring that all our employees and contractors have a pleasant working environment and can return home mentally healthy at the end of the day.

The Executive Committee of Lotus Bakeries has signed a well-being charter in 2023, firmly emphasizing the importance hereof. This well-being charter is actively implemented across all of our offices and plants. Our CEO, Jan Boone, opened 2024 and addressed the Lotus Bakeries community as follows:

“For us as a family business, growth, profitability, and ambitions are important. Yet, we pursue these objectives hand-in-hand with fostering a healthy community of people. Our commitment to well-being, as outlined in the well-being charter, that we’ve shared together with EXCO, is a true statement. We genuinely care about how you feel within our company. The charter highlights three key principles: Connect (at work)- Disconnect (outside of work)- Communicate openly about mental well-being.

I firmly believe in the power of bringing people together. Building a culture is only possible when people unite. Creativity, in my opinion, flourishes in a collaborative environment. Enjoying your work and having open conversations with colleagues, not only about your job but also about personal matters, are essential aspects. Fostering a social environment within our company is paramount. This is also the reason why we’ve invested in creating appealing and pleasant working environments. This commitment extends to our locations worldwide: we want you to feel at home wherever you are. And when you leave here, it’s time for your private life, time to relax and focus on personal well-being that matters.

We are a family business with over 90 years of history, and a long-term vision. We aim to share the pride of our achievements, together, with all our employees.”

Well-being & Disconnection Charter highlights importance of wellness and unplugging

Our company's strength lies in healthy, happy employees. Their physical and mental well-being is paramount, which is why the Executive Committee signed the Well-being & Disconnection Charter in autumn 2023 – a clear statement that our local branches translated into concrete initiatives.

In today's workplace, there are a myriad of challenges. From the ever-accelerating pace of change, to being connected everywhere all the time, and non-stop virtual meetings, to the blurring of the line between work and private life since we all work flexible hours. In this fast-paced, perpetually connected world, we at Lotus Bakeries wanted to clearly underline the importance of well-being and disconnecting. That's why we launched the Well-being & Disconnection Charter in October, which is based on three pillars.

CONNECTING AT WORK

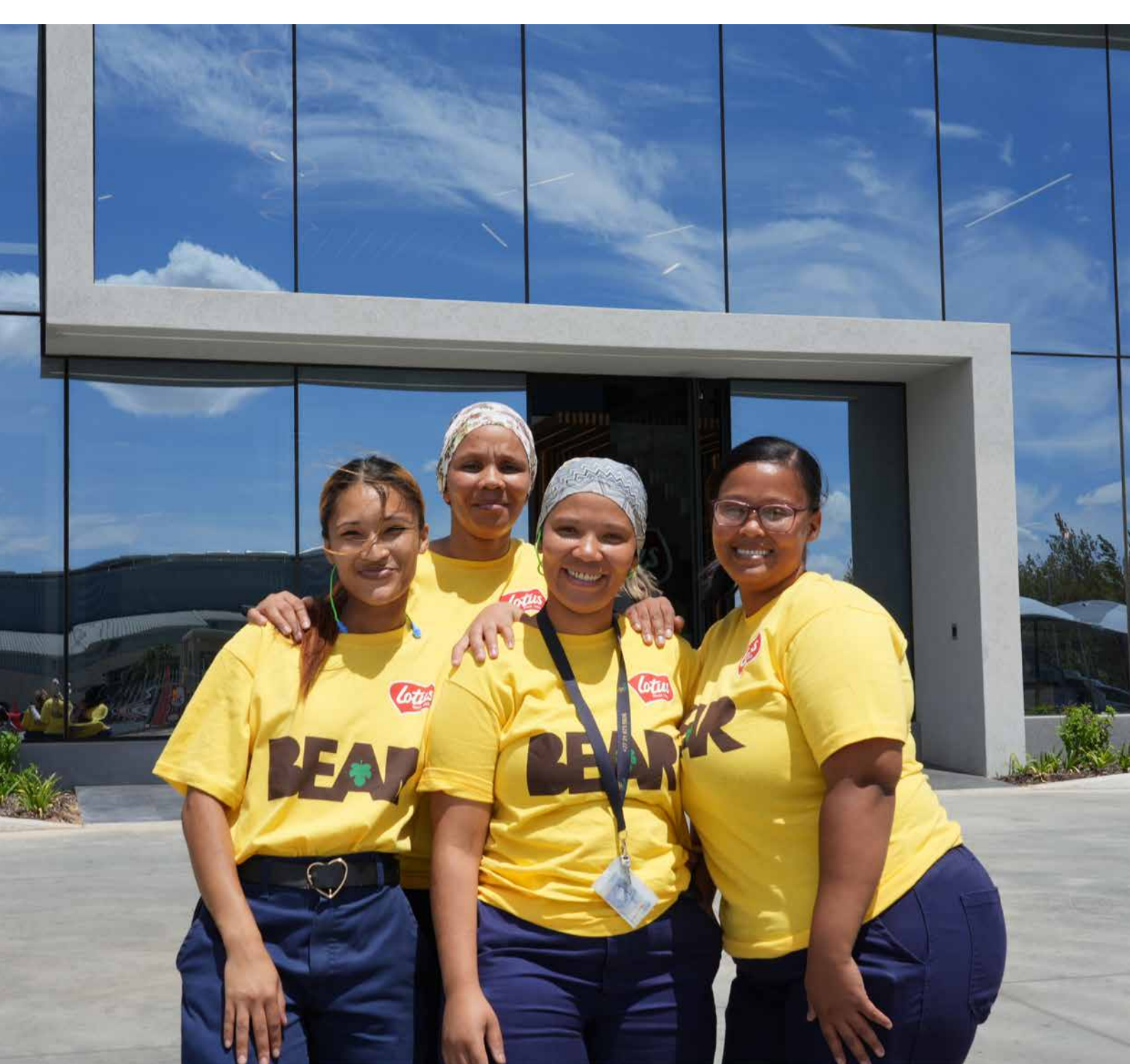
First of all, we are emphasising that Lotus Bakeries values **connection at work**. We strongly believe in the power of face-to-face meetings, and in the unique energy that is created when people come together. By physically seeing each other in the office, we feel a greater and deeper connection to our company's values and to each other. It's the only way that we can be fully creative, and it will ultimately lead to better results. In addition, working in the office makes it easier to draw the line between work and private life.

DISCONNECTING AFTER WORK

Furthermore, we believe it is at least as important to **disconnect outside the office walls and office hours**. Whether it is by going for a walk in nature, a hobby, by spending time with loved ones or just taking a moment to yourself, this too ensures that our employees can bring the best version of themselves to work, think creatively and use their fullest potential. By regularly stepping out of action mode, we can return with a fresh mind, renewed energy and passion for what we do.

TALKING OPENLY ABOUT MENTAL WELL-BEING

Finally, the charter stresses the importance of **mental well-being**. We need to be able to openly discuss how our employees feel mentally, and we need to do this safely and with zero judgement. That is why we encourage an open dialogue about mental well-being in our teams. Being able to talk about it openly helps us create a healthier, more inclusive, and productive working environment for everyone. And, where necessary, to be able to take additional initiatives to support mental well-being in our company. Moreover, it will allow employees to be a source of inspiration to each other, exchanging ideas and tips to find a healthy balance that will benefit their mental well-being.





THE NETHERLANDS: WORK-LIFE BALANCE FIRST

HR Director the Netherlands, Claire de la Court

A vision of well-being is part of our strategic plan. And we are taking responsibility to achieve it. It shows just how important sustainability is to us, in the broadest possible sense. Our employees are at the heart of that sustainability. They play a key role in our organisation. With the charter, we are projecting this to present and future talents.

We are glad that the Group has a vision which allows people to work from home. The youngest generations in particular consider this an important condition. At the same time, we also underline the importance of spending time together with colleagues in the Netherlands, because that's when you inspire, motivate and bring out the best in each other. Agreements have been made on this, including by making it a priority for certain meetings to always take place face-to-face.

Work-life balance is also high on the agenda. We encourage our colleagues to use their holiday hours. We work hard when we need to, but we also need to make time to relax. In the Netherlands, we also offer several types of family-friendly programmes to support employees, such as parental and partner leave, for both mothers and fathers. This is being used a lot and so we need to accommodate this, but it is wonderful that this is possible because it also creates a better gender balance.



FRANCE: HEALTH, SPORT AND WELL-BEING ON THE AGENDA

HR Business Partner LBF, Madeleine Du Château

At the end of September 2023, we also organised Sports Week in France, which kicked off with a healthy breakfast at all sites, and every day a new sport on the agenda to discover. The entire week was all about health, sport and well-being. We will continue this in 2024. From now on, we will offer two opportunities for exercise during lunch each week. On Tuesdays there is badminton, on Fridays yoga. Also, for employees who do shift work, there will be workshops on nutrition and good sleep habits for shift work.



UNITED KINGDOM: TALKING ABOUT MENTAL HEALTH

HR Manager UK, Helen Gibbons

In the UK, 2023 saw a lot of well-being initiatives as part of Mental Health Awareness Week, which put anxiety front and centre as a topic. We organised a lunch where colleagues were informed about what exactly anxiety is, how you notice it in yourself or a colleague, and some common coping mechanisms that people use to deal with it. We used the lunch as a stepping stone for our managers to discuss the topic with their employees afterwards.

Communicating about mental well-being proves to be very effective. In this respect, Lotus Bakeries scores well in the UK: an engagement survey shows that 8.5 in 10 employees feel they can talk openly with their manager. In 2024, we will continue to move forward in the same vein, including by organising focus groups to discuss certain topics in even greater depth. We want to give people a sounding board about mental health. To this end, we will invest in training so that there are several people across the organisation skilled in this area.

Work-life balance

To promote well-being, Lotus Bakeries also offers other means to employees to balance their time at work and their time at home within the limits of business organisation and local legislation. For one, Lotus Bakeries has a flexible working policy where employees can work from home depending on their role in the organisation. We offer all our employees across the world the right to take family-related leave such as parental leave and carers' leave. In 2023, 15% of employees took family-related leave, 10% being female employees and 5% being male employees.

Cultivating a positive workplace

Lotus Bakeries has invested in creating a beautiful and attractive work environment. Social spaces are designed for employees to have lunch and catch up together. The offices feature spacious and bright open spaces, along with large and small meeting rooms for our employees to use, and a cosy lunch area to connect. We also provide ergonomic facilities, such as standing desks to encourage working standing up and provide screening and advice to improve the ergonomic sitting posture at the desk. A lot of attention has been paid to fitness and sports at all Lotus Bakeries locations, with varied initiatives depending on the site. For example, the 'House of Biscoff' in Belgium and the offices in the United States and Sweden have a gym with showers. Other locations offer sport activities through options of signing up to a bicycle lease programme, participating in weekly boot camps or joining cycling or walking sessions. This approach creates a more pleasing working environment that promotes employee satisfaction and well-being.

HEALTH AND SAFETY

	UNIT OF MEASURE ¹	2023	2022	2021
Amount of occupational fatalities	#	0	0	0
Total occupational accidents per average headcount	%	2.6	3.2	2.3
Total occupational accidents involving absence from work	#	75 ✓	85 ✓	52 ✓
Rate of recordable work-related accidents for own employees	#/1mio hrs	18.6	26.9	15.3

Occupational health and safety is vital to our business. Within our working environment, we undertake measures to minimise the risk of workplace accidents, to ensure a safe and secure workplace.

Promoting a safe working environment

For our Lotus Manufacturing South Africa (LMSA) site we have become fully accredited with ISO 45001. This is the world's international standard for occupational health and safety, issued to protect employees and visitors from work-related accidents and diseases. ISO 45001 certification was developed to mitigate any factors that can cause employees and businesses irreparable harm. As we employ close to 650 people in LMSA this gives us a tremendous peace of mind that we are doing the right thing for our employees.

The Netherlands, the Geldrop and Enkhuizen production sites have the occupational health and safety vignette from VBZ (Vereniging voor Bakkerij en Zoetwaren industrie). A recurring audit is performed by two external members of the VBZ, which includes interviews with our employees, and the results are subsequently reported.

As part of our continuous improvement on safety, we performed in all the plants in Belgium a thorough safety audit with an external organization, supported by observations on the work floor and interviews of factory workers. An internal safety activation plan centered around Safety Awareness & Management (SAM) has been developed. The new internal safety communication campaign will go live in 2024.

Our Safety Policy

Our commitment to occupational health and safety is driven by our policy and systems. Our first focus is to prevent accidents by minimizing safety risks in the following four areas.

1. Occupational health
2. Personal safety
3. Process safety
4. Rolling material safety

We take the following steps to develop effective risk prevention strategies in our own sites.

¹ The scope of the KPI's includes our internal employees.



Risk assessment

In all our sites new machinery and equipment are designed to the latest safety standards and undergo an extensive safety inspection through the Site Acceptance Test by our own safety officers. We follow a clear procedure for hazard identification. Machinery is adjusted as needed to meet our high safety standards.

To identify risks related to behaviour we use safety inspections and feedback tools to detect and report unsafe situations. For example in South Africa, a health and safety questionnaire is completed each quarter, after which the existing risk assessments are evaluated and the existing procedures are tightened up.

Developing guidelines and procedures

Strict occupational safety laws apply in all the countries in which Lotus Bakeries operates. Clear safety procedures and operating guidelines

are created based on the risk assessment at each production site or office. These procedures are translated into work instructions for each workstation. We provide adapted work clothing to our employees and contractors to contribute to a safe work situation.

Raising awareness and safety training

There is a safety training programme where we regularly focus on awareness and prevention.

- Safety in the workplace is a fixed part of the onboarding programmes of new employees who start work in the factory.
- Regular training sessions are given to teach people how to bring up the importance of safety to other colleagues or address and prevent dangerous situations.
- Each site has a clear procedure in case an emergency occurs. Yearly training of the emergency procedure takes place.

Monitoring via reporting

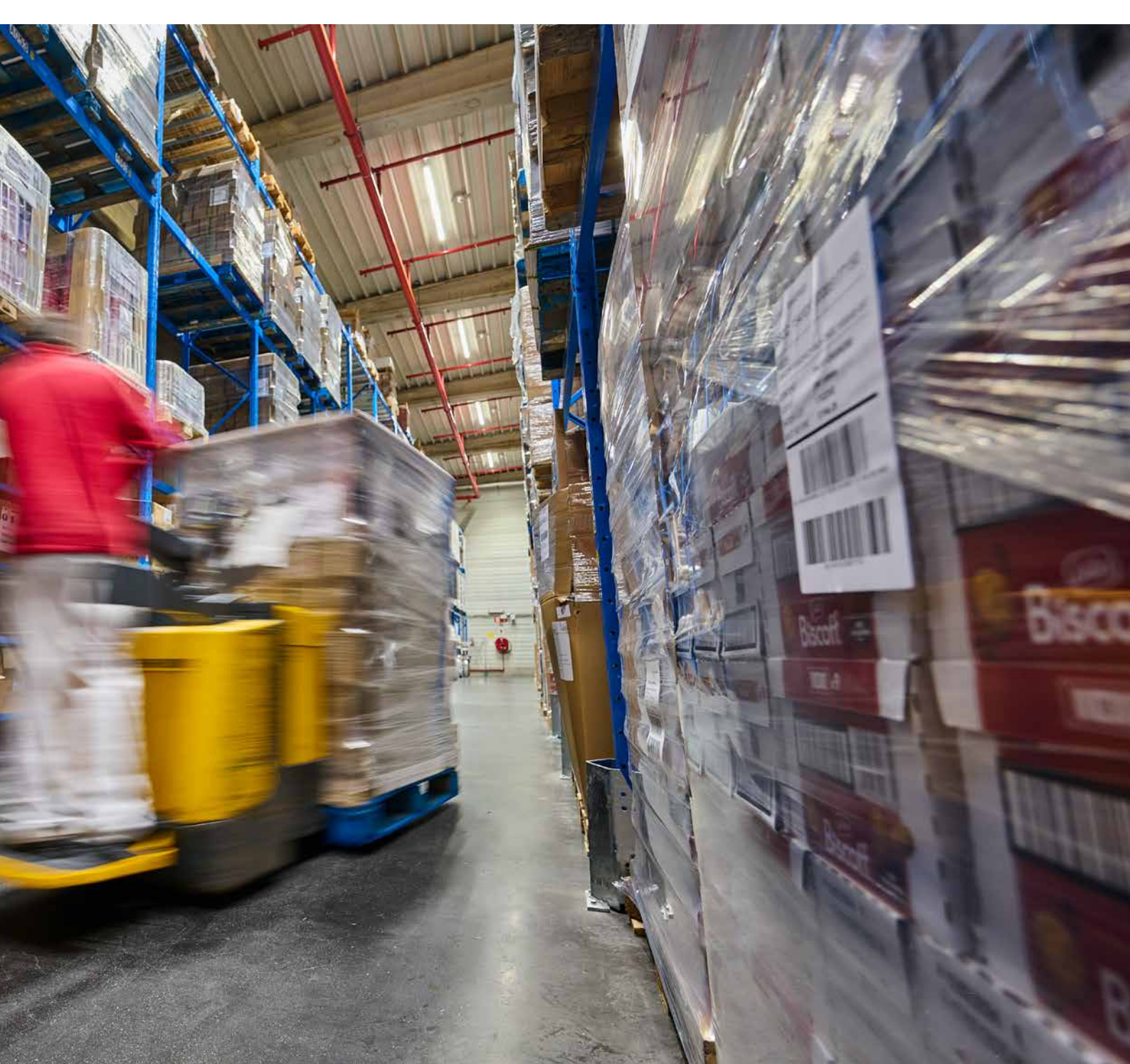
Management monitors health and safety performance. All the sites measure and report monthly on the number of accidents at work with absence. Accidents are screened to improve our risk control strategies.

Safety beyond our own operations

For the construction of our new plant in Thailand, we paid great attention to the contractors policy on health and safety precautions. The contractor has to ensure that medical staff, first aid facilities, sick bay and ambulance service are available at all times at the site of the works, and that suitable arrangements are made for all necessary welfare and hygiene requirements. We also ask our contractor to appoint an accident prevention officer at the site of the works, responsible for maintaining safety and protection against accidents. There are daily safety exercises and weekly safety walks.

No fatalities occurred in 2023. The number of accidents at work decreased in 2023 down to 75 incidents. The continued promotion of safe behaviour, the in depth analysis of each incident and using the learnings of these to raise awareness to employees helps to promote a safety culture and realise a decrease versus last year. There was one exceptional case: in the plant in South Africa, Lotus Bakeries provides commuting services with mini-vans to the employees. One mini-van had an accident leading to 9 injured employees that were absent from work. If we isolate this exceptional case, we would have decreased the number of incidents even further down to 66 compared to previous year. In 2023, there are five production or distribution sites that had no work accidents.





COMMUNITY: 2023 AMBITIONS & ACHIEVEMENTS

We care for today's and tomorrow's generations and all stakeholders involved in our value chain. Responsible business conduct addressing today's and future complex challenges allows us to stick to our mission: providing superior tasting snacks, to everyone, every day, everywhere. We want to contribute to consumer well-being by providing the right and balanced portfolio at the highest quality. Plus, we contribute to the prospects of future generations by supporting education projects.

The ambitions of Lotus Bakeries within the community pillar are therefore focused on four domains:



HIGHLIGHTS

- Installing a Human Rights Policy
- Setting up a Whistleblowing Line & Policy



PRIORITIES	UNIT OF MEASURE	2023	2022	2021
Internal employees ¹ who have signed the Code of Conduct	%	99.9 ✓	99.9 ✓	99.8 ✓
Key supplier ² which have signed the Code of Conduct	%	94.2 ✓	90.5 ✓	90.1 ✓
Key palm oil suppliers ³ who endorsed the principles of Lotus Bakeries Palm Oil Policy	%	100.0 ✓	90.0 ✓	90.0 ✓

PRODUCT SAFETY	UNIT OF MEASURE	2023	2022	2021
Lotus Bakeries production sites where our products are produced with external quality certification (BRC, IFS)	%	100.0 ✓	100.0 ✓	100.0 ✓

¹ The scope of the KPI includes our internal employees and the members of the leadership team working through a management company. Internal employees are employees who are connected to Lotus Bakeries with an employment contract, either of unlimited duration or of limited duration.

² Key suppliers are all of our suppliers of end products (external production), raw materials, packaging and machinery, with whom Lotus Bakeries has entered into a written contract.

³ Palm oil suppliers who have signed up to the Lotus Bakeries palm oil policy or have their own palm oil policy in force that includes at least equal standards and who supply ingredients or raw materials containing at least 50% palm oil, and in so far these products represent more than 5% in any recipe.



ETHICAL BUSINESS PRACTICES AND RESPECT FOR HUMAN RIGHTS

Lotus Bakeries actively assumes its social responsibility. We guarantee ethical business practices throughout the organisation.

Upholding business integrity and human rights is fundamental to building trust with our partners, communities and stakeholders, as pointed out in our Human Rights Policy. Our guiding principle is to abide by all international human rights standards, including, but not limited to, the UN Universal Declaration of Human Rights and the UN Guiding Principles on Business & Human Rights. Where local law and international standards are higher, Lotus Bakeries will follow the higher standard.

Every individual deserves respect, dignity, and equal treatment. To emphasise this belief, we have extensively communicated the principles set out in our Code of Conduct as well as the Human Rights Policy, to all employees via our intranet system. We encourage our employees to respect the dignity and human rights of colleagues and all other people they come into contact with in the course of their work.



ETHICAL BUSINESS PRACTICES IN OUR OWN ORGANISATION

The Code of Conduct was approved by the Board of Directors on 2 April 2020 and was implemented in 2020. As of 2021, every new employee who is recruited must sign this. This Code forms an integral part of the employment contract. In September 2023, the Code of Conduct was updated to reflect Lotus Bakeries' new whistleblowing line, encouraging our employees to speak up in case they encounter any conduct that concerns them, or that seems to violate Lotus Bakeries' Code of Conduct, our policies or applicable laws and regulations.

Our Code of Conduct

Lotus Bakeries expects all its employees to act with integrity, honesty and fairness and in full compliance with the applicable laws, rules and regulations. It has developed a Code of Conduct containing six main principles that its employees must respect at all times. These principles are further elaborated on in separate more detailed policies and procedures:



The full Code of Conduct is available in 11 different languages on our website:

<https://www.lotusbakeries.com/governance-practices-and-policies>

1. Transparency:

Lotus Bakeries aims for clear and accurate communication with its customers, suppliers, consumers and business partners and encourages open communication with all its stakeholders. Lotus Bakeries also refrains from non-conforming, dishonest, fraudulent or misleading marketing practices.

New in 2023

- Biscoff® Trademark Guidelines were created and published to help professionals incorporating Biscoff® spread and cookies into their recipes. The guidelines aim to provide a clear understanding of how to leverage the Biscoff® brand while ensuring the integrity of our brands and trademarks. The use of Biscoff® products in the preparation of recipes does not automatically entitle someone to use the Biscoff® trademark such as logos, design, look & feel and trade dress in your communication. However, Lotus Bakeries has authorised certain ways of use in its Trademark Guidelines to inform professionals transparently how to include the Biscoff® brand name to benefit from its power and recognition. These Guidelines apply worldwide.



The full Biscoff® Trademark Guidelines are available on the Biscoff website:

<https://www.lotusbiscoff.com/en-gb/foodprofessionals/trademark>

2. Respect for fellow human beings:

Lotus Bakeries is responsible for a safe working environment and places great importance on integrity and respect for fellow human beings. Respecting human rights and labour regulations, including the freedom of association of employees and combating child labour, are important objectives. All personal data is treated with respect at all times and in accordance with the relevant rules and regulations.

New in 2023

- Lotus Bakeries developed and rolled-out a human rights policy in 2023, which applies to all our operations and to all full-time, part-time, and temporary colleagues who are directly employed by Lotus Bakeries, including our directors and officers. The policy also extends to any subsidiaries or joint ventures where Lotus has a majority interest or management control. It is important to note that our responsible sourcing policies and procedures specifically outline our expectations for our suppliers, vendors, agents, and contractors. In terms of human rights, Lotus Bakeries imposes its Supplier Code of Conduct on its suppliers of packaging, raw materials, equipment and finished products. We believe that it is not only our responsibility to ensure that our own operations uphold human rights, but also that of those in our supply chain.



The full Human Rights Policy as well as our Modern Slavery Statement are available on our website:

<https://www.lotusbakeries.com/governance-practices-and-policies>

- A Group anti-harassment and anti-discrimination policy was developed and rolled-out. Reference is made to page 106 of this annual report.
- 2023 saw the implementation of several new regulations on data protection and cybersecurity in China, with a particular focus on cross-border data transfer and personal information protection. On the other side of the world, in California, US, the California Consumer Privacy Act entered into force on 1 January 2023. Since Lotus Bakeries has sales offices in both locations, we updated our global Data Protection manual to reflect local requirements and implemented several measures in order to fully comply with the local legal framework.

3. Trading fairly & ensuring compliance:

Lotus Bakeries ensures fair competition, respect for export regulations and the prevention of insider trading.

New in 2023

- In view of the geopolitical turmoil, Lotus Bakeries has heightened its awareness of tightened export regulations. This approach ensures ongoing compliance with all applicable export laws and regulations in an ever-changing and evolving global landscape.
- In 2023, all new employees in the marketing, sales and purchasing departments were invited to an initial two-and-a-half-hour interactive workshop at which eight issues were explained using real case studies, with a success rate of 75% to complete the training programme. All employees – existing and new – of the specified departments were moreover invited to two competition quizzes. The participation and success rates were as follows:
 - June 2023 excluding US: 89% participation, 85.6% passed successfully.
 - June 2023 US specific quiz: 100% participation, 76.4% passed successfully
 - October 2023 including US: 97% participation, 62.9% passed successfully

Lotus Bakeries will continue its efforts to increase awareness and understanding of competition law within its organisation.



Reference is moreover made to the Dealing Code which is available on our website and an important part of our continued attention for the prevention of insider trading:

<https://www.lotusbakeries.com/governance-practices-and-policies>

4. Combating corruption:

Lotus Bakeries maintains a zero-tolerance policy towards bribery and corruption, overseeing a clear process for managing conflicts of interest and keeping accurate accounts and records, including rigorous reporting and bookkeeping.

New in 2023

- Lotus Bakeries issued a new whistleblowing line which can be accessed by anyone on our website (<https://www.lotusbakeries.com/governance-practices-and-policies>) and through which anonymous reporting is possible, confidentiality is assured, and accurate follow-up of the legal obligations is guaranteed. Such whistleblowing line will further improve the detection of any potential misconduct throughout the value chain.
- Lotus Bakeries has taken further steps as part of its continuous improvement process for corporate books across all of its entities, further streamlining the timing, stakeholder management and automation of the annual reports and annual shareholder meeting in all of its entities. Where applicable, it has moreover made requisite board amendments and updates of the articles of association or bylaws of entities in view of the evolution of the Group in recent years.

5. Securing information:

Lotus Bakeries does all it can to protect its own confidential information and the confidential information of third parties.

New in 2023

- Last year, Lotus Bakeries successfully executed 34,933 phishing simulations within our user community, boasting an impressively low fail rate of 2.3%. In tandem with these efforts, we remain committed to enhancing security awareness through targeted training programmes for new hires and the strategic deployment of phishing campaigns.
- Looking ahead to 2024, our overarching objective is to elevate

our security maturity, steering towards a zero-trust strategy. This entails further implementing rigorous authentication, authorization, and continuous validation processes for all users, applications, and devices. To realise this strategy, we are focusing on key initiatives such as maintaining an accurate inventory of assets and software, fortifying security protocols for remote work scenarios, and bolstering safeguards for accessing our production lines. Concurrently, we remain dedicated to substantial investments in detection capabilities.

- In alignment with our commitment to robust security practices, we are taking steps in 2024 to ensure compliance with the NIS 2.0 EUR Directive. Our initial move involves the implementation of a comprehensive security risk framework, laying the foundation for a resilient and compliant security infrastructure.
- To facilitate confidential negotiations while protecting our crown jewels, Lotus Bakeries has completely revised and strengthened its confidentiality agreements and introduced a more flexible modus operandi.

6. Respect for the environment & responsible sourcing policy:

Lotus Bakeries closely monitors the impact of its activities on the environment and constantly strives to reduce its ecological footprint. For specific details regarding our concrete 2023 operations, including our ambitions and achievements for the environment, please refer to page 88 and to the implementation of the Supplier Code of Conduct on page 131 of this annual report.

RESPONSIBILITIES

Each employee of Lotus Bakeries has a responsibility to comply with the principles of the Code of Conduct.

The responsibility for implementing the Code of Conduct lies with the Compliance Officer, supported by the local HR departments.

WHISTLEBLOWING

All employees of Lotus Bakeries are encouraged to speak up if they encounter any conduct that concerns them, or that seems to violate Lotus Bakeries Code of Conduct, our policies or applicable laws and regulations.

Lotus Bakeries Whistleblowing Line allows for anonymous reporting , confidentiality assurance, and accurate follow-up of the legal obligations.

Lotus Bakeries greatly values the help of employees and others who identify and speak up about potential concerns that need to be addressed. People who speak up are protected and will not suffer for raising concerns in good faith about suspected misconduct. Lotus Bakeries will not tolerate any form of retaliation against you for speaking up.

Lotus Bakeries has developed a Whistleblowing Policy which explains how one can raise concerns about suspected misconduct in confidence and without fear of retaliation. It also describes what to expect from us concerning follow-up and relevant action.



The Whistleblowing Line and Policy can be found on our website:

<https://www.lotusbakeries.com/governance-practices-and-policies>

All employees have been informed about the Whistleblowing Line and Policy via intranet communication and information sheets featured in all of our production plants. The Whistleblowing Policy has moreover been integrated in the onboarding packs and local HR decks.

In 2023, no complaints were received via the Whistleblowing Line. The Group Compliance Department was informed of one complaint from employees regarding an alleged case of discrimination in the course of 2023. This case was investigated locally. No infringements were established.

REPORTING

Where necessary, the Compliance Officer reports to the Board of Directors once a year on the enforcement of the Code of Conduct, covering any breaches and concerns raised, along with action points formulated to prevent repetition.

In 2023, the Board of Directors was not informed as no material complaints were received and no infringements were established.

IMPLEMENTATION

The Code of Conduct has been translated into the official languages of those countries in which Lotus Bakeries has a sales office or a factory. The document is available in eleven languages.

The Code of Conduct has been added to the onboarding pack for new employees at all our sites and a presentation is foreseen for the onboarding programmes.

The employees of Lotus Bakeries were asked to sign the Code of Conduct and have all received a brief explanation of the six principles it contains. At the end of 2023, 99.9% of employees had signed the Code of Conduct.



SUSTAINABLE SOURCING & ETHICAL BUSINESS PRACTICES AT OUR SUPPLIERS

SUPPLIER CODE OF CONDUCT

The principles set out in the Lotus Bakeries' Code of Conduct are also imposed on our suppliers of packaging, raw materials, equipment and finished products. In 2023, 94.2% of our key suppliers of finished products (external production), raw materials, packaging and equipment with which Lotus Bakeries has concluded a written contract had signed the Supplier Code of Conduct.

The principles to which these suppliers must commit can be summarised as follows:

1. Lawful and ethical business practices:

- Respect for human rights
- Child labour will not be accepted under any circumstances
- Treating people with dignity, honesty, fairness and respect
- Refraining from any form of discrimination, harassment, verbal or physical abuse
- Implementation of thorough health and safety procedures
- Compliance with the occupational laws and regulations in the workplace

2. Fair business practices

- Compliance with the relevant competition laws
- Use of fair and transparent price mechanisms and other contractual provisions in respect of suppliers
- Zero tolerance of bribery and corruption
- Protection of Lotus Bakeries' confidential information
- No falsification, smuggling or other related crimes

3. Respect for the environment

- Obtaining and documenting all necessary environmental permits, licences and registrations.
- Setting up an environmental management system, including:
 - Processes aimed at waste reduction, lower energy consumption, lower emissions and the prevention of pollution
 - Preservation of biodiversity, including threatened flora and fauna (no deforestation) and focusing on soil protection
 - Respect for water sources and ensuring good water and (waste) water management
 - No use of illegal products and limitation of the use of pesticides and other legal chemicals

4. Traceability

- The supplier must keep adequate records of its direct suppliers

We expect these suppliers to implement the Supplier Code of Conduct and to inform their employees, agents and subcontractors in a careful and transparent manner.

RESPONSIBILITIES

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

WHISTLEBLOWING

Suppliers are asked to bring any concerns to the attention of their contact at Lotus Bakeries. Since 2023, they also have the option to report any complaints via the online whistleblowing platform selected by Lotus Bakeries. This platform allows for anonymous reports, ensures confidentiality, and guarantees accurate follow-up of legal obligations.

MONITORING

The Supplier Code of Conduct includes an obligation for the supplier to provide documentation that Lotus Bakeries can use as a basis for verifying compliance with the Supplier Code of Conduct.

While audits at suppliers have traditionally focused on quality and food safety, Lotus Bakeries is exploring ways to monitor the proper enforcement of other principles in the Code of Conduct. Efforts are being made to integrate these considerations into existing audits.

Lotus Bakeries expects suppliers to take corrective actions necessary to address any identified gaps.

IMPLEMENTATION

The Supplier Code of Conduct was implemented in 2020, is supplied in the language of the contract and is available in eleven languages. In 2020, the suppliers of packaging, raw materials, equipment and finished products with which Lotus Bakeries had a framework contract, were asked to sign the Code of Conduct separately at the time. Since then, this code has been an integral part of the standard contracts with our key suppliers. Moreover, all our general purchase conditions contain a reference to the Supplier Code of Conduct, which is available on our website.

In 2023, 94.2% of key suppliers had signed the Code of Conduct.



PRODUCT SAFETY

QUALITY MANAGEMENT SYSTEM

The Lotus Bakeries quality policy is an integral part of its strategy aimed at building on strong, reliable brands. The strength of our brands is after all highly dependent on the quality of our products. The quality management system undergoes an assessment by the internal audit team. This happens annually split over five times, linked to different criteria. Corrective and preventive actions are taken as a result.



The full text of the quality policy is available on our website:

<https://www.lotusbakeries.com/policies-reports>

Responsibility

The Corporate Quality Assurance department is responsible for auditing the quality of our products under the direction of the Corporate QA Director, who has final responsibility for ensuring that the terms and conditions of Lotus Bakeries' quality management system are met at all our production sites and in all Lotus Bakeries' offices. The Area QA Managers have the same responsibilities for their region.

Scope of product safety and quality

Lotus Bakeries' quality management system covers the entire value chain, from the purchase of raw materials and packaging, to production, labelling and delivery of the finished products to the customer. External production is also covered by the quality management system.

Quality control of suppliers

• Supplier selection

Our suppliers are selected according to predetermined criteria, including the availability of an effective quality and food safety management system, assured by an independent food safety certification body. An effective tracing system forms part of this, so that Lotus Bakeries knows where the raw materials come from at all times.

- **Specifications**

In addition, Lotus Bakeries has drawn up specifications with product safety requirements to be met for raw materials and packaging materials that are critical for product safety, such as flour, eggs, fats, margarines, chocolate and printed packaging with direct product contact.

- **Inbound checks**

The products supplied by our suppliers are also subject to an inbound check. We assess the analysis report supplied by the supplier and check it with regular counter analyses by our own specialist internal laboratories. This inbound check is structurally registered in SAP to keep overview and be able to track.

- **Supplier audits**

The checks on the suppliers are also supplemented by supplier visits and audits, which are conducted annually on the basis of performance measurements, and this also applies to new suppliers. In 2023, three audits were carried out at suppliers of raw materials and packaging materials. In addition, another four visits took place at our raw material and packaging suppliers.

Only on the basis of these detailed performance measurements can we ensure that we continue to work with the best suppliers at all times.

Quality assurance of our production processes and finished products

- **Hazard Analysis and Critical Control Points (HACCP)**

Production processes have been developed for all production sites that are designed to assure the quality and the safety of the products. Detailed HACCP plans (product safety risk studies) for example have been produced. They are updated at least annually or with every major adjustment of the process or machinery.

- **Training**

Every employee gets the necessary training on HACCP and on the quality process parameters. This kicks off during the onboarding and is followed up by regular repeat trainings.

- **Internal audits**

Verification takes place on the basis of internal audits. In 2023 there were 63 internal audits with on-site presence. Each production site has been audited at least five times.

- **External audits**

External certification is a major support in the continuous improvement of both processes and products. Every Lotus Bakeries production site is BRC or IFS certified at end 2023.

- **Quality control**

Finished products are first examined critically at our production sites in the form of self-assessment by the production department. The quality of our finished products is also assured by analyses in our internal laboratories. The results of these laboratory analyses are reported to management monthly. Products of production partners are assessed in the same way.

Quality processes for our production partners (co-manufacturing)

Our external production partners are monitored in an identical way by our Corporate Quality Assurance department. There were three physical audits last year, 10 in-person factory visits and 10 in-person quality meetings topped up with 50 digital quality meetings over the past year. The requirements we set for our external production partners are laid down contractually in a clear schedule of requirements.

Quality processes for our customers

First and foremost, our finished products, both the product itself and the packaging, must comply with the relevant food legislation. The labelling of products and the processing of raw materials and packaging materials by the country of commercialisation according to the regulations are monitored by the Corporate Quality Assurance.

We also wish to inform the consumer transparently about verified claims made with regard to the product. In 2021 we worked on a revamped database to manage all this information efficiently and to convert it into product specifications and customer information. This database was put into use in 2022 and the further roll-out for other sites and production partners continued in 2023.

We receive, register and handle product complaints systematically and, since 2020, they have been registered in a central database for all the sales offices in the group. The number of complaints and their seriousness are monitored very closely and a monthly report is submitted to management.

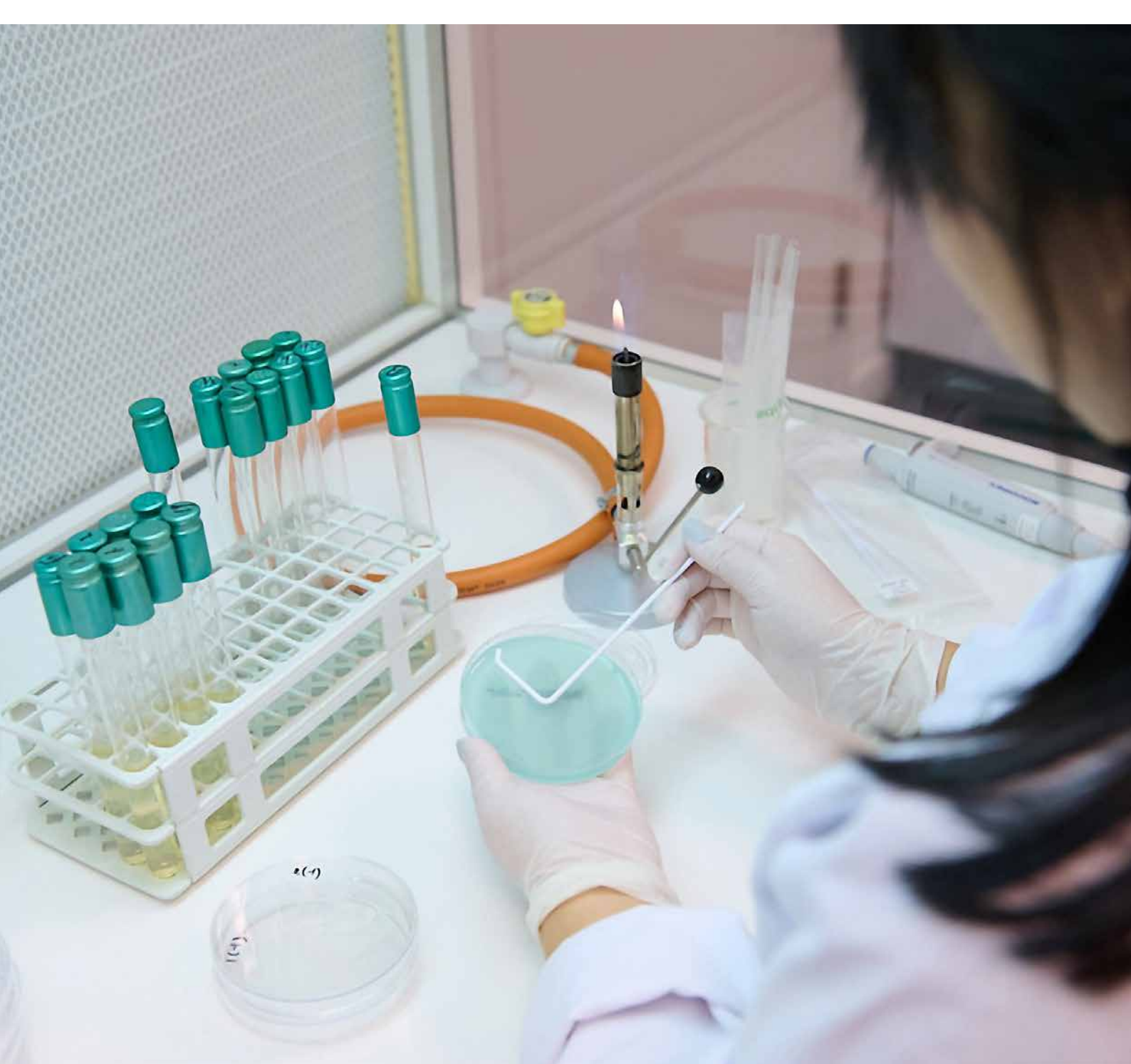
Annual testing and continuous monitoring of our quality management system

Lotus Bakeries has specific product withdrawal and recall procedures. There is a trained crisis management team in each of our sites and sales offices. Each year, the procedures are tested in collaboration with external parties.

Learning points are identified and adjusted from the results of this test, and monitoring and action plans are drawn up.

In 2023, Lotus Bakeries organised one recall in the Netherlands followed by a thorough risk analysis. The necessary steps were taken in a timely manner and preventive measures were taken immediately to prevent recurrence in the future.

The various components of our quality management system are adequately safeguarded thanks to these various steps, where the raw materials come from at all times.





PRODUCT DEVELOPMENT

The R&D department is responsible for developing new products, optimizing existing ones, as well as creating packaging solutions, all in alignment with Lotus Bakeries' strategy and policies. As such, we carefully select our raw materials from approved suppliers that comply with our responsible sourcing policies, as well as make sure that packaging materials comply with our ambition to be 100% recyclable by end 2025.

Product development follows a stage-gate process, where ideas, prototypes and products are evaluated against several criteria, including our sustainability and nutritional policies. This results in a high-quality branded snack, which will bring a superior tasting experience to our consumers all over the world, all year around.

Our expertise in the field of innovation is complemented with interactions with well-known knowledge institutes and universities, which give us a better view of product-packaging-process interactions and give us new insights into new technologies.

NUTRITIONAL POLICY



Superior taste experience

Lotus Bakeries wants to be able to offer its consumers delicious, high-quality snacks at any time of the day. A superior taste experience is key to this, both in the range of cookies and pastries and in the range of natural snacks. We only use high-quality ingredients and we monitor production and supply chain processes from beginning to end. Ensuring the quality, origin, composition and safety of our products is vital. Our R&D department plays an important part in this: it has the task of developing products with attention to constantly improving quality and taste.



Diverse range

Lotus Bakeries aims to offer every consumer a quality range of snacks at every moment of consumption. It does this through a portfolio of products with a variety of nutritional compositions.



With the acquisition of brands such as năkd®, TREK®, BEAR® and Urban Fruit®, the focus has expanded to fruit and nut-based snacks. Moreover, the takeover of Kiddylicious® has meant an expansion of our range with snacks and meals for little ones. These Natural Foods brands provide the consumer with the option to choose a healthy or healthier alternative to existing snacks in the food category.





No artificial flavours or colours

To exclusively offer our consumers healthy and high-quality products, we aim not to use any artificial flavours or colours in our products. We have considered it important as a business to use pure and natural ingredients since our foundation in 1932.



Variety in portion sizes

It is our ambition to offer consumers responsible snacks. Not just with our range of natural snacks, but also by making several of our top products available in large and small packs, that contain less than 150 Kcal a portion.



Clear information & responsible marketing

In order to support consumers in their nutritional choices, we believe it is important to give them accurate product information, including the nutritional values. Lotus Bakeries also takes an unequivocal position with regard to responsible advertising towards children. For example, Lotus Bakeries Belgium signed the Belgian Pledge 3.0.



The full text of the 'nutritional policy' is available on our website:

<https://www.lotusbakeries.com/policies-reports>

We believe it is important to provide consumers with information that encourages them to consume responsibly. Our commitment is based on:

- 1. Encouraging responsible consumption**
- 2. Taking responsibility in communication**

Responsible consumption

Responsible consumption is an important topic in our advertising. To help consumers make the right dietary choices we do not encourage or show excessive consumption in our advertising.

We do not exceed recommended portion sizes and do not portray unhealthy or inappropriate consumption of our products. On certain product lines we offer a variety of portion sizes that can fit the lifestyle of different types of households.

Responsible communication

At Lotus Bakeries we will not communicate to children below 13 years of age. Instead, we see the parents as the gatekeepers of their children's healthy diet. This applies to media channels such as TV, radio, print, cinema, direct marketing, product placement, apps, outdoor marketing, mobile and in online including social media channels, influencer marketing, and company websites.

LOTUS BAKERIES FOUNDATION FOR EDUCATION

Mission: Lotus Bakeries aims to make a substantial contribution to carefully selected education projects aimed at high-quality education for vulnerable or disadvantaged children and young people.

At Lotus Bakeries we contribute to the well-being of our fellow human beings by providing support to education. The reason is simple: education is the key to breaking the vicious circle of poverty.

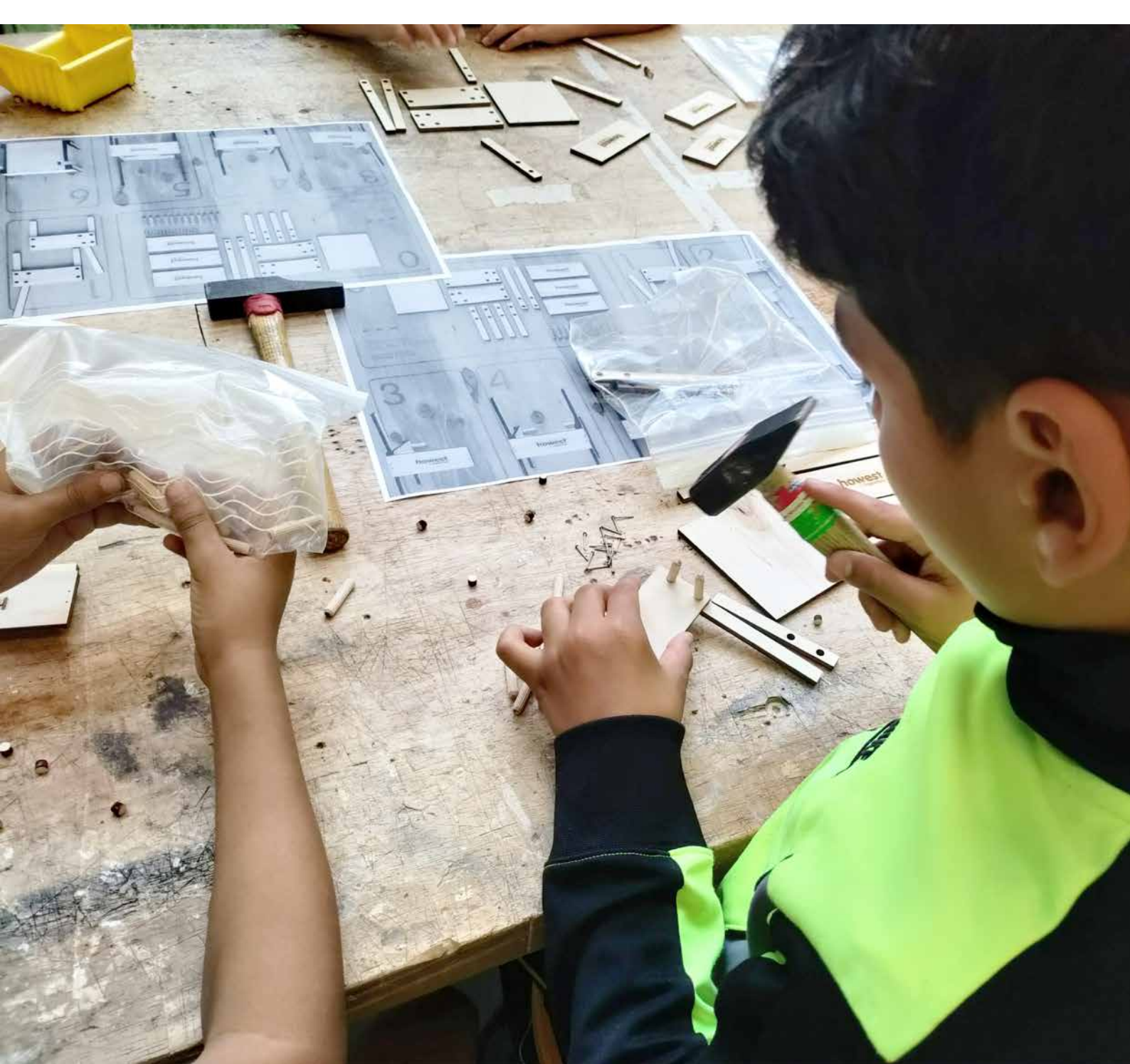
Anyone with access to high-quality education can learn a trade and thus also gain access to the labour market, earn an income and support a family, share knowledge and continue to develop.

Education is a universal human right to which every child is entitled for good reason. It offers future prospects and helps the child become an independent and self-reliant human-being. Somebody who can contribute to the economy. In this way education is the key to success of the child and society.

Our underlying principles are clear:

- We want to give vulnerable or disadvantaged children and young people in various regions access to high-quality education.
- We do this by supporting projects aimed at elementary and secondary education, but also aimed at technical skills and out-of-school cultural or sporting activities.
- We select a limited number of projects to which we can make a substantial contribution.





In 2023, Lotus Bakeries supported eight development projects within the Lotus Bakeries' Foundation for Education:



The Kusasa Project

The Kusasa project is an education project in the Western Cape province of South Africa of which Lotus Bakeries has been the main sponsor since 2018. Every year, around 150 children receive quality primary education and are supported in their further development. This increases their prospects of a better future, which also benefits the local community.

In terms of educational achievements, 2023 was a remarkable year for The Kusasa Project. The support allowed 60% more classroom hours last year than in other schools in the region. In the fourth group, 24 students graduated from The Kusasa Academy in 2023. Besides regular education, activities included dance classes, 42 excursions and field trips, as well as 50 winter and summer sports activities and, last but not least, cultural clubs where children had an opportunity to discover their passion.

The Kusasa Project has always prioritised development needs for young children. In addition to educational goals, The Kusasa Project also makes sure that the children are provided with practical needs and resources that improve their quality of life, such as: acupuncture therapy, eye tests and corrections, eyeglass enhancement, hearing exams and provision of hearing aids. In 2023, some 32 families used social workers, 110 home visits were made and around 126 forms of medical and social assistance were provided to the community.



Lotus Bakeries Child Sponsorships

This project was set up in conjunction with Cunina at the school in Reichenau, Underberg, South Africa. Since 2017, the employees of Lotus Bakeries Corporate have been given the opportunity to become sponsors. All sponsored children are offered an education from the first year of primary to the final year of secondary. This is a long-term commitment of 12 years for around 145 children.





TAJO

Through its support of the Ghent Talent Studio for Young People (TAJO), Lotus Bakeries makes a conscious decision to provide socially vulnerable young people in the Ghent and Kortrijk regions (Belgium) with new opportunities and to fuel their motivation to start studying.

At TAJO, young people are introduced to various professions and the corresponding skills and talents via interactive workshops on Saturdays. These workshops are led by experienced guest teachers and at least once a month, the young people get the opportunity to take a look behind the scenes inside inspiring companies. This way, young people can discover for themselves which fields appeal to them and what encourages them to study in a direction that will take them further, both at school and in society.

In order to keep the connection going with the young people at TAJO during the summer holidays, TAJO organised activities for all the young people in July and August. The 2023 summer holidays kicked off with an event that focused on connecting and networking. In August, the new TAJO year was collectively launched with a day of experience-focused workshops across different locations such as: the Ghent Bourgoyen, the Technology Park in Zwijnaarde, Doerak farm in Marke and the University of Applied Sciences in West Flanders.



City Pirates

The City Pirates community football project, which operates in eight locations in Antwerp (Belgium), uses football to give young people an opportunity and to learn skills. The project's main goal is to give underprivileged young people in the province of Antwerp a chance to get an education, a diploma, and a job.

The development of skills in sports is closely associated with the promotion of social skills in which teamwork, perseverance, effort and discipline are key, along with equality, respect and commitment. All of this is focused on creating a stable and balanced future. City Pirates also offers social and financial guidance for parents, after-school activities and homework assistance for children. The organisation currently has 15 professional employees, 215 volunteers and 1,500 players. The first City Pirates team plays in the second amateur class and receives logistical support from Club Brugge KV.

City Pirates, in addition to sports activities, also organised events in 2023 focused on social commitment. This was reflected in playground activities, youth outreach, various workshops and events, internship days and a community event. Through these initiatives, the club creates a social platform outside of the soccer field where young people, children, parents and volunteers can collectively work on a better community in the city.



Gammol

Gammol is a Belgian non-profit organisation committed to the educational and healthcare needs in Gambia, where the availability of clean water and education are considered essential basic conditions.

The main efforts in 2023 were the construction of a fourth school and the provision of clean water in various regions. Due to Gammol, more than 120,000 people in Gambia now have daily access to clean and potable water, which is just one link in the chain that should lead to greater self-reliance.

The biggest project started in June 2023, with the construction of the fourth school in Falaa, a southern district of Sanyang in Gambia. This new primary school will include four classrooms, a lounge for teachers and management and sanitary facilities. All of the materials required for the construction of the school are purchased and manufactured locally, which benefits the local economy.

In addition to efforts to build schools, Gammol always sets clear expectations for the local communities it supports to ensure quality education. This involves paying attention to what subjects are taught, the appointment of teachers and their responsibilities. This is because the focus of primary education is on language and maths. Gammol's actions are based on the belief that quality education gives young people a greater chance of breaking out of poverty. Providing quality education is therefore also one of the key goals, aimed at achieving self-reliance.



Gooikenshoeve

VZW Gooikenshoeve (Belgium) was set up to provide psychologically and socially vulnerable young people and young adults from 17 to 25 a worthwhile daytime activity in a small-scale, safe and warm environment. In this way we want to nurture the hope and the ability of our guests to find a way into normal social integration and interaction with themselves and others. Lotus Bakeries is keen to do its bit in this regard.





Entrepreneurs for Entrepreneurs

Literacy training for women

The 'Literacy for women as a weapon for their emancipation' project has been supported by Lotus Bakeries since 2021.

The emancipation of women and their social and economic emancipation in the Democratic Republic of the Congo and Benin depend on education. Leuven Coopération and its local partners organise literacy courses for women and girls in these countries. These courses have a direct and significant impact on the emancipation of these women and the image they have of themselves and their families.

A future for disadvantaged young people in Walungu thanks to training in sustainable agriculture and the economy

With this project, Lotus Bakeries offers support to four technical agricultural schools in the Walungu region in Congo, namely: Maka, Karhagwa, Muku and Cihirano. Unemployment in this region is exceptionally high. Even young people who have completed their education are finding it difficult to find work.

The project's goal is to support young people in their vocational training while also reinforcing their teachers' technical and entrepreneurial skills. The teachers are trained by experienced partners, with specific emphasis on agriculture and crafts because the Walungu area is predominantly agricultural and most opportunities lie in this sector. This will enable teachers to have sufficient knowledge to prepare young people for self-

sustaining work within farming activities after graduation. A total of 486 students are being trained. This education allows them to support their families.

In the context of the social professional relevance of agricultural education, the focus is on financing practical matters that are necessary in order to support the courses. For example, in 2023 at the Muku Technical Institute, the rabbit hutch was refurbished and a pig was purchased for the pigsty in Cihirano. The introduction of a new course made it possible to train students in setting up micropropagation to produce healthy banana shoots.

Next, a management committee was set up to supervise the schools and optimise their operation by enabling knowledge exchange between the schools and agricultural businesses in the region.

Finally, a competition was organised for the graduates to prepare a business plan, with the most promising project receiving partial funding. Graduates starting income-generating activities in circular economy or agroecology will be coached with the purpose of advancing their initiatives while analysing which courses show the most promise for socio-professional integration.

EXTERNAL INITIATIVES, COMMITMENTS AND EVALUATIONS

To help us achieve and demonstrate our ESG commitments, we have several key memberships and certifications. These focus on people and planet, and align with our sustainability commitments.



SBTI

- The Science Based Targets initiative (SBTi) is a collaboration between CDP, the United Nations Global Compact, World Resources Institute (WRI) and the World Wildlife Fund (WWF). The SBTi is the only global initiative that directly links a company's carbon-emission targets to the Paris Agreement and associated global efforts, in order to keep the rise in global temperature below 1.5°C.
- Lotus Bakeries has signed the Business Ambition for 1.5°C Commitment Letter in March 2023. The target and roadmap is currently under development.



CEFLEX

- The Circular Economy for Flexible Packaging (CEFLEX) initiative is a collaboration of over 180 European companies, associations and organisations representing the entire value chain of flexible packaging. The goal of the initiative is to make all flexible packaging in Europe circular. CEFLEX's 'Mission Circular' commits to collection of all flexible packaging and over 80% of the recycled materials channeled into valuable new markets and applications to substitute virgin materials.
- Lotus Bakeries is an active member of the CEFLEX initiative since 2020 and actively participates in the working groups concerning the development of design guidelines for a circular economy (D4ACE). Furthermore, Lotus Bakeries applies the already existing CEFLEX guidelines to develop recyclable flexible packaging.



FLEXIBLE PLASTIC FUND

- The Flexible Plastic Fund is a UK-based collaborative fund of 18 renowned UK consumer goods' manufacturers giving value to hard-to-recycle flexible plastics. The Flexible Plastic Fund is working with retailers, recyclers, local authorities and manufacturers using flexible plastic packaging to create an efficient system that incentivises high-quality recycling of a material that has historically gone to waste. The Fund is driving towards the long-term ambitions of ensuring flexible plastic recycling is UK based, fully circular and facilitated by household recycling collections.
- Lotus Bakeries has been a member of the Flexible Plastic Fund since its establishment in 2021 through the brands Lotus Bakeries UK Ltd., Natural Balance Food and Kiddylicious. Lotus Bakeries actively participates in the funder meetings and financially supports the Flexcollect trials to pilot household collections in UK and the retail collections of flexible plastics.



RSPO

- The Roundtable on Sustainable Palm Oil (RSPO) is working to transform the palm oil industry to make it sustainable. It is a global non-profit organization that provides certifications for certified sustainable palm oil.
- Lotus Bakeries is member of the RSPO and the Belgian Alliance for Sustainable Palm Oil. We select key palm oil suppliers¹ carefully on the basis of the NDPE principle (No Deforestation, No Peat, No Exploitation) in its purchasing standards. All Lotus Bakeries' sites that use or purchase palm oil also have an RSPO certificate.

¹ Key palm oil suppliers are those who supply products containing more than 50% palm oil and in which the ingredient makes up 5% of the recipes.



RAINFOREST ALLIANCE

- The Rainforest Alliance is an international non-profit organization working at the intersection of business, agriculture, and forests. Being Rainforest Alliance certified means a product respects the three pillars of sustainability: social, economic, and environmental.
- The cocoa butter and cocoa mass used in our Lotus® Biscoff® chocolate has been certified by the Rainforest Alliance. The Enkhuizer and Peijnenburg products with chocolate were originally UTZ certified but are Rainforest Alliance certified since the transition from UTZ to Rainforest Alliance.



SEDEX

- Sedex, the Supplier Ethical Data Exchange, is a collaborative platform that enables members to collect and share ethical data and identify risks in their supply chains. It's the world's largest data platform for supply chain assessment.
- Lotus Bakeries is Sedex member with plants in Belgium and France. Being a member of the Sedex community supports our commitment to fair labour practices, the well-being of our employees, business ethics and the environment.

Lotus Bakeries is rated by several independent organisations.
We have ratings from the following organisations:



SUSTAINALYTICS

- Sustainalytics is a company that rates the sustainability of listed companies based on their environmental, social and corporate governance performance. They measure how exposed a company is to industry-specific ESG risks and how well it deals with the risks. The rating scale is made up of 5 risk levels ranging from severe risk to negligible risk.
- The assessment by Sustainalytics is 30.2. (latest update, June 2023). We appreciate the feedback and have taken initiatives in the course of 2023 to further improve our ESG performance.



CDP

- CDP, the former Carbon Disclosure Project, runs the global disclosure system to manage environmental impacts. They have broadened the scope of this disclosure, to deforestation and water security. They have built a comprehensive global collection of self-reported data. By scoring business from A to D, they take organisations on a journey from disclosure to awareness up to management on several environmental topics.
- Lotus Bakeries has a D on Climate Change and B- on Forest. We commit to the feedback and set up action plans to mitigate risks and capitalise on the opportunities that CDP points out.

EU TAXONOMY

OVERVIEW OF THE EU TAXONOMY

This section contains the EU Taxonomy disclosures required by Article 8 of Regulation 2020/852 (the EU Taxonomy Regulation).

Article 9 of the EU Taxonomy Regulation identifies the following six environmental objectives:

1. Climate change mitigation
2. Climate change adaptation
3. The sustainable use and protection of water and marine resources
4. The transition to a circular economy
5. Pollution prevention and control
6. The protection and restoration of biodiversity and ecosystems

The EU has published a catalog of economic activities that can be considered for these objectives (the Delegated Regulations). Our view is that our core economic activities related to producing and selling indulgent and natural snacks are not covered by the Delegated Regulations and consequently are not currently considered for Taxonomy purposes. For reporting in 2023, the proportion of Taxonomy-eligible and 'aligned' economic activities in turnover, capital expenditure (CapEx) and operating expenditure (OpEx) must be disclosed for the first two environmental objectives. Moreover, the proportion of Taxonomy-eligible economic activities in turnover, CapEx and OpEx must be disclosed for the remaining four environmental objectives.

APPLICATION OF THE EU TAXONOMY REGULATION

The amounts used for the calculation of the turnover, CapEx and OpEx ratios are based on the reported data in the consolidated financial statements. As none of our revenue-generating activities are described currently in the Delegated Regulations, our EU Taxonomy-eligible turnover for 2023 is zero. For the same reason, we do not report any CapEx related to assets or processes associated with taxonomy-eligible economic activities or CapEx that is part of a plan to expand taxonomy-eligible economic activities.

If and when the specific economic activity 'manufacturing of food products and beverages' is added to the future Delegated Regulations, we expect our key performance indicators for Taxonomy-eligible turnover, CapEx and OpEx to increase.

CURRENT OTHER ACTIVITIES AND OUTLOOK ON OUR POTENTIAL FOR TAXONOMY-ELIGIBILITY GOING FORWARD

It is important to note that 'non-eligible' under the EU Taxonomy Regulation refers to the fact that the activities at present remain outside the scope of the economic activities for which technical screening criteria have been developed under the current Delegated Regulations. As such non-eligible activities under the EU Taxonomy should not be interpreted as an indication of our sustainability performance or ambition.

We will continue to assess our Taxonomy-eligible and aligned activities considering the evolving legal framework of the EU Taxonomy Regulation and to continue to integrate the requirements of the EU Taxonomy in our business model and reporting policies and procedures.

In the meantime, we continue to explore ways to reduce our emissions through our commercial strategy and invest in the decarbonisation of our operations and value chain as part of our ambition to achieve net zero by 2050.

For a qualitative description of the CapEx and OpEx spent to make our operations more sustainable, we refer to Chapter 2 of our Annual Report.

DEFINING OUR KPIS

The definition of the key performance indicators (KPIs) is determined in accordance with Annex I of the Art. 8 Delegated Act.

Turnover KPI

The turnover KPI is defined as the proportion of Taxonomy-eligible economic activities in our total turnover (numerator) divided by the net turnover (denominator). The denominator of the turnover KPI is based on our consolidated revenue as presented in our Consolidated Income Statement.

With regard to the numerator, we have not identified any Taxonomy-eligible activities as explained above.

CapEx KPI

The CapEx KPI is defined as Taxonomy-eligible CapEx divided by our total CapEx.

Total CapEx (denominator) consists of additions to tangible and intangible assets during the financial year considered before depreciation, amortisation and any re-measurements, including those resulting from revaluations and impairments, for the relevant financial year and excluding fair value changes. The denominator includes also additions to tangible and intangible assets resulting from business combinations and leases.

With regard to the numerator, as we have not identified Taxonomy-eligible economic activities, we do not record CapEx related to assets or processes that are associated with Taxonomy-eligible economic activities.

OpEx KPI

The OpEx KPI is defined as Taxonomy-eligible OpEx divided by our total OpEx.

Total OpEx (denominator) includes direct non-capitalised costs that relate to research and development, building renovation measures, short-term lease, maintenance and repair, and any other direct expenditures relating to the day-to-day servicing of asset of property, plant and equipment by the undertaking or third party to whom activities are outsourced that are necessary to ensure the continued and effective functioning of such assets.

With regard to the numerator, as we have not identified Taxonomy-eligible economic activities, we do not record OpEx related to assets or processes that are associated with Taxonomy-eligible economic activities.

TAXONOMY KPI'S FOR THE PERIOD ENDING DECEMBER 31, 2023

As none of our revenue-generating activities are covered by the Delegated Regulations, the share of Taxonomy-eligible turnover in our total turnover is 0%. Consequently, the related CapEx and OpEx are also 0%.

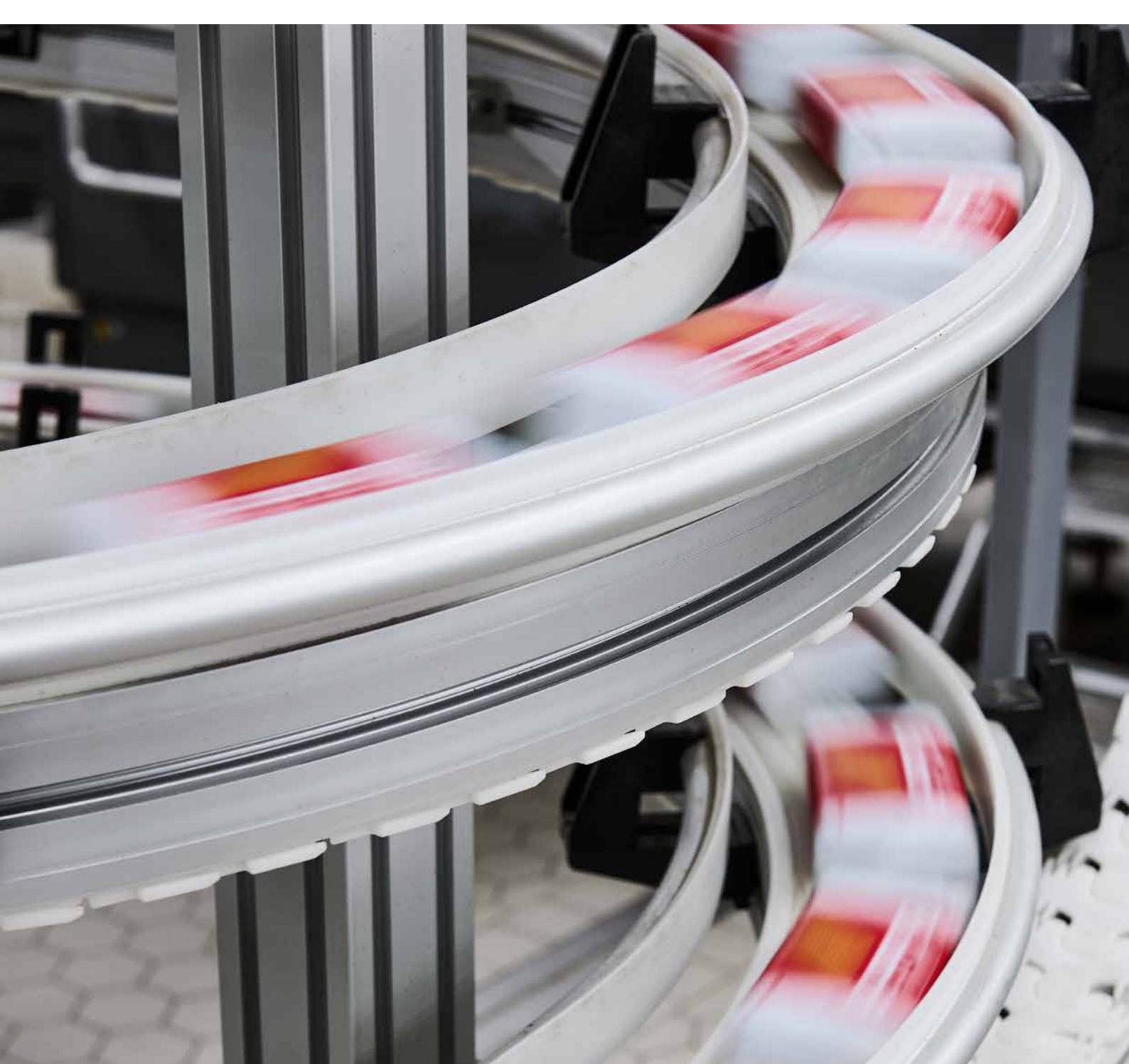
We acknowledge that the Commission Delegated Regulation (EU) 2021/2178 of July 6, 2021 (hereafter referred as Regulation) requires to disclose the information referred to in Article 8, paragraphs 1 and 2, of Regulation (EU) 2020/852 as specified in Annex I to the Regulation, presented in a tabular form by using the templates set out in Annex II to the Regulation.

However, as most fields would be empty or nil, for the sake of clarity for our readers, we present all required information as in the simplified tabular form hereunder.

IN MILLION EUR	TOTAL	PROPORTION OF TAXONOMY-ELIGIBLE (NON-ALIGNED) ECONOMIC ACTIVITIES (IN %)	PROPORTION OF TAXONOMY-ALIGNED ECONOMIC ACTIVITIES (IN %)	PROPORTION OF TAXONOMY-NON-ELIGIBLE ECONOMIC ACTIVITIES (IN %)
Revenue	1,063.0	0%	0%	100%
Capital expenditure (CapEx)	86.2	0%	0%	100%
Operating expenditure (OpEx)	40.8	0%	0%	100%

In 2023, the Group has made climate change mitigating CAPEX investments for a total amount of EUR 4.5 million (mainly relating to electric vehicles, charging stations and plant batteries), representing more than 20% of the maintenance CAPEX of the Group.

The detailed information and data-tables in accordance with the EU taxonomy are disclosed in Annexe of the current report.



LIMITED ASSURANCE REPORT

INDEPENDENT LIMITED ASSURANCE REPORT ON THE SUBJECT MATTER INFORMATION OF THE CARE FOR TODAY SECTION IN THE ANNUAL REPORT 2023 OF LOTUS BAKERIES NV

To the Board of Directors of Lotus Bakeries NV

This report has been prepared in accordance with the terms of our engagement contract dated 13 December 2023 (the "Agreement"), whereby we have been engaged to issue an independent limited assurance report in connection with a selection of sustainability KPIs included in the Annual Report as of and for the year ended 31 December 2023 of Lotus Bakeries (the "Report"), as listed in the Appendix of this assurance report.

THE DIRECTORS' RESPONSIBILITY

The Directors of Lotus Bakeries NV ("the Company") are responsible for the preparation and presentation of the selection of sustainability KPIs for the year 2023 included in the Report, as listed in the Appendix of this assurance report (the "Subject Matter Information"), in accordance with the criteria disclosed in the Report (the "Criteria").

This responsibility includes the selection and application of appropriate methods for the preparation of the Subject Matter Information, for ensuring the reliability of the underlying information and for the use of assumptions and estimates for individual sustainability disclosures which are reasonable in the circumstances. Furthermore, the responsibility of the Directors includes the design, implementation and maintenance

of systems and processes relevant for the preparation of the Subject Matter Information that is free from material misstatement, whether due to fraud or error.

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an independent conclusion about the Subject Matter Information based on the procedures we have performed and the evidence we have obtained.

We conducted our work in accordance with the International Standard on Assurance Engagements 3000 (Revised) "Assurance Engagements other than Audits or Reviews of Historical Financial Information" (ISAE 3000), issued by the International Auditing and Assurance Standards Board. This standard requires that we comply with ethical requirements and that we plan and perform the engagement to obtain limited assurance as to whether any matters have come to our attention that cause us to believe that the Subject Matter Information has not been prepared, in all material respects, in accordance with the Criteria.

The procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance

that would have been obtained had a reasonable engagement been performed. The selection of such procedures depends on our professional judgement, including the assessment of the risks of material misstatement of the Subject Matter Information in accordance with the Criteria. The scope of our work comprised the following procedures:

- assessing and testing the design and functioning of the systems and processes used for data-gathering, collation, consolidation and validation, including the methods used for calculating and estimating the Subject Matter Information as of and for the year ended 31 December 2023 presented in the Report;
- conducting interviews with responsible officers;
- reviewing, on a limited test basis, relevant internal and external documentation;
- performing an analytical review of the data and trends in the information submitted for consolidation;
- considering the disclosure and presentation of the Subject Matter Information.

The scope of our work is limited to assurance over the Subject Matter Information for the year 2023. Our assurance does not extend to information in respect of earlier periods or to any other information included in the Report.

OUR INDEPENDENCE AND QUALITY MANAGEMENT

We have complied with the independence and other ethical requirements in the International Ethics Standards Board for Accountants' (IESBA) International Code of Ethics for Professional Accountants (IESBA Code) together with the legal Belgian requirements in respect of the auditor independence, particularly in accordance with the rules set down in articles 12, 13, 14, 16, 20, 28 and 29 of the Belgian Act of 7 December 2016 organising the audit profession and its public oversight of registered auditors and with Art. 3:62, 3:63 and 3:64 and 3:65 of the Companies' and Associations' Code.

Our firm applies International Standard on Quality Management n°1, Quality Management for Firms that Perform Audits and Reviews of Financial Statements, and Other Assurance Related Services Engagements, and accordingly, maintains a comprehensive system of quality management including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

OUR CONCLUSION

Based on the procedures we have performed and the evidence we have obtained, nothing has come to our attention that causes us to believe that the Subject Matter Information within your Annual Report as of and for the year ended 31 December 2023 has not been prepared, in all material respects, in accordance with the Criteria.

OTHER ESG RELATED INFORMATION

The other information comprises all of the ESG related information in the Report other than the Subject Matter Information and our assurance report. The directors are responsible for the other ESG related information. As explained above, our assurance conclusion does not extend to the other ESG related information and, accordingly, we do not express any form of assurance thereon. In connection with our assurance of the Subject Matter Information, our responsibility is to read the other ESG related information and, in doing so, consider whether the other ESG related information is materially inconsistent with the Subject Matter Information or our knowledge obtained during the assurance engagement, or otherwise appears to contain a material misstatement of fact. If we identify an apparent material inconsistency or material misstatement of fact, we are required to perform procedures to conclude whether there is a material misstatement of the Subject Matter Information or a material misstatement of the other information, and to take appropriate actions in the circumstances.

OTHER MATTER - RESTRICTION ON USE AND DISTRIBUTION OF OUR REPORT

Our report is intended solely for the use of the Company, to whom it is addressed, in connection with their Report as of and for the year ended 31 December 2023 and should not be used for any other purpose. We do not accept or assume and deny any liability or duty of care to any other party to whom this report may be shown or into whose hands it may come.

Ghent, 28 March 2024

The statutory auditor

PwC Bedrijfsrevisoren BV/PwC Réviseurs d'Entreprises SRL
Represented by

Lien Winne*
Bedrijfsrevisor/Réviseur d'entreprises

* Acting on behalf of Lien Winne BV

APPENDIX – SUBJECT MATTER INFORMATION

In section “02 our sustainability programme - care for today, respect for tomorrow”:

On page 85:

Environment	Sustainable Packaging	% of packaging of all Lotus Bakeries brands that is recyclable
	Carbon footprint	% of owned sites that have earned the CO ₂ -neutral label
		Total scope 1 and 2 emissions relating to our owned sites
		Kg of waste per tonne generated
	Sustainable sourcing	% of our production sites which process palm oil and have achieved the RSPO certificate

On page 105:

People	Gender diversity	% men-% female for Board of Directors, Leadership team and all employees
	Geographical distribution	Total headcount per country and split between men/female (absolute and in %)

On page 120:

People	Health and safety	Total occupational accidents involving absence from work
--------	--------------------------	--

On page 125:

Community	Priorities	% of internal employees who have signed the Code of Conduct
		% of key suppliers which have signed the Code of Conduct
		Key palm oil suppliers who endorsed the principles of Lotus Bakeries Palm Oil Policy
	Product safety	Lotus Bakeries production sites where our products are produced with external quality certification (BRC, IFS)

03

OUR ORGANISATION

Group structure and day-to-day management	158
Worldwide presence	166





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 various corporate departments.

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

Jan Boone is Chairman of the Board of Directors of Animalcare Group and sits on the Board of Directors of FC Bruges and Tomorrowland.

Isabelle Maes (representative of Valseba BV) is CMO of Lotus Bakeries and CEO Natural Foods within the 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 and is CMO of Lotus Bakeries since 2023.

Isabelle Maes sits on the Board of Directors of Van de Velde NV.

Mike Cuvelier (representative of Cumaco BV) has been CFO of Lotus Bakeries Group since September 2017, with the Finance, HR and ESG departments reporting to him. Mike began his career in 1996 as an auditor for PwC. Between 2000 and 2013 he fulfilled various controlling roles at Bekaert in the United States, Asia and finally was 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 (representative of Heycom BV) 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. He has been COO since 2016.

William Du Pré has been Corporate Director of Quality, Procurement and R&D since 2016, and is in charge of these corporate departments. William's career at Lotus Bakeries began in 1982. Over the years, he has occupied a variety of sales roles. He was General Manager Belgium for almost ten years (2007-2015).



Mike Cuvelier (CFO) - William Du Pré (Corporate Director Quality, Procurement and R&D) - Ignace Heyman (COO) - Jan Boone (CEO)
- Isabelle Maes (CEO Natural Foods & CMO Lotus Bakeries)



CMO APPOINTED TO FOSTER INTERNATIONAL GROWTH

For the growth of Biscoff® and the Natural Foods brands, Lotus Bakeries intends to invest more than ever in digital and data-driven marketing, making the most of synergies between the brands within the two strategic pillars. To that end, Isabelle Maes has taken on the role of Chief Marketing Officer since early 2023, in addition to her role as CEO Natural Foods. She comprehensively guides the marketing efforts for the two strategic pillars.

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 to Ignace Heyman, COO of the Lotus Bakeries Group. These changes are intended to more effectively streamline activities and adapt to the market in which the company operates.

SYNERGIES BETWEEN BISCOFF® AND LOTUS™ NATURAL FOODS

Today's marketing is fundamentally different from the past: more digital, more individual, more international and also more data-driven. That was also validated by the strategy exercise we conducted for Biscoff®¹ in partnership with Bain & Company. Lotus Bakeries wants to invest more in data and digital marketing for Biscoff and the Natural Foods brands, and to do so more efficiently, making the most of synergies between these Global Brand teams. Digital, data-driven marketing is more direct and highly targeted, but needs to be followed up very closely because it is constantly evolving and each medium requires a specific approach. We are therefore combining the marketing efforts for both strategic pillars of our company under the leadership of our new CMO Isabelle Maes.

This will have the added benefit that the teams will be able to inspire each other and align their processes, and we will achieve a more uniform marketing approach. The experienced Biscoff team uses processes that have long been embedded in the organisation, and can share that expertise. The Natural Foods brands are younger, bringing with them an entrepreneurial spirit that lets them provide fresh perspectives and inspiration. Since our sales teams in many countries commercialise both Biscoff and the Natural Foods brands, it also makes sense from this point of view to look for a more uniform approach where possible, whilst keeping the brand ownership and strategy fit to purpose for both Biscoff and the Natural Foods brands.

A good example is our e-commerce approach that is coordinated in an overarching way by a dedicated centralised digital team. Within each area, the General Managers are responsible for implementing the Lotus Bakeries e-commerce strategy.

GENERAL MANAGERS



BART BAUWENS
General Manager International
Distributors Biscoff®



LEON BROER
General Manager International
Distributors Lotus™ Natural Foods



ELS DE SMET
General Manager SOF Europe



RONALD DRIEUIE
General Manager SOF Asia



GARETH DUNNE
Managing Director NBF



JEROEN HARKS
General Manager The Netherlands



PAUL HUNTER
Managing Director UFF



MARGO JORIS
General Manager US



JEAN-PHILIPPE KLOUTZ
General Manager France



TWAN THORN
Managing Director Kiddylicious



JOHN VAN DE PAR
General Manager Belgium

CORPORATE DIRECTORS

The corporate services departments advise and support the Group across different areas and report directly to the EXCO.



ELENA BAYOD
R&D Director



KATHLEEN BUYST
Global Brand Director
Lotus® Biscoff®



STÉPHANIE DE LANGE
Group HR Director



SOFIE DE LETTER
ICT Director



SASKIA DE PAEPE
Corporate Finance & Supply Chain
Director Lotus™ Natural Foods



SABIEN DEJONCKHEERE
ESG Director



FOUAD ELOUCH
Reporting &
Consolidation Director



BRECHTJE HAAN
Corporate Legal, IP &
Communication Director



KATJA MAERSCHALCK
Corporate Controlling &
Auditing Director



ELS RUTSAERT
Corporate QA Director



ANNELIES SANTENS
Director Treasury &
Risk Management



WANNÈS SCHALEMBIER
Corporate Director Finance
Biscuits & Bakery



JEAN-PAUL VAN HOYDONCK
Global Director Lotus® Biscoff®
Engineering, Planning & Capacity



ELS VAN PARYS
Programme Manager
Strategic Projects



HENDRIK VAN STEENDAM
Global Brand Director
Lotus™ Natural Foods



WOUTER VERSTRINGE
FF 2032 Investment Fund Director

OUR WORLDWIDE PRESENCE

SALES STRUCTURE

Lotus Bakeries has a total of 23 sales offices & agencies¹, spread across Belgium, France, the Netherlands, the United Kingdom, Spain, Germany, Italy, Sweden, Switzerland, the Czech Republic, Austria, the United States, Hong Kong, China, South Korea, Japan and Australia. Lotus Bakeries has consolidated its Lotus Natural Food sales offices in the United Kingdom in one location in St. Albans, just outside of London. The St. Albans office is now the home of the four Natural Foods Sales offices; Natural Balance Foods (NBF), Urban Fresh Foods (UFF), Kiddylicious® and Peter's Yard®.

In approximately fifty other countries, we work closely with commercial partners. These partnerships are combined into the areas of the International Distributors of Lotus® Biscoff® and the International Distributors of the Natural Foods brands.

PRODUCTION SITES

Lotus Bakeries has a total of twelve production sites². They are spread across Belgium, France, the Netherlands, Sweden, the United States and South Africa. The thirteenth production site is currently being built in Thailand and will be operational by 2026.

We also have our own distribution centre in Lokeren (Belgium).

With the exception of TREK®, Kiddylicious® and Peter's Yard®, all brands³ are produced in our own production sites. We use a variety of production technologies to ensure the typical characteristics of our extensive product range. We do this by limiting the number of products and technologies at each site and by centralising production processes in specialised plants.

¹ Sales offices belong to the same sales office when both location and legal ownership are the same.

² Production sites are considered part of the same production site when both the location and legal ownership are the same.

³ Our nâkd products are manufactured partly by a co-manufacturer in the UK and partly at our production facility in South Africa.

EXPANSIONS 2023

NEW SALES AGENCIES

In 2023, new sales agencies were established in Japan and Australia. Recognising the potential in both markets, the decision was made to establish a direct presence, with our own employees. This move aims to strengthen the collaboration with our distributors in these markets and enhance our knowledge of the local market.

PRODUCTION SITES

In April 2023, a traditional ceremony was held in Thailand to symbolically drive the first pile into the ground, marking the commencement of construction for the new plant. This Biscoff® production site will mainly produce for the Asia-Pacific region. A team of both local and expatriate employees is committed to making the site operational by the first half of 2026.

To ensure adequate production capacity, an investment has been made in 2023 to establish our own nākd production facility alongside the BEAR® plant in Wolseley (South Africa). Nākd is one of Lotus™ Natural Foods' brands, and was still produced entirely by a co-manufacturer in the UK. The new production hall will take on international volumes, while the volume for the UK will continue to be produced by our co-manufacturer.

Due to the different production processes of nākd and BEAR, the final products and the precautions related to the allergen status, there are two separated buildings positioned parallel to each other.

In Lembeke, Belgium, an additional line for Biscoff Sandwich Cookie was inaugurated and existing production facilities were optimised.

Additionally, in the US, production efficiency was enhanced through capacity expansions in recent years.

2,984

Employees
(2,698 in 2022)

12

Production facilities
in 6 countries

23

Sales Offices
in 17 countries

50+

Countries with
commercial partners

OUR WORLDWIDE PRESENCE

OVERVIEW PRODUCTION SITES



Mebane



BISCOFF PRODUCTION SITES



NATURAL FOODS PRODUCTION SITES



LOCAL HEROES PRODUCTION SITES



Wolseley





Lembeke

Courcelles

Oostakker

Eeklo



Enkhuizen

Geldrop

Sintjohannesga



Comines

Briec-de-L'Odét



Tyresö



Tyresö

OUR WORLDWIDE PRESENCE

OVERVIEW SALES STRUCTURE



Comines



Manchester
St. Albans (4)



San Francisco



HQ



SALES OFFICES & AGENCIES

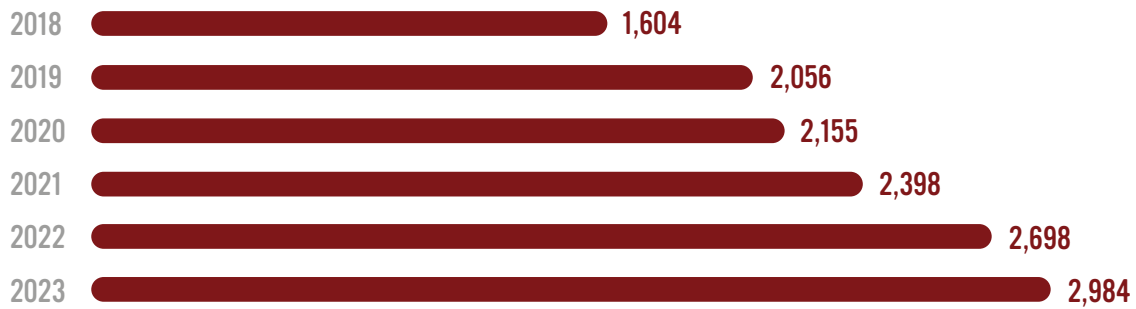


Madrid

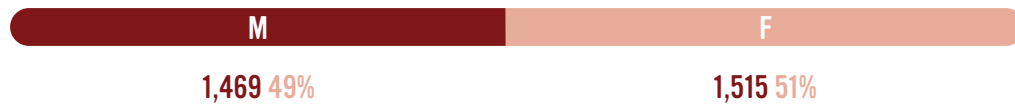


PERSONNEL

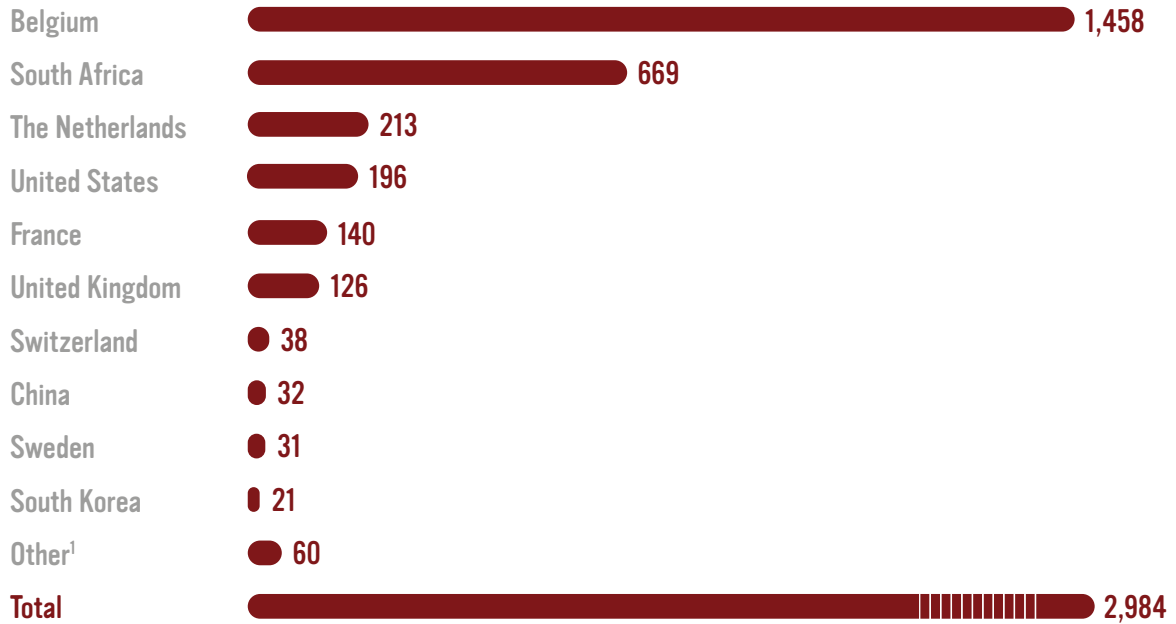
EVOLUTION



NUMBER OF EMPLOYEES BY GENDER



NUMBER OF EMPLOYEES PER COUNTRY

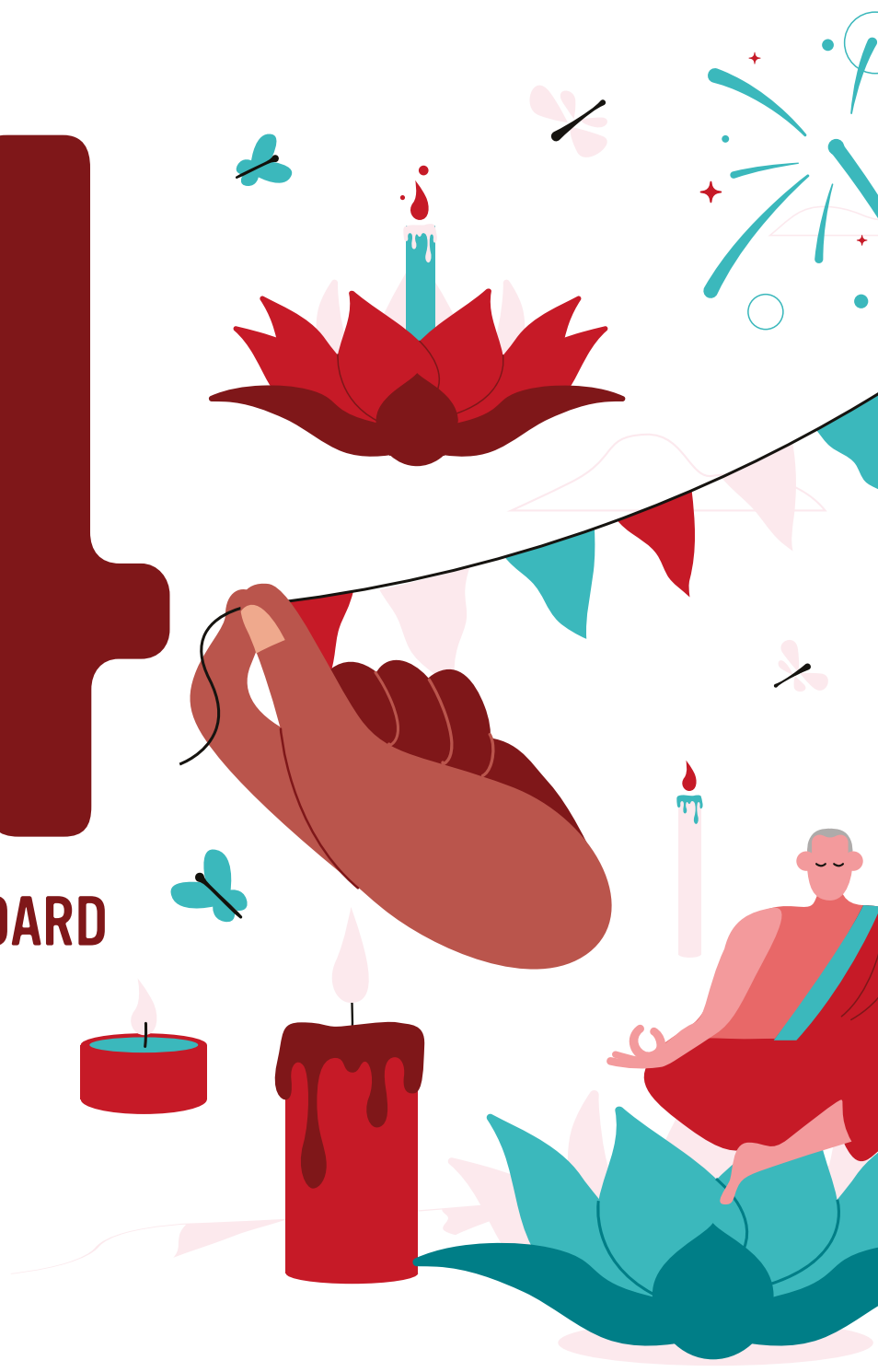


¹ Other: Austria, Australia, Czech Republic, Germany, Hong Kong, Italy, Japan, Spain, Switzerland and Thailand

04

REPORT OF THE BOARD OF DIRECTORS

Activities in 2023	176
Financial information	179
Prospects for 2024	180
Results and proposal for appropriation of results	182
Corporate Governance Declaration	183
Enterprise Risk Management	206
External audit	211





ACTIVITIES IN 2023

LOTUS BAKERIES EXCEEDS THE EUR 1 BILLION REVENUE MILESTONE

In 2023, Lotus Bakeries' consolidated revenue grew by EUR 185 million to EUR 1,063 million. The revenue growth realised in the first six months kept its high pace to end the year with an impressive sales increase of 21%. The high-quality organic growth in 2023 is driven by strong volume growth and price increases. Consolidated sales include around one percent of negative exchange rate effect.

The volume trend in the second half of the year further improved to end with a full year increase of just below 10%. The volume growth is primarily organic, about one percent accounts for the sales relating to the acquisition of Peter's Yard®.

The volume growth of 2023 demonstrates continued momentum and robust demand across the entire product range and across the different geographies. The broad portfolio of branded products was quite resilient against the impact of inflation and consumer spending.

All three pillars of Lotus® Biscoff®, Lotus™ Natural Foods and Lotus Local Heroes have realised double-digit growth in 2023. This company-wide contribution to growth reflects the strength of the three pillar strategy and underpins the resilience of the brands.

Lotus® Biscoff®, the Group's largest strategic pillar, grew by 20% in 2023 reaching a new revenue milestone of EUR 500 million. Driven by this strong and international growth, Lotus Biscoff cookies moved up another place in the global Cookie Brands ranking to enter the top 5. The longer term ambition to become the cookie number three in the world with Lotus Biscoff remains more valid than ever.

In 2023, double-digit growth was again broad-based across many countries and all continents. This is the case in North America, where both in the US and Canada household penetration for Lotus Biscoff cookies surpassed the 5% milestone. In Europe, significant sales increases were realised in several countries. In these countries where Lotus Bakeries is active already for a number of years with an own sales office, it shows that the strategy and the repeatable model pay off. At the same time, the penetration growth in larger consumer markets like Germany, France, Spain, Italy and the UK confirm the significant potential that Lotus Biscoff still has in many European countries. Also in Asia-Pacific, larger consumer markets like Australia, China and Malaysia performed strong. The household penetration in Australia is worth calling out after it surpassed the 10% mark.

In 2023, organic growth of the **Lotus™ Natural Foods** brands remained strong, reporting a revenue of EUR 220 million. The growth is primarily driven by a double-digit volume increase.

All brands contribute to the growth, the strongest growth being noted for the fruitsnack BEAR, driven by strong international growth in US, the Czech Republic and the Netherlands. But also the Trek Flapjacks contribute strongly. Kiddylicious continues its growth trajectory in the UK, and was launched successfully in France in 2023. For nākd, we successfully launched a protein raw bar in the UK, complementing the range.

EVOLUTION OF REVENUE IN €M



Lotus™ Natural Foods builds further on its strategic growth poles with a focus on accelerated international growth on the one hand and maintaining market leadership, combined with strong innovation in the UK, on the other. In the UK, the Lotus Natural Foods brands achieved double-digit growth and Lotus Natural Foods' international activities outside the UK grew by more than 35% and already represent one third of total Lotus Natural Foods sales. The sales growth of BEAR in the US is an important contributor to the international growth of Lotus Natural Foods. Since its launch in the US in 2018, BEAR has developed into a leading brand in the Kids Fruit Snacking category.

The third pillar of the Lotus Bakeries strategy is to focus on the '**local heroes**' in the home markets Belgium, France, the Netherlands and Sweden. The pillar is strategically important and offers market leadership positions with a diversified assortment of products and generates strong cash flows.

After flat sales in 2022, Lotus Local Heroes connects again with growth in 2023. The 15% sales increase is driven by both price increases and restoring a broader range of products with almost all retailers. Moreover, increased capacity for Dinosaurus® cookies and Waffles allowed solid volume growth for both concepts. The Lotus Cake Donut innovation was introduced in the Pastry category in Belgium and France. Also towards the end of 2023, the Peijnenburg® range in the Netherlands progressed towards improved recipes, updated designs and an increased focus on the no-sugar-added variant.

STATUS OF THE INVESTMENT PROGRAMME

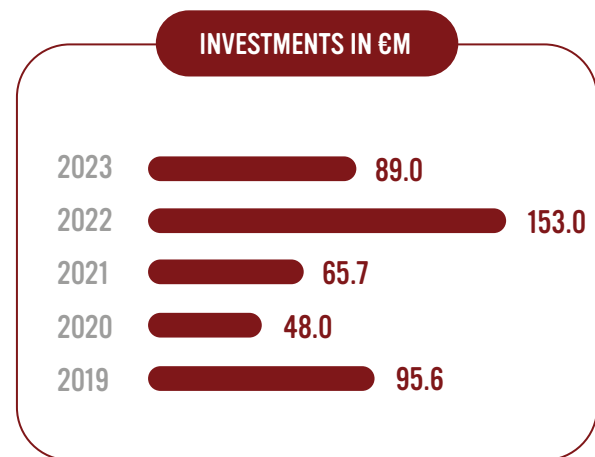
Lotus® Biscoff®

With Lotus® Biscoff® plants in Europe (Lembeke), the US (Mebane) and Thailand (Chonburi), the future production footprint will be more balanced and in line with the geographical sales distribution. The three production facilities will supply Europe & Middle-East, the Americas and Asia-Pacific respectively with the freshest possible products in the most cost and eco-effective way possible. Incremental investments in Lembeke and Mebane will be executed in the coming periods to balance global and regional demand evolution.

Lotus Bakeries is currently investing in Thailand (Chonburi) in a new greenfield production facility for Lotus Biscoff to further support its growth ambition in the Asia-Pacific region. The land was purchased in November 2022 and the project team has now completed the land levelling and groundworks. The building construction is ongoing. In parallel, local sourcing options for raw materials and packaging are being developed. Trustworthy and long term supply partners have been identified and will be strategically important for sustainable and quality operations in Thailand. According to the current timescale, the project is on track for a first line to be operational in the first half of 2026 at the latest.

Investments in South Africa for the production of BEAR® and nākd®

The strong performance of the BEAR® factory and the agility of the operations were the main drivers in the decision to extend the Wolseley factory with an additional production facility for the production of the nākd® raw bars. In the second half of 2023, the team has again proven its capabilities by commissioning the new plant in the shortest possible timeframe. This allowed the first commercial production to take place already in January 2024. An official opening ceremony took place in February 2024 in the presence of the CEO Jan Boone, the Belgian Ambassador and Consul General in South Africa and South African officials. The new plant in South Africa will produce the international demand for nākd bars.



FINANCIAL INFORMATION

PROFITABILITY AND EVOLUTION OF COSTS

The recurring operating result REBIT (EUR 173 million or 16.3% on revenue) and the recurring operating cash flow REBITDA (EUR 208 million or 19.5% on revenue) increased respectively by EUR 33 and EUR 38 million.

A sales increase of 21% is the result of close to 10% volume increase on the one hand and double-digit price increases on the other. These responsible price advances were necessary to offset cost increases across all cost components and protect margins. In addition, the volume growth contributes to commercial and operational margins and allows for continued investments in people and assets. The pace of media investments stepped up moderately in the second half of the year supporting the brands globally. Ocean freight costs showed a clear decrease.

The non-recurring income and expenses of EUR -2.5 million relates mainly to costs in preparation of the new plant in Thailand. These start-up costs for the project will increase towards the commissioning of the plant in 2026.

The financial result of EUR -2.5 million consists mainly of interest expenses. Prior year financial result included a positive impact of realised and unrealised exchange rate results on balance sheet positions in foreign currencies.

The tax expense amounts to EUR 39 million or 23% of the profit before tax. The effective tax rate is in line with prior year.

Net result increases by EUR 26 million and amounts to EUR 129 million or 12.2% on revenue. Earnings Per Share (EPS) increased by 25% to EUR 159 per share. Recurring net result amounts to EUR 131 million or 12.4% on revenue. The recurring net result is the reported net result for the period excluding non-recurring income and expenses.

Over the past 12 months Lotus Bakeries has generated a new record operating cash flow (REBITDA) of EUR 208 million. Investments over the past 24 months were EUR 242 million. Continued strong cash flow generation, combined with disciplined investments in maintenance capex and control on working capital, reduced the net financial debt at the end of 2023 to a ratio of net financial debt/REBITDA of 0.6. Maintenance capex represents less than 2% of sales.

SIGNIFICANT EVENTS AFTER DECEMBER 31, 2023

No significant events have occurred since December 31, 2023 which have a material impact on the 2023 financial statements.



PROSPECTS FOR 2024

The year 2023 will be remembered in Lotus Bakeries history as the year that the one billion euro revenue milestone was reached. This has been achieved thanks to another record sales growth of more than EUR 185 million. A strong performance was recorded for the strategic pillars of Lotus® Biscoff® and Lotus™ Natural Foods.

The year 2023 will also go down in history as the year that Lotus Biscoff achieved the half a billion euro revenue milestone. Lotus Biscoff cookies moved up another place in the top ten of the global Cookie Brands ranking entering the top 5. The ambition to become the cookie number three in the world is still a longer term ambition but remains more valid than ever.

Growth and internationalisation of Lotus Biscoff and Lotus Natural Foods continue to be the strategic priorities. In order to sustain this growth in the coming years, both Lotus Biscoff and Lotus Natural Foods' in-store activation and media investments will be crucial. To realise at least mid-single digit volume growth for Lotus Biscoff, brand awareness will be continuously nurtured and the household penetration will be fed via the aforementioned investments. The disciplined spending level of recent years will be increased in targeted growth markets.

Geopolitical uncertainty and volatility on global commodity markets remain at the forefront. Short term predictions are difficult to make in this rapidly changing environment. The strategic pillars remain well positioned to withstand the challenges.

Capital allocation will continue to be focused on capacity expansion to support the organic growth and internationalisation of Lotus Biscoff and Lotus Natural Foods. The greenfield project in Thailand remains on track. Total capital expenditures for 2024 and 2025 combined are forecasted in the range of EUR 200 million. On top of that, opportunities to invest via the corporate venture fund FF2032 also remain a priority and provide the seeds for more long-term future growth.

“I am extremely proud to announce that we reached this EUR 1 billion revenue milestone in 2023!

I want to call out foremost a special thank you to all 2,984 people at Lotus Bakeries who made this possible. This is a team effort from all of us, working together every day, across boundaries of departments, brands and countries.

People make the difference, and that is why it’s important to continue investing in and focusing on the Social component of ESG. We seek attention for the well-being of our people, aiming for them to be motivated and safe, providing opportunities for professional and personal development, and to spend their time working together in well-equipped offices, and to enjoy good working conditions in the plants.

Ultimately, we believe that fostering physical gatherings among our Lotus Bakeries’ people cultivates the unique Lotus Bakeries culture of Teamwork, Open dialogue and Passion.

We are convinced that the achievement of the EUR 1 billion milestone stems from this unique TOP culture. We firmly believe in the effectiveness of our strategy and hold a positive view about the future prospects of Lotus Bakeries and its aspirations.”

Jan Boone – CEO Lotus Bakeries

RESULTS AND PROPOSAL FOR APPROPRIATION OF RESULTS

CONSOLIDATED

The consolidated net profit for 2023 amounted to EUR 129.3 million as compared to EUR 103.3 million in 2022.

STATUTORY

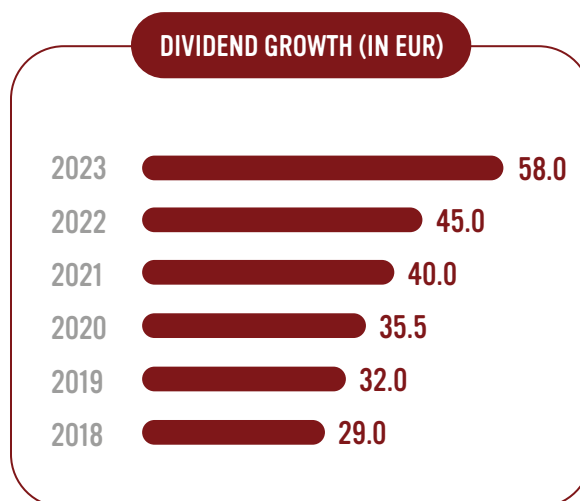
The 2023 results for the parent company Lotus Bakeries NV are as follows:

IN EUR	
Profit for the financial year	27,807,069.09
PROFIT FOR THE YEAR AVAILABLE FOR APPROPRIATION	27,807,069.09

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

IN EUR	
Allocation to legal reserves	0
Transfer from reserves	-19,771,684.91
Distribution of a gross dividend ¹	47,328,754.00
Distribution of emoluments to directors	250,000.00
TOTAL	27,807,069.09

The Board of Directors will propose at the Ordinary Shareholders Meeting of 14 May 2024 that a gross dividend of EUR 58 per share for 2023 be paid compared to EUR 45 per share in 2022. This maintains the dividend policy of recent years, whereby at least one third of the recurring net result is paid out.



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

CORPORATE GOVERNANCE DECLARATION

Lotus Bakeries adopts the Corporate Governance Code 2020 as a reference code, in accordance with Article 3:6(2) of the CAC and the Royal Decree of 12 May 2019 laying down the corporate governance code to be complied with by listed companies.

Lotus Bakeries' Corporate Governance Charter, which outlines our corporate governance policy and the internal rules of procedure of the Board of Directors, the Committees and the Executive Committee, was discussed by the Board of Directors and approved on 2 April 2020.



More information about our Corporate Governance

Charter can be found on our website: [https://www.](https://www.lotusbakeries.com/governance-practices-and-policies)

[lotusbakeries.com/governance-practices-and-policies](https://www.lotusbakeries.com/governance-practices-and-policies)

In this annual report, we report factual applications of the Corporate Governance Charter.

ADOPTION OF CORPORATE GOVERNANCE CODE 2020

As set out below, Lotus Bakeries follows all principles contained in the Corporate Governance Code 2020, except for the following two provisions:

- The Ordinary General Meeting of Shareholders of 18 May 2021 reappointed Benoit Graulich BV as independent director, since all of the specific independence criteria of Article 3.5 of the Belgian Corporate Governance Code 2020 were fulfilled but one, i.e. the criterion that a director must have held the position of non-executive director for no longer than 12 years. This was not considered to detract from the independence of Benoit Graulich (and Benoit Graulich BV), who in carrying out his duties as director always demonstrates an independent and critical attitude and has confirmed that he has no relationship whatsoever with the Company, the executive management, the reference shareholder or other shareholders owning more than 10% of the shares which could jeopardise his independence.

- Article 7.12 concerning the possibility of clawing back variable remuneration paid to the members of the executive management or withholding the payment of variable remuneration. The Board of Directors is not convinced of the enforceability of a claw-back clause in employment contracts or service agreements with management companies, which cannot be amended unilaterally. Nor does it see the need for such a claw-back clause since, according to the remuneration policy, the variable remuneration is allocated solely on the basis of verified, audited and published results.

GOVERNANCE STRUCTURE

The Board of Directors chose to consolidate its current single-tier governance model as referred to in Article 7:85 et seq of the CAC, since the functioning of the Board is highly effective and transparent. The powers relating to day-to-day management versus supervision/control are clearly defined, the Board is kept thoroughly informed at all times by the CEO and the EXCO and all necessary decisions are approved and/or ratified.

SHARE CAPITAL AND SHARES

Share capital

The share capital of Lotus Bakeries NV amounts to EUR 3,591,183.65.

Notices with respect to Art. 34 of the Royal Decree of November 14, 2007 - anti-takeover measures

The Board of Directors of Lotus Bakeries NV was authorised by the Extraordinary General Meeting of 12 May 2023 to increase issued capital one or more times up to a maximum amount of four million seven hundred and eighty-eight thousand two hundred and forty-four euros and eighty-seven cents (EUR 4,788,244.87). This authorisation was granted for a period of three years starting on the date of the publication of the resolution of the Extraordinary General Meeting of 12 May 2023 in the Supplements to the Belgian Official Journal.

Within the limits of the aforementioned authorised capital, the Board of Directors of Lotus Bakeries NV was furthermore authorised by the Extraordinary General Meeting of 12 May 2023, within a period of three years commencing with the Extraordinary General Meeting of Shareholders of 12 May 2023, following notification from the Financial Services and Markets Authority of a public takeover bid for the Company's stock, to increase the Company's capital subject to fulfilment of the legal requirements.

Shares

Since the beginning of January 2002, Lotus Bakeries NV shares have been listed on the continuous trading market of Euronext (Brussels). Previously, the shares were listed on the spot market.

As of December 31, 2023, there were 816,013 shares of Lotus Bakeries NV, in registered or dematerialised form.

Share options

In the context of the Lotus Bakeries NV share option scheme, 618 new share options were issued in 2023. As at December 31, 2023 the total number of unexercised share options was 3,121.

GRANTED IN	2019	2020	2021	2022	2023
Number granted	1,199	962	660	792	618
Number exercised	(911)	(50)	(33)	-	-
Number expired	(50)	(40)	(26)	-	-
Available options	238	872	601	792	618

Purchase of treasury shares

The Extraordinary General Meeting of 8 May 2020 authorised the Board of Directors of Lotus Bakeries NV for an unlimited period of time as follows regarding the buying and selling of treasury shares:

- To dispose of shares, profit-sharing certificates or other certificates acquired by the Company, whether via the stock exchange or otherwise, through sale, exchange, contribution, conversion of bonds or any other form of transfer (whether or not for consideration), to offer them to the staff, to offer them to one or more specified persons other than staff, or to otherwise exercise control over them, always in accordance with the legal provisions, or to cancel these shares or profit-sharing certificates, without requiring further approval or other intervention of the General Meeting of Shareholders and without any time restrictions.

The Extraordinary General Meeting of 12 May 2023 authorised the Board of Directors of Lotus Bakeries NV as follows regarding the buying and selling of treasury shares:

- For a period of three years, within legal limits, whether via the stock exchange or otherwise, whether directly or indirectly, whether by purchase or exchange, whether by contribution or any other form of acquisition, to acquire shares, profit-sharing certificates or certificates related thereto, with as compensation the average closing share price of the Company over the last thirty calendar days prior to the date of purchase, reduced by twenty percent as a minimum price and increased by ten percent as a maximum price. This authorisation applies also to the acquisition of shares of the Company, carried out, directly or indirectly, by direct subsidiaries of the Company within the meaning of Article 7:221 CAC.
- To acquire, whether via the stock exchange or otherwise, whether directly or indirectly, the Company's stock, when such acquisition is necessary to prevent the Company from suffering serious imminent damage. This authorisation is granted for a period of three years.

479 treasury shares were purchased over the course of 2023. The total number of treasury shares in the portfolio at the end of the financial year is 4,313 shares. They represent an accounting par value of EUR 18,980.1 or 0.53% of the issued share capital.

SHAREHOLDERS AND SHAREHOLDERS STRUCTURE

The shareholding structure of Lotus Bakeries NV on December 31, 2023:

	NO. OF SHARES	NO. OF VOTING RIGHTS	% OF SHARES	% OF VOTING RIGHTS
Stichting Administratiekantoor van Aandelen Lotus Bakeries ¹	408,007	816,014	50%	65.03%
Lotus Bakeries NV ²	4,313	4,313	0.53%	0.34%
Publicly held	403,693	434,540	49.47%	34.63%
Total	816,013	1,254,867	100%	100%

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 September 29, 2021¹.

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.

¹ Pursuant to article 6 of the Law of May 2, 2007 on disclosure of participating interests.

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

Lotus Bakeries NV did not receive a transparency notification in 2023.

Communication according to Article 74(7) of the Law of April 1, 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.

BOARD OF DIRECTORS AND COMMITTEES OF THE BOARD OF DIRECTORS

Board of Directors

Composition

On May 12, 2023, the Ordinary General Meeting accepted the resignation of Sastraco BV, represented by its permanent representative Sabine Sagaert, as well as the appointment of Eagli BV, represented by its permanent representative, Noelle Goris, as independent director.

Furthermore, on May 12, 2023, the Ordinary General Meeting of Shareholders noted the end of the directorship of Lema NV, represented by its permanent representative Michel Moortgat, and proceeded to confirm the appointment of Lema BV, represented by its permanent representative Michel Moortgat, as an independent director of Lotus Bakeries NV. As a result of a demerger which took place on June 8, 2022, Lema NV had been dissolved without liquidation and this management mandate had been cancelled. In light of this, the Board of Directors had decided to provisionally fill the vacancy in accordance with Article 13 of the Articles of Association of Lotus Bakeries NV and Lema BV (represented by its permanent representative Michel Moortgat) had been co-opted as director. The appointment of Lema BV is final since May 12, 2023.

The current composition of the Board of Directors:

Managing director, CEO:

Mercur Consult BV, represented by its permanent representative Jan Boone

Current term of office ends: 2025 General Meeting

Non-executive directors:

- Vasticom BV, represented by its permanent representative Jan Vander Stichele (non-executive Chairman of the Board of Directors)
Current term of office ends: 2025 General Meeting
- Beneconsult BV, represented by its permanent representative Benedikte Boone
Current term of office ends: 2024 General Meeting
- PMF NV, represented by its permanent representative Emanuel Boone
Current term of office ends: 2026 General Meeting
- Concellent NV, represented by its permanent representative Sofie Boone
Current term of office ends: 2024 General Meeting
- Anton Stevens
Current term of office ends: 2025 General Meeting

Independent directors:

- Palumi BV, represented by its permanent representative Peter Bossaert
Current term of office ends: 2025 General Meeting
- Benoit Graulich BV, represented by its permanent representative Benoit Graulich
Current term of office ends: 2025 General Meeting
- Lema BV, represented by its permanent representative Michel Moortgat
Current term of office ends: 2026 General Meeting
- Eagli BV, represented by its permanent representative Noelle Goris
Current term of office ends: 2027 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 2011, member of the Board of Directors at Club Bruges
- Since 2017, President of the Board of Directors of Animal Care, a listed company in the veterinary sector
- Since 2023, member of the Board of Directors of Tomorrowland
- Since 2005, member of the Board of Directors at Lotus Bakeries and Managing Director since 2011

Emanuel Boone

Non-Executive Director

- Master's degree in Bioengineering (KU Leuven)
- 2003-2012 technical and operational positions at several breweries (Heineken/Alken-Maes and Van Steenberghe)
- Since 2012, business and process consultant for multiple breweries and maltster
- Since 2022, director at HerbaFrost NV
- Member of the Board of Directors at Lotus Bakeries since 2022

Sofie Boone

Non-Executive Director

- Master's degree in Pharmaceutical Sciences (KU Leuven), postgraduate degree in Business Economics (Vlekhö) 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 Medialaan (today DPG Media), from 2012 as CEO
- Between 2018 and 2023 CEO at KBVB
- Since 2023, chairman at International Food Services
- Member of the Board of Directors at Lotus Bakeries since 2017

Noelle Goris

Independent Director

- Master's degree in Law (KU Leuven), Master in Business Administration (Solvay Business School Brussels)
- Built up an international career in sales & marketing which started at Procter & Gamble in 1997, where she was Managing Director Greater Europe Distributor Operations between 2014 and 2016
- Joined Coty, as General Manager Travel Retail (2018-2020) & Export Europe (2016-2020)
- Since 2020 she is VP Global Travel Retail, Apac & Distribution Markets, and member of the Management Board at la Prairie Group established in Zürich, part of the Beiersdorf Group
- Since 2020, member of the Advisory Board at Hello Hossy
- Member of the Board of Directors at Lotus Bakeries since 2023

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 Cofinimmo and FF2032, among other organisations
- Member of the Board of Directors, Audit Committee and Remuneration and Nomination Committee at Lotus Bakeries since 2009

Michel Moortgat

Independent Director

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

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

Non-executive Director, non-executive Chairman of the Board of Directors

- Master's degree in Civil Engineering (KU Leuven) and Candidate degree in Applied Economics (KU Leuven)
- Between 1990 and 1996, technical director of the Verlipack Group
- Between 1996 and 2016, 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
- Member of the Board of Directors of Frigilunch (since 01/2019), OLV Ziekenhuis Aalst (hospital) (since 09/2019) B.I.G. (since 10/2019), Ardo Group (since 01/2021) and Connect+ (since 06/2021)
- Since 2014, Chairman of the Board of Directors at Fost Plus and Flanders' FOOD
- Member of the Board of Directors, the Audit Committee and the Remuneration and Nomination Committee at Lotus Bakeries since 2005

Activities of the Board of Directors

The Board of Directors met six times in 2023. All directors were present at all meetings.

Within the Board of Directors, the following matters were discussed in detail:

- Investment budget and global budget
- Financial results
- Growth plans and –strategy
- Reporting: financial and sustainability
- Sales results and channels
- Organisational changes
- Evolution of prices and availability of raw materials and packaging
- Evolution of labour costs
- Price negotiations with customers
- Results at 31/12 and 30/06 and proposed press release
- Extraordinary and General Meeting, amongst which:
 - Agenda
 - (Re)appointments
 - Dividend proposal
- Capex investments and expansions of capacity:
 - Europe, Belgium
 - Americas, United States
 - Asia, Thailand
 - Africa, South Africa
- Product developments and innovations
- Reports and recommendations from the Committees
- Expansion of Audit Committee into Audit & Sustainability Committee

Early 2024, the Board of Directors moreover discussed and approved the Double Materiality Matrix set out on page 76 and 77 of this annual report.

Over the course of 2023, there was one incident within the Board of Directors which led to the application of the conflict of interest procedure

as set out in Articles 7:96 and 7:97 CAC. At the Board of Directors meeting of 20 May 2023, and before proceeding to the deliberation and decision-making, Lema BV, represented by Mr. Michel Moortgat, declared to have a conflict of interest in the co-option of Lema BV, discussed under agenda item 4.d - agenda of the General Meeting, being a proprietary interest in the management fee paid to Lema BV. Lema BV therefore abstained from voting on this item.

Audit & Sustainability Committee

In 2023, the mandate of the Audit Committee was broadened with ESG matters by decision of the Board of Director of November 24, 2023. Since then, the committee is named Audit & Sustainability Committee.

The Audit & Sustainability Committee consists of two independent directors and one non-executive director. The two independent directors are Lema BV, 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.

In 2023, the Audit & Sustainability Committee met three times. All directors were present at all meetings. The Auditor participated in all three meetings, at which he presented his findings to the Audit & Sustainability Committee.

The subjects examined were:

- Discussion of report and internal controls / recommendations of the Statutory Auditor
- Discussion of annual and interim results
- Risk management – priorities and evolutions
- Audit plan 2023
- ESG: double materiality

Remuneration and Nomination Committee

The Remuneration and Nomination Committee consists of two independent directors and one non-executive director. The independent directors are Benoit Graulich BV, represented by its permanent representative Benoit Graulich (Chairman) and Palumi BV, represented by its permanent representative Peter Bossaert. 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 2023, with all members present.

The subjects examined were:

- Remuneration policy and its application
- Remuneration of CEO and Executive Committee
- Nomination of Eagli BV as independent director

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.

EXECUTIVE COMMITTEE

Composition of the Executive Committee:

- Jan Boone, permanent representative of Mercur Consult BV, CEO
- Isabelle Maes, permanent representative of Valseba BV, CMO & CEO Natural Foods
- Mike Cuvelier, permanent representative of Cumaco BV, CFO
- Ignace Heyman, permanent representative of Heycom BV, 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 Executive Committee held 19 official meetings in 2023. All members were present at all meetings.

DIVERSITY POLICY

Lotus Bakeries ensures the presence on the Board of Directors, the Committees and the Executive Committee of critical members 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. Moreover, skills, competencies and diversity are paramount in the selection of members of the Committees, the Executive Committee, and in the selection of candidates for the Board of Directors proposed to the General Meeting.

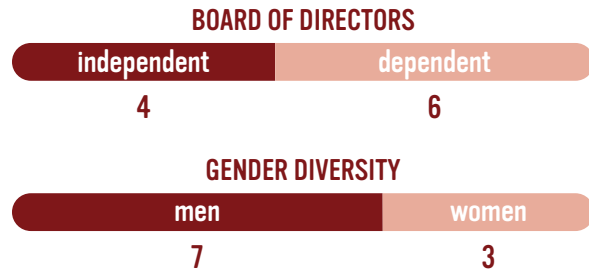
First and foremost, Lotus Bakeries fulfils the diversity criteria regarding the number of independent directors and the number of directors of a different gender. In this respect, Lotus Bakeries declares that the composition of its Board complies with the requirement for at least one third of directors to be of a different gender than that of the other members. The aforementioned obligation is contained in Art. 7:86 CAC. It also wishes to point out in this connection that the abovementioned independent directors fulfil the independence criteria of Article 7:87 of the CAC and the Corporate Governance Code 2020, except for Benoit Graulich BV, for whom all of the specific independence criteria of Article 3.5 of the Belgian Corporate Governance Code 2020 were fulfilled but one, i.e. the criterion that a director must have held the position of non-executive director for no longer than 12 years. Reference is made to page 183 of this annual report.

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. In defining the appointment procedure and selection criteria for candidates for the Board, the following principles are always applied:

- The candidate must be expert in a field pertaining to the Company's activities;
- The competencies, knowledge and/or experience which the candidate possesses must complement the competencies already present in the Board;
- In the interests of diversity on the Board, the Board shall consider different nominations, taking into account diversity in terms of gender, age and background, for example;
- Each candidate must have sufficient availability to fulfil his/her obligations properly, while non-executive directors must hold no more than five directorships in listed companies.

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. Some diversity parameters within the **Board of Directors**:

**VARIOUS ACADEMIC BACKGROUNDS:
10X DIFFERENT**



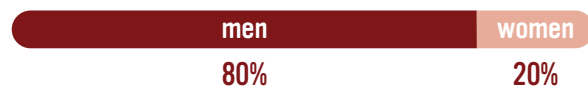
Moreover, the Remuneration and Nomination Committee selects the members of the Executive Committee on the basis of knowledge, competencies, experience, background and skills and aims for diversity in these areas so as to have all knowledge in house to manage Lotus Bakeries with a team specialising in 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. Some diversity parameters within the EXCO:

VARIOUS ACADEMIC BACKGROUNDS:
3 OUT OF 5

SENIORITY LEVEL WITHIN LOTUS BAKERIES



GENDER DIVERSITY



INVESTOR RELATIONS

Lotus Bakeries aims for transparent communication about financial and non-financial results to all of its shareholders. This information is communicated to existing and potential shareholders on various platforms. For example, Lotus Bakeries publishes an “investor relations” presentation every six months, the most recent of which was published on 5 February 2024. It also organises analyst presentations, which can be consulted by interested parties on the Lotus Bakeries website.



More information about our investor relations can be found on our website: <https://www.lotusbakeries.com/ir-presentation>



More information about the diversity policy and diversity ratios within Lotus Bakeries can be found on pages 191-192 of this Annual Report.

REMUNERATION REPORT

Introduction

The purpose of the 2023 remuneration report is to provide transparent information about the specific remuneration policy adopted by Lotus Bakeries for directors and executive managers. It will be submitted to the Ordinary General Meeting of May 14, 2024 for approval. The 2022 remuneration policy was adopted by 91.05% of the votes at the Ordinary General Meeting of May 12, 2023.

The works council has also been informed in accordance with the provisions of the Act. The report has also been reviewed by the Auditor.

This 2023 remuneration report explains how the remuneration corresponds to the remuneration policy approved by the Board of Directors on April 16, 2021 and which was adopted on May 18, 2021 by the General Meeting with 97.27% of the votes, in accordance with provision 7.3 of the Corporate Governance Code and Article 7:89(1) of the Belgian Companies Code. The remuneration policy remains unchanged since then.



More information about our remuneration policy can

be found on our website: <https://www.lotusbakeries.com/governance-practices-and-policies>

Statement on remuneration policy applied in 2023

Non-executive and executive directors

The remuneration policy for directors of the Company approved at the Ordinary General Meeting of May 18, 2021 comprises a fixed remuneration, paid partly in cash and partly in shares in the Company and set based on the responsibilities of and time spent by the director and the latter's specific role as Chairman of the Board of Directors or Chairman or member of a Committee. Specifically:

- Each director, except the Chairman, receives an annual remuneration of (i) EUR 20,000 and (ii) 4 shares in the Company.
- The Chairman of the Board of Directors receives an annual remuneration of (i) EUR 40,000 and (ii) 10 shares in the Company. The Chairman receives additional remuneration of EUR 100,000 for representing the Company with respect to interest groups.
- The members of the Audit Committee and the Remuneration and Nomination Committee receive an annual remuneration of EUR 5,000 per mandate.

The non-executive directors must keep the shares they receive by way of remuneration for at least one year after leaving the Board and for at least three years after the awarding of these shares. The non-executive directors receive no performance-based remuneration such as bonuses, stock-related long-term incentive schemes, fringe benefits, pension plan-related benefits or share options.

Besides the fee, all reasonable expenses of the 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.

The remuneration of the directors is evaluated every two years via a relevant random sample of other listed companies. This allows Lotus Bakeries to attract directors with the appropriate competencies to realise its ambitions.

No adjustments have been made to the remuneration policy compared to 2021.

Overview of remuneration

TOTAL REMUNERATION OF DIRECTORS (IN EUR)

NAME & FUNCTION DIRECTOR	YEAR	FIXED REMUNERATION				VARIABLE REMUNERATION		EXTRAORDINARY EXPENSES ¹	TOTAL REMUNERATION	RATIO OF FIXED TO VARIABLE REMUNERATION
		BASE SALARY	ALLOWANCES	OTHER BENEFITS	PENSION COSTS	1 YEAR VARIABLE	MULTIPLE YEARS VARIABLE			
Mercur Consult BV, represented by Jan Boone, executive (member BoD, CEO)	2023	20,000						20,000	100%/0%	
	2022	20,000						20,000	100%/0%	
Vasticom BV, represented by Jan Vander Stichele, non-executive (non-executive Chairman BoD, member Audit & Sustainability Committee and member Nomination and Remuneration Committee)	2023	50,000						100,000	150,000	100%/0%
	2022	50,000						100,000	150,000	100%/0%
PMF NV, represented by Emanuel Boone, non-executive (member BoD)	2023	20,000						20,000	100%/0%	
	2022	20,000						20,000	100%/0%	
Anton Stevens, non-executive (member BoD)	2023	20,000						20,000	100%/0%	
	2022	20,000						20,000	100%/0%	
Beneconsult BV, represented by Benedikte Boone, non-executive (member BoD)	2023	20,000						20,000	100%/0%	
	2022	20,000						20,000	100%/0%	
Concellent NV, represented by Sofie Boone, non-executive (member BoD)	2023	20,000						20,000	100%/0%	
	2022	20,000						20,000	100%/0%	
Palumi BV, represented by Peter Bossaert, non-executive (member BoD)	2023	20,000						20,000	100%/0%	
	2022	20,000						20,000	100%/0%	
Benoit Graulich BV, represented by Benoit Graulich, non-executive (member BoD, member Audit & Sustainability Committee and Chairman Remuneration and Nomination Committee)	2023	30,000						30,000	100%/0%	
	2022	30,000						30,000	100%/0%	
Lema BV, represented by Michel Moortgat, non-executive (member BoD, Chairman Audit & Sustainability Committee)	2023	25,000						25,000	100%/0%	
	2022	25,000						25,000	100%/0%	
Sastraco BV, represented by Sabine Saggaert, non-executive (member BoD and member remuneration and nomination committee) ²	2023	25,000						25,000	100%/0%	
	2022	25,000						25,000	100%/0%	

¹ Remuneration for representing the company with respect to interest groups

² Board member until May 12, 2023

Overview of remuneration in shares

TOTAL REMUNERATION DIRECTORS (IN SHARES)

NAME & FUNCTION DIRECTOR	MAIN CONDITIONS OF STOCK GRANT PLANS				
	DETAILS OF THE PLAN	PERFORMANCE PERIOD	GRANT DATE	VESTING DATE	END OF RETENTION PERIOD
Mercur Consult BV, represented by Jan Boone, executive (member BoD, CEO)	Fixed annual remuneration adopted at OGM of May 18, 2021	01/01/2023 until 31/12/2023	May 12, 2023	May 12, 2023	At least 1 year after end of directorship and 3 years after rewarding
Vasticorn BV, represented by Jan Vander Stichele, non-executive (non-executive Chairman BoD, member Audit & Sustainability Committee and member Nomination and Repuneration Committee)	Fixed annual remuneration adopted at OGM of May 18, 2021	01/01/2023 until 31/12/2023	May 12, 2023	May 12, 2023	At least 1 year after end of directorship and 3 years after rewarding
PMF NV, represented by Emanuel Boone, non-executive (member BoD)	Fixed annual remuneration adopted at OGM of May 18, 2021	01/01/2023 until 31/12/2023	May 12, 2023	May 12, 2023	At least 1 year after end of directorship and 3 years after rewarding
Anton Stevens, non-executive (member BoD)	Fixed annual remuneration adopted at OGM of May 18, 2021	01/01/2023 until 31/12/2023	May 12, 2023	May 12, 2023	At least 1 year after end of directorship and 3 years after rewarding
Beneconsult BV, represented by Benedikte Boone, non-executive (member BoD)	Fixed annual remuneration adopted at OGM of May 18, 2021	01/01/2023 until 31/12/2023	May 12, 2023	May 12, 2023	At least 1 year after end of directorship and 3 years after rewarding
Concellent NV, represented by Sofie Boone, non-executive (member BoD)	Fixed annual remuneration adopted at OGM of May 18, 2021	01/01/2023 until 31/12/2023	May 12, 2023	May 12, 2023	At least 1 year after end of directorship and 3 years after rewarding
Palumi BV, represented by Peter Bossaert, non-executive (member BoD)	Fixed annual remuneration adopted at OGM of May 18, 2021	01/01/2023 until 31/12/2023	May 12, 2023	May 12, 2023	At least 1 year after end of directorship and 3 years after rewarding
Benoit Graulich BV, represented by Benoit Graulich, non-executive (member BoD, member Sustainability & Audit Committee and Chairman Remuneration and Nomination Committee)	Fixed annual remuneration adopted at OGM of May 18, 2021	01/01/2023 until 31/12/2023	May 12, 2023	May 12, 2023	At least 1 year after end of directorship and 3 years after rewarding
Lema BV, represented by Michel Moortgat, non-executive (member BoD, Chairman Audit & Sustainability Committee)	Fixed annual remuneration adopted at OGM of May 18, 2021	01/01/2023 until 31/12/2023	May 12, 2023	May 12, 2023	At least 1 year after end of directorship and 3 years after rewarding
Sastraco BV, represented by Sabine Saggaert, non-executive (member BoD and member remuneration and nomination committee) ²	Fixed annual remuneration adopted at OGM of May 18, 2021	01/01/2023 until 31/12/2023	May 12, 2023	May 12, 2023	At least 1 year after end of directorship and 3 years after rewarding

INFORMATION ABOUT THE REPORTED FINANCIAL YEAR

	OPENING BALANCE SHEET	DURING THE YEAR			CLOSING BALANCE SHEET	
	STOCKS HELD AT THE START OF THE YEAR ¹	GRANTED STOCKS	VESTED STOCKS	STOCKS SUBJECT TO PERFORMANCE	STOCKS GRANTED BUT NOT VESTED	STOCKS SUBJECT TO A RETENTION PERIOD
	12	4	4	0	0	16
	30	10	10	0	0	40
	4	4	4	0	0	8
	12	4	4	0	0	16
	12	4	4	0	0	16
	12	4	4	0	0	16
	12	4	4	0	0	16
	12	4	4	0	0	16
	12	4	4	0	0	16
	12	4	4	0	0	16
	12	4	4	0	0	16
	12	4	4	0	0	16
	12	4	4	0	0	16
Total	130	46	46	0	0	176

¹ Only those shares are shown, which the directors hold by virtue of their mandate.

² Board member until May 12, 2023

Executive managers

Furthermore, the Remuneration and Nomination Committee makes specific recommendations to the Board of Directors on the remuneration of members of the executive management. In addition to the fixed remuneration, there is a variable compensation for members of the executive management, which depends on the results of the Lotus Bakeries Group.

The variable remuneration is based on well-defined criteria with a one-year evaluation period but also evaluation periods of two and three years.

- The criteria for determining the short-term bonus are as follows:
 - 1/3rd of the short-term bonus depends on the consolidated turnover growth achieved by Lotus Bakeries Group over the past financial year
 - 1/3rd of the short-term bonus depends on the consolidated recurring operating result achieved during the past financial year
 - 1/3rd of the short-term bonus depends on the consolidated recurring operating cash flow achieved during the past financial year.

The Board of Directors approved the final, audited results on February 2, 2024, and, on this basis, on the advice of the Remuneration and Nomination Committee, established that all criteria were met. Consequently, 100% of the 2023 short-term bonus will be paid to all members of the executive management in 2024.

- The criteria for determining the long-term bonus are as follows:
 - 1/3rd of the long-term bonus depends on the consolidated revenue growth achieved by Lotus Bakeries Group as specified in the multi-year plan in place
 - 1/3rd of the long-term bonus depends on the consolidated recurring operating result as specified in the multi-year plan in place
 - 1/3rd of the long-term bonus depends on the consolidated recurring operating cash flow as specified in the multi-year plan in place.

The long-term bonus is awarded and paid annually, with a settlement of accounts during the third year of the evaluation period. The Board of Directors approved the final, audited results on February 2, 2024, and, on this basis, on the advice of the Remuneration and Nomination Committee, established that all criteria were met. Consequently, 100% of the long-term bonus will be paid to all members of the executive management in 2024.

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.

Those members of the executive management who are subject to a contract of employment enjoy an additional (defined contribution) pension plan and other benefits, mainly comprising insured benefits such as guaranteed income and the cost of a car. Similar arrangements are in place for those members of the executive management who work through a management company.

There also exists a stock option plan with a fixed number of options for the members of the executive management. Allocated options are not normally deemed to be acquired finally and cannot be exercised during the first three years after being allocated. Upon early departure, the options not yet exercisable at that time can no longer be exercised.

Furthermore, the Board decided that members of the executive management will each have to own at least EUR 250,000 worth of shares in the company by the end of 2022, which must be kept so long as they remain a member of the executive management. All members of the executive management currently meet this requirement.

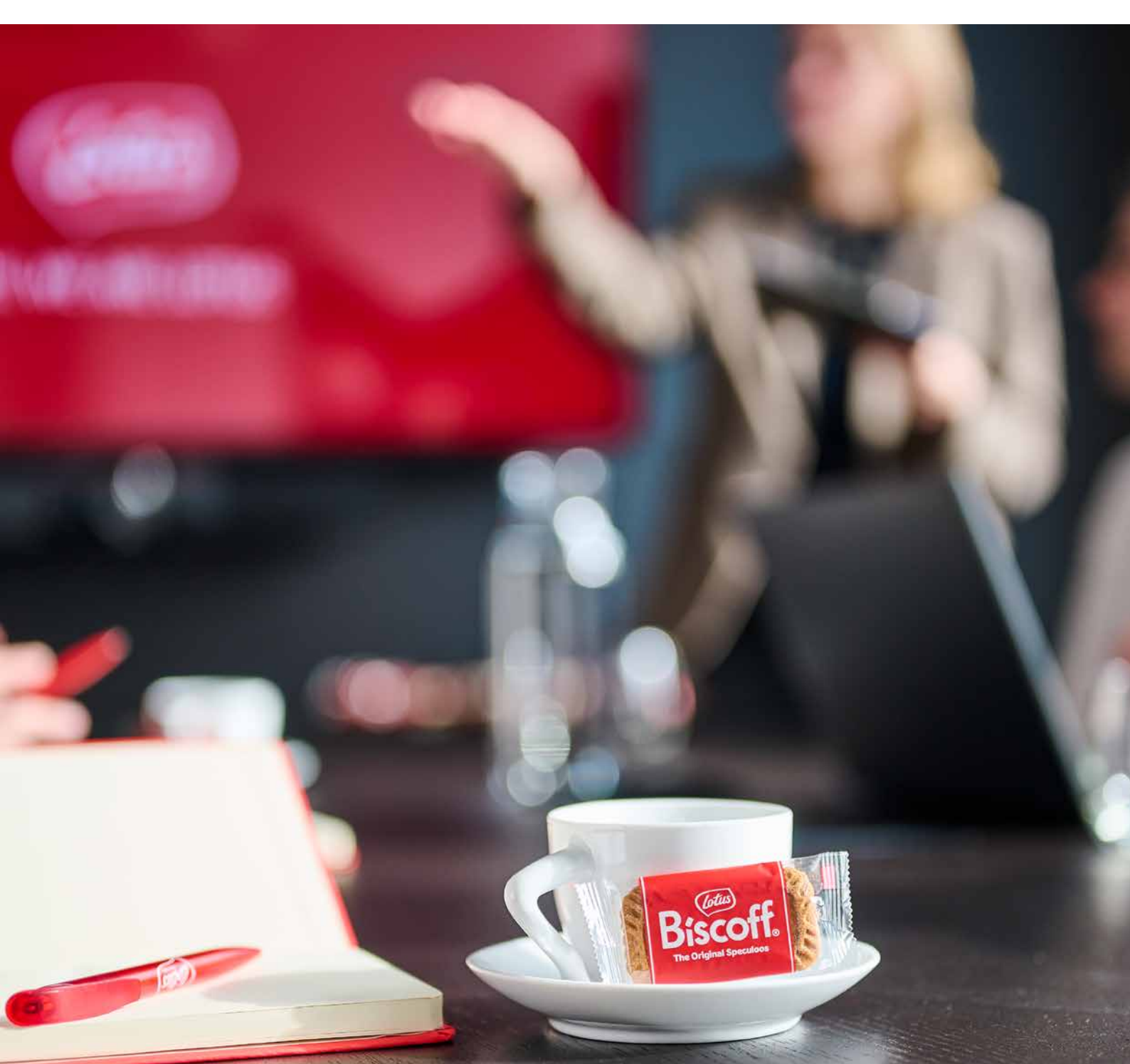
If a member of the executive management is also an executive director, his or her remuneration also includes the compensation he or she receives in the latter capacity.

The remuneration policy for members of the Executive Committee is set every two years 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.

Overview of remuneration of CEO and executive management (in EUR)

NAME & FUNCTION MEMBER EXECUTIVE MANAGEMENT	YEAR	FIXED REMUNERATION				VARIABLE REMUNERATION		EXTRAORDINARY EXPENSES	TOTAL REMUNERATION	RATIO OF FIXED TO VARIABLE REMUNERATION
		BASE SALARY	ALLOWANCES	OTHER BENEFITS ¹	PENSION COSTS	1 YEAR VARIABLE	MULTIPLE YEARS VARIABLE			
Mercur Consult BV, represented by Jan Boone (CEO)	2023	1,172,788	-	51,236	190,619	618,275	618,275	-	2,651,193	53% / 47%
	2022	1,028,017	-	47,156	166,235	541,954	541,954	-	2,325,316	53% / 47%
Other members executive management	2023	2,169,103	-	139,429	347,646	900,765	900,764	-	4,457,707	60% / 40%
	2022	2,003,327	-	107,057	323,731	831,645	831,645	-	4,097,404	59% / 41%

¹ The other benefits relate primarily to insured benefits.



Overview of compensation executive management (in options)

NAME & FUNCTION MEMBER EXECUTIVE MANAGEMENT	KEY CONDITIONS OF OPTION PLANS						
	DETAILS OF THE PLAN	PERFORMANCE PERIOD	GRANT DATE	ACQUISITION DATE	END OF RETENTION PERIOD	EXERCISE PERIOD	EXERCISE PRICE OF THE STOCK
Mercur Consult BV, represented by Jan Boone (CEO)	S2019		10/05/2019	01/01/2023		01/01/2023-09/05/2024	2,351.58
	T2020		08/05/2020	01/01/2024		01/01/2024-07/05/2025	2,828.95
	U2021		18/05/2021	01/01/2025		01/01/2025-17/05/2026	4,517.14
	W2022		13/05/2022	01/01/2026		01/01/2026-12/05/2027	5,114.50
	Y2023		01/06/2023	01/01/2027		01/01/2027-31/05/2028	6,086.36
Valseba BV, represented by Isabelle Maes (CMO - CEO Natural Foods)	S2019		10/05/2019	01/01/2023		01/01/2023-09/05/2024	2,351.58
	T2020		08/05/2020	01/01/2024		01/01/2024-07/05/2025	2,828.95
	U2021		18/05/2021	01/01/2025		01/01/2025-17/05/2026	4,517.14
	W2022		13/05/2022	01/01/2026		01/01/2026-12/05/2027	5,114.50
	Y2023		01/06/2023	01/01/2027		01/01/2027-31/05/2028	6,086.36
Cumaco BV, represented by Mike Cuvelier (CFO)	S2019		10/05/2019	01/01/2023		01/01/2023-09/05/2024	2,351.58
	T2020		08/05/2020	01/01/2024		01/01/2024-07/05/2025	2,828.95
	U2021		18/05/2021	01/01/2025		01/01/2025-17/05/2026	4,517.14
	W2022		13/05/2022	01/01/2026		01/01/2026-12/05/2027	5,114.50
	Y2023		01/06/2023	01/01/2027		01/01/2027-31/05/2028	6,086.36
Heycom BV, represented by Ignace Heyman (COO)	S2019		10/05/2019	01/01/2023		01/01/2023-09/05/2024	2,351.58
	T2020		08/05/2020	01/01/2024		01/01/2024-07/05/2025	2,828.95
	U2021		18/05/2021	01/01/2025		01/01/2025-17/05/2026	4,517.14
	W2022		13/05/2022	01/01/2026		01/01/2026-12/05/2027	5,114.50
	Y2023		01/06/2023	01/01/2027		01/01/2027-31/05/2028	6,086.36
William Du Pré (Director Procurement, QA en R&D)	S2019		10/05/2019	01/01/2023		01/01/2023-09/05/2024	2,351.58
	T2020		08/05/2020	01/01/2024		01/01/2024-07/05/2025	2,828.95
	U2021		18/05/2021	01/01/2025		01/01/2025-17/05/2026	4,517.14
	W2022		13/05/2022	01/01/2026		01/01/2026-12/05/2027	5,114.50
	Y2023		01/06/2023	01/01/2027		01/01/2027-31/05/2028	6,086.36

INFORMATION ABOUT THE REPORTED FINANCIAL YEAR

	OPENING BALANCE SHEET	DURING THE YEAR			CLOSING BALANCE	
	OPTIONS GRANTED BUT NOT ACQUIRED AT THE START OF THE YEAR	OPTIONS GRANTED	OPTIONS ACQUIRED	OPTIONS SUBJECT TO PERFORMANCE	OPTIONS GRANTED BUT NOT ACQUIRED	OPTIONS SUBJECT TO A RETENTION PERIOD
	255	0	0		255	
	200	0	0		200	
	130	0	0		130	
	0	130	0		130	
	0	100	0		100	
	128	0	0		128	
	100	0	0		100	
	65	0	0		65	
	0	65	0		65	
	0	50	0		50	
	128	0	0		128	
	100	0	0		100	
	65	0	0		65	
	0	65	0		65	
	0	50	0		50	
	128	0	0		128	
	100	0	0		100	
	65	0	0		65	
	0	65	0		65	
	0	50	0		50	
	128	0	0		128	
	100	0	0		100	
	65	0	0		65	
	0	65	0		65	
	0	50	0		50	
Total	1,757	690	0	0	2,447	0

Severance payments

The members of the Executive Committee who are remunerated on an independent basis and through a number of board mandates, have a severance payment of a maximum of 12 months of the fixed and variable remuneration. The other member of the Executive Committee is bound by an employment contract for employees. No severance payments were paid to Executive Committee members in 2023.

Executives

The remuneration policy of the executives is determined by the Executive Committee, the Remuneration and Nomination Committee approves. For this Lotus Bakeries also uses the services of an international HR consultancy firm, which assesses the functions and presents the going-rate salary package for the relevant market.

Lotus Bakeries ensures consistency between the compensation of Executive Committee members and the compensation of executives

and other employees, taking into account market conditions for each category of employees. This is designed to attract, reward and retain employees. Executive compensation, like that of Executive Committee members, is composed of fixed and variable compensation, plus fringe benefits such as company cars, cell phones and/or group insurance. The concrete interpretation of these components always depends on the position of the person concerned, as well as on the local regulations to which the employee is subject. As is the case for members of the Executive Committee, a share option plan is currently provided for the Lotus Bakeries Leaderships Team¹.

Evolution of the remuneration and of the performance of the Company over the last five years

The following table shows the evolution of remuneration and business performance over the past five financial years.

IN THOUSANDS OF EUR	2019	2020	2021	2022	2023
REMUNERATION OF NON-EXECUTIVE DIRECTORS					
Vasticom BV, represented by Jan Vander Stichele, non-executive (non-executive Chairman BoD, member Audit & Sustainability Committee and member Nomination and Remuneration Committee)	150 100%	150 100%	150 100%	150 100%	150 100%
PMF NV, represented by Emanuel Boone, non-executive (member BoD)	/	/	/	20	20 100%
Anton Stevens, non-executive (member BoD)	20 100%	20 100%	20 100%	20 100%	20 100%
Beneconsult BV, represented by Benedikte Boone, non-executive (member BoD)	20 100%	20 100%	20 100%	20 100%	20 100%
Concellent NV, represented by Sofie Boone, non-executive (member BoD)	20 100%	20 100%	20 100%	20 100%	20 100%
Palumi BV, represented by Peter Bossaert, non-executive (member BoD)	20 100%	20 100%	20 100%	20 100%	20 125.0%
Benoit Graulich BV, represented by Benoit Graulich, non-executive (member BoD, member Audit & Sustainability Committee and Chairman Remuneration and Nomination Committee)	30 100%	30 100%	30 100%	30 100%	30 100%
Lema BV, represented by Michel Moortgat, niet-uitvoerend (member BoD, Chairman Audit & Sustainability Committee)	25 100%	25 100%	25 100%	25 100%	25 100%
Sastraco BV, represented by Sabine Sagaert, non-executive (member BoD and member Remuneration & Nomination committee) ²	25 100%	25 100%	25 100%	25 100%	25 100%

¹ The group comprises the Executive Committee, the General Managers and the Corporate Directors.

² Board member until May 12, 2023

IN THOUSANDS OF EUR	2019	2020	2021	2022	2023
REMUNERATION OF EXECUTIVE DIRECTOR					
Mercur Consult BV, represented by Jan Boone, executive (member BoD, CEO)	20	20	20	20	20
	100%	100%	100%	100%	100%
REMUNERATION CEO					
Jan Boone, CEO	1,914	1,962	2,058	2,325	2,651
Evolution (%)	131%	103%	105%	113%	114%
REMUNERATION OF OTHER MEMBERS OF THE EXECUTIVE MANAGEMENT					
Total remuneration	3,296	3,466	3,636	4,097	4,457
Number of members executive management incl, CEO	5	5	5	5	5
Evolution (%)	140%	105%	105%	113%	109%
PERFORMANCE OF LOTUS BAKERIES					
Market capitalisation (on 31 dec)	2,113,470	3,002,928	4,561,513	5,157,202	6,715,787
Evolution market capitalisation (%)	121%	142%	152%	113%	130%
Turnover	612,737	663,289	750,251	877,451	1,062,962
Evolution turnover (%)	110%	108%	113%	117%	121%
Rebit	102,891	111,114	123,805	140,188	172,974
Evolution Rebit (%)	108%	108%	111%	113%	123%
Rebitda	123,580	135,683	150,967	169,909	207,527
Evolution Rebitda (%)	112%	110%	111%	113%	122%
Net result	75,769	82,545	90,743	103,283	129,333
Evolution net result (%)	112%	109%	110%	114%	125%
REMUNERATION OTHER EMPLOYEES					
Total remuneration	123,493	137,116	152,857	173,618	205,310
Number of employees (FTE) ¹	1,821	2,214	2,305	2,550	2,857
Evolution (%)	110%	111%	111%	114%	118%

¹ Full-time employee calculated as 12-month average.

The ratio between the highest remuneration of members of management and the lowest compensation (in full-time equivalents) of employees of Lotus Bakeries NV, as stipulated by Article 3:6(3) CAC, cannot be

reported since Lotus Bakeries NV has no employees. With a view to transparency, this ratio is reported for Lotus Bakeries Corporate NV. This ratio is 18.2.

ENTERPRISE RISK MANAGEMENT

RISK MANAGEMENT STRATEGY

Lotus Bakeries has implemented a continuous risk management process aimed at ensuring that risks are identified, assessed, prioritised, controlled and monitored in such a way that they can be kept at an acceptable level. The risk management process is aligned with the implementation of the strategic, operational and financial objectives of the Company. The entire risk management process is based on the COSO Enterprise Risk Management framework.

The Company is exposed to a wide range of risks within the context of its activities that can result in its objectives being affected or not achieved. Mitigating these risks is a key task of the Executive Committee (EXCO). The EXCO has full responsibility for the risk management process for Lotus Bakeries and reports on this periodically to the Audit & Sustainability Committee.

Lotus Bakeries has a one-tier governance model, in accordance with the Belgian Companies Code. The Board of Directors bears ultimate responsibility for the management of risks within the Company, assisted by the Audit & Sustainability Committee. The day-to-day management is delegated to the CEO, assisted by the EXCO. The Audit & Sustainability Committee receives regular reports on risk management.

As such, the enterprise risk management of Lotus Bakeries consists of following key components:

- Risk identification: this involves identifying the sources of risk that could impact the Group. These sources could include anything from food safety and quality risks, to operational and financial risks. The double materiality methodology is used to identify and prioritise the main risks to which the Group is faced from two perspectives: financial materiality and impact materiality (see chapter 2 of the Annual Report).
- Risk assessment: once risks have been identified, it is important to assess their impact and likelihood of occurrence. This helps to prioritise the most critical risks and determine the appropriate response.
- Risk mitigation: after risks have been identified and assessed, strategies are developed to mitigate or manage those risks. This may include implementing process improvements, implementing controls, or transferring risk through insurance.
- Risk monitoring: ongoing monitoring of risks is critical to ensure that the Group is prepared for potential threats and to assess the effectiveness of risk mitigation strategies.
- Communication and training: effective communication and training are essential for an ERM programme to be successful. All employees should understand their role in identifying and managing risk and should be trained on how to do so.

The Governance structure of Lotus Bakeries is supported by the implementation of various internal Governance policies, procedures and processes, such as:

- Corporate Governance Charter

The Corporate Governance Charter is designed to give a detailed and transparent picture of Lotus Bakeries' policy regarding corporate governance and is updated based on developments in such policy and changes in the relevant regulations.

- Dealing Code

The main purpose of the Dealing Code is to prevent the misuse or appearance of misuse of information which directors or employees of Lotus Bakeries may possess about Lotus Bakeries and which is not generally available to investors. Particular attention is paid to those shares, share options or other rewards received under Lotus Bakeries' incentive plans, to those who buy or sell Lotus Bakeries shares, and to those who use Lotus Bakeries shares as collateral for a loan.

- 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.

- Remuneration Policy

The approved remuneration policy complies with the Second Shareholder Rights Directive, Directive (EU) 2017/828, Article 7:89(1) of the Companies and Associations Code and the Corporate Governance Code 2020. This remuneration policy was approved at the Ordinary General Meeting of 18 May 2021 and is published on the website.

The responsibilities of the various departments in the Lotus Bakeries Group ranging from procurement, manufacturing, logistics to sales, management of customer relations and Corporate services are set out in clear guidelines. As such, each employee clearly knows his role and responsibility.

PRINCIPAL RISKS AND MITIGATING MEASURES

On a periodic basis, risks are assessed, monitored and adjusted by the EXCO. The risk management matrix defined is discussed with and reported to the Audit & Sustainability Committee.

For each of the principal risks identified, a risk owner has been appointed who ensures a concrete action plan to mitigate the potential impact of the risks. The risk owner is also responsible for the follow-up of the defined actions. The results are reported periodically to the Audit & Sustainability Committee.

The risk management programme of the Group is an ongoing process that requires regular review and revision to ensure that it remains effective in the face of changing risks and circumstances and new threats.

The principal risks listed below are considered to be the most relevant for the business of the Group that might have an impact on the achievement of the Group's strategic objectives.

KEY COMPONENT	RISK	RISK DESCRIPTION & MITIGATING ACTIONS
Product	Safety & Quality	Failure to meet quality and food safety standards expose the Group to business interruption, litigation, product liability and recall claims. Lotus Bakeries applies the highest product safety standards to the entire production and distribution process, from the purchase of raw materials through the distribution of the final product, supported and guaranteed by structured procedures and systematic internal quality audits. External audits take place at regular intervals.
	Counterfeiting/Intellectual property	The success of the Lotus® Biscoff®, Lotus™ Natural Foods and Lotus® Local Heroes products and brands is accompanied with the risk of counterfeiting, both in terms of the recipes of our products and the visual identity of our brands. First of all, the recipe. The quality of all Lotus Bakeries products is an absolute priority. All employees are strongly committed to the continuous pursuit of high quality products and processes. The R&D department wants to use new insights into interactions between different raw materials to contribute to better products. For this purpose, we do not only call on our own expertise, but also on that of well-known university research institutes, as well as existing innovation platforms set up by the food industry. Our innovation efforts also translate into an extensive and innovative product range, in which quality and superior taste are paramount. To safeguard these efforts as much as possible, our recipes are protected as trade secrets wherever possible. To this end, strict procedures are in place regarding access, transfer and storage of data. In addition, the R&D team monitors and analyses competing products on a regular basis. To protect our brand identity in the best possible way, a clear strategy is in place aimed at identifying our brand assets, defining the desired protection, use and enforcement of our brands. Protection levels are updated annually, both at product and geographical level. Thanks to an automated, global notification system, the Intellectual Property department stays on top of identical or similar registrations. Furthermore, copycats in the market are reported on a continuous basis by our own employees and our distributors. Since 2021, Lotus Bakeries has also been working with an online monitoring system for even more accurate detection of copycats.
	Inflation and volatility of raw materials and packaging costs	The risk of unfavourable effects of fluctuations in raw material prices on the results is limited by concluding forward contracts with a fixed price for the most important raw materials. For other raw materials and packaging, annual agreements are used where possible.
People	Job market shortages	Given the scarcity on the labour market, Lotus Bakeries needs to pay attention to attracting sufficient talent to support its growth plans. To this end, Lotus Bakeries can rely on a professional recruitment policy, onboarding process and training & development plan. We have also been deploying a Young Graduate Programme since 2020, with which we make young talent enthusiastic about our company. Finally, much attention is paid to employer branding and translating our corporate identity internally and externally.

KEY COMPONENT	RISK	RISK DESCRIPTION & MITIGATING ACTIONS
ESG	Climate change/ Carbon reduction	<p>We are committed to the environment and help fight global warming. Lotus Bakeries is aware of the negative impact the industry can have on the environment and society and the responsibility it bears as an industrial partner. Lotus Bakeries also sees opportunities to contribute to the progress of society and limiting global warming.</p> <p>Climate-related disruption (including extreme weather events, floods, deforestation) might impact our operations and/or consumer demands and preferences. In everything we do, we strive to reduce our ecological footprint. We are already carbon neutral today with our 12 factories. Beginning 2023, we signed the Commitment Letter of Science Based Target initiative (SBTi), committing to science-based reduction targets, in line with SBTi Criteria and Recommendations, in order to limit global warming to 1.5 degrees Celsius above pre-industrial levels.</p> <p>The 'Care for Today - Respect for Tomorrow' sustainability ambition clearly embodies how Lotus Bakeries wants to deal with sustainability and responsibility. This action plan has been widely distributed to all employees as well as to the Board of Directors. Lotus Bakeries chooses to report on its priorities, targets and achievements taking into account the Sustainable Development Goals (SDGs) as defined by the United Nations and in accordance with the core GRI standards.</p> <p>Furthermore, the Group monitors any emerging regulations which would impose specific carbon-reduction initiatives. Such initiatives could potentially impact the current operations and accelerate the transition to low-carbon production processes, materials and investments.</p>
	Packaging	<p>Lotus Bakeries recognises the problems related to the use of plastic packaging, including ocean pollution, carbon emissions, and the use of non-renewable resources. Lotus Bakeries shares the concerns and wants to assume responsibility to move from the current linear economy, where packaging is produced, used and thrown away, to a circular economy, where materials are kept within the loop. To this end, Lotus Bakeries has formulated clear ambitions and a clear strategy. The Group also monitors regulatory measures to limit the use of single-use packaging, such as packaging taxes. The Group is constantly scanning and improving the packaging portfolio based on fact-based methodologies. Lotus Bakeries investigates various alternatives to the classic fossil-based plastics currently in use. However, alternative materials need to guarantee the same level of product safety, processability and sustainability as the current materials used.</p>
	Sustainable sourcing	<p>Lotus Bakeries is aware of the possible negative impact of cultivation of key raw materials (such as oils, cocoa) on the environment, in particular deforestation, as well as the possible social impact in the regions where these raw materials are cultivated. For Lotus Bakeries, it is important that our consumers and customers have confidence that the above mentioned raw materials used in our products has been sustainably sourced. Lotus Bakeries carefully selects its suppliers based on its responsible sourcing standards according to <i>NDPE: No-Deforestation, No-Peat, No-Exploitation</i>. Lotus Bakeries is a member of RSPO and is committed to purchasing only certified sustainable palm oil. All Lotus Bakeries sites which process palm oil have also obtained the RSPO certificate.</p> <p>Furthermore, Lotus Bakeries requests its suppliers to invest in following initiatives and to actively inform the Company on a regular basis:</p> <ul style="list-style-type: none"> - supporting smallholder producers to enter sustainable supply chains; - protecting and restoring forests in a palm oil production landscape; - support of a landscape/jurisdiction approach to sustainability in palm oil producing areas; and - support for one or more local conversion projects in palm oil producing countries. <p>As such, Lotus Bakeries aims to drive the transformational change needed in the supply chain of key raw materials.</p>

KEY COMPONENT	RISK	RISK DESCRIPTION & MITIGATING ACTIONS
IT architecture	Data protection and cybersecurity	<p>Considering the ever-increasing digitalisation, the risk of unauthorised access to confidential data of Lotus Bakeries and personal data processed by Lotus Bakeries remains real. Fraud in the form of cybercrime is also high on the agenda.</p> <p>Within Lotus Bakeries, clear policies are in place regarding access and security of business-critical information. Multi-factor authentication contributes to the security of our information. Corporate ICT has taken various measures to prevent, detect and limit the impact of cyber-attacks. In addition, there is an annual audit of the security of our ICT systems. Automated and continuous awareness efforts among Lotus Bakeries employees are also implemented.</p>
Financial	Foreign currencies	<p>The functional currency of the Company is the euro, which is also the Company's reporting currency. Translation gains or losses that result from remeasuring foreign subsidiaries' local currencies to EUR are recorded in other comprehensive income. Foreign currency transactions resulting in gains or losses are recorded in the consolidated statement of comprehensive income.</p> <p>The main foreign currency transactions are denominated in USD, GBP, SEK, ZAR, CNY, KRW, CZK and CHF. The Group assesses on a case by case basis how to avoid any unfavourable currency impact and aims to hedge as many transactions as possible through a natural hedge.</p>
	Other financial risks	<p>The Group's activities are exposed to a variety of other financial risks: market risk (including interest rate risk and price risk), credit risk and liquidity risk. For more details, refer to the consolidated financial statements in note 26.</p>
External environment	Compliance and regulations	<p>Lotus Bakeries is a global company generating the bulk of its revenue outside the home countries. As such, the Group is subject to applicable laws and regulations in the global jurisdictions in which it operates. As a manufacturer of food products with global commercial operations, these applicable laws and regulations relate to product safety, product labelling, health and safety, carbon reduction, intellectual property rights, anti-bribery and corruption, competition, data protection, export regulations, human rights and taxes. Relevant teams within the Group monitor closely any evolutions in the regulatory landscape to warrant compliance of the Group with regulatory initiatives as they emerge.</p>
	Wars	<p>As a global company, the Group may be impacted by conflicts in countries in which it operates. Operations and business could be affected indirectly by a conflict. These impacts may come from supply issues, an inflationary macro-economic environment, credit risks on customers and increasing financing costs.</p>
	Pandemics and other infectious diseases	<p>As the Group is operating around the globe, a global epidemic or pandemic outbreak may affect our business contingency. As such, crisis management is in place, which has been proved to be effective in the context of the COVID-19 pandemic.</p>

EXTERNAL AUDIT

PwC Bedrijfsrevisoren BV, represented by Ms Lien Winne, certified auditor, was appointed as Auditor of Lotus Bakeries NV on May 13, 2022 by the Ordinary General Meeting of Shareholders for a term of three years. Its mandate expires immediately after the 2025 Ordinary General Meeting of Shareholders. The fees paid in 2023 for audit and non-audit services to PwC Bedrijfsrevisoren and to the parties associated with PwC Bedrijfsrevisoren, are disclosed in note 31 of the consolidated financial statements.

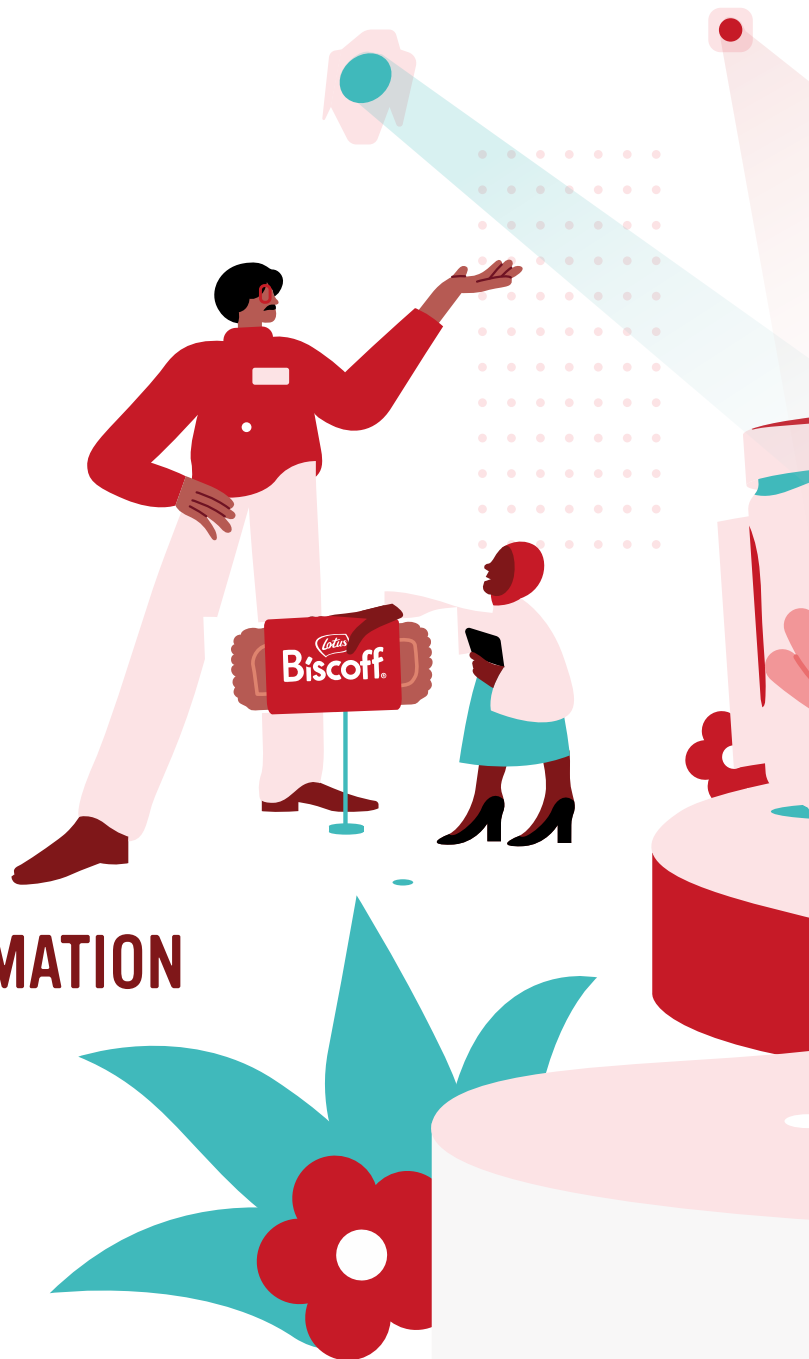
IN THOUSANDS OF EUR	2023	2022
AUDIT FEES		
Lotus Bakeries NV	145	152
Lotus Bakeries Group	456	443
TOTAL	601	595

05

STOCK MARKET AND SHAREHOLDERS' INFORMATION

Stock market
and shareholders' information

214





STOCK MARKET LISTING

The Lotus Bakeries shares are listed since January 2002 on the Euronext Brussels stock exchange under the ticker LOTB and ISIN code 0003604155.

LIQUIDITY

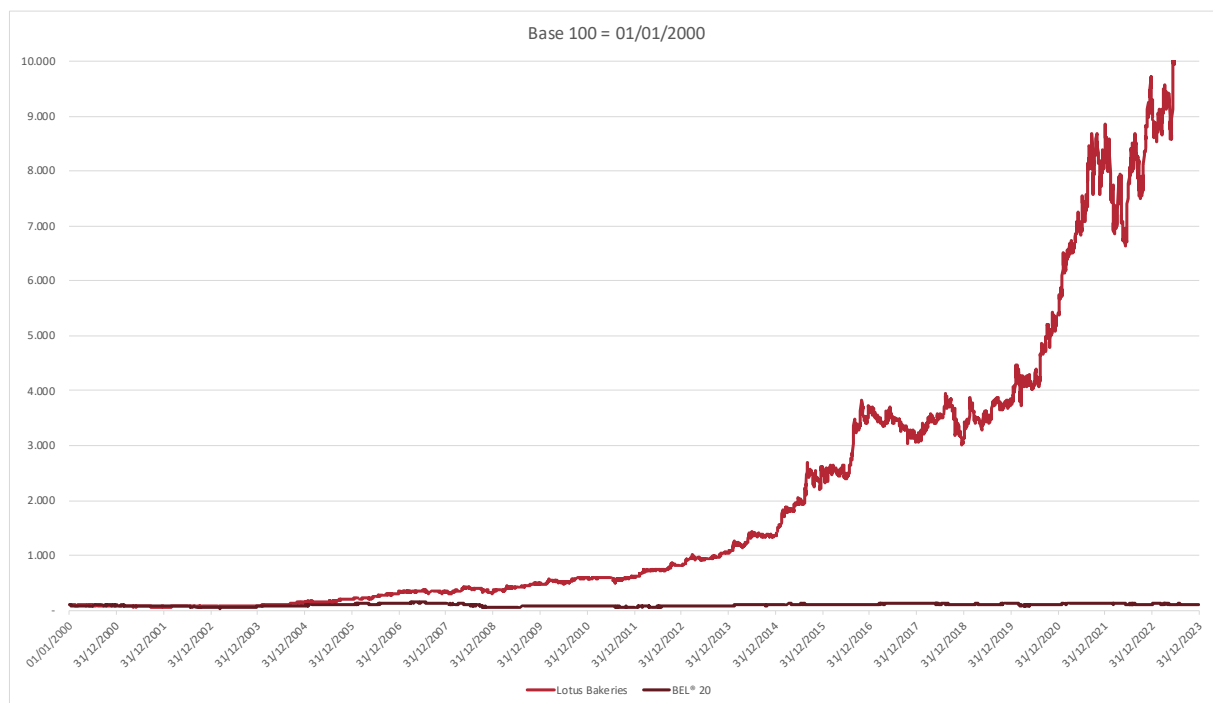
Lotus Bakeries has appointed KBC Securities as 'liquidity provider'.

MARKET CAPITALISATION

On the basis of a total number of 816,013 ordinary shares and a closing share price of EUR 8,230.00, Lotus Bakeries' market capitalisation amounted to EUR 6,715.79 million at the end of 2023.

EVOLUTION OF THE LOTUS BAKERIES SHARE

The below graph presents the long-term performance of Lotus Bakeries' shares as from January 1, 2000, in comparison to the BEL[®]20 index. The BEL[®]20 index is the benchmark stock market index of Euronext Brussels, reflecting the 20 most capitalised and liquid stocks traded on the Euronext Brussels stock exchange.



STOCK DATA ON THE LOTUS BAKERIES SHARE

SHARE PERFORMANCE DATA (IN EUR)	2023	2022	2021	2020	2019
Highest share price of period	8,420.00	6,630.00	6,080.00	3,770.00	2,680.00
Lowest share price of period	5,690.00	4,455.00	3,630.00	2,500.00	2,080.00
Share price as per closing date	8,230.00	6,320.00	5,590.00	3,680.00	2,590.00
Market capitalisation as per closing date (in millions of EUR)	6,715.79	5,157.20	4,561.51	3,002.93	2,113.47
Number of shares as per closing date	816,013	816,013	816,013	816,013	816,013
Ratio price/earnings (PER) ¹ as per closing date	51.63	49.93	50.26	36.36	28.21

FINANCIAL CALENDAR

EVENT	DATE
Ordinary and Extraordinary Shareholders' meeting	May 14, 2024
Dividend payable from	May 21, 2024
2024 half-year results	August 9, 2024

CORPORATE WEBSITE AND ANNUAL REPORT

The corporate website provides comprehensive information regarding investor relations, including information about the Company and its activities, its shares, corporate updates, financial reports, investor presentations and a financial calendar.

This annual report is also available on the corporate website of Lotus Bakeries: www.lotusbakeries.com. The first part of the annual report, and the consolidated financial statements (second part), is available both in Dutch and in English. The third part of the annual report, consisting of the ESG and GRI reporting, is only available in English.

¹PER – Price Earnings Ratio: Share price at closing date divided by the earnings per share of the period

06

FINANCIAL STATEMENTS

Consolidated statement of financial position	220
Consolidated statement of profit or loss and statement of comprehensive income	221
Condensed five-year consolidated financial statements	222





The following chapter of the 2023 annual report includes the consolidated statement of financial position, the consolidated statement of profit or loss and the consolidated statement of comprehensive income and the condensed five-year financial summary for the Lotus Bakeries Group. The complete set of consolidated financial statements, including all disclosures in accordance with IFRS, is presented in the financial supplement to this annual report and is available in Dutch and English.

These consolidated financial statements have been prepared in accordance with the International Financial Reporting Standards (IFRS) as adopted for application within the European Union with comparative figures for 2023.

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



CONSOLIDATED STATEMENT OF FINANCIAL POSITION

IN THOUSANDS OF EUR	DECEMBER 31, 2023	DECEMBER 31, 2022
ASSETS		
Non-current assets	875,583	820,000
Goodwill	222,915	225,246
Intangible assets	147,825	146,735
Property, plant and equipment	474,311	428,244
Investments in other companies	27,504	16,806
Deferred tax assets	2,120	2,212
Other non-current assets	908	757
Current assets	367,920	275,036
Inventories	76,906	70,361
Trade and other receivables	152,044	120,074
Current tax assets	4,888	4,947
Cash and cash equivalents	131,231	76,435
Other current assets	2,852	3,219
TOTAL ASSETS	1,243,503	1,095,036

IN THOUSANDS OF EUR	DECEMBER 31, 2023	DECEMBER 31, 2022
EQUITY AND LIABILITIES		
Equity	656,207	572,141
Share capital	16,388	16,388
Treasury shares	(18,797)	(18,976)
Retained earnings	704,401	611,180
Other reserves	(45,785)	(36,451)
Non-controlling interests	-	-
Non-current liabilities	349,943	266,186
Interest-bearing liabilities	275,834	196,066
Deferred tax liabilities	68,024	63,716
Employee benefit obligations	4,183	4,411
Provisions	101	122
Derivative financial instruments	-	107
Other non-current liabilities	1,801	1,765
Current liabilities	237,352	256,709
Interest-bearing liabilities	14,657	70,178
Employee benefit obligations	335	232
Provisions	21	21
Trade and other payables	205,110	172,995
Current tax liabilities	14,173	10,367
Other current liabilities	3,056	2,917
TOTAL EQUITY AND LIABILITIES	1,243,503	1,095,036

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND STATEMENT OF COMPREHENSIVE INCOME

IN THOUSANDS OF EUR	2023	2022	IN THOUSANDS OF EUR	2023	2022
REVENUE	1,062,962	877,451	NET RESULT	129,333	103,283
Raw materials, packaging and co-manufacturing	(368,903)	(311,310)	OTHER COMPREHENSIVE INCOME		
Services and other goods	(277,024)	(218,277)	Items that may be subsequently reclassified to profit and loss	(9,192)	(9,410)
Employee benefit expenses	(205,310)	(173,618)	Currency translation differences	(9,273)	(9,608)
Depreciation and amortisation expenses	(32,857)	(25,245)	Gain/(Loss) on cash flow hedges, net of tax	81	198
Impairment on inventories and trade receivables	(1,226)	(3,992)	Items that will not be reclassified to profit and loss	(142)	(151)
Other operating expenses	(6,348)	(8,534)	Remeasurement gains/(losses) on defined benefit plans	(142)	(151)
Other operating income	1,681	3,711	Other comprehensive income	(9,334)	(9,560)
RECURRING OPERATING RESULT (REBIT)	172,974	140,188	TOTAL COMPREHENSIVE INCOME	119,999	93,722
Non-recurring income and expenses	(2,544)	(3,807)	Attributable to non-controlling interests	91	2
OPERATING RESULT (EBIT)	170,430	136,381	Attributable to equity holders of Lotus Bakeries	119,908	93,720
Financial result	(2,533)	(2,354)	EARNINGS PER SHARE		
Interest income (expenses)	(1,560)	(2,565)	Weighted average number of shares	811,364	810,858
Foreign exchange gains (losses)	(119)	988	Basic earnings per share (EUR)	159.40	127.37
Other financial income (expenses)	(854)	(777)	Attributable to equity holders of Lotus Bakeries	159.31	127.32
RESULT BEFORE TAXES	167,897	134,027	Weighted average number of shares after effect of dilution	812,373	812,106
Income taxes	(38,565)	(30,744)	Diluted earnings per share (EUR)	159.20	127.18
NET RESULT	129,333	103,283	Attributable to equity holders of Lotus Bakeries	159.12	127.13
Attributable to non-controlling interests	72	43			
Attributable to equity holders of Lotus Bakeries	129,261	103,240			

CONDENSED FIVE-YEAR CONSOLIDATED FINANCIAL STATEMENTS

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

IN THOUSANDS OF EUR	2023	2022	2021	2020	2019
REVENUE	1,062,962	877,451	750,251	663,289	612,737
RECURRING OPERATING RESULT (REBIT)	172,974	140,188	123,805	111,114	102,891
Non-recurring operating result	(2,544)	(3,807)	(4,135)	(4,593)	(2,292)
OPERATING RESULT (EBIT)	170,430	136,381	119,670	106,521	100,599
Financial result	(2,533)	(2,354)	(2,373)	(3,004)	(2,514)
RESULT FOR THE PERIOD BEFORE TAXES	167,897	134,027	117,297	103,517	98,086
Income taxes	(38,565)	(30,744)	(26,554)	(20,972)	(22,317)
NET RESULT	129,333	103,283	90,743	82,545	75,769
Attributable to non-controlling interests	72	43	(24)	(48)	857
Attributable to equity holders of Lotus Bakeries	129,261	103,240	90,767	82,593	74,912

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

IN THOUSANDS OF EUR	DECEMBER 31, 2023	DECEMBER 31, 2022	DECEMBER 31, 2021	DECEMBER 31, 2020	DECEMBER 31, 2019
Non-current assets	875,583	820,000	690,120	622,840	641,122
Goodwill	222,915	225,246	224,846	216,485	229,365
Intangible assets	147,825	146,735	144,745	139,966	142,709
Property, plant and equipment	474,311	428,244	307,725	258,182	263,793
Investments in other companies	27,504	16,806	9,755	4,403	2,243
Deferred tax assets	2,120	2,212	2,182	3,351	2,505
Other non-current assets	908	757	867	453	507
Current assets	367,920	275,036	301,972	221,387	171,507
Inventories	76,906	70,361	57,901	46,827	44,461
Trade and other receivables	152,044	120,074	105,164	89,042	84,524
Current tax assets	4,888	4,947	5,276	3,142	1,075
Cash and cash equivalents	131,231	76,435	132,160	81,261	40,093
Other current assets	2,852	3,219	1,471	1,115	1,354
TOTAL ASSETS	1,243,503	1,095,036	992,092	844,227	812,629
Equity	656,207	572,141	519,532	433,744	402,477
Non-current liabilities	349,943	266,186	289,450	261,841	239,584
Interest-bearing liabilities	275,834	196,066	218,837	198,156	158,010
Deferred tax liabilities	68,024	63,716	64,243	57,195	50,737
Employee benefit obligations	4,183	4,411	4,020	3,748	3,712
Provisions	101	122	116	282	285
Derivative financial instruments	-	107	371	717	2,340
Other non-current liabilities	1,801	1,765	1,863	1,743	24,500
Current liabilities	237,352	256,709	183,110	148,642	170,568
Interest-bearing liabilities	14,657	70,178	17,439	12,552	36,579
Employee benefit obligations	335	232	333	317	325
Provisions	21	21	21	21	21
Trade and other payables	205,110	172,995	154,377	118,647	118,356
Current tax liabilities	14,173	10,367	5,850	12,701	11,630
Other current liabilities	3,056	2,917	5,091	4,404	3,657
TOTAL EQUITY AND LIABILITIES	1,243,503	1,095,036	992,092	844,227	812,629

ANNEXE

EU Taxonomy Reporting	226
Glossary	232

EU TAXONOMY REPORTING

PROPORTION OF TURNOVER FROM PRODUCTS OR SERVICES ASSOCIATED WITH TAXONOMY-ALIGNED ECONOMIC ACTIVITIES - DISCLOSURE COVERING YEAR 2023

FINANCIAL YEAR 2023	YEAR	SUBSTANTIAL CONTRIBUTION CRITERIA								
		ECONOMIC ACTIVITIES	CODE	TURNOVER (IN € MILLION)	PROPORTION OF TURNOVER, YEAR 2023	CLIMATE CHANGE MITIGATION	CLIMATE CHANGE ADAPTATION	WATER	POLLUTION	CIRCULAR ECONOMY
A. TAXONOMY-ELIGIBLE ACTIVITIES										
A.1. Environmentally sustainable activities (Taxonomy-aligned)										
Turnover of environmentally sustainable activities (Taxonomy-aligned) (A.1)			0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %
Of which Enabling			0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %
Of which Transitional			0.0 %	0.0 %	0.0 %					
A.2 Taxonomy-Eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (g)										
Turnover of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)			0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %
Subtotal A. Turnover of Taxonomy eligible activities (A.1 + A.2)			0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES										
B. Turnover of Taxonomy-non-eligible activities			1,063.0	100.0 %						
TOTAL (A+B)			1,063.0	100.0 %						

PROPORTION OF TURNOVER/TOTAL TURNOVER

	TAXONOMY-ALIGNED PER OBJECTIVE	TAXONOMY-ELIGIBLE PER OBJECTIVE
Climate Change Mitigation	0.0 %	0.0 %
Climate Change Adaptation	0.0 %	0.0 %
Water	0.0 %	0.0 %
Circular Economy	0.0 %	0.0 %
Pollution	0.0 %	0.0 %
Biodiversity	0.0 %	0.0 %

DNHS CRITERIA ('DOES NOT SIGNIFICANTLY HARM')

CLIMATE CHANGE MITIGATION	CLIMATE CHANGE ADAPTATION	WATER	POLLUTION	CIRCULAR ECONOMY	BIODIVERSITY	MINIMUM SAFEGUARDS	PROPORTION OF TAXONOMY ALIGNED (A.1.) OR ELIGIBLE (A.2.) TURNOVER, YEAR 2022	CATEGORY ENABLING ACTIVITY	CATEGORY TRANSITIONAL ACTIVITY
							0.0%		
							0.0%	E	
							0.0%		T
							0.0%		
							0.0%		
							100.0%		
							100.0%		

PROPORTION OF CAPEX FROM PRODUCTS OR SERVICES ASSOCIATED WITH TAXONOMY-ALIGNED ECONOMIC ACTIVITIES - DISCLOSURE COVERING YEAR 2023

FINANCIAL YEAR 2023	YEAR	SUBSTANTIAL CONTRIBUTION CRITERIA								
		ECONOMIC ACTIVITIES	CODE	CAPEX (IN € MILLION)	PROPORTION OF TURNOVER, YEAR 2023	CLIMATE CHANGE MITIGATION	CLIMATE CHANGE ADAPTATION	WATER	POLLUTION	CIRCULAR ECONOMY
A. TAXONOMY-ELIGIBLE ACTIVITIES										
A.1. Environmentally sustainable activities (Taxonomy-aligned)										
CapEx of environmentally sustainable activities (Taxonomy-aligned) (A.1)			0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %
Of which Enabling			0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %
Of which Transitional			0.0 %	0.0 %	0.0 %					
A.2 Taxonomy-Eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (g)										
CapEx of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)			0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %
Subtotal A. CapEx of Taxonomy eligible activities (A.1 + A.2)			0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES										
B. CapEx of Taxonomy-non-eligible activities			86.2	100.0 %						
TOTAL (A+B)			86.2	100.0 %						

PROPORTION OF CAPEX/TOTAL CAPEX

	TAXONOMY-ALIGNED PER OBJECTIVE	TAXONOMY-ELIGIBLE PER OBJECTIVE
Climate Change Mitigation	0.0 %	0.0 %
Climate Change Adaptation	0.0 %	0.0 %
Water	0.0 %	0.0 %
Circular Economy	0.0 %	0.0 %
Pollution	0.0 %	0.0 %
Biodiversity	0.0 %	0.0 %

DNHS CRITERIA ('DOES NOT SIGNIFICANTLY HARM')

CLIMATE CHANGE MITIGATION	CLIMATE CHANGE ADAPTATION	WATER	POLLUTION	CIRCULAR ECONOMY	BIODIVERSITY	MINIMUM SAFEGUARDS	PROPORTION OF TAXONOMY ALIGNED (A.1.) OR ELIGIBLE (A.2.) TURNOVER, YEAR 2022	CATEGORY ENABLING ACTIVITY	CATEGORY TRANSITIONAL ACTIVITY
							0.0%		
							0.0%	E	
							0.0%		T
							0.0%		
							0.0%		
							100.0%		
							100.0%		

PROPORTION OF OPEX FROM PRODUCTS OR SERVICES ASSOCIATED WITH TAXONOMY-ALIGNED ECONOMIC ACTIVITIES - DISCLOSURE COVERING YEAR 2023

FINANCIAL YEAR 2023	YEAR	SUBSTANTIAL CONTRIBUTION CRITERIA								
		ECONOMIC ACTIVITIES	CODE	OPEX (IN € MILLION)	PROPORTION OF TURNOVER, YEAR 2023	CLIMATE CHANGE MITIGATION	CLIMATE CHANGE ADAPTATION	WATER	POLLUTION	CIRCULAR ECONOMY
A. TAXONOMY-ELIGIBLE ACTIVITIES										
A.1. Environmentally sustainable activities (Taxonomy-aligned)										
OpEx of environmentally sustainable activities (Taxonomy-aligned) (A.1)			0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %
Of which Enabling			0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %
Of which Transitional			0.0 %	0.0 %	0.0 %					
A.2 Taxonomy-Eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (g)										
OpEx of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)			0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %
Subtotal A. OpEx of Taxonomy eligible activities (A.1 + A.2)			0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES										
B. OpEx of Taxonomy-non-eligible activities			40.8	100.0 %						
TOTAL (A+B)			40.8	100.0 %						

PROPORTION OF OPEX/TOTAL OPEX

	TAXONOMY-ALIGNED PER OBJECTIVE	TAXONOMY-ELIGIBLE PER OBJECTIVE
Climate Change Mitigation	0.0 %	0.0 %
Climate Change Adaptation	0.0 %	0.0 %
Water	0.0 %	0.0 %
Circular Economy	0.0 %	0.0 %
Pollution	0.0 %	0.0 %
Biodiversity	0.0 %	0.0 %

DNHS CRITERIA ('DOES NOT SIGNIFICANTLY HARM')

CLIMATE CHANGE MITIGATION	CLIMATE CHANGE ADAPTATION	WATER	POLLUTION	CIRCULAR ECONOMY	BIODIVERSITY	MINIMUM SAFEGUARDS	PROPORTION OF TAXONOMY ALIGNED (A.1.) OR ELIGIBLE (A.2.) TURNOVER, YEAR 2022	CATEGORY ENABLING ACTIVITY	CATEGORY TRANSITIONAL ACTIVITY
							0.0%		
							0.0%	E	
							0.0%		T
							0.0%		
							0.0%		
							100.0%		
							100.0%		

GLOSSARY

CONCEPT	DEFINITION	PARAGRAPH IN ANNUAL REPORT
CPG	Consumer Packaged Goods	Lotus® Biscoff® Strategy
CSRD	Corporate Sustainability Reporting Directive	Our sustainability ambition
D4ACE	Design for a circular economy	External initiatives, commitments and evaluations
ERP	Enterprise Resource Planning	Our materiality
ESRS	European Sustainability Reporting Standards	Our materiality
FLAG	FLAG (Forest, Land, and Agriculture) emissions are a category of greenhouse gas emissions that encompass the many ways land use change and land-related activities impact the climate.	Our Environment
FSC	Forest Stewardship Council	Our Environment
GHG	Greenhouse Gas	Our Environment
GRI	Global Reporting Initiative	Our sustainability ambition
HACCP	Hazard Analysis and Critical Control Points	Our Community
Internal Employee	An internal employee is an employee who is connected to Lotus Bakeries with an employment contract, either of unlimited duration or of limited duration.	Our Employees
Location-based	A location-based method reflects the average emissions intensity of grids on which energy consumption occurs (using mostly grid-average emission factor data).	Our Environment
Market-based	A market-based method reflects emissions from electricity that companies have purposefully chosen (or their lack of choice).	Our Environment
NDPE	No Deforestation, No Peat, No Exploitation	Our Environment
Net financial debt	Net financial debt is defined as interest-bearing liabilities (excluding lease liabilities recognised in accordance with IFRS 16) deducted with cash and cash equivalents, term deposits and treasury shares.	Financial Statements
Non-recurring income and expenses	Non-recurring income and expenses are those items that are considered by management not to relate to transactions, projects and adjustments to the value of assets and liabilities taking place in the ordinary course of activities of the Company. Non-recurring income and expenses are presented separately, due to their size or nature, so as to allow users of the consolidated financial statements of the Company to get a better understanding of the normalised performance of the Company.	Financial Statements
PEFC	Program for the Endorsement of Forest Certification	Our Environment
Permanent Employees	Employees that have a permanent Lotus Bakeries contract	Our Employees
Primary packaging	Primary packaging directly protects the product & informs the consumer. It is all packaging that a consumer takes home when purchasing the product.	Our Environment
PvDc coating	Poly-Vinylidene Chloride is a water-based coating often used to improve barriers and reduce permeability.	Our Environment
Rate of recordable work-related accidents for own employees	The number of work-related injuries with at least 1 day of absence of own employees divided by the number of total hours worked by own employees and multiplied by 1.000.000 hours.	Our Employees
REAT	REAT is defined as the recurring earnings after tax and is determined by excluding the non-recurring income and expenses and the related tax effects from the net result. REAT is used as the basis for dividend distribution.	Financial Statements
REBIT	REBIT (recurring operating result) is defined as the operating result after deducting the non-recurring income and expenses.	Financial Statements
REBITDA	REBITDA is defined as the REBIT adjusted for depreciations and amortisation expenses, impairments on inventories and trade receivables and non-cash costs related to share-based payment plans.	Financial Statements

CONCEPT	DEFINITION	PARAGRAPH IN ANNUAL REPORT
RSPO	Round Table on Sustainable Palm Oil	Our Environment
SBTi	Science Based Targets initiative	Our Environment
Scope 1 emissions	Scope 1 emissions are direct emissions from company-owned and controlled resources. Examples are heating sources, refrigerators, CO ₂ released during industrial processes...	Our Environment
Scope 2 emissions	Scope 2 emissions are indirect emissions from the consumption of purchased energy such as electricity, steam, heat, and cooling.	Our Environment
Scope 3 emissions	Scope 3 emissions are all other indirect emissions in the company's value chain - not included in scope 2 -, both upstream and downstream, such as the production of goods and services, transportation, and end-of-life treatment.	Our Environment
Secondary packaging	Secondary packaging further protects the product & groups different primary packages for distribution. Used to distribute to and often showcase at the retailer.	Our Environment
SFI	Sustainable Forestry Initiative	Our Environment
SKU	Stock Keeping Unit	Our Environment
Temporary Employees	Employees that have a fixed term Lotus Bakeries contract.	Our Employees
Tertiary packaging	Tertiary packaging is used to guarantee the protection of the product during shipment via pallet, typically not seen by consumers.	Our Environment
Water withdrawal	Water withdrawal describes the total amount of water withdrawn from a surface water or groundwater source.	Our Environment

REGISTERED OFFICE

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

Register of legal persons of Ghent,
Enterprise number 0401.030.860

CONTACT

For further information about the data of the annual review or more information about the Lotus Bakeries Group, please contact:
Lotus Bakeries NV
Corporate Secretary
Gentstraat 1
B-9971 Lembeke
T + 32 9 376 26 11
corporate@lotusbakeries.com

Concept and realisation

Lotus Bakeries and Duval Branding
duvalbranding.com

Illustrations

Sören Selleslagh
sorenselleslagh.com

Photography

Bert Luyckx
bertluyckx.be

Sustainability is key at Lotus Bakeries; this report was printed on recycled paper.





WWW.LOTUSBAKERIES.COM



ANNUAL REPORT 2023

FINANCIAL SUPPLEMENT

Lotus Bakeries NV (the 'Company') is a limited-liability company incorporated as a "naamloze vennootschap" ("NV") under Belgian law with company registration number 0401.030.860. Lotus Bakeries NV has its registered office at Gentstraat 1, 9971 Lembeke, Belgium. The shares of Lotus Bakeries NV are listed on the regulated market of Euronext Brussels.

Lotus Bakeries is active worldwide in the indulgent and natural snacking segment with the Lotus®, Biscoff®, nākd®, TREK®, BEAR®, Kiddylicious®, Peter's Yard®, Dinosaurus®, Peijnenburg® and Annas brands, among others. Lotus Bakeries, with headquarters in Belgium, is a dynamic, internationally oriented company with production facilities in Belgium, the Netherlands, France, Sweden, South Africa and the United States, and 23 own sales organisations in Europe, America, Asia and Australia. By maintaining a healthy balance between tradition and innovation, the Lotus brand indulges consumers with a unique range of high-quality, tasty products.

The consolidated financial statements of Lotus Bakeries Group (the 'Group') for the year ended December 31, 2023 were authorised for issue on March 28, 2024.

These consolidated financial statements have been prepared in accordance with the International Financial Reporting Standards (IFRS) as adopted for application within the European Union with comparative figures for 2022.

The condensed statutory financial statements disclosed at the end of the consolidated financial report are extracted from the separate Belgian GAAP financial statements of the Company and are included as required by article 3:17 of the Belgian Company and Associations Code.

The separate financial statements, together with the annual report of the Board of Directors to the general assembly of shareholders as well as the auditor's report, will be filed with the National Bank of Belgium within the legally foreseen time limits. These documents are also available on the corporate website of Lotus Bakeries, www.lotusbakeries.com (Investor Relations), or can be obtained for free from the Corporate Secretary of Lotus Bakeries on request.

This financial report is part of the 2023 consolidated annual report of Lotus Bakeries NV. This annual report consists of three parts which are available on the Lotus Bakeries corporate website and also on request, separately and free of charge, from the Lotus Bakeries Corporate Secretary.

The Group prepares and discloses financial statements in the ESEF format in Dutch and English. Additionally the Group makes available its financial statements in Dutch and English in pdf format.

The financial statements prepared in the ESEF format by the Group in Dutch are the only 'official ESEF version' of the annual financial statements that discharge the Group from the obligations included in the Transparency Directive.

Financial statements made available in pdf format on the website of the Group as well as financial statements prepared in ESEF format in another language than Dutch are therefore considered as non-official versions and translations.

The official ESEF version prevails over all non-official and translated versions. The official ESEF version of the annual financial statements of the Group is filed on the website of the Group.

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

INDEX

CONSOLIDATED FINANCIAL STATEMENTS

Consolidated statement of profit or loss and statement of comprehensive income	4
Consolidated statement of financial position	5
Consolidated cash flow statement	6
Consolidated statement of changes in equity	8

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. Basis of preparation and summary of material accounting policies	11
2. Changes to the consolidation scope	15
3. Segment reporting	16
4. Revenue	20
5. Services and other goods	21
6. Employee benefit expenses	21
7. Depreciation and amortisation expenses	21
8. Other operating income and expenses	21
9. Non-recurring income and expenses	22
10. Financial result	22
11. Income taxes	23
12. Earnings per share	26
13. Goodwill	27
14. Intangible assets	29
15. Property, plant and equipment and leases	32
16. Investments in other companies	35
17. Inventories	36
18. Trade and other receivables	36
19. Cash and cash equivalents	37
20. Other assets	37
21. Equity	37
22. Interest-bearing liabilities	40

23. Employee benefit obligations	42
24. Trade and other payables	45
25. Other liabilities	45
26. Financial instruments and financial risk management	46
27. Related parties	51
28. Commitments	51
29. Subsequent events	52
30. Management responsibility statement	52
31. Audit fees	52
32. Consolidation scope	54
33. Alternative performance measures	56

AUDITOR'S REPORT 58

CONDENSED FIVE-YEAR CONSOLIDATED FINANCIAL STATEMENTS 64

CONDENSED STATUTORY FINANCIAL STATEMENTS – LOTUS BAKERIES NV 66

Statutory balance sheet	66
Statutory income statement	67
Accounting principles	68

CONSOLIDATED FINANCIAL STATEMENTS

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND STATEMENT OF COMPREHENSIVE INCOME

IN THOUSANDS OF EUR	NOTE	2023	2022
REVENUE	4	1,062,962	877,451
Raw materials, packaging and co-manufacturing		(368,903)	(311,310)
Services and other goods	5	(277,024)	(218,277)
Employee benefit expenses	6	(205,310)	(173,618)
Depreciation and amortisation expenses	7	(32,857)	(25,245)
Impairment on inventories and trade receivables	17, 18	(1,226)	(3,992)
Other operating expenses	8	(6,348)	(8,534)
Other operating income	8	1,681	3,711
RECURRING OPERATING RESULT (REBIT)		172,974	140,188
Non-recurring income and expenses	9	(2,544)	(3,807)
OPERATING RESULT (EBIT)		170,430	136,381
Financial result	10	(2,533)	(2,354)
Interest income (expenses)		(1,560)	(2,565)
Foreign exchange gains (losses)		(119)	988
Other financial income (expenses)		(854)	(777)
RESULT BEFORE TAXES		167,897	134,027
Income taxes	11	(38,565)	(30,744)
NET RESULT		129,333	103,283
Attributable to non-controlling interests		72	43
Attributable to equity holders of Lotus Bakeries		129,261	103,240

IN THOUSANDS OF EUR	NOTE	2023	2022
NET RESULT		129,333	103,283
OTHER COMPREHENSIVE INCOME			
Items that may be subsequently reclassified to profit and loss		(9,192)	(9,410)
Currency translation differences		(9,273)	(9,608)
Gain/(Loss) on cash flow hedges, net of tax		81	198
Items that will not be reclassified to profit and loss		(142)	(151)
Remeasurement gains/(losses) on defined benefit plans		(142)	(151)
Other comprehensive income		(9,334)	(9,560)
TOTAL COMPREHENSIVE INCOME		119,999	93,722
Attributable to non-controlling interests		91	2
Attributable to equity holders of Lotus Bakeries		119,908	93,720
EARNINGS PER SHARE	12		
Weighted average number of shares		811,364	810,858
Basic earnings per share (EUR)		159.40	127.37
Attributable to equity holders of Lotus Bakeries		159.51	127.32
Weighted average number of shares after effect of dilution		812,373	812,106
Diluted earnings per share (EUR)		159.20	127.18
Attributable to equity holders of Lotus Bakeries		159.12	127.13

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

IN THOUSANDS OF EUR	NOTE	DECEMBER 31, 2023	DECEMBER 31, 2022
ASSETS			
Non-current assets		875,583	820,000
Goodwill	13	222,915	225,246
Intangible assets	14	147,825	146,735
Property, plant and equipment	15	474,311	428,244
Investments in other companies	16	27,504	16,806
Deferred tax assets	11	2,120	2,212
Other non-current assets	20	908	757
Current assets		367,920	275,036
Inventories	17	76,906	70,361
Trade and other receivables	18	152,044	120,074
Current tax assets	11	4,888	4,947
Cash and cash equivalents	19	131,231	76,435
Other current assets	20	2,852	3,219
TOTAL ASSETS		1,243,503	1,095,036

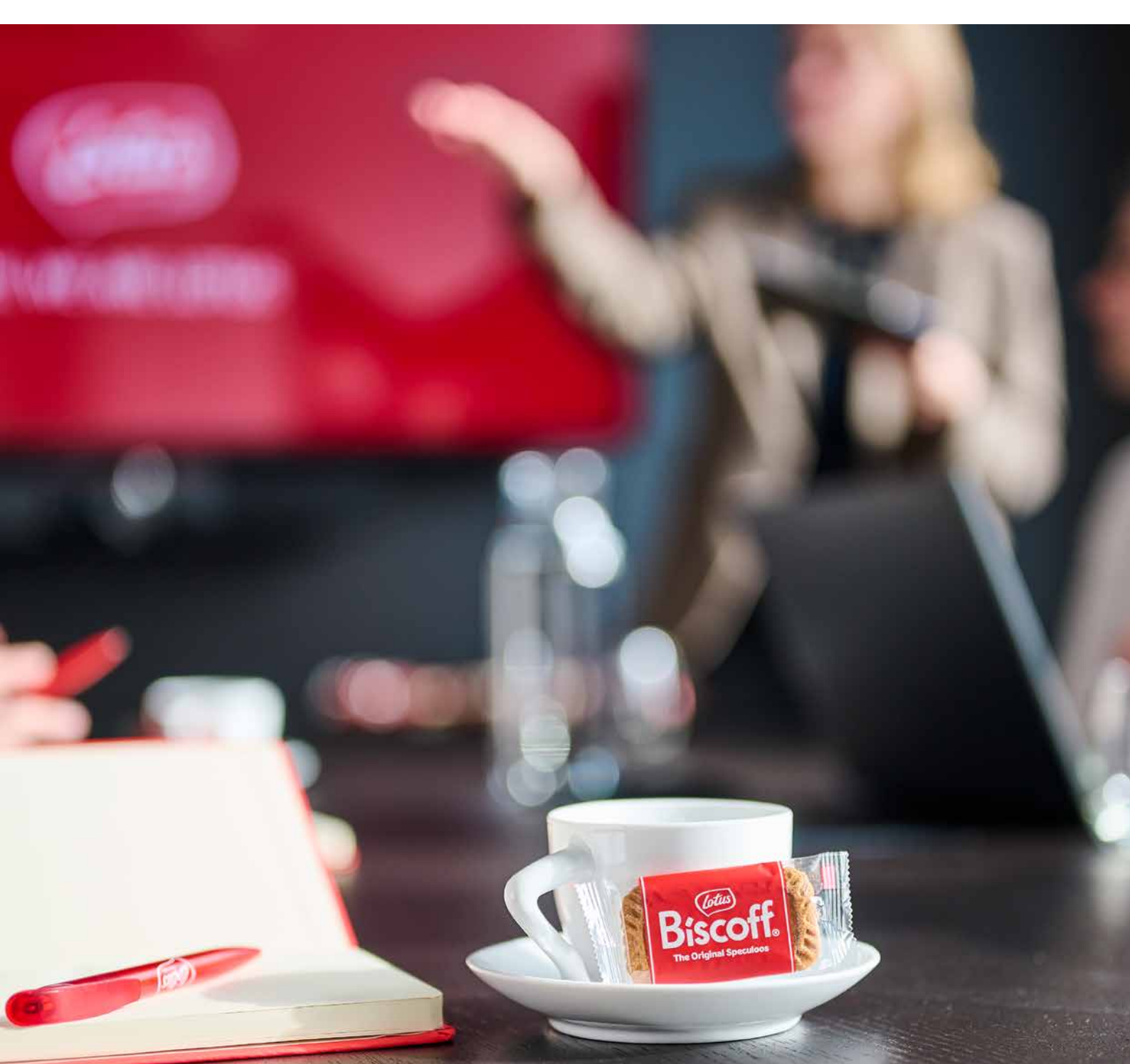
IN THOUSANDS OF EUR	NOTE	DECEMBER 31, 2023	DECEMBER 31, 2022
EQUITY AND LIABILITIES			
Equity		656,207	572,141
Share capital	21	16,388	16,388
Treasury shares	21	(18,797)	(18,976)
Retained earnings		704,401	611,180
Other reserves		(45,785)	(36,451)
Non-controlling interests		-	-
Non-current liabilities		349,943	266,186
Interest-bearing liabilities	22	275,834	196,066
Deferred tax liabilities	11	68,024	63,716
Employee benefit obligations	23	4,183	4,411
Provisions		101	122
Derivative financial instruments		-	107
Other non-current liabilities	25	1,801	1,765
Current liabilities		237,352	256,709
Interest-bearing liabilities	22	14,657	70,178
Employee benefit obligations	23	335	232
Provisions		21	21
Trade and other payables	24	205,110	172,995
Current tax liabilities	11	14,173	10,367
Other current liabilities	25	3,056	2,917
TOTAL EQUITY AND LIABILITIES		1,243,503	1,095,036

CONSOLIDATED CASH FLOW STATEMENT

IN THOUSANDS OF EUR	2023	2022 ¹
OPERATING ACTIVITIES		
NET RESULT	129,333	103,283
Depreciation and amortisation expenses	32,857	25,245
Impairment of assets and results from disposal of assets	(21)	259
Change in provisions	(478)	(16)
Financial result	2,533	2,354
Income taxes	38,565	30,744
Employee share-based compensation expense	470	470
Gross cash provided by operating activities	203,259	162,339
Decrease/(Increase) in inventories	(6,544)	(11,596)
Decrease/(Increase) in trade and other receivables	(31,266)	(15,675)
Decrease/(Increase) in other assets	367	141
Increase/(Decrease) in trade and other payables	18,896	1,880
Increase/(Decrease) in other liabilities	1,015	1,430
Change in working capital	(17,532)	(23,820)
Income taxes paid	(31,352)	(27,707)
NET CASH PROVIDED BY OPERATING ACTIVITIES	154,375	110,812
INVESTING ACTIVITIES		
Investments paid for (in) tangible assets	(65,457)	(123,112)
Proceeds received from sale of (in) tangible assets	-	141
Acquisition of subsidiaries, net of cash acquired (note 2)	-	(9,205)
Investments paid for financial assets	(10,587)	(9,281)
Proceeds/(Reimbursement) of long-term receivables	(151)	91
Interests received	2,110	421
NET CASH USED IN INVESTING ACTIVITIES	(74,084)	(140,945)

IN THOUSANDS OF EUR	2023	2022 ¹
FINANCING ACTIVITIES		
Dividends paid	(36,470)	(32,805)
(Acquisition)/Disposal of treasury shares	324	(8,841)
Proceeds from interest-bearing liabilities	88,000	39,000
Reimbursement of interest-bearing liabilities	(66,000)	(14,000)
Reimbursement of lease liabilities	(5,490)	(4,187)
Interests paid	(3,819)	(2,642)
NET CASH FROM FINANCING ACTIVITIES	(23,456)	(23,475)
NET CHANGE IN CASH AND CASH EQUIVALENTS	56,835	(53,608)
Cash and cash equivalents as at January 1	76,435	132,160
Effect of exchange rate fluctuations	(2,038)	(2,117)
CASH AND CASH EQUIVALENTS AS AT DECEMBER 31	131,231	76,435

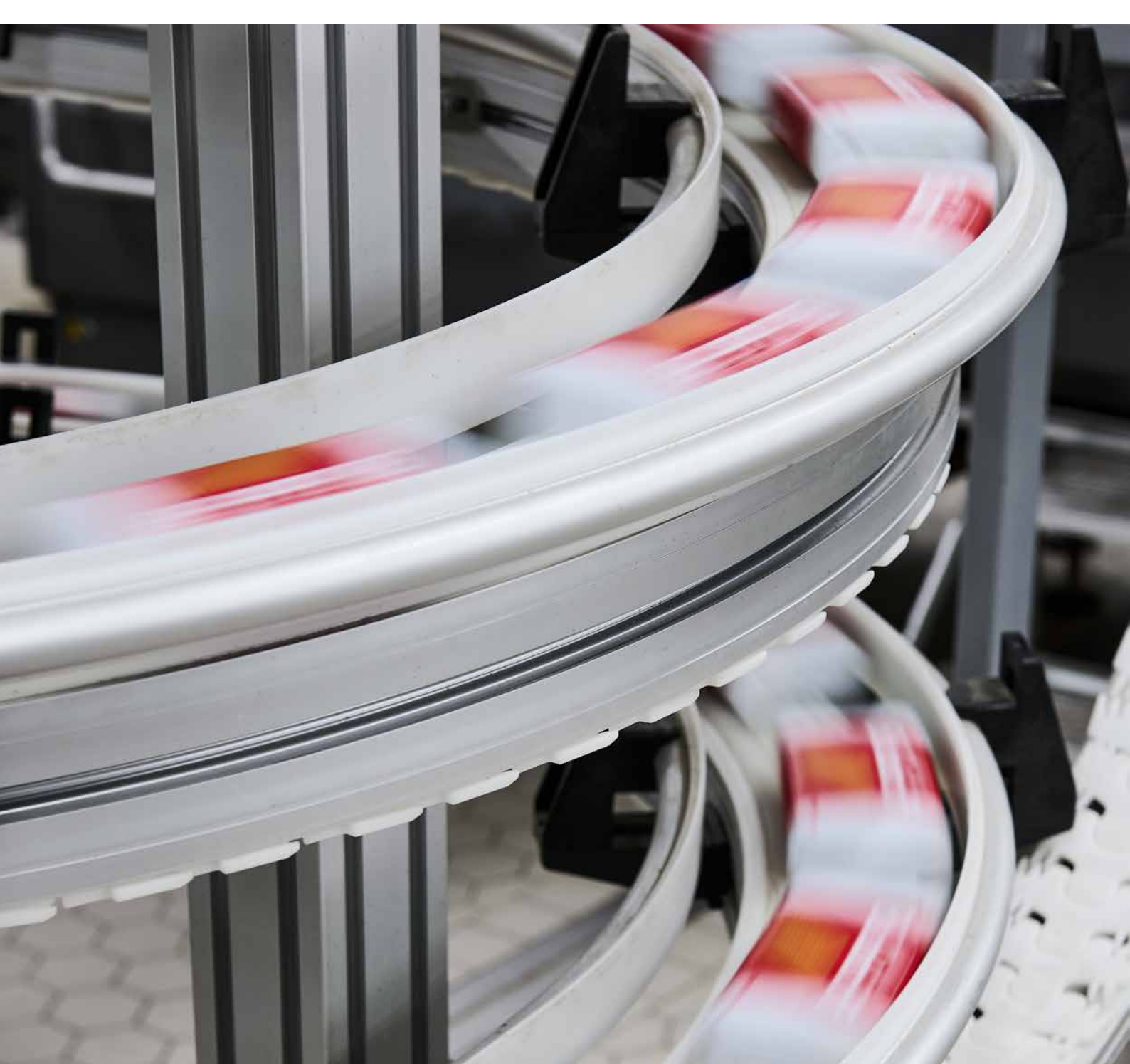
¹The presentation of the consolidated cash flow statement has been reviewed in the course of 2023. For consistency purposes, the presentation of the comparative cash flow statement has been aligned. Main change relates to the gross presentation of interests received and interests paid, where the interests received are now presented as part of the investing activities.



CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

IN THOUSANDS OF EUR	ISSUED CAPITAL	SHARE PREMIUM	SHARE CAPITAL	TREASURY SHARES
EQUITY AS AT JANUARY 1, 2023	3,591	12,797	16,388	(18,976)
Net result	-	-	-	-
Other comprehensive income	-	-	-	-
Total comprehensive income	-	-	-	-
Dividend to shareholders	-	-	-	-
Transactions with treasury shares	-	-	-	179
Employee share-based compensation expense	-	-	-	-
Impact written put options on non-controlling interests	-	-	-	-
Other	-	-	-	-
EQUITY AS AT DECEMBER 31, 2023	3,591	12,797	16,388	(18,797)
EQUITY AS AT JANUARY 1, 2022	3,591	12,797	16,388	(9,514)
Net result	-	-	-	-
Other comprehensive income	-	-	-	-
Total comprehensive income	-	-	-	-
Dividend to shareholders	-	-	-	-
Transactions with treasury shares	-	-	-	(9,462)
Employee share-based compensation expense	-	-	-	-
Impact written put options on non-controlling interests	-	-	-	-
Other	-	-	-	-
EQUITY AS AT DECEMBER 31, 2022	3,591	12,797	16,388	(18,976)

RETAINED EARNINGS	TRANSLATION DIFFERENCES	REMEASUREMENT GAINS/ (LOSSES) ON DEFINED BENEFIT PLANS	CASH FLOW HEDGE RESERVES	OTHER RESERVES	EQUITY - PART OF THE GROUP	NON-CONTROLLING INTERESTS	TOTAL EQUITY
611,180	(35,607)	(764)	(81)	(36,451)	572,141	-	572,141
129,261	-	-	-	-	129,261	72	129,333
-	(9,292)	(142)	81	(9,353)	(9,353)	19	(9,334)
129,261	(9,292)	(142)	81	(9,353)	119,908	91	119,999
(36,531)	-	-	-	-	(36,531)	-	(36,531)
145	-	-	-	-	324	-	324
470	-	-	-	-	470	-	470
72	19	-	-	19	91	(91)	-
(196)	-	-	-	-	(196)	-	(196)
704,401	(44,880)	(905)	-	(45,785)	656,207	-	656,207
539,590	(26,040)	(613)	(279)	(26,932)	519,532	-	519,532
103,240	-	-	-	-	103,240	43	103,283
-	(9,567)	(151)	198	(9,519)	(9,519)	(41)	(9,560)
103,240	(9,567)	(151)	198	(9,519)	93,720	2	93,722
(32,428)	-	-	-	-	(32,428)	(293)	(32,721)
621	-	-	-	-	(8,841)	-	(8,841)
470	-	-	-	-	470	-	470
(291)	-	-	-	-	(291)	291	-
(21)	-	-	-	-	(21)	-	(21)
611,180	(35,607)	(764)	(81)	(36,451)	572,141	-	572,141



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. BASIS OF PREPARATION AND SUMMARY OF MATERIAL ACCOUNTING POLICIES

1.1 Basis of presentation

The consolidated financial statements of the Group have been prepared in accordance with the International Financial Reporting Standards (IFRS), as adopted by the European Union (EU).

These consolidated financial statements are presented in thousands of EUR and present the financial situation as at December 31, 2023. Due to rounding, numbers presented throughout these consolidated financial statements may not add up precisely to the totals provided and percentages may not precisely reflect the absolute figures.

The accounting principles have been consistently applied to all periods presented and are consistent with those applied in the audited consolidated financial statements for the year ended December 31, 2022 of the Group.

The consolidated financial statements have been prepared based on the historical cost methodology, except for certain financial instruments for which the fair value is used.

These financial statements are prepared on an accrual basis and on the assumption that the Group is in going concern and will continue in operation in the foreseeable future.

The Group has adopted the following relevant new standards, amendments to standards or interpretations for the first time for the financial year beginning January 1, 2023 and have been endorsed by the European Union:

- **Amendments to IAS 1 – Presentation of Financial Statements and IFRS Practice Statement 2:** Disclosure of Accounting policies. The amendments aim to improve accounting policy disclosures and to help users of the financial statements to distinguish between changes in accounting estimates and

changes in accounting policies. The IAS 1 amendment requires companies to disclose their material accounting policy information rather than their significant accounting policies. Further, the amendment to IAS 1 clarifies that immaterial accounting policy information need not be disclosed. To support this amendment, the Board also amended IFRS Practice Statement 2, 'Making Materiality Judgements', to provide guidance on how to apply the concept of materiality to accounting policy disclosures. Lotus Bakeries has reviewed the accounting policies reported in the prior years. This has resulted in retaining only the accounting policies which are deemed have a material impact on the consolidated financial statements or to be relevant for an understanding of the Group's business. In this context, the Group has also restructured the presentation of these accounting policies.

- **Amendments to IAS 8 – Accounting policies, Changes in Accounting Estimates and Errors:** Definition of Accounting Estimates. The amendments to IAS 8 clarify how companies should distinguish changes in accounting policies from changes in accounting estimates. These amendments did not have an impact on the current consolidated financial statements.
- **Amendments to IAS 12 – Income Taxes:** Deferred Tax related to Assets and Liabilities arising from a Single Transaction. The amendments clarify how companies account for deferred tax on transactions such as leases and decommissioning obligations. The main change in the amendments is an exemption from the initial recognition exemption of IAS 12. Accordingly, the initial recognition exemption does not apply to transactions in which equal amounts of deductible and taxable temporary differences arise on initial recognition. These amendments did not have an impact on the current consolidated financial statements as the Group already recognised deferred taxes on a gross basis on its right-of-use assets and lease liabilities.
- **Amendments to IAS 12 – Income Taxes:** International Tax Reform – Pillar Two Model Rules. The amendments provide a temporary mandatory relief from accounting for deferred tax that arises from legislation implementing the GloBE model rules. More details on the impact of Pillar Two have been disclosed in note 11 relating to income taxes.

The following relevant new standards, amendments to standards or interpretations have been published, but are not yet mandatory for the first time for the financial year beginning January 1, 2023, and have not been early adopted:

- **Amendments to IAS 1 – Presentation of Financial Statements:** Classification of Liabilities as current or non-current (effective January 1, 2023, but not yet endorsed in EU), affect only the presentation of liabilities in the statement of financial position – not the amount or timing of recognition of any asset, liability income or expenses, or the information that entities disclose about those items. The amendments provide a more general approach to the classification of liabilities under IAS 1 based on the contractual arrangements in place at the reporting date.

The Group does not expect that the above-mentioned new pronouncements will have a material impact on the consolidated financial statements.

1.2 Critical accounting judgements and estimates

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

Estimates and judgements made on the reporting date reflect existing conditions on that date (for example: market prices, interest rates and foreign exchange rates). Estimates and judgements are continuously evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Though these estimates are made by management based on maximum knowledge of ongoing business and of the actions that the Group may undertake, the actual results may be different.

The estimates and judgements that could have an impact on the consolidated financial statements are listed below:

- Key assumptions used in the impairment test of goodwill and intangible assets (see note 13); and
- Key assumptions used in the measurement of post-employment benefits (see note 23).

Nevertheless, the Company does not expect that the above-mentioned accounting judgements and estimates will have a significant impact on the operations of the Group.

Next to the above items, the Company considers climate change and its sustainability commitments as one of the main items to include in the determination of future estimates and judgements. As such, the Company is aware that climate change can create disruptions in the supply chain and in the operating activities. Legislation requires significant investments to reach the sustainability targets defined. Therefore, Lotus Bakeries monitors and assesses how its business impacts the environment and the direct surroundings of its different locations. The Group assesses how sustainable CAPEX investments will impact in the future its cash forecasts, useful lives of assets... Furthermore, the changing customer behaviour to more healthy and sustainable products is considered a key item in identifying opportunities and business developments.

At this stage, the Group does not expect that climate change or other environmental related risks would have a significant impact on the financial statements in the short term. However, the Group monitors closely its consumptions and usage of key commodities to mitigate any potential impact. This will be further elaborated in the context of the implementation of CSRD and ESRS applicable as from 2024. Furthermore, we refer to our SBTi commitment signed in March 2023 which requires that we file and get approval of our targets within 2 years. For this, the base year is 2023 as explained in our Annual Report.

The 'Net Zero by 2050' target requires the Group to reassess its investment strategy and timing and alternatives of both CAPEX and OPEX investments. This will potentially impact the use of resources and available assets. As such, future financial statements would potentially be impacted through a revision of the useful lives of tangible assets, updated cash forecasts in impairment tests, investments in tools and assets improving our ecological footprint.

1.3 Consolidation principles

The consolidated financial statements comprise the financial statements of Lotus Bakeries NV and its subsidiaries (collectively referred to as the 'Group'). Intercompany balances and transactions between Group companies are eliminated.

Subsidiaries

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

Acquisition of subsidiaries is accounted for according to the acquisition method. The cost of the acquisition of a subsidiary is the fair value of the assets transferred, the liabilities incurred and the equity interests issued by the Group. The cost includes the fair value of any asset or liability resulting from a contingent consideration agreement. Acquisition-related costs are expensed as incurred. Identifiable assets acquired, liabilities assumed and contingent liabilities assumed in a business combination are measured initially at their fair value at acquisition date. On an acquisition-by-acquisition basis, the Group recognises any non-controlling interest in the acquiree at fair value or at the non-controlling interest's proportionate share of the acquiree's net assets. The excess of the cost of the acquisition over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill. If this is less than the fair value of the net assets of the subsidiary in the case of a bargain purchase, the difference is recognised directly in the statement of profit or loss.

The financial statements of the subsidiaries have the same financial year as the Company and are prepared in accordance with the accounting principles of the Group.

Liabilities related to put options granted to non-controlling interests

The Group granted put options to non-controlling interests in a subsidiary, giving the holders the right to sell part or all of their investment in the subsidiary to the Company. This put option on non-controlling interests (own equity instrument) gives rise to a gross liability that is initially recognised against equity and measured at the present value of the redemption amount (exercise price) in accordance with IAS 32 – Financial Instruments: presentation. This financial liability is included in the other non-current liabilities. This gross liability is subsequently measured at fair value. The difference between the value of the non-controlling interest and the fair value of the liability is allocated to the retained earnings (Group share), which are included in shareholders' equity.

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

1.4 Foreign currencies

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The consolidated financial statements are presented in euro, the Group's reporting currency.

Transactions in foreign currencies

Transactions in foreign currencies are translated into the functional currency using the exchange rate applicable on the date of the transaction. Monetary assets and liabilities in foreign currencies are translated at the closing rate on the reporting date. Resulting foreign exchange gains and losses are recognised in the statement of profit or loss.

Foreign exchange gains and losses that relate to interest-bearing liabilities and cash and cash equivalents are presented in the statement of profit or loss within the financial result. All other foreign exchange gains and losses are presented in the statement of profit or loss within operating result.

Financial statements of foreign entities

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

- assets and liabilities are translated to the euro using the exchange rate on the reporting date;
- items of income and expenses are translated at average exchange rate; and
- equity items are translated at the historical exchange rate.

The resulting translation differences are recognised in other comprehensive income and accumulated in a separate component of equity (translation differences). These translation differences remain in equity up to the disposal of the relevant entity. In case of disposal, the accumulated amount in equity is reclassified to the statement of profit or loss as part of the result on disposal of the relevant foreign activity.

Goodwill arising from the acquisition of a foreign entity and fair value adjustments to the carrying amount of the acquired assets and liabilities at the date of acquisition, are considered as assets and liabilities of the foreign activity and are translated at the exchange rate on the reporting date.

The Group has no entities in hyperinflationary economies.

Exchange rates

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

	CLOSING RATE		AVERAGE RATE	
	2023	2022	2023	2022
EUR/CHF	0.926	0.985	0.972	1.005
EUR/CNY	7.851	7.358	7.662	7.075
EUR/CZK	24.724	24.116	24.000	24.570
EUR/GBP	0.869	0.887	0.870	0.852
EUR/KRW	1,433.660	1,344.090	1,413.178	1,357.681
EUR/SEK	11.096	11.122	11.477	10.624
EUR/THB	37.973	36.835	38.278	36.800
EUR/USD	1.105	1.067	1.082	1.054
EUR/ZAR	20.348	18.099	19.957	17.210

1.5 Material accounting policies

The material accounting policies applied by the Group are disclosed in the relevant notes as a separate paragraph.

2. CHANGES TO THE CONSOLIDATION SCOPE

In 2023, B.W.I. BV merged into Biscuiterie Willems BV. The merge did not have a significant impact on the consolidated financial statements.

Furthermore, the Group has established a new entity in Australia, Lotus Bakeries Australia Pty Ltd., and in Japan, Lotus Bakeries Japan G.K.

The complete list of companies included in the consolidation scope is disclosed in note 32.

Business combinations 2022

On December 31, 2022, the Company finalised the acquisition of the remaining shares in Peter's Yard® through its 100% subsidiary Lotus Bakeries International und Schweiz AG. Peter's Yard is a British artisanal sourdough company that produces healthy and delicious sourdough crackers and sourdough crisps made from only natural ingredients.

Peter's Yard has become part of the Lotus™ Natural Foods business under the leadership of Isabelle Maes, CEO Natural Foods. The initial focus for Peter's Yard will be to further accelerate growth in the UK. The brand complements the existing Lotus™ Natural Foods portfolio that contains the strong brands of nākd®, BEAR®, TREK® and Kiddylicious®.

In July 2019, the Company acquired a 20% stake in Peter's Yard via its venture capital vehicle, Fast Forward 2032 ('FF2032').

The consideration paid for the business combination (remaining 80% share) amounts to EUR 9.6 million in cash.

The assets acquired and liabilities assumed recognised in the consolidated statement of financial position at acquisition date and the amount of goodwill are presented in the following table:

IN THOUSANDS OF EUR	
RECOGNISED AMOUNTS OF IDENTIFIABLE ASSETS ACQUIRED AND LIABILITIES ASSUMED	
Cash and cash equivalents	433
Intangible assets	5,697
Right-of-use assets	651
Inventories	542
Trade and other receivables	2,290
Interest-bearing liabilities	(502)
Trade and other payables	(1,950)
Other current assets and liabilities	(2,082)
Deferred tax liabilities	(890)
Total identifiable net assets acquired	4,188
Allocation to goodwill	7,876
TOTAL CONSIDERATION	12,064
TOTAL CONSIDERATION	
Fair value of initial investment	2,425
Cash consideration	9,639
TOTAL CONSIDERATION	12,064

The following table presents the impact of the acquisition of subsidiaries within the investing activities in the consolidated cash flow statement:

IN THOUSANDS OF EUR	
Consideration paid in cash	9,639
Cash and cash equivalents acquired	(433)
ACQUISITION OF SUBSIDIARIES, NET OF CASH ACQUIRED	9,205

Upon acquisition of Peter's Yard, the initial investment of 20% held by the Group through FF2032 has been remeasured at fair value in accordance with IFRS 3.

As per December 31, 2022, the amounts above with respect to fair value of net assets acquired and goodwill were provisional as not all fair value measurements had been finalised. This has been finalised in the course of 2023, but no adjustments were necessary.

As a result of the acquisition accounting, the Company has allocated the purchase price (consideration paid) and has calculated the fair value of the assets acquired and liabilities assumed, in accordance with generally applied valuation rules. The purchase price was allocated to intangible assets (brands), which have been measured at fair value.

Goodwill arose because the consideration for the combination effectively included amounts in relation to the benefit of expected synergies, revenue growth and future market development. Management deems that there is a strategic fit between the Lotus™ Natural Foods business and Peter's Yard as they have complementing product offerings. The resulting goodwill is not tax deductible.

The gross contractual amount of the trade receivables amounts to EUR 2.2 million, which equals the carrying amount.

The Group has not incurred significant acquisition-related expenses.

3. SEGMENT REPORTING

3.1 Accounting policy

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

The result of a segment includes the income and expenses directly generated by a segment as well as the portion of the income and expenses that can be reasonably attributed to the segment. Intersegment price-fixing is defined based on the 'at arm's length' principle.

Considering that the chief operating decision maker does not review on a regular basis items of the statement of financial position per segment, segment assets and liabilities are not disclosed.

For the purpose of sales, production and internal reporting, the Group is classified according to geographical regions. As a result of the increased performance of different regions and to sustain future growth, we have reviewed in 2023 the reportable segments and have therefore restated the comparative disclosure to align with the organisational and managerial alignment. Furthermore, aggregation of underlying countries into the below identified reportable segments have been done when such aggregation is consistent with the core principle of IFRS 8, the segments have similar long-term economic characteristics and the segments are similar in each of the following respects:

- The nature of products and services;
- The nature of the production processes;
- The procurement process;
- The type or class of customer for their products and services;
- The functional currencies of each market;
- The methods used to distribute their products or provide their services; and
- The nature of the regulatory environment.

The regions presented in the segment reporting, which are based on the internal reporting system, are composed as follows:

- Continental Europe: sales by Sales Offices in Continental Europe and intra-group sales by factories in Continental Europe (homogeneous activities within Europe, excluding UK activities, and including Belgium, France and other European countries);
- UK: sales by Sales Offices UK, Natural Balance Foods, Urban Fresh Foods, Kiddylicious and Peter's Yard;
- Americas: sales by Sales Offices in Americas and intra-group sales by the factory in the United States;
- Rest of the world: sales from Belgium to countries without own Sales Office and by own Sales Offices in China and South Korea.



3.2 Segment information

PERIOD ENDED DECEMBER 31, 2023

IN THOUSANDS OF EUR	CONTINENTAL EUROPE	UK	AMERICAS	REST OF THE WORLD	ELIMINATIONS / GROUP	TOTAL
SEGMENT REVENUE	648,919	271,901	155,753	144,730	(158,340)	1,062,962
Revenue from external customers	534,414	235,971	155,753	136,825	-	1,062,962
Intersegment revenue	114,505	35,931	-	7,905	(158,340)	-
SEGMENT RESULTS (REBIT)	97,438	51,373	27,945	30,995	(34,776)	172,974
Non-recurring income and expenses						(2,544)
Operating result (EBIT)						170,430
Financial result						(2,533)
Result before taxes						167,897
Income taxes						(38,565)
Net result						129,333
OTHER SEGMENT INFORMATION						
Acquisitions:						
Tangible assets	32,358	15,346	16,646	16,327	4,750	85,427
Intangible assets	8	-	-	-	774	783
Depreciations and amortisations on (in) tangible assets	20,510	1,668	6,588	458	3,633	32,857

PERIOD ENDED DECEMBER 31, 2022

IN THOUSANDS OF EUR	CONTINENTAL EUROPE	UK	AMERICAS	REST OF THE WORLD	ELIMINATIONS / GROUP	TOTAL
SEGMENT REVENUE	539,654	224,755	127,713	127,965	(142,634)	877,451
Revenue from external customers	433,994	197,584	127,628	118,244	-	877,451
Intersegment revenue	105,660	27,170	85	9,720	(142,634)	-
SEGMENT RESULTS (REBIT)	78,633	40,333	14,482	32,393	(25,653)	140,188
Non-recurring income and expenses						(3,807)
Operating result (EBIT)						136,381
Financial result						(2,354)
Result before taxes						134,027
Income taxes						(30,744)
Net result						103,283
OTHER SEGMENT INFORMATION						
Acquisitions:						
Tangible assets	65,091	6,082	50,884	13,466	6,428	141,952
Intangible assets	522	-	-	-	784	1,306
Depreciations and amortisations on (in)tangible assets	16,868	1,266	3,590	642	2,878	25,245

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

The non-current assets (i.e. property, plant and equipment, right-of-use assets, intangible assets and goodwill) by location of assets are detailed in the table opposite:

The Group's revenue by country are disclosed in note 4.

IN THOUSANDS OF EUR	2023	2022
Belgium	265,045	252,446
United Kingdom	212,773	207,064
United States	135,227	129,897
The Netherlands	100,342	100,167
South-Africa	55,292	49,154
Other	76,372	61,496
TOTAL NON-CURRENT ASSETS	845,051	800,225

4. REVENUE

4.1 Accounting policy

Revenue is included in the statement of profit or loss when it is probable that the Group will receive economic benefits from the transaction and the revenue can be measured reliably.

Revenue of the Group is generated principally through the sale of goods with as only performance obligation the delivery of goods. Revenue recognition occurs at a point in time, when control of the asset is transferred to the customer, generally on delivery of the goods.

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

In the context of contracts with clients or as a result of business practices, Lotus Bakeries might pay certain amounts to its customer. The payments can be cash, either in the form of rebates or discounts, or could alternatively be a credit or some other form of incentive that reduces amounts owed to Lotus Bakeries by a customer. Amounts paid by Lotus Bakeries to customers on either a limited or a continuous basis may take various forms and are paid for a varying number of reasons, such as discounts, coupons, rebates, co-advertising, slotting or listing fees.

In accordance with IFRS 15, Lotus Bakeries accounts for such consideration payable to a customer as a reduction of the transaction price and, therefore, of revenue unless the payment to the customer is in exchange for a distinct good or service that the customer transfers to the entity. It is therefore important to analyse the substance of such payment in order to properly reflect the substance of them, i.e. include in the transaction price of the transaction with the customer (revenue) or consider as a separate transaction (expense).

4.2 Overview

Revenue is generated at a point in time mainly by branded products (Biscoff, Natural Foods brands and Local heroes).

The sales generated in the country of domicile of the Group (Belgium) represent 15% of the Group's revenue. Sales to countries in our top four countries are presented in the table below. The sales in all other individual country represent less than 10% of the Group's revenue.

IN THOUSANDS OF EUR	2023	2022
Belgium	159,848	118,077
United Kingdom	240,251	249,300
United States	155,753	127,628
France	150,816	109,218
Other	356,294	273,208
TOTAL REVENUE	1,062,962	877,451

5. SERVICES AND OTHER GOODS

Services and other goods include mainly commercial and marketing expenses, logistic expenses (transport and warehousing), professional fees (legal, accounting and consulting) and utilities.

The increase compared to 2022 relates to increased sales and production volumes, next to increased plan-related expenses and professional fees, in line with the increased revenue performance.

6. EMPLOYEE BENEFIT EXPENSES

IN THOUSANDS OF EUR	2023	2022
Short-term employee benefits	165,997	139,481
Social security contributions	25,828	21,789
Defined contribution costs	3,628	4,654
Defined benefit costs	311	303
Other employee benefit expenses	9,546	7,392
TOTAL EMPLOYEE BENEFIT EXPENSES	205,310	173,618
Average number of employees	2,857	2,655
Number of employees as at the end of the year	2,984	2,698

The other employee benefit expenses include mainly the costs of training and other employee-related insurances.

7. DEPRECIATION AND AMORTISATION EXPENSES

IN THOUSANDS OF EUR	2023	2022
Amortisation of intangible assets (see note 14)	1,274	1,033
Depreciation of property, plant and equipment (see note 15)	26,498	19,554
Depreciation of right-of-use assets (see note 15)	5,085	4,658
TOTAL DEPRECIATION AND AMORTISATION EXPENSES	32,857	25,245

8. OTHER OPERATING INCOME AND EXPENSES

The other operating income consists primarily of external sales of raw materials and other non-core items, various costs recovered at the time of sale and indemnification payments.

The other operating expenses include local levies (property taxes, municipal taxes, packaging tax...) and penalties.

9. NON-RECURRING INCOME AND EXPENSES

Non-recurring income and expenses include operating income and expenses that do not belong to or derive from the recurring operating activities of the Group (normal course of business). This category includes primarily results from the disposal of fixed assets, any goodwill impairment losses, any impairment losses on fixed assets, expenses relating to the acquisition, disposal and start-up of new businesses, restructuring expenses and expenses relating to pandemics.

IN THOUSANDS OF EUR	2023	2022
Start-up costs related to capacity extensions	(2,546)	(288)
Organisation restructuring	(62)	(1,269)
Office relocations	(17)	(785)
Product range restructuring	-	(1,081)
Other	81	(383)
TOTAL NON-RECURRING INCOME AND EXPENSES	(2,544)	(3,807)

In 2023, the non-recurring result relates mainly to expenses from the construction and establishment of the new plant in Thailand and the extension of the plant in South-Africa. The costs for the project in Thailand will increase towards the commissioning of the plant in 2026.

As from reporting year 2024, the non-recurring items will be referred to as 'Adjusting items to the operating result'. However, the scope of this reporting line item will not change, see also note 33 relating to the Alternative Performance Measures.

10. FINANCIAL RESULT

IN THOUSANDS OF EUR	2023	2022
Interest expenses	(4,035)	(3,115)
Interest income	2,475	551
Interest income (expenses)	(1,560)	(2,565)
Foreign exchange gains (losses)	(119)	988
Other financial income (expenses)	(854)	(777)
TOTAL FINANCIAL RESULT	(2,533)	(2,354)

The foreign exchange gains (losses) are related to the realisation and revaluation of financial positions mainly in GBP (pounds sterling) and USD (US dollars).

11. INCOME TAXES

11.1 Accounting policy

Income taxes include current and deferred taxes. Both taxes are recognised in the statement of profit or loss except if the underlying transaction has been recognised directly in other comprehensive income. If so, the related income taxes are also directly recognised in other comprehensive income.

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

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

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

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

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

11.2 Income taxes in the statement of profit or loss

The income tax recognised in the statement of profit or loss can be detailed as follows:

IN THOUSANDS OF EUR	2023	2022
Current taxes in respect of the current year	(33,699)	(29,417)
Current taxes in respect of the prior years	100	(2,213)
Deferred taxes	(4,966)	885
TOTAL INCOME TAXES	(38,565)	(30,744)

The average effective tax rate is 23.0%, compared to 22.9% in 2022.

The income tax expense can be reconciled as follows:

IN THOUSANDS OF EUR	2023	2022
Result for the period before taxes	167,897	134,027
Legal tax rate	25.00%	25.00%
Income tax expense computed at the legal tax rate	(41,974)	(33,507)
Effect of different tax rates in other countries	1,599	2,481
Deductions of taxable income	2,461	1,472
Tax adjustments for prior years	1,569	429
Disallowed expenses	(898)	(1,056)
Tax exempted income	115	66
Tax losses used for which no deferred tax asset has been recorded	-	(21)
Unrecognised deferred tax assets	(1,232)	-
Changes in tax rate or new taxes	17	(670)
Other	(221)	61
TOTAL INCOME TAXES	(38,565)	(30,744)
Effective tax rate	23.0%	22.9%

In October 2021, the OECD reached agreement on the Pillar Two global minimum tax rules to address the tax challenges arising from digitalisation of the economy. The agreement includes a coordinated system of Global anti-Base Erosion (GloBE) rules that are designed to ensure large multinational companies pay a minimum level of tax on the income arising in each jurisdiction where they operate, establishing a global minimum corporate tax rate of 15% on the profit. This set of measures would be applied on a Country-by-Country basis to multinational companies with revenue exceeding EUR 750 million.

Considering that the Group has exceeded the applicable thresholds in 2021, the Group is subject to the GloBE rules and has to consider the global minimum tax in the jurisdictions in which it operates as a legal entity. Belgium, where the Company is domiciled, has adopted the new tax legislation implementing the GloBE rules. The Company is currently monitoring the progress of adoption of the GloBE rules in each jurisdiction.

Based on a first assessment and considering the effective and nominal tax rates in the different jurisdictions, it is clear that the Group will be able to benefit from the safe harbours provided by the OECD for most of its subsidiaries with a potential exception for Switzerland where the effective tax rate is close to 15%. However, in the meantime, the Swiss authorities have adopted the GloBE rules and the related qualified domestic minimum top-up tax (QDMTT).

In accordance with the requirements introduced by the amendments to IAS 12 (see note 1.1), the Group applies the exception to the recognition of deferred taxes associated with income taxes arising from the Pillar Two model rules. Therefore, the Group has decided to not recognise deferred taxes under Pillar Two rules when these rules have been adopted in a jurisdiction.

11.3 Income taxes in the statement of financial position

Deferred taxes

The deferred tax assets and liabilities can be reconciled as follows:

IN THOUSANDS OF EUR	AS AT JANUARY 1, 2023	RECOGNISED THROUGH THE STATEMENT OF PROFIT OR LOSS	RECOGNISED THROUGH EQUITY	BUSINESS COMBINATIONS	EXCHANGE DIFFERENCES	AS AT DECEMBER 31, 2023
Intangible assets	(33,389)	(167)	-	-	(263)	(33,820)
Property, plant and equipment	(32,416)	(6,570)	141	-	393	(38,452)
Inventories	232	436	-	-	(2)	666
Employee benefit obligations	844	(38)	192	-	-	998
Other liabilities	(1,848)	(2,276)	-	-	11	(4,113)
Derivative financial instruments	95	(68)	(27)	-	-	-
Tax losses carried forward	3,649	2,903	-	-	(150)	6,402
Other	1,331	814	(141)	-	410	2,414
TOTAL DEFERRED TAXES	(61,503)	(4,966)	165	-	398	(65,905)
Of which deferred tax assets	2,212					2,120
Of which deferred tax liabilities	(63,716)					(68,024)

IN THOUSANDS OF EUR	AS AT JANUARY 1, 2022	RECOGNISED THROUGH THE STATEMENT OF PROFIT OR LOSS	RECOGNISED THROUGH EQUITY	BUSINESS COMBINATIONS	EXCHANGE DIFFERENCES	AS AT DECEMBER 31, 2022
Intangible assets	(33,588)	661	-	(1,424)	963	(33,389)
Property, plant and equipment	(32,542)	584	-	-	(458)	(32,416)
Inventories	511	(271)	-	13	(21)	232
Employee benefit obligations	991	(135)	(12)	-	-	844
Other liabilities	(2,225)	(144)	-	521	-	(1,848)
Derivative financial instruments	161	-	(66)	-	-	95
Tax losses carried forward	5,023	(1,600)	-	-	226	3,649
Other	(392)	1,790	-	-	(68)	1,331
TOTAL DEFERRED TAXES	(62,061)	885	(78)	(890)	642	(61,503)
Of which deferred tax assets	2,182					2,212
Of which deferred tax liabilities	(64,243)					(63,716)

The recognition of these deferred tax assets is supported by profit expectations in the foreseeable future.

At year-end 2023, the Group did not recognise deferred tax assets for unused tax losses for a total gross amount of EUR 6.1 million, of which EUR 2.7 million have no expiry date and EUR 3.4 million have a maturity of 5 years.

Current taxes

The current tax assets mainly relate to the excess of pre-payments made compared to the actual income tax payable for the year. The current tax liabilities include actual corporate taxes payable.

12. EARNINGS PER SHARE

Basic earnings per share is calculated by dividing the Group's share in net result by the weighted average number of outstanding shares over the year (total number of shares – treasury shares).

Diluted earnings per share is calculated by dividing the Group's share in net result by the weighted average number of outstanding shares over the year, adjusted for the potential dilution of ordinary shares as a result of options granted under the stock option plan for management (see note 21).

IN THOUSANDS OF EUR	2023	2022
Net result – Basic and diluted earnings per share	129,333	103,283
Of which attributable to equity holders of Lotus Bakeries	129,261	103,240
Weighted average number of shares – Basic earnings per share	811,364	810,858
Dilutive effect	1,009	1,249
Weighted average number of shares – Diluted earnings per share	812,373	812,106
BASIC EARNINGS PER SHARE (IN EUR)	159.40	127.37
Of which attributable to equity holders of Lotus Bakeries	159.31	127.32
DILUTED EARNINGS PER SHARE (IN EUR)	159.20	127.18
Of which attributable to equity holders of Lotus Bakeries	159.12	127.13

13. GOODWILL

13.1 Accounting policy

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

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

For sales, production and internal reporting, the Group is organised into geographic regions (see also note 3 Segment reporting). The segments consist of underlying business units. These business units represent the lowest level within the Group at which the goodwill is monitored for internal management purposes. These business units are the cash-generating units to which goodwill is allocated.

13.2 Overview

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

IN THOUSANDS OF EUR	DECEMBER 31, 2023	DECEMBER 31, 2022
Lotus™ Natural Foods (Natural Balance Food, Urban Fresh Foods, Kiddylicious and Peter's Yard)	169,094	170,860
Belgium	20,773	20,773
The Netherlands	17,151	17,151
Asia	8,653	9,229
Nordics	5,541	5,528
Other	1,704	1,704
TOTAL GOODWILL	222,915	225,246

IN THOUSANDS OF EUR	
Carrying amount as at January 1, 2022	224,846
Acquisitions through business combinations	7,876
Effect of movements in foreign exchange rates	(7,476)
Carrying amount as at December 31, 2022	225,246
Effect of movements in foreign exchange rates	(2,331)
CARRYING AMOUNT AS AT DECEMBER 31, 2023	222,915

13.3 Impairment test

Goodwill, representing approximately 18% of the total assets of Lotus Bakeries at December 31, 2023, is tested for impairment every year during the fourth quarter after the budget process (or whenever there is a specific reason to do so) by comparing the carrying amount of each cash-generating unit (CGU) with its recoverable amount. The recoverable amount of a cash-generating unit is determined on the basis of the value in use.

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

The assumptions are consistent and reasonable for all cash-generating units, which are mainly located in Europe and the UK:

- Revenue and operating result: revenue and operating result reflect management's expectations based on past experience and taking into account the risks specific to the reportable business unit;
- The first year of the model is based on the budget for the year as approved by the board of directors, taking into account historical results and is management's best estimate of the free cash flow outlook for the current year;
- In years two to three of the model, free cash flows are based on Lotus Bakeries' long-term plan. The long-term plan is prepared country by country, based on reasonable internal plans that take into account the specific market situation and the past;
- Cash flows beyond the first three years are extrapolated by applying a perpetual growth rate;
- Projections are discounted at the pre-tax weighted average cost of capital (WACC). The WACC has been determined by jurisdiction and considering the specific risks related to each CGU. Main inputs include risk-free rate, market risk, risk premium and the cost of debt.

The impairment test is highly sensitive to the key assumptions, pre-tax discount rate and perpetual growth rate, which are detailed below:

	PRE-TAX DISCOUNT RATE 2023	PRE-TAX DISCOUNT RATE 2022	PERPETUAL GROWTH RATE 2023	PERPETUAL GROWTH RATE 2022
Lotus™ Natural Foods CGU's	8.9%-9.4%	7.1%-7.5%	2.0%	4.0%-5.0%
Other CGU's	7.6%-9.5%	6.1%-7.3%	2.0%	1.5%-3.0%

At the end of 2023, Lotus Bakeries has completed its annual impairment test of goodwill. The discount rates have been updated to reflect the overall increase of the risk-free rates on the market. Furthermore, the perpetual growth rates have been aligned to the long-term targeted inflation rates instead of the company-specific estimated long-term growth rates. These changes in key assumptions have impacted negatively the different headrooms, but did not result in any impairment loss.

As part of the impairment test, the Company carried out a sensitivity analysis for the key assumptions used, i.e. the pre-tax discount rate and perpetual growth rate. Here, a decrease in the perpetual growth rate by 100 basis points and an increase in the pre-tax discount rate by 100 basis points were applied. A change in the key assumptions used, as described above, does not lead to an impairment loss.

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

14. INTANGIBLE ASSETS

14.1 Accounting policy

Intangible assets which are acquired separately are measured initially at cost. After initial recognition, intangible assets are measured at cost less accumulated amortisations and impairment losses.

Costs for internally generated intangible assets are recognised in the statement of profit or loss as incurred, unless they meet the criteria to be considered as development costs.

Intangible assets acquired in the context of a business combination are recognised separately in the statement of financial position at their estimated fair value at acquisition date. This concerns brands. The value of these brands was established as part of the valuation at fair value of the asset and liability components upon first consolidation.

The brands are not amortised as the useful life is deemed to be indefinite as based on all of the relevant factors, there is no foreseeable limit to the period over which the asset is expected to generate net cash inflows for the Group and are sustained by continuous marketing support. Therefore, an impairment test is performed to assess the recoverability of the brands on annual basis or whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. The indefinite useful life is re-assessed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made prospectively.

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

Investments in software and licences are amortised over a period of three to five years.

14.2 Overview

IN THOUSANDS OF EUR	BRANDS	SOFTWARE	CUSTOMER PORTFOLIO	TOTAL
Acquisition cost	145,968	15,222	1,030	162,220
Accumulated amortisation and impairment losses	(4,627)	(11,818)	(1,030)	(17,475)
Carrying amount as at January 1, 2022	141,341	3,404	-	144,745
Acquisitions	522	784	-	1,307
Acquisitions through business combinations	5,697	-	-	5,697
Amortisation expense	-	(1,033)	-	(1,033)
Effect of movements in foreign exchange rates	(3,987)	6	-	(3,980)
Carrying amount as at December 31, 2022	143,573	3,162	-	146,735
Acquisition cost	148,200	16,013	1,030	165,243
Accumulated amortisation and impairment losses	(4,627)	(12,581)	(1,030)	(18,508)
Acquisitions	-	783	-	783
Amortisation expense	-	(1,274)	-	(1,274)
Transfer from one heading to another	1	184	-	185
Effect of movements in foreign exchange rates	1,400	(3)	-	1,396
CARRYING AMOUNT AS AT DECEMBER 31, 2023	144,974	2,851	-	147,825
Acquisition cost	149,601	13,989	-	164,620
Accumulated amortisation and impairment losses	(4,627)	(11,138)	-	(16,795)

Intangible assets include brands and software investments.

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

The brands relate to the brands acquired by the Company over the years:

- Peijnenburg: base brand in the Netherlands;
- Dinosaurus: brand acquired in 2012;
- Annas: base brand for the Nordic region and base brand for the pepparkakor products outside the Nordic region;
- nåkd: brand acquired in 2015 as part of the acquisition of Natural Balance Foods;
- BEAR: brand acquired in 2015 as part of the acquisition of Urban Fresh Foods;
- Kiddylicious: brand acquired in 2018;
- Kung Oscar: brand acquired in 2022; and
- Peter's Yard: brand acquired in 2022.

IN THOUSANDS OF EUR	DECEMBER 31, 2023	DECEMBER 31, 2022
Lotus™ Natural Foods (nåkd, Bear, Kiddylicious, Peter's Yard)	73,559	72,174
Other brands (Dinosaurus, Peijnenburg, Annas, Kung Oscar)	71,415	71,399
TOTAL CARRYING AMOUNT	144,974	143,573

At year-end 2023, the Group tested the value of these brands to assess any recoverability issues. Taking into account the assumptions used, the value in use of the related cash-generating units exceeds its carrying amount and no impairment loss is recognised.

For more details on the impairment test conducted per CGU, we refer to note 13 on goodwill.

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

During 2023, the Group has incurred research and development expenses of EUR 1,655 thousands (2022: EUR 1,458 thousands), which are mainly composed of employee benefit expenses and consumables.

15. PROPERTY, PLANT AND EQUIPMENT AND LEASES

15.1 Accounting policy

Property, plant and equipment

Property, plant and equipment is measured at cost less accumulated depreciation and impairment losses. Cost includes the purchase price and any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. The cost of self-produced assets includes direct material costs, direct labour costs and a proportional part of the production overhead.

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

The estimated useful lives are as follows:

Buildings, incl. warehouses	25-30 years
Plant and machinery	15-25 years
Furniture	15 years
Trucks	10 years
Office equipment and motor vehicles	5 years
Computer equipment	3-5 years

Land is not depreciated considering that it has an indefinite useful life.

The depreciation methods, residual values and the useful lives of the property, plant and equipment is reassessed and adjusted if appropriate, annually.

Leases

A lease exists if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Leases are recognised as a right-of-use asset and corresponding liability at the date the leased asset is available for use by the Group. The right-of-use assets are presented in the consolidated statement of financial position within the line item 'Property, plant and equipment'.

The Group recognises right-of-use assets at cost, which consists of the initial measurement of the corresponding lease liabilities and any initial direct costs less lease incentives received.

These assets are generally depreciated on a straight-line basis over the lease term and are subject to impairment. If it is reasonably certain that the Group will exercise a purchase option, the asset shall be depreciated on a straight-line basis over its useful life.

Lease liabilities are measured at the present value of future lease payments over the lease term.

The lease payments are discounted using the Group's incremental borrowing rate, i.e. the rate of interest that a lessee would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment, as the interest rate implicit in the lease cannot be readily determined.

The Group is exposed to potential future increases in variable lease payments based on an index or rate, which are not included in the lease liability until they take effect. When adjustments to lease payments based on an index or rate take effect, the lease liability is reassessed and adjusted against the right-of-use asset.

For leases with a term of 12 months or less (short-term leases) or leases of low-value items to which the Group applies the recognition exemptions available in IFRS 16, lease payments are recognised on a straight-line basis as an expense over the lease term.

15.2 Overview

IN THOUSANDS OF EUR	LAND AND BUILDINGS	PLANT, MACHINERY AND EQUIPMENT	FURNITURE, OFFICE EQUIPMENT AND VEHICLES	ASSETS UNDER CONSTRUCTION	RIGHT-OF-USE ASSETS	TOTAL
Acquisition cost	175,901	348,985	20,785	39,745	19,135	604,551
Accumulated depreciation and impairment losses	(57,312)	(217,028)	(16,057)	-	(6,429)	(296,826)
Carrying amount as at January 1, 2022	118,589	131,957	4,728	39,745	12,706	307,725
Acquisitions	29,358	14,544	4,297	84,475	9,278	141,952
Acquisitions through business combinations	-	651	-	-	-	651
Disposals	(106)	(130)	(10)	(94)	(325)	(665)
Depreciation expense	(4,896)	(13,326)	(1,332)	-	(4,658)	(24,212)
Impairment losses	-	-	-	-	(519)	(519)
Transfers from one heading to another	4,587	11,576	(21)	(16,142)	-	-
Effect of movements in foreign exchange rates	1,703	1,434	96	419	(341)	3,311
Carrying amount as at December 31, 2022	149,235	146,706	7,758	108,403	16,142	428,243
Acquisition cost	209,647	369,907	25,014	108,403	23,098	736,069
Accumulated depreciation and impairment losses	(60,412)	(223,201)	(17,256)	-	(6,957)	(307,826)
Acquisitions	13,248	26,820	1,092	36,432	7,835	85,427
Disposals	(885)	(77)	(4)	(52)	(193)	(1,211)
Depreciation expense	(6,782)	(17,954)	(1,761)	-	(5,085)	(31,583)
Transfers from one heading to another	42,729	54,275	227	(97,417)	-	(185)
Effect of movements in foreign exchange rates	(3,355)	(1,832)	(53)	(1,109)	(31)	(6,380)
CARRYING AMOUNT AS AT DECEMBER 31, 2023	194,190	207,937	7,259	46,257	18,667	474,311
Acquisition cost	260,318	439,530	20,307	46,257	28,181	794,593
Accumulated depreciation and impairment losses	(66,128)	(231,593)	(13,048)	-	(9,514)	(320,283)

In 2023, an amount of EUR 77,592 thousands has been invested in property, plant and equipment. Lotus Bakeries is currently investing in Thailand (Chonburi) in a new greenfield production facility for Lotus® Biscoff® to further support its growth ambition in the Asia-Pacific region. The land was purchased in 2022 and the project team has now completed the land levelling and groundworks. The

building construction is ongoing. Furthermore, the Group continues to invest in the Wolseley factory in South-Africa with an additional production facility for the production of the näkd® raw bars. The first commercial production takes place in January 2024.

In 2022, EUR 132,674 thousands was invested in property, plant and equipment. In the Lotus® Biscoff® plant in Belgium, a second dough preparation room became operational. In the US, a second production hall with two new Lotus® Biscoff® production lines was built. In the context of the establishment of a production facility for Lotus® Biscoff® in Asia to further support the Group's growth ambition for Lotus® Biscoff®, land was acquired in Thailand.

During 2023 and 2022, no government grants have been granted to the Group.

No pledges have been set on the items of property, plant and equipment.

15.3 Right-of-use assets

The carrying amount of the right-of-use assets arising from IFRS 16 – Leases is reconciled as follows:

IN THOUSANDS OF EUR	CARRYING AMOUNT AS AT JANUARY 1, 2023	NEW LEASES	DEPRECIATIONS	OTHER MOVEMENTS	CARRYING AMOUNT AS AT DECEMBER 31, 2023
Land and buildings	11,766	2,091	(2,374)	(48)	11,436
Plant, machinery and equipment	223	136	(69)	-	290
Furniture, office equipment and vehicles	4,153	5,608	(2,643)	(177)	6,942
TOTAL RIGHT-OF-USE ASSETS	16,142	7,835	(5,085)	(225)	18,667

In 2023, additional right-of-use assets relate mainly to the lease of vehicles (transition to electric company cars).

In 2022, additional right-of-use assets relate mainly to the signing of new office leases in the UK and the US.

16. INVESTMENTS IN OTHER COMPANIES

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

Considering that these investments do not provide the Group any control or significant influence, the investments are valued at fair value. An irrevocable election has been made at initial recognition to measure the investments subsequently at fair value through other comprehensive income (FVTOCI), with dividend income recognised in the statement of profit or loss. Investments for which no fair value can be determined reliably, are recognised at historical cost and are reviewed on a regular basis for impairment.

The Group, through its subsidiary FF2032, has minority shares in:

- Love Brands Inc., an American company which markets delicious crunchy corn snacks under the LOVE Corn name.
- Partake Foods, operating in the American market with cookies free from the top eight allergens.
- Oot Granola, a Dutch brand which markets fresh, organic and gluten-free granola that are low in sugars. Oot Granola has a pure online 'direct-to-consumer' concept.
- The Good Crisp Company, an American company which produces natural, gluten-free chips, completely free of artificial flavourings and colorants.
- IQBAR, an American company manufacturing a set of plant-based nutritional bars that contain six brain nutrients and that tick all the boxes in terms of nutritional profile.

In 2023, the Group invested in Aura Bora, a US company. Aura Bora produces natural zero calorie sparkling water infused with real herbs, fruits and flowers. Furthermore, a minority stake was acquired in Fit Joy, a US company manufacturing grain-free pretzels. Their products are vegan, dairy-, gluten-, nut-free, and non-GMO. Next to the aforementioned new investments, the Group has also invested additionally in The Good Crisp Company.

17. INVENTORIES

17.1 Accounting policy

Inventories are measured at the lower of cost and net realisable value.

For raw materials, consumables and goods for resale, cost is measured at the purchase price on a FIFO basis.

The cost of finished products is the standard manufacturing cost price. This includes, in addition to direct production and material costs, a proportional part of the fixed and variable overhead costs based on the normal production capacity.

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

17.2 Overview

IN THOUSANDS OF EUR	DECEMBER 31, 2023	DECEMBER 31, 2022
Raw materials and consumables	20,412	20,261
Work in progress	3,912	5,288
Goods for resale and finished goods	52,581	44,812
TOTAL INVENTORIES	76,906	70,361

Write-down on inventories of EUR 2,673 thousands (2022: EUR 3,519 thousands) relate mainly to finished products (2023: EUR 1,009 thousands; 2022: EUR 1,297 thousands), goods for resale (2023: EUR 625 thousands; 2022: EUR 542 thousands), raw materials (2023: EUR 534 thousands; 2022: EUR 245 thousands) and packaging material (2023: EUR 494 thousands; 2022: EUR 1,411 thousands). Reversal of previously recognised write-downs amount to EUR 1,977 thousands in 2023.

18. TRADE AND OTHER RECEIVABLES

IN THOUSANDS OF EUR	DECEMBER 31, 2023	DECEMBER 31, 2022
Trade receivables	142,762	111,558
Less allowance for impairment of trade receivables	(1,294)	(803)
Trade receivables - net	141,468	110,755
VAT receivables	10,049	8,979
Other amounts receivable	527	339
Other receivables	10,576	9,318
TOTAL TRADE AND OTHER RECEIVABLES	152,044	120,074

The trade receivables represent an average of 46 days of customer credit (2022: 46 days).

With regard to trade receivables there are no indications that debtors will not meet their payment obligations. Nor are there any customers representing more than 10% of the consolidated revenue. IFRS 9 requires the Company to recognise an allowance for expected losses on the recovery of trade receivables. This has no material impact.

More information regarding the credit risk is disclosed in note 26.

Movements on valuation for impairment of trade receivables are as follows:

IN THOUSANDS OF EUR	DECEMBER 31, 2023	DECEMBER 31, 2022
Opening balance	803	526
Allowances recognised	531	472
Amounts written off during the year as uncollectible	(51)	(159)
Effect of movements in foreign exchange rates	12	(37)
TOTAL ALLOWANCE FOR IMPAIRMENT OF TRADE RECEIVABLES	1,294	803

19. CASH AND CASH EQUIVALENTS

Cash and cash equivalents include cash in hand, bank balances (current and deposit accounts) and other short-term highly liquid investments with maturities since acquisition date of three months or less.

IN THOUSANDS OF EUR	DECEMBER 31, 2023	DECEMBER 31, 2022
Short-term bank deposits	71,135	-
Cash at bank and on hand	60,096	76,434
TOTAL CASH AND CASH EQUIVALENTS	131,231	76,434

For the cash flow statement, cash and cash equivalents include cash and bank balances and term deposits. Any negative cash is included under non-current interest-bearing liabilities in the statement of financial position.

20. OTHER ASSETS

The other non-current and current assets include mainly cash guarantees and deferred charges relating to the operational activities of the Group.

21. EQUITY

21.1 Accounting policy

Ordinary shares are classified as equity. Where any Group company purchases the Company's equity share capital (treasury shares), the consideration paid is deducted from equity attributable to owners of the Company until the shares are cancelled or reissued. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from the proceeds.

Dividends payable to shareholders of the Company are recognised as a liability in the statement of financial position in the period in which the dividends are approved by the shareholders of the Company.

21.2 Share capital

All shares are ordinary shares, registered or dematerialised. The ordinary share capital of the Company issued and full paid consists of 816,013 shares (2022: 816,013 shares), of which 4,313 treasury shares (2022: 5,072 treasury shares).

The treasury shares have been purchased as part of the share option plans mentioned below.

The following table presents the number of shares outstanding:

NUMBER OF SHARES	SHARES ISSUED	TREASURY SHARES	OUTSTANDING SHARES
As at January 1, 2022	816,013	(4,110)	811,903
Treasury shares delivered for share option plans	-	1,538	1,538
Purchase/sale of treasury shares	-	(2,500)	(2,500)
As at December 31, 2022	816,013	(5,072)	810,941
Treasury shares delivered for share option plans	-	1,238	1,238
Purchase/sale of treasury shares	-	(479)	(479)
AS AT DECEMBER 31, 2023	816,013	(4,313)	811,700

Further details of the shareholding structure of Lotus Bakeries NV as of December 31, 2023 are disclosed in the Corporate Governance Statement in Part 1 of the 2023 annual report of Lotus Bakeries.

21.3 Capital risk management

The objective of Lotus Bakeries is to ensure that the Group can continue to operate as a going concern in order to generate a return for shareholders and provide benefits for other stakeholders. Furthermore, the Group aims for a capital structure (balance between debt and equity) that gives it the required financial flexibility to implement its growth strategy. The aim is to maintain the ratio of net financial debt (defined as interest-bearing liabilities minus cash and cash equivalents and term deposits minus treasury shares, and are reported excluding the 'lease liabilities') to recurring operating cash flow (REBITDA) at what is considered as a reasonable level in the financial market.

21.4 Share-based payments

21.4.1 Accounting policy

The stock option plan allows employees to acquire shares in the Company at relatively advantageous conditions. The stock option plan is accounted for as equity-settled share-based payments. The exercise price of the option is equal to the average stock market closing price of the Lotus Bakeries share during the thirty calendar days preceding the date of offering. A personnel cost is recognised for options granted to employees as part of the stock option plan. The cost is determined based on the fair value of the stock options on the grant date and, together with an equal increase in equity, is recognised over the vesting period, ending on the date when the employees receive full right to the options. When the options are exercised, the proceeds received net of any directly attributable transaction costs are credited to share capital (nominal value) and share premium.

21.4.2 Overview

Since 2012, each financial year the Board of Directors grants stock options to executives and senior management, based on category, results and performance. In accordance with the terms of the plan, as approved by shareholders, employees may be granted options to purchase ordinary shares at an exercise price as mentioned below.

Each option gives the holder the right to purchase one ordinary Lotus Bakeries share at a fixed exercise price. The exercise price is equal to the average closing stock market price of the underlying share during the thirty calendar days prior to the offering date. The granted options have a term of five years. No amounts are paid or payable by the recipient on receipt of the option. The options carry neither rights to dividends nor voting rights. Options may be exercised at any time from the date of vesting to the date of their expiry.

The stock options are only subject to services conditions so that it will vest gradually over the vesting period, i.e. three years. The options are exercisable if the option holder remains linked to the Company or a related entity as an employee or executive director. These rights are retained in the event of retirement, early retirement, invalidity or death.

The stock option plans are considered equity-settled share-based payments.

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

The following table details the different plans granted and the assumptions used for the measurement of the fair value:

GRANTED IN	2018	2019	2020	2021	2022	2023
Number granted	1,179	1,199	962	660	792	618
Number exercised	(1,139)	(911)	(50)	(33)	-	-
Number expired	(40)	(50)	(40)	(26)	-	-
Available options	-	238	872	601	792	618
Key assumptions used for fair value measurement						
Exercise period	01/01/2022 – 14/05/2023	01/01/2023 – 09/05/2024	01/01/2024 – 07/05/2025	01/01/2025 – 17/05/2026	01/01/2026 – 30/06/2027	01/01/2027 – 31/05/2028
Exercise price (EUR)	2,373.00	2,351.58	2,828.95	4,517.14	5,057.32	6,086.36
Share price (EUR)	2,310.00	2,330.00	2,890.00	4,630.00	4,868.81	5,990.00
Expected volatility	22.43%	23.14%	25.07%	23.69%	25.39%	26.23%
Dividend yield	0.93%	0.92%	0.95%	0.94%	0.97%	0.95%
Risk-free rate	0.11%	-0.29%	-0.36%	-0.34%	0.82%	2.57%
FAIR VALUE PER OPTION (EUR)	316.29	331.55	471.65	720.51	790.38	1,167.59

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

The following reconciles the options outstanding at the beginning and end of the year:

	WEIGHTED AVERAGE EXERCISE PRICE (EUR)	NUMBER OF OPTIONS
Outstanding options at January 1, 2022	2,770	4,541
Granted	5,057	792
Exercised	2,420	(1,492)
Expired	2,864	(146)
Outstanding options at December 31, 2022	3,398	3,695
Granted	6,086	618
Exercised	2,358	(1,192)
Expired	-	-
OUTSTANDING OPTIONS AT DECEMBER 31, 2023	4,328	3,121

In 2023, a total expense of EUR 470 thousands was recognised (2022: EUR 470 thousands).

21.5 Dividends

The dividend related to 2022 was paid in 2023, in accordance with the decision taken at the Ordinary General Meeting of Shareholders of May 12, 2023. The shareholders approved a gross dividend of EUR 45 per share, resulting in a total dividend of EUR 36,470 thousands.

The Board of Directors will propose to the Ordinary General Meeting of Shareholders of May 14, 2024 to pay a gross dividend of EUR 58 per share for 2023. This amount is not recognised as a debt on December 31.

22. INTEREST-BEARING LIABILITIES

IN THOUSANDS OF EUR	DECEMBER 31, 2023	DECEMBER 31, 2022
Bank loans	261,000	182,500
Lease liabilities	14,834	13,566
Non-current interest-bearing liabilities	275,834	196,066
Bank loans	9,500	66,000
Lease liabilities	5,157	4,178
Current interest-bearing liabilities	14,657	70,178
TOTAL INTEREST-BEARING LIABILITIES	290,491	266,244
of which bank loans	270,500	248,500
of which lease liabilities	19,991	17,744

All bank loans are denominated in EUR. These loans bear a fixed interest rate. The weighted average interest rate is 1.26% (2022: 1.00%).

The lease liabilities mainly relate to the lease of company cars and office buildings (see also note 15).

The following tables reconcile the movements of the interest-bearing liabilities to the cash flows arising from financing activities:

IN THOUSANDS OF EUR	AS AT JANUARY 1, 2023	CASH FLOWS	NON-CASH MOVEMENTS				AS AT DECEMBER 31, 2023
			NEW LEASES AND LEASE MODIFICATIONS	EXCHANGE DIFFERENCES	RECLASSES	OTHER	
Non-current interest-bearing liabilities							
Bank loans	182,500	88,000	-	-	(9,500)	-	261,000
Lease liabilities	13,566	(208)	7,852	20	(5,883)	(512)	14,834
Current interest-bearing liabilities							
Bank loans	66,000	(66,000)	-	-	9,500	-	9,500
Lease liabilities	4,178	(5,282)	-	(32)	5,883	410	5,157
TOTAL LIABILITIES FROM FINANCING ACTIVITIES	266,244	16,510	7,852	(12)	-	(102)	290,491

IN THOUSANDS OF EUR	AS AT JANUARY 1, 2022	CASH FLOWS	NON-CASH MOVEMENTS				AS AT DECEMBER 31, 2022
			NEW LEASES AND LEASE MODIFICATIONS	EXCHANGE DIFFERENCES	RECLASSES	OTHER	
Non-current interest-bearing liabilities							
Bank loans	209,500	12,000	-	-	(39,000)	-	182,500
Lease liabilities	9,337	-	9,847	(304)	(4,990)	(324)	13,566
Current interest-bearing liabilities							
Bank loans	14,000	13,000	-	-	39,000	-	66,000
Lease liabilities	3,439	(4,187)	-	(64)	4,990	-	4,178
TOTAL LIABILITIES FROM FINANCING ACTIVITIES	236,276	20,813	9,847	(368)	-	(324)	266,244

23. EMPLOYEE BENEFIT OBLIGATIONS

23.1 Accounting policy

Short-term employee benefits

Bonuses for employees and management are calculated based on key financial objectives and individual objectives. The estimated amount of the bonuses is recognised as an expense in the period in which the related services have been rendered based on an estimate on the reporting date.

Post-employment benefits (pension plans)

Group companies operate various pension schemes. The Group has both defined benefit and defined contribution plans.

A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity. The Group has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods. The contributions are recognised as employee benefit expense when they are due.

In addition, there are also defined benefit pension plans in certain subsidiaries of the Group (mainly Germany, the Netherlands and France). Typically, defined benefit plans define an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and compensation.

For the defined benefit pension plans, the liability is measured at the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method.

Defined benefit costs are divided into 2 categories:

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

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

23.2 Overview

The Group operates defined contribution plans and defined benefit plans.

For the defined contribution plans, the Group pays contributions to insurance companies. Management of the pension plan is outsourced to an insurance company. For 2023, the expense amounts to EUR 3,628 thousands compared to EUR 4,654 thousands for 2022 (see also note 6 on employee benefit expenses). The Group has no further obligations next to these contributions.

In the consolidated statement of financial position, the employee benefit liabilities consist of the following items:

IN THOUSANDS OF EUR	DECEMBER 31, 2023	DECEMBER 31, 2022
Non-current employee benefit obligations	4,183	4,411
Current employee benefit obligations	335	232
TOTAL EMPLOYEE BENEFIT OBLIGATIONS	4,518	4,642
of which post-employment benefits	4,518	4,642
of which termination benefits	-	-

The post-employment benefits are defined benefit pension plans granted by the Group in the Netherlands, France, Germany and Switzerland.

Furthermore, as a result of the Belgian legislation applicable to pension plans (so-called 'Law Vandebroucke'), all Belgian defined contribution plans have to be considered under IFRS as defined benefit plans. This 'Law Vandebroucke', which came into force in 2004, states that in the context of defined contribution plans, the employer must guarantee a minimum return of 3.75% on employee contributions and 3.25% on employer contributions. As from January 1, 2016, these percentages have been reviewed and adjusted to a single rate which varies with the market rates, subject to a minimum of 1.75% and a maximum of 3.75%, reducing the risk for the employer. Because of this minimum guaranteed return for defined contribution plans in Belgium, the employer is exposed to a financial risk (there is a legal obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods). These plans should therefore be classified and accounted for as defined benefit plans under IAS 19.

The following tables reconcile the amounts recognised in the statement of financial position, the statement of profit or loss and the statement of comprehensive income:

IN THOUSANDS OF EUR	2023	2022
Defined benefit obligation	11,373	10,882
Fair value of plan assets	(6,854)	(6,240)
TOTAL POST-EMPLOYMENT OBLIGATIONS (FUNDED STATUS)	4,518	4,642
Current service cost	311	303
Past service cost	-	-
Service cost recognised as part of employee benefit expenses	311	303
Net interest expenses on post-employment liabilities	123	55
Total defined benefit cost (statement of profit or loss)	434	357
Remeasurements of defined benefit plans (other comprehensive income)	333	91

The following table reconciles the post-employment obligations:

IN THOUSANDS OF EUR	2023	2022
Net liability as at January 1	4,642	4,353
Service cost	311	303
Net interest expense	123	55
Remeasurements of defined benefit plans	333	91
Employer contributions	(891)	(156)
Effect of movements in foreign exchange rates	-	(4)
NET LIABILITY AS AT DECEMBER 31	4,518	4,642

For the defined benefit pension plan, the liabilities are measured on a discounted basis because they are settled many years after the employees render the related service. A qualified actuary has determined the present value of the defined benefit obligations and the fair value of the plan assets. These assets are held by an insurance company. The projected unit credit method was used to estimate the defined benefit obligations, the defined benefit cost and the remeasurements of the net liability. Provisions are determined by computing the actuarial value of future payments to the employees in question.

The plan assets consist of insurance contracts. The actual return on plan assets amounted to EUR -239 thousands for 2023 (2022: EUR -1,464 thousands).

Expected contributions to post-employment benefit plans for the year ending December 31, 2024 are EUR 538 thousands.

The principal assumptions used in determining post-employment obligations for the Group's plans are shown below:

	DECEMBER 31, 2023				
	BELGIUM	THE NETHERLANDS	FRANCE	GERMANY	SWITZERLAND
Discount rate	3.90%	4.00%	3.90%	3.20%	2.00%
Inflation rate	2.10%	1.50%	2.10%	2.20%	2.00%
	DECEMBER 31, 2022				
	BELGIUM	THE NETHERLANDS	FRANCE	GERMANY	SWITZERLAND
Discount rate	3.12%	4.00%	3.12%	3.40%	2.24%
Inflation rate	2.20%	1.50%	2.20%	2.20%	2.00%

Through its defined benefit plans, the Group is exposed to a number of risks, the most relevant 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 plan's benefit obligations are calculated by reference to the future salaries of plan members. As such, a higher-than-expected salary increase of plan members will lead to higher liabilities.
- Longevity risk: pension plans provide for benefits for the life of the plan members, so increases in life expectancy will result in an increase in the plan's liabilities.

The actuary has performed a sensitivity analysis on the above actuarial assumptions. As such, both the discount rate and the inflation rate were altered by 50 basis points. A change in the estimates used does not lead to a material impact on the consolidated financial statements.

24. TRADE AND OTHER PAYABLES

IN THOUSANDS OF EUR	DECEMBER 31, 2023	DECEMBER 31, 2022
Trade payables	163,411	140,003
Employee benefit liabilities	38,026	29,725
VAT payables	1,498	1,186
Other payables	2,175	2,080
Other payables	41,698	32,992
TOTAL TRADE AND OTHER PAYABLES	205,110	172,995

Increase in trade and other payables relates mainly to higher outstanding payables at year-end as a result of the significant investment projects launched during 2023.

25. OTHER LIABILITIES

The other non-current liabilities relate to put options granted to third parties with respect to the remaining non-controlling interests in Natural Balance Foods Ltd., where these put options give holders the right to sell (part of) their investment in this subsidiary. At the end of December 2023, Lotus Bakeries held 97.9% of the shares, with the remaining 2.1% still held by the founders.

These put options are unconditional and the exercise price depends on the future financial performance (revenue and operating result) of Natural Balance Foods Ltd. In accordance with IAS 32, where non-controlling interests hold put options giving them the right to sell their investment, a financial liability is recorded for the present value of the exercise price expected to be paid. These put options are classified as level 3 instruments in accordance with the fair value hierarchy of IFRS 7 – Financial Instruments: Disclosures.

The counterpart of this liability is a cancellation of the underlying non-controlling interest. The difference between the value of the non-controlling interest and the fair value of the liability is added to the consolidated reserves, which are included in shareholders' equity.

The other current liabilities include mainly accrued expenses and deferred income.

26. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT

26.1 Accounting policy relating to financial assets

The Group classifies its financial assets in the following categories: financial assets at fair value and financial assets at amortised cost. The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows. Management determines the classification of its financial assets at initial recognition.

Regular purchases and sales of financial assets are recognised on the trade date – the date on which the Group commits to purchase or sell an asset.

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss.

Financial assets at amortised cost

Financial assets (such as loans, trade receivables, cash and cash equivalents) are subsequently measured at amortised cost using the effective interest method, less any impairment if they are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest.

Trade and other receivables after and within one year are recognised initially at fair value and subsequently measured at amortised cost, i.e. at the net present value of the receivable amount, using the effective interest rate method, less allowances for impairment.

The Group assesses on a forward-looking basis the expected credit losses associated with its financial assets carried at amortised cost. For trade receivables, the Group applies the simplified approach in accordance with IFRS 9 – Financial Instruments, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

The amount of the allowance is deducted from the carrying amount of the asset and is recognised in the statement of profit or loss under 'Impairment on inventories and trade receivables'.

Financial assets at fair value

Financial assets at fair value consist of equity instruments held in companies in which the Group does not exercise control nor significant influence.

An irrevocable election can be made at initial recognition to measure the investment subsequently at fair value through other comprehensive income (FVTOCI), with dividend income recognised in the statement of profit or loss. This classification is determined on an instrument-by-instrument basis. As such, changes in fair value are directly recognised in a separate component of other comprehensive income. For listed companies, the share price is the best estimate of the fair value. Investments for which no fair value can be determined, are recognised at historical cost.

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

26.2 Accounting policy relating to financial liabilities

Financial liabilities (including interest-bearing financial liabilities, trade payables and other financial liabilities) are classified at amortised cost, except for derivative instruments. However, currently, the Group does not hold any derivative positions.

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

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

Financial assets and liabilities are offset and the net amount is reported in the statement of financial position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

26.3 Overview of financial instruments

The table below summarises all financial instruments by category in accordance with IFRS 9:

IN THOUSANDS OF EUR	IFRS 9 CATEGORY	DECEMBER 31, 2023	DECEMBER 31, 2022
Non-current financial assets		27,504	16,806
Investments in other companies	At fair value through OCI	27,504	16,806
Current financial assets		272,699	187,190
Trade receivables	At amortised cost	141,468	110,755
Cash and cash equivalents	At amortised cost	131,231	76,435
TOTAL FINANCIAL ASSETS		300,203	203,995
Non-current financial liabilities		277,635	197,938
Interest-bearing liabilities	At amortised cost	275,834	196,066
Derivative financial instruments	Designated in a cash flow hedge	-	107
Other non-current liabilities	At fair value through P&L	1,801	1,765
Current financial liabilities		178,068	210,181
Interest-bearing liabilities	At amortised cost	14,657	70,178
Trade payables	At amortised cost	163,411	140,003
TOTAL FINANCIAL LIABILITIES		455,703	408,118

The fair value of the financial assets and liabilities measured at amortised cost approximate their carrying amount.

The financial instruments measured at fair value are grouped into Levels 1 to 3 based on the degree to which the fair value is observable:

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3 fair value measurements are those derived from valuation techniques that include input for the asset or liability that are not based on observable market data (unobservable input).

The fair values of the derivatives of the Group are based on level 2 inputs as defined under IFRS 7.27.

The fair value of the other non-current liabilities (put options, see note 25) is based on level 3 input.

No transfers between the different fair value hierarchy levels took place in 2023 and 2022.

Till 2022, the Group used financial derivatives to cover risks from adverse exchange rate and interest rate fluctuations. No derivatives were used for trading purposes. The following table presents an overview of the derivative instruments outstanding at reporting date:

IN THOUSANDS OF EUR	FAIR VALUE		NOTIONAL AMOUNTS	
	DECEMBER 31, 2023	DECEMBER 31, 2022	DECEMBER 31, 2023	DECEMBER 31, 2022
Designated in a cash flow hedge				
Interest rate swaps	-	107	-	27,000
TOTAL DERIVATIVE FINANCIAL LIABILITIES	-	107	-	27,000

The derivative instruments presented in the table above are all designated in a cash flow hedge relationship.

26.4 Financial risk management

The Group's activities expose it to a variety of financial risks: market risk (including currency risk, interest rate risk and commodity price risk), credit risk and liquidity risk.

Currency risk

The functional currency of the Company is EUR, which is also the Group's reporting currency. Translation gains or losses that result from remeasuring foreign subsidiaries' local currencies to EUR are recorded in other comprehensive income. Foreign currency transactions resulting in gains or losses are recorded in the consolidated statement of profit or loss.

As the Group is operating in various jurisdiction with different currencies, the Group is subject to foreign currency risks. The main foreign currency transactions (mainly sales and purchase transactions) take place in USD, GBP, SEK, ZAR, CNY, KRW, CZK and CHF. The Group did not enter into any currency hedging arrangements in order to cover this risk.

The Group actively monitors its transactional currency exposures and consequently takes actions to mitigate any risks related to the outstanding foreign currency positions.

The following table presents the carrying amounts of the Group's main foreign currency denominated monetary assets and monetary liabilities at the end of 2023:

IN THOUSANDS OF EUR	ASSETS	LIABILITIES
EUR	643,084	(846,025)
USD	156,986	(136,048)
GBP	42,314	(27,097)
THB	11,889	(13,871)
ZAR	9,309	(10,679)
CNY	8,177	(1,982)
SEK	5,961	(15,770)
KRW	3,471	(173)
CHF	1,495	(200)
CZK	1,227	(633)

Interest rate risk

The Group is exposed to interest rate risk because entities in the Group borrow funds at both fixed and floating interest rates. The risk is managed by the Group by maintaining an appropriate mix between fixed and floating rate borrowings, and by the use of interest rate swap contracts. Hedging activities are evaluated regularly to align with interest rate views and defined risk appetite, ensuring the most cost-effective hedging strategies are applied.

As the Group only has fixed rate financial instruments at year-end 2023, it considers this risk to be limited and therefore no sensitivity analysis has been prepared.

Commodity price risk

Commodity price risk arises from transactions to purchase raw materials and energy on the market. The risk relates to the exposure of the Group to fluctuations in the prices of commodities which are necessary for the manufacturing of products.

To mitigate the risk of unfavourable price evolutions, the Group enters into forward agreements with fixed prices for the key commodities (executory contracts) and closely monitors the price trends on the market.

At year-end 2023, the Group did not enter into any hedging arrangements in order to cover this risk.

Credit risk

Credit risk is the risk that one party to an agreement will cause a financial loss to another party by failing to discharge its obligation. Credit risk covers trade receivables, cash and cash equivalents, short-term deposits and other financial assets.

The credit risk is managed on a group basis. It is the Group's policy to deal with creditworthy partners to avoid significant risk exposure.

The Group has a diversified international customer portfolio, consisting mainly of large retail, cash-and-carry and foodservice companies in various countries. For export outside Europe, the US, South Korea and China, the Group requires the use of letters of credits or credit insurance. Strict procedures and rules are in place to accurately monitor customers and mitigate and manage any potential risks as quickly and effectively as possible.

For trade receivables, an impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The provision rates are based on days past due for groupings of various customer segments with similar loss patterns (i.e., by geographical region, product type).

Available liquidities are placed with several highly reputable financial institutions.

The maximum credit risk to which the Group is theoretically exposed as at the reporting date is the carrying amount of the financial assets.

Liquidity risk

The Group manages liquidity risk by maintaining adequate reserves and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows, and by matching the maturity profiles of financial assets and liabilities.

The Group's main sources of cash inflows are currently obtained through capital increases and external financing through bank loans from Belgium and international financial institutions.

The following table details the Group's remaining contractual maturity of its financial liabilities with agreed repayment periods. The table has been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Company can be required to pay. The table includes both interest and principal cash flows.

DECEMBER 31, 2023

IN THOUSANDS OF EUR	WITHIN ONE YEAR	> 1 AND < 5 YEARS	> 5 YEARS
Bank loans	9,623	165,977	108,507
Lease liabilities	5,644	12,438	3,298

DECEMBER 31, 2022

IN THOUSANDS OF EUR	WITHIN ONE YEAR	> 1 AND < 5 YEARS	> 5 YEARS
Bank loans	66,540	176,615	12,950
Lease liabilities	4,398	10,087	3,557

The unused committed credit lines amounted to EUR 150,100 thousands at year-end 2023 (2022: EUR 193,100 thousands).

27. RELATED PARTIES

A list of all Group companies is provided in note 32. Further details of the shareholding structure of Lotus Bakeries NV as at December 31, 2023 are disclosed in the Corporate Governance Statement in Part 1 of the 2023 annual report of Lotus Bakeries.

Balances and transactions between Lotus Bakeries NV and its subsidiaries, which are related parties of the Company, have been eliminated in consolidation and are not disclosed in this note.

Key management personnel is composed of all members of the Board of Directors and members of the Executive Committee. For information on the remuneration of the CEO, the remuneration of the executive managers and the remuneration of the board members in 2023, we refer to the remuneration report included in Part 1 of the 2023 annual report.

Apart from the key management remuneration, no significant transactions occurred with related parties.

28. COMMITMENTS

Capital commitments

As at December 31, 2023, the Group has EUR 74,760 thousands of commitments (2022: EUR 15,122 thousands) for the acquisition of property, plant and equipment.

Contracts for raw materials and finished products

Purchased but not yet delivered raw materials and finished products in 2024 and 2025 are detailed below:

IN THOUSANDS OF EUR	2023	2022
Less than one year	156,499	112,971
More than one year and less than five years	28,085	34,244
TOTAL	184,584	147,215

Other rights and commitments

Bank guarantees as at December 31, 2023 amounted to EUR 1,905 thousands (2022: EUR 1,543 thousands).

Lotus Bakeries commits itself not to dispose of, mortgage or pledge any fixed assets without prior consultation with the credit-granting institutions. These assets serve as guarantee for the loans ('full negative pledge').

29. SUBSEQUENT EVENTS

No significant events have occurred since December 31, 2023 which would have a material impact on the 2023 financial statements.

30. MANAGEMENT RESPONSIBILITY STATEMENT

We hereby certify that, to the best of our knowledge, the consolidated financial statements for the year ended December 31, 2023, which have been prepared in accordance with IFRS (International Financial Reporting Standards), give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company and the subsidiaries included in the consolidation as a whole, and that the annual report includes a fair review of the important events that have occurred during the year 2023 and of the major transactions with the related parties, and their impact on the consolidated financial statements, together with a description of the principal risks and uncertainties with which the company is confronted.

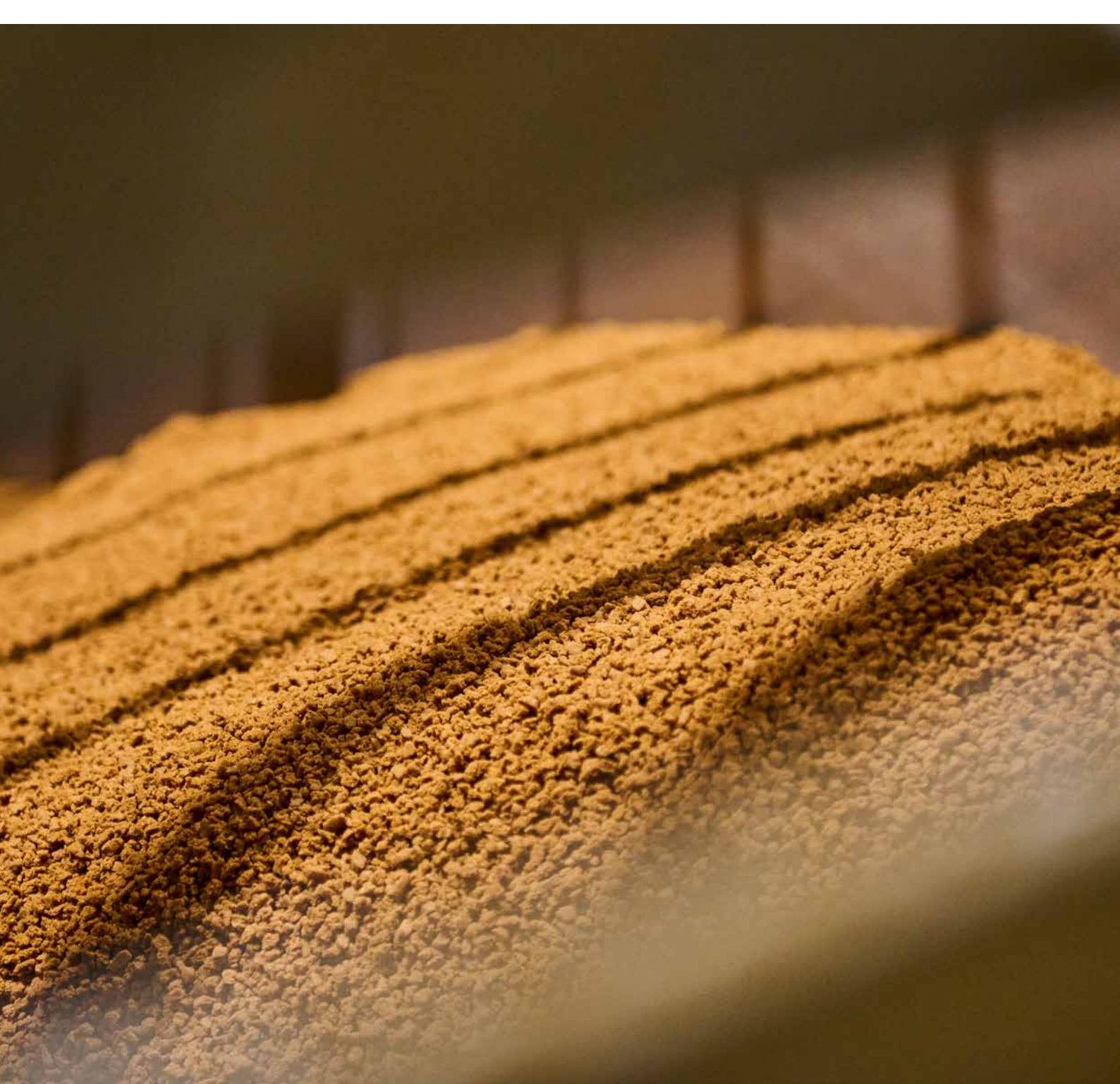
Lembeke, March 28, 2024

On behalf of the Board of Directors

Jan Boone, CEO

31. AUDIT FEES

IN THOUSANDS OF EUR	2023	2022
Audit fees		
Lotus Bakeries NV	145	152
Lotus Bakeries Group	456	443
Additional services rendered by the Auditor or its related parties		
Other audit-related fees	131	111
Tax fees	38	43
Other non-audit fees	181	50
TOTAL	951	799



32. CONSOLIDATION SCOPE

NAME	ADDRESS	VAT OR NATIONAL NUMBER	2023	2022
			%	%
Lotus Bakeries Belgje NV	Gentstraat 52, 9971 Lembeke, BE	VAT BE 0421.694.038	100.00	100.00
Interwaffles SA	Rue de Liège 39, 6180 Courcelles, BE	VAT BE 0439312.406	100.00	100.00
Lotus Bakeries Corporate NV	Gentstraat 1, 9971 Lembeke, BE	VAT BE 0881.664.870	100.00	100.00
Lotus Bakeries NV	Gentstraat 1, 9971 Lembeke, BE	VAT BE 0401.030.860	100.00	100.00
Cremers-Ribert NV	Gentstraat 52, 9971 Lembeke, BE	VAT BE 0427.808.008	100.00	100.00
B.W.I. BV	Ambachtenstraat 5, 9900 Eeklo, BE	VAT BE 0898.518.522	-	100.00
Biscuiterie Willems BV	Nieuwendorpe 33 Bus C, 9900 Eeklo, BE	VAT BE 0401.006.413	100.00	100.00
Lotus Bakeries France SAS	Place du Château 9 bis, 59560 Comines, F	VAT FR93 320 509 755	100.00	100.00
Biscuiterie Vander SAS	Place du Château 9 bis, 59560 Comines, F	VAT FR28 472 500 941	100.00	100.00
Biscuiterie Le Glazik SAS	815 Avenue du Pays Glazik, 29510 Briec-de-l'Odet, F	VAT FR95 377 380 985	100.00	100.00
Enkhuizer Koekfabriek BV	Oosterdijk 3e, 1601 DA Enkhuizen, NL	VAT NL823011112B01	100.00	100.00
Koninklijke Peijnenburg BV	Nieuwendijk 45, 5664 HB Geldrop, NL	VAT NL003897187B01	100.00	100.00
Peijnenburg's Koekfabrieken BV	Nieuwendijk 45, 5664 HB Geldrop, NL	VAT NL001351576B01	100.00	100.00
WK Koek Bakkerij BV	Streek 71, 8464 NE Sintjohannesga, NL	VAT NL006634151B01	100.00	100.00
WK Koek Beheer BV	Streek 71, 8464 NE Sintjohannesga, NL	VAT NL006634199B01	100.00	100.00
Lotus Bakeries Nederland BV	Nieuwendijk 45, 5664 HB Geldrop, NL	VAT NL004458953B01	100.00	100.00
Lotus Bakeries GmbH	Rofstraße 92, 40476 Dusseldorf, DE	VAT DE 811 842 770	100.00	100.00
Lotus Bakeries Réassurances SA	74, Rue de Merl, 2146 Luxembourg, L	R.C.S. Luxembourg B53262	100.00	100.00
Lotus Bakeries International und Schweiz AG	Neuhofstrasse 24, 6340 Baar, CH	VAT CHE-105.424.218	100.00	100.00
FF2032 AG	Neuhofstrasse 24, 6340 Baar, CH	VAT CHE-241.819.783	100.00	100.00
Lotus Bakeries CZ s.r.o.	Americká 415/36, 120 00 Praha 2, CZ	VAT CZ 271 447 55	100.00	100.00

NAME	ADDRESS	VAT OR NATIONAL NUMBER	2023	2022
			%	%
Lotus Bakeries North America Inc.	1000 Sansome Street Suite 350, San Francisco, CA 94111-1323, USA	IRS 94-3124525	100.00	100.00
Lotus Bakeries US, LLC	2010 Park Center Drive, Mebane, NC 27302, USA	IRS 82-1300286	100.00	100.00
Lotus Bakeries US Manufacturing, LLC	2010 Park Center Drive, Mebane, NC 27302, USA	IRS 82-2542596	100.00	100.00
Lotus Bakeries Austria GmbH	Fleischmarkt 1/6/12, 1010 Wien, AT	VAT ATU72710827	100.00	100.00
Lotus Bakeries UK Ltd.	First Floor Premises, Whitecroft House, 51 Water Lane, Wilmslow, Cheshire SK9 5BQ, UK	VAT GB 896 168 761	100.00	100.00
Natural Balance Foods Ltd.	Second floor, 45 Grosvenor Road, St. Albans, AL1 3AW, UK	VAT GB 841 254 348	97.90	97.90
Urban Fresh Foods Ltd.	Second floor, 45 Grosvenor Road, St. Albans, AL1 3AW, UK	VAT GB 883 060 032	100.00	100.00
The Kids Food Company Ltd.	Second floor, 45 Grosvenor Road, St. Albans, AL1 3AW, UK	VAT GB 977 396 157	100.00	100.00
Peter's Yard Wholesale Ltd.	Second floor, 45 Grosvenor Road, St. Albans, AL1 3AW, UK	VAT GB 938 740 100	100.00	100.00
Lotus Bakeries Espana S.L.	C/ Severo Ochoa, 3, 2ª Oficina 8A, 28232 Las Rozas (Madrid), ES	VAT ESB80405137	100.00	100.00
AB Annas Pepparkakor	Radiovägen 23, 135 48 Tyresö, SE	VAT SE556149914501	100.00	100.00
Annas - Lotus Bakeries Holding AB	Radiovägen 23, 135 48 Tyresö, SE	Registration no. 556757-7241	100.00	100.00
Lotus Bakeries Asia Pacific Ltd.	5/F, Manulife, 348 Kwun Tong Road, Kowloon, HK	Inland Revenue Department file no. 22/51477387	100.00	100.00
Lotus Bakeries China Ltd.	Room 01.02.06, Floor 15, No. 511 Weihai Road, Jing'an District, Shanghai 200041, P.R. CN	Registration no. 913100000781169357	100.00	100.00
Lotus Bakeries Italia S.r.l.	Regus Dante Cairoli, Via Dante 16, Quartiere Castello, 20121 Milan, IT	VAT IT03029890211	100.00	100.00
Lotus Bakeries Korea Co. Ltd.	4th Fl, AIA Tower, 16 Tongil-ro-2-gil, Jung-gu, Seoul 04511, KR	Registration no. 128-81-19621	100.00	100.00
Lotus South Africa Manufacturing Ltd.	Erf 4109 Voortrekker Road, Wolsley, Western Cape 6830, ZA	VAT 4190279762	100.00	100.00
Lotus Asia Pacific Manufacturing Ltd.	No. 1106, Summer Hill, 3rd Floor, Unit TT11, Sukhumvit Road, Phrakhanong SubDistrict, Klongtoey District, 10110 Bangkok, TH	VAT 0105565109964	100.00	100.00
Lotus Bakeries Japan G.K.	Regus Shiodome - office, no. 149, 3F Shiodome Building, 1-2-20 Kaigan, Minato-Ku, 105-0022 Tokyo, JP	VAT 4010403030721	100.00	-
Lotus Bakeries Australia PTY Ltd.	Regus Darling Park, Tower, 2, Level 20 & 21, 201, Sussex Street, Sydney NSW 2000, AU	665 233 545 (ACN)	100.00	-

33. ALTERNATIVE PERFORMANCE MEASURES

REAT

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

IN THOUSANDS OF EUR	2023	2022
Net result	129,333	103,283
Non-recurring income and expenses	2,544	3,807
Tax effect on non-recurring income and expenses	(558)	(873)
REAT	131,319	106,216

REBIT

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

REBITDA

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

IN THOUSANDS OF EUR	2023	2022
Operating result (EBIT)	170,430	136,381
Non-recurring income and expenses	2,544	3,807
REBIT	172,974	140,188
Depreciation and amortisation expenses	32,857	25,245
Impairment on inventories and trade receivables	1,226	3,992
Other	470	484
REBITDA	207,527	169,909

Non-recurring income and expenses

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

Non-recurring income and expenses relate to:

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

As from reporting year 2024, the non-recurring items will be referred to as 'Adjusting items to the operating result'. However, the scope of this reporting line item will not change.

Net financial debt

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

IN THOUSANDS OF EUR	2023	2022
Interest-bearing liabilities (note 22)	290,491	266,244
Minus lease liabilities recognised as a result of IFRS 16 (note 22)	(19,991)	(17,241)
Minus cash and cash equivalents (note 19)	(131,231)	(76,435)
Minus treasury shares (note 21)	(18,797)	(18,976)
NET FINANCIAL DEBT	120,472	153,591

AUDITOR'S REPORT

STATUTORY AUDITOR'S REPORT TO THE GENERAL SHAREHOLDERS' MEETING OF LOTUS BAKERIES NV ON THE CONSOLIDATED ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2023

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

We have been appointed as statutory auditor by the general meeting d.d. 13 May 2022, following the proposal formulated by the board of directors and following the recommendation by the audit committee. Our mandate will expire on the date of the general meeting which will deliberate on the annual accounts for the year ended 31 December 2024. We have performed the statutory audit of the Company's consolidated accounts for 17 consecutive years.

REPORT ON THE CONSOLIDATED ACCOUNTS Unqualified opinion

We have performed the statutory audit of the Group's consolidated accounts, which comprise the consolidated statement of financial position as at 31 December 2023, the consolidated statement of profit or loss and statement of comprehensive income, the consolidated statement of changes in equity and the consolidated cash flow statement for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies and other explanatory information, and which is characterised by a consolidated statement of financial position total of EUR'000 1,243,503 and a profit for the year, attributable to equity holders of Lotus Bakeries, of EUR'000 129,261.

In our opinion, the consolidated accounts give a true and fair view of the Group's net equity and consolidated financial position as at 31 December 2023, and of its consolidated financial performance and its consolidated cash flows for the year then ended, in accordance with International Financial Reporting Standards as

adopted by the European Union and with the legal and regulatory requirements applicable in Belgium.

Basis for unqualified opinion

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

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

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

Key audit matters

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

Impairment testing of goodwill and brands - Notes 13 and 14

Description of the Key Audit Matter

The carrying value of the Group's goodwill and brands amounts to EUR'000 222,915 and EUR'000 144,974 respectively at 31 December 2023.

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

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

How our Audit addressed the Key Audit Matter

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

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

We understood and challenged:

- assumptions used in the Group's budget and internal forecasts and the long-term growth rates by comparing them to economic forecasts;
- the discount rate by assessing the cost of capital and other inputs including benchmarking with comparable organisations;
- the historical accuracy of budgets to actual results to determine whether cash flow forecasts are reliable based on past experience;
- the mechanics of the underlying calculations.

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

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

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

Revenue recognition relating to commercial arrangements – Note 4

Description of the key audit matter

As described in Note 4 Revenue, section 4.1 Accounting policy, the Group enters into commercial agreements with its customers whereby volume-related allowances, promotional and marketing allowances and various other fees and discounts are contractually agreed. The Group measures revenue, cost of services & other goods taken into consideration the estimated amount based on those contractual agreements and the specific classification criteria in accordance with IFRS.

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

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

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

How our audit addressed the key audit matter

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

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

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

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

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

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

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

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

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

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

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

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

- Identify and assess the risks of material misstatement of the consolidated accounts, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control;
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the board of directors;
- Conclude on the appropriateness of the board of directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our statutory auditor's report to the related disclosures in the consolidated accounts or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our statutory auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern;
- Evaluate the overall presentation, structure and content of the consolidated accounts, including the disclosures, and whether the consolidated accounts represent the underlying transactions and events in a manner that achieves fair presentation;
- Obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

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

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

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

OTHER LEGAL AND REGULATORY REQUIREMENTS

Responsibilities of the board of directors

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

Statutory auditor's responsibilities

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

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

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

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

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

Statement related to independence

- Our registered audit firm and our network did not provide services which are incompatible with the statutory audit of the consolidated accounts, and our registered audit firm remained independent of the Group in the course of our mandate.
- The fees for additional services which are compatible with the statutory audit of the consolidated accounts referred to in article 3:65 of the Companies' and Associations' Code are correctly disclosed and itemized in the notes to the consolidated accounts.

European Uniform Electronic Format ("ESEF")

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

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

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

Based on our procedures performed; we believe that the format of and marking of information in the digital consolidated financial statements included in the annual financial report of Lotus Bakeries per 31 December 2023 comply in all material respects with the ESEF requirements under the Delegated Regulation.

Other statements

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

Ghent, 28 March 2024

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

Lien Winne*
Bedrijfsrevisor

*Acting on behalf of Lien Winne BV

CONDENSED FIVE-YEAR CONSOLIDATED FINANCIAL STATEMENTS

IN THOUSANDS OF EUR	2023	2022	2021	2020	2019
REVENUE	1,062,962	877,451	750,251	663,289	612,737
Raw materials, packaging and co-manufacturing	(368,903)	(311,310)	(250,617)	(216,376)	(197,799)
Services and other goods	(277,024)	(218,277)	(192,231)	(176,804)	(168,966)
Employee benefit expenses	(205,310)	(173,618)	(152,857)	(137,116)	(123,493)
Depreciation and amortisation expenses	(32,857)	(25,245)	(23,115)	(21,001)	(17,754)
Impairment on inventories and trade receivables	(1,226)	(3,992)	(3,384)	(2,710)	(2,135)
Other operating expenses	(6,348)	(8,534)	(8,253)	(5,919)	(3,254)
Other operating income	1,681	3,711	4,011	7,751	3,555
RECURRING OPERATING RESULT (REBIT)	172,974	140,188	123,805	111,114	102,891
Non-recurring income and expenses	(2,544)	(3,807)	(4,135)	(4,593)	(2,292)
OPERATING RESULT (EBIT)	170,430	136,381	119,670	106,521	100,599
Financial result	(2,533)	(2,354)	(2,373)	(3,004)	(2,514)
Interest income (expenses)	(1,560)	(2,565)	(2,766)	(2,726)	(4,460)
Foreign exchange gains (losses)	(119)	988	886	51	2,232
Other financial income (expenses)	(854)	(777)	(493)	(329)	(285)
RESULT BEFORE TAXES	167,897	134,027	117,297	103,517	98,086
Income taxes	(38,565)	(30,744)	(26,554)	(20,972)	(22,317)
NET RESULT	129,333	103,283	90,743	82,545	75,769
Attributable to non-controlling interests	72	43	(24)	(48)	857
Attributable to equity holders of Lotus Bakeries	129,261	103,240	90,767	82,593	74,912

IN THOUSANDS OF EUR	DECEMBER 31, 2023	DECEMBER 31, 2022	DECEMBER 31, 2021	DECEMBER 31, 2020	DECEMBER 31, 2019
Non-current assets	875,583	820,000	690,120	622,840	641,122
Goodwill	222,915	225,246	224,846	216,485	229,365
Intangible assets	147,825	146,735	144,745	139,966	142,709
Property, plant and equipment	474,311	428,244	307,725	258,182	263,793
Investments in other companies	27,504	16,806	9,755	4,403	2,243
Deferred tax assets	2,120	2,212	2,182	3,351	2,505
Other non-current assets	908	757	867	453	507
Current assets	367,920	275,036	301,972	221,387	171,507
Inventories	76,906	70,361	57,901	46,827	44,461
Trade and other receivables	152,044	120,074	105,164	89,042	84,524
Current tax assets	4,888	4,947	5,276	3,142	1,075
Cash and cash equivalents	131,231	76,435	132,160	81,261	40,093
Other current assets	2,852	3,219	1,471	1,115	1,354
TOTAL ASSETS	1,243,503	1,095,036	992,092	844,227	812,629
Equity	656,207	572,141	519,532	433,744	402,477
Non-current liabilities	349,943	266,186	289,450	261,841	239,584
Interest-bearing liabilities	275,834	196,066	218,837	198,156	158,010
Deferred tax liabilities	68,024	63,716	64,243	57,195	50,737
Employee benefit obligations	4,183	4,411	4,020	3,748	3,712
Provisions	101	122	116	282	285
Derivative financial instruments	-	107	371	717	2,340
Other non-current liabilities	1,801	1,765	1,863	1,743	24,500
Current liabilities	237,352	256,709	183,110	148,642	170,568
Interest-bearing liabilities	14,657	70,178	17,439	12,552	36,579
Employee benefit obligations	335	232	333	317	325
Provisions	21	21	21	21	21
Trade and other payables	205,110	172,995	154,377	118,647	118,356
Current tax liabilities	14,173	10,367	5,850	12,701	11,630
Other current liabilities	3,056	2,917	5,091	4,404	3,657
TOTAL EQUITY AND LIABILITIES	1,243,503	1,095,036	992,092	844,227	812,629

CONDENSED STATUTORY FINANCIAL STATEMENTS – LOTUS BAKERIES NV

STATUTORY BALANCE SHEET

IN THOUSANDS OF EUR	DECEMBER 31, 2023	DECEMBER 31, 2022
ASSETS		
Fixed assets	650,648	650,392
II. Intangible assets	-	-
IV. Financial fixed assets	650,648	650,392
Current assets	28,341	44,272
VII. Amounts receivable within one year		
A. Trade debtors	7,162	21,784
B. Other amounts receivable	2,035	1,254
VIII. Current investments		
A. Own shares	18,797	18,976
IX. Cash at bank and in hand	295	2,215
X. Deferred charges and accrued income	52	44
TOTAL ASSETS	678,989	694,664

IN THOUSANDS OF EUR	DECEMBER 31, 2023	DECEMBER 31, 2022
EQUITY AND LIABILITIES		
Equity	206,748	226,519
I. Contribution		
A. Share Capital	3,591	3,591
B. Share premium	12,797	12,797
IV. Reserves		
A. Reserves not available	19,228	19,407
B. Untaxed reserves	545	545
C. Available reserves	170,587	190,179
VIII. Amounts payable after more than one year	340,315	198,455
A. Financial debts	340,315	198,455
D. Other amounts payable		-
IX. Amounts payable within one year	131,926	269,689
B. Financial debts	69,448	215,433
C. Trade debts	14,777	15,372
E. Taxes, remuneration and social security	-	1,852
F. Other amounts payable	47,701	37,032
TOTAL EQUITY AND LIABILITIES	678,989	694,664

STATUTORY INCOME STATEMENT

IN THOUSANDS OF EUR	2023	2022
I. OPERATING INCOME	26,199	21,784
II. Operating expenses		
B. Services and other goods	(19,452)	(10,364)
D. Depreciation and other amounts written off of formation expenses, intangible and tangible fixed assets	-	(1,497)
G. Other operating expenses	(185)	(69)
I. Non-recurring operating expenses	-	-
III. OPERATING PROFIT	6,562	9,854
IV. Financial income		
A. Income from financial fixed assets	29,717	127,495
B. Income from current assets	20	2
C. Other financial income	275	637
D. Non-recurring financial income	-	-
V. Financial expenses		
A. Debt expenses	(8,512)	(4,958)
C. Other financial expenses	(268)	(194)
D. Non-recurring financial expenses	-	(591)
VI. RESULT FOR THE PERIOD BEFORE TAXES	27,794	132,244
VIII. Income taxes	13	(2,099)
NET RESULT	27,807	130,146
Result allocation		
A. Profit to be appropriated		
1. Gain of the period available for appropriation	27,807	130,146
B. Withdrawals from capital and reserves		
2. From reserves	19,772	-
C. Transfer to capital and reserves		
3. To other reserves	-	(93,175)
F. Profit to be distributed		
1. Dividends	(47,329)	(36,721)
2. Director's entitlements	(250)	(250)

ACCOUNTING PRINCIPLES

1. Assets

1.1. Formation expenses

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

1.2. Intangible assets

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

- Brands: 10%
- Software: 33%

1.3. Financial fixed assets

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

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

The estimated value of the financial fixed assets is determined at the end of the accounting period based on the most recent available balance sheet and other relevant data.

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

1.4. Receivables

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

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

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

Negative exchange rate differences arising from translation of non-EUR currencies are included in the income statement.

1.5. Investments and cash at bank and in hand

Treasury shares are valued at purchase price.

Cash at bank and in hand in foreign currency is converted at the applicable exchange rate at the reporting date.

Both the negative and the positive exchange rate differences are included in the income statement.

2. Liabilities

2.1. Provisions for liabilities and charges

Provisions are made for all normally foreseeable liabilities and charges.

2.2. Amounts payable within one year

Suppliers

Debts to suppliers are recorded at nominal value. Debts in foreign currencies are converted at the applicable rate at balance sheet date.

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

3. Additional disclosure

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

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

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



REGISTERED OFFICE

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

Register of legal persons of Ghent,
Enterprise number 0401.030.860

CONTACT

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

Lotus Bakeries NV
Corporate Secretary
Gentstraat 1
B-9971 Lembeke
T + 32 9 376 26 11
corporate@lotusbakeries.com

Concept and realisation

Lotus Bakeries and Duval Branding
duvalbranding.com

Illustrations

Sören Selleslagh
sorenselleslagh.com

Photography

Bert Luyckx
bertluyckx.be

Sustainability is key at Lotus Bakeries; this report was printed on recycled paper.





WWW.LOTUSBAKERIES.COM