ANNUAL REPORT 2022

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, Lotus® Biscoff®, nākd, TREK, BEAR, Kiddylicious, Dinosaurus, Peijnenburg, Annas and Peter's Yard 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 US, and twenty-one entities with sales activities in Europe, America and Asia. 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, 2022 were authorised for issue in accordance with a resolution of the Board of Directors on March 20, 2023.

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 2021.

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 2022 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 in pdf format its financial statements in Dutch and English.

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.

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CONSOLIDATED FINANCIAL STATEMENTS

CONSOLIDATED INCOME STATEMENT AND STATEMENT OF COMPREHENSIVE INCOME

IN THOUSANDS OF EUR	NOTE	2022	2021
REVENUE	3	877,451	750,251
Raw materials, packaging and co-manufacturing		(311,310)	(250,617)
Services and other goods	4	(218,277)	(192,231)
Employee benefit expenses	5	(173,618)	(152,857)
Depreciation and amortisation expenses	6	(25,245)	(23,115)
Impairment on inventories and trade receivables	16, 17	(3,992)	(3,384)
Other operating expenses	7	(8,534)	(8,253)
Other operating income	7	3,711	4,011
RECURRING OPERATING RESULT (REBIT)		140,188	123,805
Non-recurring income and expenses	8	(3,807)	(4,135)
OPERATING RESULT (EBIT)		136,381	119,670
Financial result	9	(2,354)	(2,373)
Interest income (expenses)		(2,565)	(2,766)
Foreign exchange gains (losses)		988	886
Other financial income (expenses)		(777)	(493)
RESULT FOR THE PERIOD BEFORE TAXES		134,027	117,297
Income taxes	10	(30,744)	(26,554)
NET RESULT		103,283	90,743
Attributable to non-controlling interests		43	(24)
Attributable to equity holders of Lotus Bakeries		103,240	90,767

IN THOUSANDS OF EUR	NOTE	2022	2021
NET RESULT		103,283	90,743
OTHER COMPREHENSIVE INCOME			
Items that may be subsequently reclassified to profit and loss		(9,410)	21,419
Currency translation differences		(9,608)	21,160
Gain/(Loss) on cash flow hedges, net of tax		198	259
Items that will not be reclassified to profit and loss		(151)	(333)
Remeasurement gains/(losses) on defined benefit plans		(151)	(333)
Other comprehensive income		(9,560)	21,086
TOTAL COMPREHENSIVE INCOME		93,722	111,829
Attributable to non-controlling interests		2	33
Attributable to equity holders of Lotus Bakeries		93,720	111,796
EARNINGS PER SHARE	11		
Weighted average number of shares		810,858	811,550
Basic earnings per share (EUR) - attributable to:			
Non-controlling interests		0.05	(0.03)
Equity holders of Lotus Bakeries		127.32	111.84
Weighted average number of shares after effect of dilution		812,106	813,677
Diluted earnings per share (EUR) - attributable to:			
Non-controlling interests		0.05	(0.03)
Equity holders of Lotus Bakeries		127.13	111.55

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

IN THOUSANDS OF EUR	NOTE	DECEMBER 31, 2022	DECEMBER 31, 2021
ASSETS			
Non-current assets		820,000	690,120
Goodwill	12	225,246	224,846
Intangible assets	13	146,735	144,745
Property, plant and equipment	14	428,244	307,725
Investments in other companies	15	16,806	9,755
Deferred tax assets	25	2,212	2,182
Other non-current assets	19	757	867
Current assets		275,036	301,972
Inventories	16	70,361	57,901
Trade and other receivables	17	120,074	105,164
Current tax assets	25	4,947	5,276
Cash and cash equivalents	18	76,435	132,160
Other current assets	19	3,219	1,471
TOTAL ASSETS		1,095,036	992,092

IN THOUSANDS OF EUR	NOTE	DECEMBER 31, 2022	DECEMBER 31, 2021
EQUITY AND LIABILITIES			
Equity		572,141	519,532
Share capital	20	16,388	16,388
Treasury shares	20	(18,976)	(9,514)
Retained earnings		611,180	539,590
Other reserves		(36,451)	(26,932)
Non-controlling interests		-	-
Non-current liabilities		266,186	289,450
Interest-bearing liabilities	21	196,066	218,837
Deferred tax liabilities	25	63,716	64,243
Employee benefit obligations	22	4,411	4,020
Provisions		122	116
Derivative financial instruments		107	371
Other non-current liabilities	24	1,765	1,863
Current liabilities		256,709	183,110
Interest-bearing liabilities	21	70,178	17,439
Employee benefit obligations	22	232	333
Provisions		21	21
Trade and other payables	23	172,995	154,377
Current tax liabilities	25	10,367	5,850
Other current liabilities	24	2,917	5,091
TOTAL EQUITY AND LIABILITIES		1,095,036	992,092

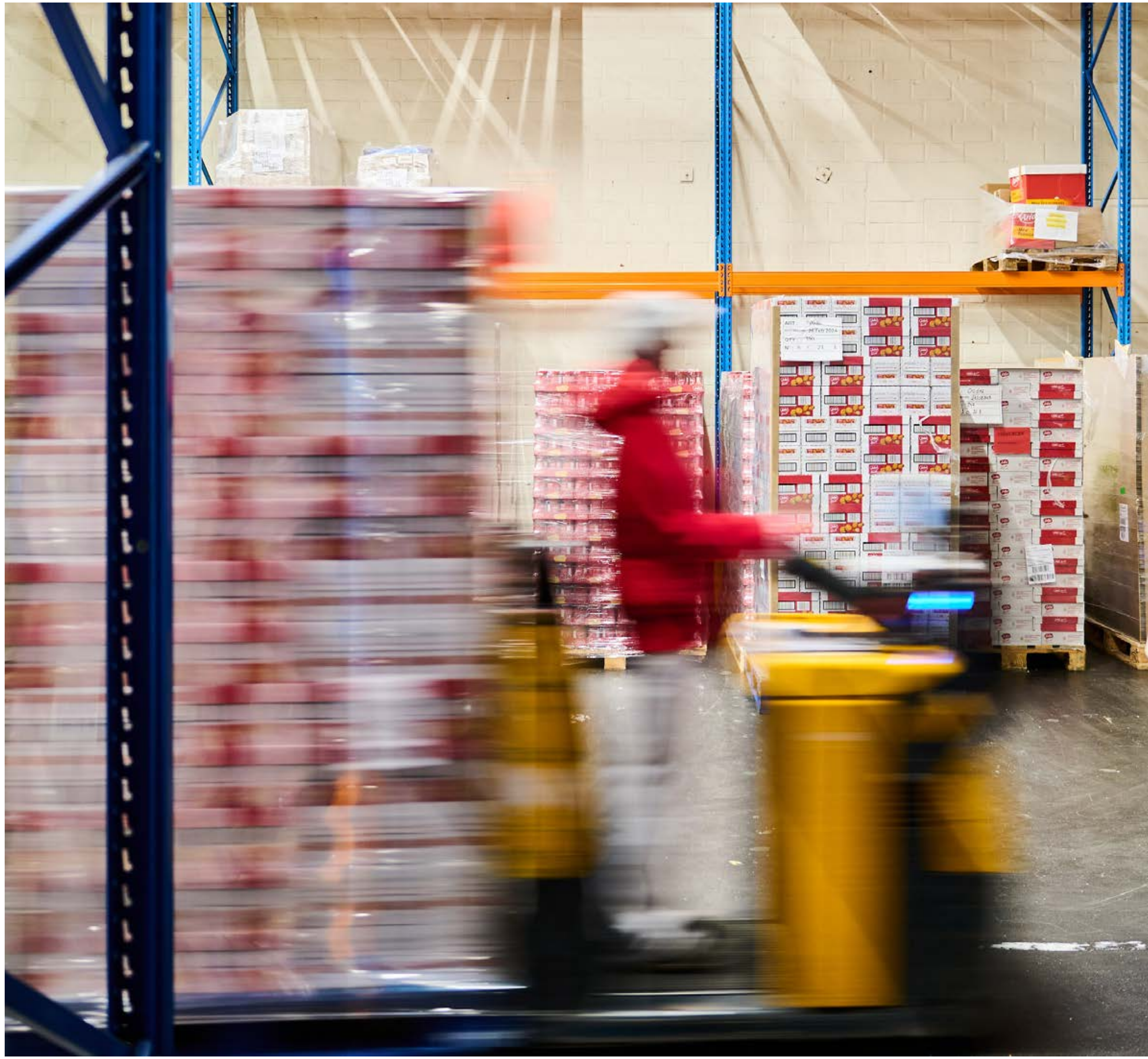
CONSOLIDATED CASH FLOW STATEMENT

IN THOUSANDS OF EUR	2022	2021[1]
OPERATING ACTIVITIES		
NET RESULT	103,283	90,743
Depreciation and amortisation expenses	25,245	23,159
Impairment on inventories and trade receivables	3,992	3,601
Impairment of assets and results from disposal of assets	259	442
Change in provisions	(16)	139
Financial result	2,354	2,373
Income taxes	30,744	26,554
Employee share-based compensation expense	470	419
Gross cash provided by operating activities	**166,331**	**147,430**
Decrease/(Increase) in inventories	(15,588)	(12,957)
Decrease/(Increase) in trade and other receivables	(15,675)	(4,778)
Decrease/(Increase) in other assets	141	(5,366)
Increase/(Decrease) in trade and other payables	1,880	18,576
Increase/(Decrease) in other liabilities	1,430	(3,504)
Change in working capital	**(27,811)**	**(8,029)**
Income taxes paid	(27,707)	(28,478)
NET CASH PROVIDED BY OPERATING ACTIVITIES	**110,812**	**110,923**
INVESTING ACTIVITIES		
(In)tangible assets – Acquisitions	(123,112)	(42,048)
(In)tangible assets – Disposals	141	541
Acquisition of subsidiaries, net of cash acquired (note 2)	(9,205)	(274)
Financial assets – Investments	(9,281)	(5,353)
Proceeds/(Reimbursement) of long-term receivables	91	(415)
NET CASH USED IN INVESTING ACTIVITIES	**(141,368)**	**(47,549)**

IN THOUSANDS OF EUR	2022	2021[1]
FINANCING ACTIVITIES		
Dividends paid	(32,805)	(28,813)
(Acquisition)/Disposal of treasury shares	(8,841)	3,234
Proceeds from interest-bearing liabilities	39,000	30,000
Reimbursement of interest-bearing liabilities	(14,000)	(14,500)
Reimbursement of lease liabilities	(4,187)	(4,255)
Interests paid	(2,221)	(2,762)
Other financial income and expenses received/(paid)	(1,545)	1,664
NET CASH FROM FINANCING ACTIVITIES	**(24,599)**	**(15,432)**
NET CHANGE IN CASH AND CASH EQUIVALENTS	**(55,155)**	**47,942**
Cash and cash equivalents as at January 1	132,160	81,261
Effect of exchange rate fluctuations	(570)	2,957
CASH AND CASH EQUIVALENTS AS AT DECEMBER 31	**76,435**	**132,160**

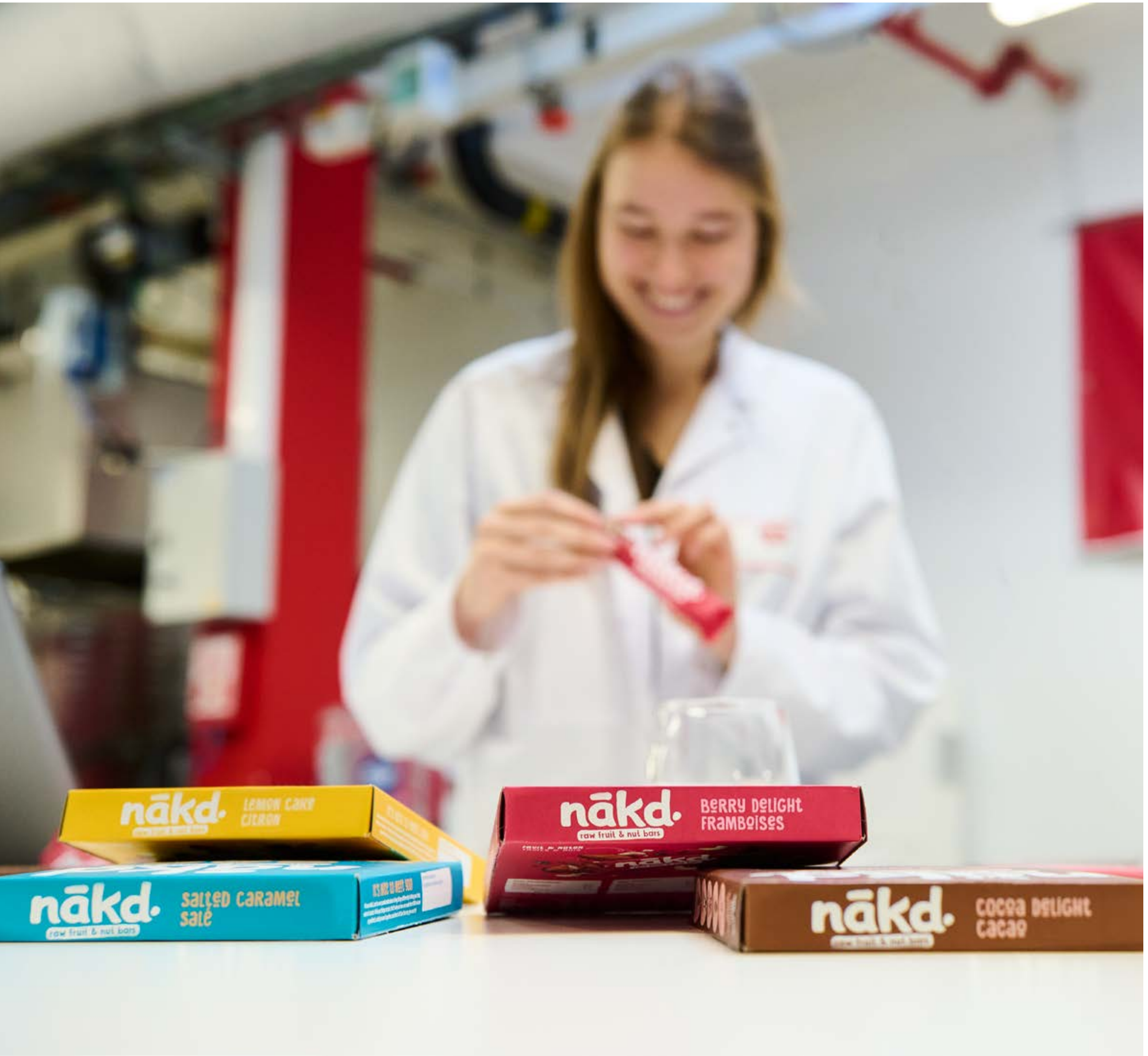
[1]The presentation of the consolidated cash flow statement has been reviewed in 2022. For consistency purposes, the presentation of the comparative cash flow statement has been aligned. Main changes relate to the following items:

- Interests paid: presented as part of the financing activities
- Other financial income and expenses received/(paid): presented as part of the financing activities
- Proceeds/(Reimbursement) of long-term receivables: 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	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
EQUITY AS AT JANUARY 1, 2022	3,591	12,797	**16,388**	**(9,514)**	**539,590**	(26,040)	(613)	(279)	**(26,932)**	**519,532**	**-**	**519,532**
Net result of the period	-	-	-	-	103,240	-	-	-	-	103,240	43	103,283
Other comprehensive income	-	-	-	-	-	(9,567)	(151)	198	(9,519)	(9,519)	(41)	(9,560)
Total comprehensive income for the period	-	-	**-**	**-**	**103,240**	**(9,567)**	**(151)**	**198**	**(9,519)**	**93,720**	**2**	**93,722**
Dividend to shareholders	-	-	-	-	(32,428)	-	-	-	-	(32,428)	(293)	(32,721)
Transactions with treasury shares	-	-	-	(9,462)	621	-	-	-	-	(8,841)	-	(8,841)
Employee share-based compensation expense	-	-	-	-	470	-	-	-	-	470	-	470
Impact written put options on non-controlling interests	-	-	-	-	(291)	-	-	-	-	(291)	291	-
Other	-	-	-	-	(21)	-	-	-	-	(21)	-	(21)
EQUITY AS AT DECEMBER 31, 2022	3,591	12,797	**16,388**	**(18,976)**	**611,180**	(35,607)	(764)	(81)	**(36,451)**	**572,141**	**-**	**572,141**
EQUITY AS AT JANUARY 1, 2021	3,591	12,797	**16,388**	**(11,474)**	**476,724**	(47,143)	(280)	(538)	**(47,961)**	**433,677**	**67**	**433,744**
Net result of the period	-	-	-	-	90,767	-	-	-	-	90,767	(24)	90,743
Other comprehensive income	-	-	-	-	-	21,103	(333)	259	21,029	21,029	57	21,086
Total comprehensive income for the period	-	-	**-**	**-**	**90,767**	**21,103**	**(333)**	**259**	**21,029**	**111,796**	**33**	**111,829**
Dividend to shareholders	-	-	-	-	(28,968)	-	-	-	-	(28,968)	-	(28,968)
Transactions with treasury shares	-	-	-	1,960	-	-	-	-	-	1,960	-	1,960
Employee share-based compensation expense	-	-	-	-	419	-	-	-	-	419	-	419
Non-controlling interests resulting from business combinations	-	-	-	-	67	-	-	-	-	67	(67)	-
Impact written put options on non-controlling interests	-	-	-	-	33	-	-	-	-	33	(33)	-
Other	-	-	-	-	548	-	-	-	-	548	-	548
EQUITY AS AT DECEMBER 31, 2021	3,591	12,797	**16,388**	**(9,514)**	**539,590**	(26,040)	(613)	(279)	**(26,932)**	**519,532**	**-**	**519,532**



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT 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, 2022. 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, 2021 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, 2022 and have been endorsed by the European Union:

- Amendments to IAS 16 – Proceeds before Intended Use: The amendments prohibit deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management.
- Amendments to IAS 37 – Onerous Contracts – Cost of Fulfilling a Contract: The amendments clarify the costs a company should include as the cost of fulfilling a contract when assessing whether a contract is onerous.
- Annual Improvements 2018-2020: The annual improvements package includes the following minor amendments: Subsidiary as a First-time Adopter (Amendment to IFRS 1); Fees in the '10 per cent' Test for Derecognition of Financial Liabilities (Amendment to IFRS 9); Lease Incentives (Amendment to Illustrative Example 13 of IFRS 16); Taxation in Fair Value Measurements (Amendment to IAS 41).

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, 2022, 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.

- **Amendments to IAS 1 – Presentation of Financial Statements and IFRS Practice Statement 2: Disclosure of Accounting policies** (effective January 1, 2023). The amendments aim to improve accounting policy disclosures and to help users of the financial statements to distinguish between changes in accounting estimates and changes in accounting policies. The IAS 1 amendment requires companies to disclose their material accounting policy information rather than their significant accounting policies. Further, the amendment to IAS 1 clarifies that immaterial accounting policy information need not be disclosed. To support this amendment, the Board also amended IFRS Practice Statement 2, 'Making Materiality Judgements', to provide guidance on how to apply the concept of materiality to accounting policy disclosures.
- **Amendments to IAS 8 – Accounting policies, Changes in Accounting Estimates and Errors: Definition of Accounting Estimates** (effective January 1, 2023). The amendments to IAS 8 clarify how companies should distinguish changes in accounting policies from changes in accounting estimates.
- **Amendments to IAS 12 – Income Taxes: Deferred Tax related to Assets and Liabilities arising from a Single Transaction** (effective January 1, 2023). The amendments clarify how companies account for deferred tax on transactions such as leases and decommissioning obligations. The main change in the amendments is an exemption from the initial recognition exemption of IAS 12. Accordingly, the initial recognition exemption does not apply to transactions in which equal amounts of deductible and taxable temporary differences arise on initial recognition.

The 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:

- Initial and subsequent measurement goodwill (see note 12);
- Measurement of intangible assets (see note 13);
- Measurement of post-employment benefits (see note 22) and;
- Measurement of financial derivatives and other financial instruments (see note 26).

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.

The Group operates in and is impacted by global or regional macroeconomic and political environments which include the COVID-19 pandemic and the war in Ukraine. The macro-economic environment and company-specific conditions in 2022 were challenging. There are unprecedented increases in costs and accompanying necessary price increases, large and urgent capacity investments that needed to come onstream and increased risk of disruptions and delays in the supply chain. On top of that, the war in Ukraine led to increased uncertainties in energy and raw material markets and further rising input costs for raw materials, packaging materials, utilities, transport, and labour as a consequence.

Notwithstanding the challenges, Lotus Bakeries showed resilience in 2022 and reports a strong performance in terms of high-quality top-line growth, margin management, cash flow protection, and investment execution.

There is no material direct impact of Russia's invasion of Ukraine and the sanctions imposed on the strategy, targets, operations, financial performance, financial position and cash-flows of the Group. Revenue has not been materially impacted. No additional principal risks or uncertainties have been identified as a result of Russia's invasion of Ukraine and related events.

The war has impacted the interest rates and inflation trends. Consequently, the discount rate used to determine the recoverable amount in the context of impairment tests in accordance with IAS 36 has been updated to reflect these developments, but has not led to any risk of impairment.

Next to the above items, the Company considers the 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. However, at this stage, the Company assessed the impact of climate change and its sustainability commitments on the current accounting policies, estimates and judgements and concluded that there are currently no significant changes required.

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 income statement.

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.

Investment in associates

An associate is an entity over which the Group has significant influence and that is neither a subsidiary nor an interest in a joint arrangement. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

In its consolidated financial statements, the Group uses the equity method of accounting for investments in associates. Under the equity method, the investment is initially recognised at cost in the consolidated statement of financial position and adjusted thereafter to recognise the Group's share of the profit or loss and other comprehensive income of the associate.

An investment in an associate is accounted for using the equity method from the date on which the investee becomes an associate. On acquisition of the investment, any excess of the cost of the investment over the Group's share of the net fair value of the identifiable assets and liabilities of the investee is recognised as goodwill, which is included in the carrying amount of the investment. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of the investment, after reassessment, is recognised immediately in profit or loss in the period in which the investment is acquired.

The Group discontinues the use of the equity method from the date when the investment ceases to be an associate or when the investment is classified as held for sale.

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 income statement.

Foreign exchange gains and losses that relate to interest-bearing liabilities and cash and cash equivalents are presented in the income statement within financial result. All other foreign exchange gains and losses are presented in the income statement 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 income statement 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	
	2022	2021	2022	2021
EUR/CHF	0.985	1.033	1.005	1.081
EUR/CNY	7.358	7.195	7.075	7.629
EUR/CZK	24.116	24.858	24.570	25.643
EUR/GBP	0.887	0.840	0.852	0.860
EUR/KRW	1,344.090	1,346.380	1,357.681	1,354.032
EUR/SEK	11.122	10.250	10.624	10.145
EUR/THB	36.835	37.653	36.800	37.891
EUR/USD	1.067	1.133	1.054	1.183
EUR/ZAR	18.099	18.063	17.210	17.472

1.5 Goodwill

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.

1.6 Intangible assets

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.

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

Costs for internally generated intangible assets are recognised in the income statement as incurred, unless they meet the criteria to be considered as development costs.

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.

Intangible assets with indefinite useful lives are not amortised but tested for impairment annually 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.

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

1.7 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.

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

If an item property, plant and equipment consists of different components and each component has different useful lives, the separate components are depreciated according to their respective useful lives.

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.

1.8 Leases

A lease exists if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. 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 following future lease payments over the lease term:

- Fixed payments (less any lease incentives);
- Variable lease payments that are based on an index or rate;
- The exercise price of a purchase option if the Group is reasonably certain to exercise that option;
- Payments of penalties for terminating the lease, if the lease term reflects the Group exercising that option.

The above lease payments are discounted using the interest rate implicit in the lease, if it can be determined, or 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.

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.

1.9 Government grants

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

1.10 Impairment of non-financial assets

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

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

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

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

1.11 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.

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

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 permitted by 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 income statement 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 income statement. 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.

If the financial asset is sold or an impairment loss is recognised, the accumulated gains or losses recognised in equity are transferred to the income statement.

Derecognition of financial assets

Trade receivables are no longer recognised when (1) the rights to receive cash flows from the trade receivables have expired, (2) the Group has transferred substantially all risks and rewards related to the receivables.

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity.

On derecognition of a financial asset, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

1.12 Inventories

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.

1.13 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 original maturities of three months or less.

For the cash flow statement, cash and cash equivalents include cash and bank balances. Any negative cash is included under non-current interest-bearing liabilities in the statement of financial position.

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

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

A non-current asset (or a disposal group) classified as held for sale is recognised at the lower of the carrying amount and the fair value less costs to sell. An impairment test is performed on these assets at each reporting date.

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

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

1.15 Share capital and treasury shares

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.

1.16 Financial liabilities

Financial liabilities (including interest-bearing financial liabilities, trade payables and other financial liabilities) are classified at amortised cost, except for derivative instruments (see 1.17 further on).

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

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

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 balance sheet 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.

1.17 Derivative financial instruments

The Group uses derivative financial instruments to limit risks from adverse exchange rate and interest rate fluctuations, including foreign exchange forward contracts and interest rate swaps. No derivatives are used for trading purposes.

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

Financial derivatives are initially recognised at cost. After initial recognition, these instruments are recognised at their fair value. Changes in fair value of the Group's derivatives that do not meet the criteria of IFRS 9 for hedge accounting, are recognised immediately in the income statement.

Hedge accounting

The Group designates certain hedging instruments, which include derivatives in respect of foreign currency risk and interest rate risk, as cash flow hedges.

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

1.18 Provisions

Provisions are recognised in the statement of financial position if the Group has a present obligation (legal or constructive) resulting from a past event and if it is probable that fulfilment of these commitments will incur expenses that can be estimated reliably on reporting date. No provisions are recognised for future operating costs.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as finance cost.

Restructuring

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

1.19 Employee benefits

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;
- 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 income statement. The remeasurement on the net defined benefit liability as a consequence of actuarial gains or losses is included in other comprehensive income.

Share-based payments

The stock option plan allows employees to acquire shares in the Company at relatively advantageous conditions. The exercise price of the option is equal to the average stock market closing price of the Lotus Bakeries share during the thirty calendar days preceding the date of offering. A personnel cost is recognised for options granted to employees as part of the stock option plan. The cost is determined based on the fair value of the stock options on the grant date and, together with an equal increase in equity, is recognised over the vesting period, ending on the date when the employees receive full right to the options. When the options are exercised, the proceeds received net of any directly attributable transaction costs are credited to share capital (nominal value) and share premium.

1.20 Revenue recognition

Revenue is included in the income statement 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. Furthermore, the Group considers all payments made to customers and whether these are related to the revenue generated from the customer.

1.21 Income taxes

Income taxes include current and deferred taxes. Both taxes are recognised in the income statement 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.

1.22 Segment reporting

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. To this is added 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.

2. CHANGES TO THE CONSOLIDATION SCOPE

Acquisitions 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. As a brand, it has grown significantly over the last three years, doubling revenue in the UK to around GBP 6 million in revenue.

Peter's Yard will 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	TOTAL
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.

The amounts above with respect to fair value of net assets acquired and goodwill are provisional as not all fair value measurements have been finalised.

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.

Considering that the acquisition was only finalised at the reporting date, Peter's Yard has not yet contributed to the Group's profit for the period.

If the acquisition of Peter's Yard had been completed on the first day of the financial year, Group revenue for the year would have been approximately GBP 6 million higher and Group profit would not have been impacted significantly.

Other changes to the consolidation scope

In 2022, following entities have been liquidated or merged:

- NBF USA Inc., merged into Lotus Bakeries North America Inc.;
- FF2032 NV, liquidated;
- Lotus Bakeries Chile SpA, liquidated.

Furthermore, the Group has created a new entity in Thailand, Lotus Asia Pacifc Ltd., in the context of the establishment of a production facility for Lotus® Biscoff® to further support the Group's growth ambition for Lotus® Biscoff®.

In 2021, Lotus Bakeries acquired all remaining shares of Lotus Bakeries Italia S.r.l. for an amount of EUR 274 thousands. Furthermore, FF2032 AG was founded.

The complete list of companies included in the consolidation scope is disclosed in note 32.

3. SEGMENT REPORTING

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

- Belgium: sales by Sales Office Belgium and intra-group sales by factories in Belgium;
- France: sales by Sales Office France and intra-group sales by factories in France;
- The Netherlands: sales by Sales Office The Netherlands and intra-group sales by factories in the Netherlands;
- UK: sales by Sales Office UK, Natural Balance Foods, Urban Fresh Foods and Kiddylicious, and the intra-group sales by the factory in South-Africa;
- Other: sales from Belgium to countries without own Sales Office and by own Sales Offices in Germany, Austria, Switzerland, the Czech Republic/Slovakia, United States, Spain, Italy, China, South Korea, Sweden/Finland as well as intra-group sales by factories in Sweden and the US.

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

PERIOD ENDED DECEMBER 31, 2022

IN THOUSANDS OF EUR	BELGIUM	FRANCE	THE NETHERLANDS	UK	OTHER	ELIMINATIONS / GROUP	TOTAL
SEGMENT REVENUE	**358,123**	**107,929**	**81,100**	**224,754**	**342,041**	**(236,495)**	**877,451**
Revenue from external customers	182,834	94,588	79,956	197,584	322,490	-	877,451
Intersegment revenue	175,289	13,341	1,144	27,170	19,551	(236,495)	-
SEGMENT RESULTS (REBIT)	**36,733**	**10,806**	**8,344**	**35,013**	**43,960**	**5,333**	**140,188**
Non-recurring income and expenses							(3,807)
Operating result (EBIT)							136,381
Financial result							(2,354)
Profit for the period before taxes							134,027
Income taxes							(30,744)
Result after taxes							**103,283**
OTHER SEGMENT INFORMATION							
Capital expenditure:							
Tangible assets	58,277	1,013	1,962	6,091	68,181	6,428	141,952
Intangible assets	-	-	-	-	522	784	1,306
Depreciations and amortisations on (in)tangible assets	11,316	1,149	2,948	1,266	5,688	2,878	25,245

PERIOD ENDED DECEMBER 31, 2021

IN THOUSANDS OF EUR	BELGIUM	FRANCE	THE NETHERLANDS	UK	OTHER	ELIMINATIONS / GROUP	TOTAL
SEGMENT REVENUE	**324,701**	**105,170**	**84,459**	**195,266**	**233,248**	**(192,593)**	**750,251**
Revenue from external customers	169,976	92,443	80,488	176,598	230,746	-	750,251
Intersegment revenue	154,725	12,727	3,971	18,668	2,502	(192,593)	-
SEGMENT RESULTS (REBIT)	**39,166**	**7,043**	**10,152**	**34,377**	**23,569**	**9,498**	**123,805**
Non-recurring income and expenses							(4,135)
Operating result (EBIT)							119,670
Financial result							(2,373)
Profit for the period before taxes							117,297
Income taxes							(26,554)
Result after taxes							**90,743**
OTHER SEGMENT INFORMATION							
Capital expenditure:							
Tangible assets	29,730	619	2,043	2,970	18,135	4,196	57,693
Intangible assets	-	-	40	11	-	1,692	1,743
Depreciations and amortisations on (in)tangible assets	10,282	1,217	2,954	1,195	5,063	2,404	23,115

4. 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 2021 relates to increased sales and production volumes, next to increased costs of logistics and utilities.

5. EMPLOYEE BENEFIT EXPENSES

IN THOUSANDS OF EUR	2022	2021
Short-term employee benefits	139,481	124,294
Social security contributions	21,789	19,690
Defined contribution costs	4,654	4,077
Defined benefit costs	303	128
Other employee benefit expenses	7,392	4,668
TOTAL EMPLOYEE BENEFIT EXPENSES	**173,618**	**152,857**
Average number of employees	2,655	2,305
Number of employees as at the end of the year	2,698	2,398

The other employee benefit expenses include mainly the costs of training and other employee-related insurances.

6. DEPRECIATION AND AMORTISATION EXPENSES

IN THOUSANDS OF EUR	2022	2021
Amortisation of intangible assets (see note 13)	1,033	1,086
Depreciation of property, plant and equipment (see note 14)	19,554	17,772
Depreciation of right-of-use assets (see note 14)	4,658	4,257
TOTAL DEPRECIATION AND AMORTISATION EXPENSES	**25,245**	**23,115**

7. 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 indirect taxes (property taxes, municipal taxes, packaging tax ...) and penalties.

8. 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	2022	2021
Organisation restructuring	(1,269)	(326)
Product range restructuring	(1,081)	(784)
Office relocations	(785)	(1,323)
Start-up costs related to capacity extensions	(288)	(835)
Other	(383)	(867)
TOTAL NON-RECURRING INCOME AND EXPENSES	**(3,807)**	**(4,135)**

In 2022, as in 2021, the non-recurring result relates mainly to expenses of organisation restructuring, office relocation, acquisition costs, start-up costs for capacity extensions and product range restructuring.

9. FINANCIAL RESULT

IN THOUSANDS OF EUR	2022	2021
Interest expenses	(3,115)	(2,883)
Interest income	551	117
Interest income (expenses)	**(2,565)**	**(2,766)**
Foreign exchange gains (losses)	**988**	**886**
Other financial income (expenses)	**(777)**	**(493)**
TOTAL FINANCIAL RESULT	**(2,354)**	**(2,373)**

The foreign exchange gains (losses) are related to the realisation and revaluation of financial positions mainly in GBP (pound sterling) and USD (US dollar).

10. INCOME TAXES

The income tax recognised in the income statement can be detailed as follows:

IN THOUSANDS OF EUR	2022	2021
Current taxes in respect of the current year	(29,417)	(21,411)
Current taxes in respect of the prior years	(2,213)	1,885
Deferred taxes	885	(7,028)
TOTAL INCOME TAX EXPENSE	**(30,744)**	**(26,554)**

In 2021, there was a one-off negative impact on deferred taxes as a result of the corporate income tax rate increase to 25% in the UK as from April 2023. This is an accounting and non-cash effect.

The average effective tax rate is 22.9%, compared to 22.6% in 2021.

The income tax expense can be reconciled as follows:

IN THOUSANDS OF EUR	2022	2021
Result for the period before taxes	**134,027**	**117,297**
Legal tax rate	25.00%	25.00%
Income tax expense computed at the legal tax rate	**(33,507)**	**(29,324)**
Effect of different tax rates in other countries	2,481	2,020
Deductions of taxable income	1,472	2,646
Tax adjustments for prior years	429	4,193
Disallowed expenses	(1,056)	(736)
Tax exempted income	66	5
Tax losses used for which no deferred tax asset has been recorded	(21)	20
Changes in tax rate or new taxes	(670)	(4,901)
Other	61	(477)
TOTAL INCOME TAX EXPENSE	**(30,744)**	**(26,554)**
Effective tax rate	22.9%	22.6%

11. EARNINGS PER SHARE

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

Diluted earnings per share is calculated by dividing the Group's share in net profit by the weighted average number of outstanding shares over the year, adjusted for the potential dilution of ordinary shares as a result of options granted under the stock option plan for management (see note 20).

IN THOUSANDS OF EUR	2022	2021
Net result - Basic and diluted earnings per share	**103,283**	**90,743**
Attributable to non-controlling interests	43	(24)
Attributable to equity holders of Lotus Bakeries	103,240	90,767
Weighted average number of shares - Basic earnings per share	**810,858**	**811,550**
Dilutive effect	1,249	2,127
Weighted average number of shares - Diluted earnings per share	**812,106**	**813,677**
BASIC EARNINGS PER SHARE (IN EUR)	**127.37**	**111.81**
Attributable to non-controlling interests	0.05	(0.03)
Attributable to equity holders of Lotus Bakeries	127.32	111.84
DILUTED EARNINGS PER SHARE (IN EUR)	**127.18**	**111.52**
Attributable to non-controlling interests	0.05	(0.03)
Attributable to equity holders of Lotus Bakeries	127.13	111.55

12. GOODWILL

IN THOUSANDS OF EUR	TOTAL
Carrying amount as at January 1, 2021	**216,485**
Effect of movements in foreign exchange rates	8,361
Carrying amount as at December 31, 2021	**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**

The addition in 2022 relates to the acquisition of Peter's Yard (see note 2), which was allocated to the cash-generating unit Lotus™ Natural Foods.

For sales, production and internal reporting, the Group is organised into geographic regions (see also 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.

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

IN THOUSANDS OF EUR	DECEMBER 31, 2022	DECEMBER 31, 2021
Lotus™ Natural Foods (Natural Balance Foods, Urban Fresh Foods, Kiddylicious and Peter's Yard)	170,860	170,021
Belgium	20,773	20,773
The Netherlands	17,151	17,151
Asia	9,229	9,214
Nordics	5,528	5,984
Other	1,704	1,703
TOTAL GOODWILL	**225,246**	**224,846**

Goodwill, representing approximately 21% of the total assets of Lotus Bakeries at December 31, 2022, is tested for impairment every year (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). 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 reflects management's expectations based on past experience and taking into account the risks specific to the reportable business unit;
- The first year of the model is based on the budget for the year, taking into account historical results and is management's best estimate of the free cash flow outlook for the current year;
- In years two to 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, lying between 1.0% and 4.0%;
- Projections are discounted at the pre-tax weighted average cost of capital, which lies between 6.1% and 7.5%.

At the end of 2022, Lotus Bakeries has completed its annual impairment test of goodwill and concludes no impairment was present. The Company believes all its assessments to be reasonable: they are consistent with the internal reporting and reflect management's best estimates.

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

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

13. INTANGIBLE ASSETS

IN THOUSANDS OF EUR	BRANDS	SOFTWARE	CUSTOMER PORTFOLIO	TOTAL
Acquisition cost	141,867	13,457	1,030	156,354
Accumulated amortisation and impairment losses	(4,627)	(10,817)	(944)	(16,388)
Carrying amount as at January 1, 2021	**137,240**	**2,640**	**86**	**139,966**
Acquisitions	-	1,743	-	1,743
Acquisitions through business combinations	-	-	-	-
Amortisation expense	-	(1,000)	(86)	(1,086)
Impairment losses	-	-	-	-
Effect of movements in foreign exchange rates	4,101	22	-	4,123
Carrying amount as at December 31, 2021	**141,341**	**3,404**	**-**	**144,745**
Acquisition cost	145,968	15,222	1,030	162,220
Accumulated amortisation and impairment losses	(4,627)	(11,818)	(1,030)	(17,475)
Acquisitions	522	784	-	1,307
Acquisitions through business combinations	5,697	-	-	5,697
Amortisation expense	-	(1,033)	-	(1,033)
Impairment losses	-	-	-	-
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)	(12,851)	(1,030)	(18,508)

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

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;
- Nākd: 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;
- Peter's Yard: brand acquired in 2022.

To invigorate its market leadership in the pepparkakor category in Sweden and further develop the category, the Company took the opportunity in 2022 to acquire the brand 'Kung Oscar' from the Orkla Group.

Furthermore, the Group acquired Peter's Yard in 2022. For more details, we refer to note 2.

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 currently not amortised as the useful life is deemed to be indefinite. Therefore, an annual impairment test is performed to assess the recoverability of the brands.

At year-end 2022, 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. A reasonable change of the key assumptions (discount rate, growth rate) would not result in the recognition of any impairment loss.

For more details on the impairment test conducted per CGU, we refer to note 12 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 2022, the Group has incurred research and development expenses of EUR 1,458 thousands (2021: EUR 1,473 thousands), which are mainly composed of employee benefit expenses and consumables.

14. PROPERTY, PLANT AND EQUIPMENT

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	164,401	334,406	19,929	5,967	12,115	536,818
Accumulated depreciation and impairment losses	(52,857)	(205,174)	(15,795)	(149)	(4,661)	(278,636)
Carrying amount as at January 1, 2021	**111,544**	**129,232**	**4,134**	**5,818**	**7,454**	**258,182**
Acquisitions	8,573	11,953	2,352	34,815	11,317	69,010
Disposals	(421)	(17)	(615)	-	(2,079)	(3,132)
Depreciation expense	(4,433)	(12,188)	(1,195)	-	(4,257)	(22,073)
Transfers from one heading to another	517	1,084	(70)	(1,531)	-	-
Effect of movements in foreign exchange rates	2,809	1,893	122	643	271	5,738
Carrying amount as at December 31, 2021	**118,589**	**131,957**	**4,728**	**39,745**	**12,706**	**307,725**
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)
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)

In 2022, a record amount of EUR 132,674 thousands has been 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 has been built, but became only operational as of the start of 2023. The US plant now has four operational production lines. 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.

In 2021, EUR 57,693 thousands was invested in property, plant and equipment. In Belgium, investments were made in a new waffle line in Courcelles and in the new Lotus® Biscoff® Sandwich Cookie line in Lembeke. Further investments were made in the expansion of capacity at the BEAR factory in South Africa and the factory in the US.

The carrying amount of the right-of-use assets arising from IFRS 16 – Leases is detailed as follows:

IN THOUSANDS OF EUR	DECEMBER 31, 2022	DECEMBER 31, 2021
Land and buildings	11,766	8,131
Plant, machinery and equipment	223	282
Furniture, office equipment and vehicles	4,153	4,293
TOTAL RIGHT-OF-USE ASSETS	**16,142**	**12,706**

In 2022, additional right-of use assets relate mainly to the signing of new office leases in the UK and the US.

In 2021, additional right-of-use assets consisted mainly of new and extended lease contracts for company cars and office buildings.

During 2022 and 2021, no government grants have been granted to the Group.

No pledges have been set on the items of property, plant and equipment.

15. 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.

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 that do not contain the top eight allergens;
- Oot Granola, a Dutch brand which markets fresh, organic and gluten-free granolas that are low in sugars. Oot Granola has a purely online 'direct-to-consumer' concept;
- The Good Crisp Company, an American company which produces natural, gluten-free chips, completely free of artificial flavourings and colourants;
- 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 2021, the Group also had a minority share in Peter's Yard, a British company that markets sourdough crackers & crispbreads in the UK. The Group acquired in the course of 2022 the remaining shares in Peter's Yard and obtained as such control over the entity. See also note 2.

In 2022, the Group, through its subsidiary FF2032, acquired additional minority stakes in Love Brands Inc. and The Good Crisp Company and a new minority stake in IQBAR, a US company, for a total amount of EUR 9,281 thousands.

IQBAR's primary product line is a set of plant-based nutritional bars that contain six brain nutrients and that tick all the boxes in terms of nutritional profile. IQBAR initially gained traction through its own website sales and large e-commerce platforms. In addition to its strong online presence, IQBAR has consistently expanded its offline footprint and is currently sold in roughly 8,000 stores across the US, including several national chains.

16. INVENTORIES

IN THOUSANDS OF EUR	DECEMBER 31, 2022	DECEMBER 31, 2021
Raw materials and consumables	20,261	16,061
Work in progress	5,288	2,978
Goods for resale and finished goods	44,812	38,862
TOTAL INVENTORIES	**70,361**	**57,901**

Write-down on inventories of EUR 3,519 thousands (2021: EUR 3,372 thousands) relate mainly to packaging material (2022: EUR 1,411 thousands; 2021: EUR 987 thousands), finished products (2022: EUR 1,297 thousands; 2021: EUR 1,053 thousands) and goods for resale (2022: EUR 542 thousands; 2021: EUR 1,236 thousands).

17. TRADE AND OTHER RECEIVABLES

IN THOUSANDS OF EUR	DECEMBER 31, 2022	DECEMBER 31, 2021
Trade receivables	111,558	95,075
Less allowance for impairment of trade receivables	(803)	(526)
Trade receivables - net	**110,755**	**94,549**
VAT receivables	8,979	10,079
Other amounts receivable	339	536
Other receivables	**9,318**	**10,615**
TOTAL TRADE AND OTHER RECEIVABLES	**120,074**	**105,164**

The trade receivables represent an average of 46 days of customer credit (2021: 49 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, 2022	DECEMBER 31, 2021
Opening balance	**526**	**697**
Allowances recognised	472	12
Amounts written off during the year as uncollectible	(159)	(208)
Exchange differences	(37)	25
TOTAL ALLOWANCE FOR IMPAIRMENT OF TRADE RECEIVABLES	**803**	**526**

18. CASH AND CASH EQUIVALENTS

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

19. OTHER ASSETS

The other non-current and current assets include mainly cash guarantees and deferred charges relating to the operational activities of the Group.

20. EQUITY

Share capital

All shares are ordinary shares, registered or dematerialised. The ordinary share capital of the Company issued and fully paid consists of 816,013 shares (2021: 816,013 shares), of which 5,072 treasury shares (2021: 4,110 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, 2021	**816,013**	**(5,542)**	**810,471**
Treasury shares delivered for share option plans	-	1,432	1,432
Purchase/sale of treasury shares	-	-	-
As at December 31, 2021	**816,013**	**(4,110)**	**811,903**
Treasury shares delivered for share option plans	-	1,381	1,381
Purchase/sale of treasury shares	-	(2,343)	(2,343)
AS AT DECEMBER 31, 2022	**816,013**	**(5,072)**	**810,941**

Further details of the shareholding structure of Lotus Bakeries NV as of December 31, 2022 are disclosed in the Corporate Governance Statement in Part 1 of the 2022 annual report of Lotus Bakeries.

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 financial liabilities minus investments minus cash and cash equivalents minus treasury shares, and are reported excluding the 'lease liability' that results from the implementation of IFRS 16 Leases) to recurring operating cash flow (REBITDA) at what is considered as a reasonable level in the financial market.

Share-based payments

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 further on.

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	2017	2018	2019	2020	2021	2022
Number granted	1,846	1,179	1,199	962	660	792
Number exercised	(1,593)	(798)	(60)	(50)	(33)	-
Number expired	(253)	(40)	(50)	(40)	(26)	-
Available options	-	**341**	**1,089**	**872**	**601**	**792**
Key assumptions used for fair value measurement						
Exercise period	01/01/2021 - 11/05/2022	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
Exercise price (EUR)	2,331.77	2,373.00	2,351.58	2,828.95	4,517.14	5,057.32
Share price (EUR)	2,459.00	2,310.00	2,330.00	2,890.00	4,630.00	4,868.81
Expected volatility	22.02%	22.43%	23.14%	25.07%	23.69%	25.39%
Dividend yield	1.07%	0.93%	0.92%	0.95%	0.94%	0.97%
Risk-free rate	-0.12%	0.11%	-0.29%	-0.36%	-0.34%	0.82%
FAIR VALUE PER OPTION (EUR)	**378.27**	**316.29**	**331.55**	**471.65**	**720.51**	**790.38**

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, 2021	**2,395**	**5,267**
Granted	4,517	660
Exercised	2,179	(1,379)
Expired	1,702	(7)
Outstanding options at December 31, 2021	**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**

In 2022, a total expense of EUR 470 thousands was recognised (2021: EUR 419 thousands).

Dividends

The dividend related to 2021 was paid in 2022, in accordance with the decision taken at the Ordinary General Meeting of Shareholders of May 13, 2022. The shareholders approved a gross dividend of EUR 40 per share, resulting in a total dividend of EUR 32,805 thousands.

The Board of Directors will propose to the Ordinary General Meeting of Shareholders of May 12, 2023 to pay a gross dividend of EUR 45 per share for 2022. This amount is not recognised as a debt on December 31.

21. INTEREST-BEARING LIABILITIES

IN THOUSANDS OF EUR	DECEMBER 31, 2022	DECEMBER 31, 2021
Bank loans	182,500	209,500
Lease liabilities	13,566	9,337
Non-current interest-bearing liabilities	**196,066**	**218,837**
Bank loans	66,000	14,000
Lease liabilities	4,178	3,439
Current interest-bearing liabilities	**70,178**	**17,439**
TOTAL INTEREST-BEARING LIABILITIES	**266,244**	**236,276**
of which bank loans	248,500	223,500
of which lease liabilities	17,744	12,776

All bank loans are denominated in EUR. These loans for the vast majority bear a fixed interest rate. The limited part carrying a floating rate (EURIBOR) is hedged using an interest rate swap (see note 26). The weighted average interest rate is 1.00%.

The lease liabilities mainly relate to the lease of company cars and office buildings (see also note 14).

The following table reconciles the movements of the interest-bearing liabilities to the cash flows arising from financing activities for the year ending December 31, 2022:

			NON-CASH MOVEMENTS				
IN THOUSANDS OF EUR	AS AT JANUARY 1, 2022	CASH FLOWS	ACQUISITION	EXCHANGE DIFFERENCES	RECLASSES	OTHER	AS AT DECEMBER 31, 2022
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**

22. EMPLOYEE BENEFIT OBLIGATIONS

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 2022, the expense amounts to EUR 4,654 thousands compared to EUR 4,077 thousands for 2021 (see also note 5 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, 2022	DECEMBER 31, 2021
Non-current employee benefit obligations	4,411	4,020
Current employee benefit obligations	232	333
TOTAL EMPLOYEE BENEFIT OBLIGATIONS	**4,642**	**4,353**
of which post-employment benefits	4,642	4,353
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 Vandenbroucke'), all Belgian defined contribution plans have to be considered under IFRS as defined benefit plans. This 'Law Vandenbroucke', which came into force in 2004, states that in the context of defined contribution plans, the employer must guarantee a minimum return of 3.75% on employee contributions and 3.25% on employer contributions. As from 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 income statement and the statement of comprehensive income:

IN THOUSANDS OF EUR	2022	2021
Defined benefit obligation	10,882	10,127
Fair value of plan assets	(6,240)	(5,774)
TOTAL POST-EMPLOYMENT OBLIGATIONS (FUNDED STATUS)	**4,642**	**4,353**
Current service cost	303	128
Past service cost	-	-
Service cost recognised as part of employee benefit expenses	**303**	**128**
Net interest expenses on post-employment liabilities	55	8
Total defined benefit cost (income statement)	**357**	**136**
Remeasurements of defined benefit plans (other comprehensive income)	**91**	**268**

The following table reconciles the post-employment obligations:

IN THOUSANDS OF EUR	2022	2021
Net liability as at January 1	**4,353**	**4,065**
Service cost	303	128
Net interest expenses	55	8
Remeasurements of defined benefit plans	91	268
Employer contributions	(156)	(116)
Effect of movements in foreign exchange rates	(4)	-
NET LIABILITY AS AT DECEMBER 31	**4,642**	**4,353**

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.

Expected contributions to post-employment benefit plans for the year ending December 31, 2023 are EUR 479 thousands.

The principal assumptions used in determining post-employment obligations for the Group's plans are as follows:

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%

DECEMBER 31, 2021

	BELGIUM	THE NETHERLANDS	FRANCE	GERMANY
Discount rate	0.35%	1.00%	0.00%	0.90%
Inflation rate	1.80%	1.00%	1.80%	1.75%

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.

23. TRADE AND OTHER PAYABLES

IN THOUSANDS OF EUR	DECEMBER 31, 2022	DECEMBER 31, 2021
Trade payables	**140,003**	**125,315**
Employee benefit liabilities	29,725	26,515
VAT payables	1,186	402
Other payables	2,080	2,144
Other payables	**32,992**	**29,061**
TOTAL TRADE AND OTHER PAYABLES	**172,995**	**154,377**

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 2022.

24. 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 2022, 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.

25. DEFERRED AND CURRENT TAXES

Deferred taxes

The deferred tax assets and liabilities can be reconciled as follows:

IN THOUSANDS OF EUR	AS AT JANUARY 1, 2022	RECOGNISED THROUGH THE INCOME STATEMENT	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)

IN THOUSANDS OF EUR	AS AT JANUARI 1, 2021	RECOGNISED THROUGH THE INCOME STATEMENT	RECOGNISED THROUGH EQUITY	BUSINESS COMBINATIONS	EXCHANGE DIFFERENCES	AS AT DECEMBER 31, 2021
Intangible assets	(27,136)	(5,610)	-	-	(842)	(33,588)
Property, plant and equipment	(30,802)	(1,319)	-	-	(421)	(32,542)
Inventories	350	158	-	-	3	511
Employee benefit obligations	800	255	(65)	-	1	991
Other liabilities	(2,018)	(260)	-	-	53	(2,225)
Derivative financial instruments	248	-	(87)	-	-	161
Tax losses carried forward	8,794	(3,988)	-	-	217	5,023
Other	(4,080)	3,736	-	-	(48)	(392)
TOTAL DEFERRED TAXES	**(53,844)**	**(7,028)**	**(152)**	**-**	**(1,037)**	**(62,061)**
Of which deferred tax assets	3,351					2,182
Of which deferred tax liabilities	(57,195)					(64,243)

The recognition of these deferred tax assets is supported by profit expectations in the foreseeable future.

At year-end 2022, there are no unrecognised deferred tax assets.

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.

26. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT

26.1 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, 2022	DECEMBER 31, 2021
Current financial assets		**187,190**	**226,709**
Trade receivables	At amortised cost	110,755	94,549
Cash and cash equivalents	At amortised cost	76,435	132,160
TOTAL FINANCIAL ASSETS		**187,190**	**226,709**
Non-current financial liabilities		**197,938**	**221,071**
Interest-bearing liabilities	At amortised cost	196,066	218,837
Derivative financial instruments	Designated in a cash flow hedge	107	371
Other non-current liabilities	At fair value through P&L	1,765	1,863
Current financial liabilities		**210,181**	**142,754**
Interest-bearing liabilities	At amortised cost	70,178	17,439
Trade payables	At amortised cost	140,003	125,315
TOTAL FINANCIAL LIABILITIES		**408,118**	**363,826**

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 24) is based on level 3 input.

No transfers between the different fair value hierarchy levels took place in 2022 and 2021.

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

The following table presents an overview of the derivative instruments outstanding at reporting date:

	FAIR VALUE		NOTIONAL AMOUNTS	
IN THOUSANDS OF EUR	DECEMBER 31, 2022	DECEMBER 31, 2021	DECEMBER 31, 2022	DECEMBER 31, 2021
Designated in a cash flow hedge				
Interest rate swaps	107	371	27,000	27,000
TOTAL DERIVATIVE FINANCIAL LIABILITIES	**107**	**371**	**27,000**	**27,000**

The derivative instruments presented in the table above are all designated in a cash flow hedge relationship.

26.2 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 income statement.

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 2022:

IN THOUSANDS OF EUR	ASSETS	LIABILITIES
EUR	447,935	(688,719)
USD	155,582	(145,307)
GBP	39,108	(25,840)
SEK	25,764	(26,744)
ZAR	17,800	(9,574)
CNY	8,789	(1,951)
KRW	2,573	(174)
CZK	1,322	(626)
CHF	756	(305)

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 mainly has fixed rate financial instruments and the floating rate debt is hedged using an interest rate swap at year-end 2022, 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 2022, 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.

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, 2022

IN THOUSANDS OF EUR	WITHIN ONE YEAR	>1 AND <5 YEARS	>5 YEARS
Bank loans	66,540	176,615	12,950
Lease liabilities	4,178	9,648	3,918

DECEMBER 31, 2021

IN THOUSANDS OF EUR	WITHIN ONE YEAR	>1 AND <5 YEARS	>5 YEARS
Bank loans	14,138	205,967	11,727
Lease liabilities	3,439	5,830	3,506

The unused committed credit lines amounted to EUR 193,100 thousands at year-end 2022 (2021: EUR 130,536 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, 2022 are disclosed in the Corporate Governance Statement in Part 1 of the 2022 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 2022, we refer to the remuneration report included in Part 1 of the 2022 annual report.

Apart from the key management remuneration, no significant transactions occurred with related parties.

28. COMMITMENTS

Capital commitments

As at December 31, 2022, the Group has EUR 15,122 thousands of commitments (2021: EUR 35,747 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 2023 and 2024 are detailed below:

IN THOUSANDS OF EUR	2022
Less than one year	112,971
More than one year and less than five years	34,244
TOTAL	**147,215**

Other rights and commitments

Bank guarantees as at December 31, 2022 amounted to EUR 1,543 thousands (2021: EUR 1,564 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, 2022 which would have a material impact on the 2022 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, 2022, 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 2022 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 20, 2023
On behalf of the Board of Directors

Jan Boone, CEO

31. AUDIT FEES

IN THOUSANDS OF EUR	2022	2021
Audit fees		
Lotus Bakeries NV	152	88
Lotus Bakeries Group	443	401
Additional services rendered by the Auditor or its related parties		
Other audit-related fees	111	65
Tax fees	43	107
Other non-audit fees	50	-
TOTAL	**799**	**661**

32. CONSOLIDATION SCOPE

NAME	ADDRESS	VAT OR NATIONAL NUMBER	2022	2021
			%	%
Lotus Bakeries België 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 0439.312.406	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	100.00
Biscuiterie Willems BV	Nieuwendorpe 33 Bus C, 9900 Eeklo, BE	VAT BE 0401.006.413	100.00	100.00
FF2032 NV	Gentstraat 1, 9971 Lembeke, BE	VAT BE 0730.550.847	-	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	Roßstraße 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

NAME	ADDRESS	VAT OR NATIONAL NUMBER	2022	2021
			%	%
Lotus Bakeries CZ s.r.o.	Americká 415/36, 120 00 Praha 2, CZ	VAT CZ 271 447 55	100.00	100.00
Lotus Bakeries North America Inc.	1000 Sansome Street Suite 350, San Francisco, CA 94111-1323, USA	IRS 94-3124525	100.00	100.00
NBF USA Inc.	1000 Sansome Street Suite 350, San Francisco, CA 94111-1323, USA	C3598146	-	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.	Brassey Road, Old Potts Way 1 GB-SY3 7FA Shrewsbury UK	VAT GB 938 740 100	100.00	-
Lotus Bakeries Espana S.L.	C/ Severo Ochoa, 3, 2a Planta Oficina 8A, 28232 Las Rozas (Madrid), ES	VAT ESB80405137	100.00	100.00
AB Annas Pepparkakor	Radiovägen 23, SE 135 48 Tyresö, SE	VAT SE556149914501	100.00	100.00
Annas - Lotus Bakeries Holding AB	Radiovägen 23, SE 135 48 Tyresö, SE	Registration no. 556757-7241	100.00	100.00
Lotus Bakeries Asia Pacific Limited	5/F, Manulife, 348 Kwun Tong Road, Kowloon, HK	Inland Revenue Department file no. 22/51477387	100.00	100.00
Lotus Bakeries Biscuits Trading (Shanghai) Company Ltd.	Room 01.02.06, Floor 15, No. 511 Weihai Road, Jing'an Disctrict, Shanghai 200041, P.R. CN	Registration no. 913100000781169357	100.00	100.00
Lotus Bakeries Chile SpA	Nueva Tajamar #555 OF401, Las Condes, Santiago, 7550099 CL	VAT (RUT) 76.215.081-6	-	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.	4/F, 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, Wolseley, Western Cape 6830, ZA	VAT 4190279762	100.00	100.00
Lotus Asia Pacific	Summer Hill, Unit TT11, 3rd Floor, No. 1106 Sukhumvit Road, Phrakhanong Sub-district, Klongtoey District, Bangkok 10110, Thailand	VAT 0105565109964	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	2022	2021
Net result	103,283	90,743
Non-recurring income and expenses	3,807	4,135
Tax effect on non-recurring income and expenses	(873)	(935)
REAT	106,216	93,942

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	2022	2021
Operating result (EBIT)	136,381	119,670
Non-recurring income and expenses	3,807	4,135
REBIT	140,188	123,805
Depreciation and amortisation expenses	25,245	23,115
Impairment on inventories and trade receivables	3,992	3,384
Other	484	665
REBITDA	169,909	150,967

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;

• Impairment of assets and major litigations.

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 and treasury shares.

IN THOUSANDS OF EUR	2022	2021
Interest-bearing liabilities (note 21)	266,244	236,276
Minus lease liabilities recognised as a result of IFRS 16	(17,241)	(12,776)
Minus cash and cash equivalents	(76,435)	(132,160)
Minus treasury shares	(18,976)	(9,514)
NET FINANCIAL DEBT	153,591	81,826

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 2022

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 16 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 2022, the consolidated income statement 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 1,095,036 and a profit for the year, attributable to equity holders of Lotus Bakeries, of EUR'000 103,240.

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 2022, 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 12 and 13

Description of the Key Audit Matter

The carrying value of the Group's goodwill and brands amounts to EUR'000 225,246 and EUR'000 143,573 respectively at 31 December 2022.

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

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

How our Audit addressed the Key Audit Matter

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

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

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

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

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

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

Revenue recognition relating to commercial arrangements – Note 1

Description of the key audit matter

As described in Note 1 'Summary of significant accounting policies', the Group enters into commercial agreements with its customers whereby volume-related allowances, promotional and marketing allowances and various other fees and discounts are contractually agreed. The Group measures revenue, cost of sales and cost of services & other goods taken into consideration the estimated amount based on those contractual agreements and the specific classification criteria in accordance with IFRS.

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

We consider this as most significant to our audit because the assessment of customer allowances requires significant judgement from management concerning:
- the nature and level of fulfilment of the company's obligations under the contractual agreements;
- 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 determine 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 intend 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' [director(s)]* 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 complies in all material respects with the ESEF requirements under the Delegated Regulation.

Based on the work we have performed; we believe that the format of and marking of information in the digital consolidated financial statements included in the annual financial report of Lotus Bakeries per 31 December 2022 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, March 30, 2023

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

Lien Winne
Réviseur d'Entreprises / Bedrijfsrevisor

CONDENSED FIVE-YEAR CONSOLIDATED FINANCIAL STATEMENTS

IN THOUSANDS OF EUR	2022	2021	2020	2019	2018
REVENUE	**877,451**	**750,251**	**663,289**	**612,737**	**556,435**
Raw materials, packaging and co-manufacturing	(311,310)	(250,617)	(216,376)	(197,799)	(184,804)
Services and other goods	(218,277)	(192,231)	(176,804)	(168,966)	(150,732)
Employee benefit expenses	(173,618)	(152,857)	(137,116)	(123,493)	(111,977))
Depreciation and amortisation expenses	(25,245)	(23,115)	(21,001)	(17,754)	(12,942)
Impairment on inventories and trade receivables	(3,992)	(3,384)	(2,710)	(2,135)	(1,706)
Other operating expenses	(8,534)	(8,253)	(5,919)	(3,254)	(2,123)
Other operating income	3,711	4,011	7,751	3,555	2,879
RECURRING OPERATING RESULT (REBIT)	**140,188**	**123,805**	**111,114**	**102,891**	**95,030**
Non-recurring income and expenses	(3,807)	(4,135)	(4,593)	(2,292)	(3,005)
OPERATING RESULT (EBIT)	**136,381**	**119,670**	**106,521**	**100,599**	**92,025**
Financial result	(2,354)	(2,373)	(3,004)	(2,514)	(3,324)
Interest income (expenses)	(2,565)	(2,766)	(2,726)	(4,460)	(2,435)
Foreign exchange gains (losses)	988	886	51	2,232	(596)
Other financial income (expenses)	(777)	(493)	(329)	(285)	(293)
RESULT FOR THE PERIOD BEFORE TAXES	**134,027**	**117,297**	**103,517**	**98,086**	**88,701**
Income taxes	(30,744)	(26,554)	(20,972)	(22,317)	(20,829)
NET RESULT	**103,283**	**90,743**	**82,545**	**75,769**	**67,872**
Attributable to non-controlling interests	43	(24)	(48)	857	964
Attributable to equity holders of Lotus Bakeries	103,240	90,767	82,593	74,912	66,908

IN THOUSANDS OF EUR	DECEMBER 31, 2022	DECEMBER 31, 2021	DECEMBER 31, 2020	DECEMBER 31, 2019	DECEMBER 31, 2018
Non-current assets	**820,000**	**690,120**	**622,840**	**641,122**	**545,647**
Goodwill	225,246	224,846	216,485	229,365	177,639
Intangible assets	146,735	144,745	139,966	142,709	138,887
Property, plant and equipment	428,244	307,725	258,182	263,793	219,897
Investments in other companies	16,806	9,755	4,403	2,243	2,460
Deferred tax assets	2,212	2,182	3,351	2,505	3,936
Other non-current assets	757	867	453	507	2,828
Current assets	**275,036**	**301,972**	**221,387**	**171,507**	**165,925**
Inventories	70,361	57,901	46,827	44,461	39,066
Trade and other receivables	120,074	105,164	89,042	84,524	78,593
Current tax assets	4,947	5,276	3,142	1,075	523
Cash and cash equivalents	76,435	132,160	81,261	40,093	45,597
Other current assets	3,219	1,471	1,115	1,354	2,146
TOTAL ASSETS	**1,095,036**	**992,092**	**844,227**	**812,629**	**711,572**
Equity	**572,141**	**519,532**	**433,744**	**402,477**	**346,927**
Non-current liabilities	**266,186**	**289,450**	**261,841**	**239,584**	**198,042**
Interest-bearing liabilities	196,066	218,837	198,156	158,010	116,500
Deferred tax liabilities	63,716	64,243	57,195	50,737	52,725
Employee benefit obligations	4,411	4,020	3,748	3,712	3,519
Provisions	122	116	282	285	377
Derivative financial instruments	107	371	717	2,340	2,319
Other non-current liabilities	1,765	1,863	1,743	24,500	22,602
Current liabilities	**256,709**	**183,110**	**148,642**	**170,568**	**166,603**
Interest-bearing liabilities	70,178	17,439	12,552	36,579	36,655
Employee benefit obligations	232	333	317	325	234
Provisions	21	21	21	21	21
Trade and other payables	172,995	154,377	118,647	118,356	111,526
Current tax liabilities	10,367	5,850	12,701	11,630	14,761
Other current liabilities	2,917	5,091	4,404	3,657	3,406
TOTAL EQUITY AND LIABILITIES	**1,095,036**	**992,092**	**844,227**	**812,629**	**711,572**

CONDENSED STATUTORY FINANCIAL STATEMENTS – LOTUS BAKERIES NV

STATUTORY BALANCE SHEET

IN THOUSANDS OF EUR	DECEMBER 31, 2022	DECEMBER 31, 2021
ASSETS		
FIXED ASSETS	650,392	625,826
II. Intangible assets	-	1,497
IV. Financial fixed assets	650,392	624,329
CURRENT ASSETS	44,272	38,686
VII. Amounts receivable within one year		
A. Trade debtors	21,784	18,603
B. Other amounts receivable	1,254	253
VIII. Current investments		
A. Own shares	18,976	9,514
IX. Cash at bank and in hand	2,215	10,286
X. Deferred charges and accrued income	44	30
TOTAL ASSETS	694,664	664,512

IN THOUSANDS OF EUR	DECEMBER 31, 2022	DECEMBER 31, 2021
EQUITY AND LIABILITIES		
Equity	226,519	133,344
I. Contribution		
A. Share capital	3,591	3,591
B. Share premium	12,797	12,797
IV. Reserves		
A. Reserves not available	19,407	9,945
B. Untaxed reserves	545	545
C. Available reserves	190,179	106,466
VIII. Amounts payable after more than one year	198,455	208,311
A. Financial debts	198,455	198,455
D. Other amounts payable	-	9,856
IX. Amounts payable within one year	269,689	322,857
B. Financial debts	215,433	280,182
C. Trade debts	15,372	7,561
E. Taxes, remuneration and social security	1,852	2,201
F. Other amounts payable	37,032	32,913
TOTAL EQUITY AND LIABILITIES	694,664	664,512

STATUTORY INCOME STATEMENT

IN THOUSANDS OF EUR	2022	2021
I. OPERATING INCOME	21,784	18,506
II. Operating expenses		
B. Services and other goods	(10,364)	(4,253)
D. Depreciation and other amounts written off of formation expenses, intangible and tangible fixed assets	(1,497)	(1,497)
G. Other operating expenses	(69)	(77)
I. Non-recurring operating expenses	-	-
III. OPERATING PROFIT	9,854	12,679
IV. Financial income		
A. Income from financial fixed assets	127,495	6,533
B. Income from current assets	2	-
C. Other financial income	637	2,179
V. Financial expenses		
A. Debt expenses	(4,958)	(3,813)
C. Other financial expenses	(194)	(101)
D. Non-recurring financial expenses	(591)	-
VI. RESULT FOR THE PERIOD BEFORE TAXES	132,244	17,477
VIII. Income taxes	(2,099)	(3,526)
NET RESULT	130,146	13,951
Result allocation		
A. Profit to be appropriated		
1. Gain of the period available for appropriation	130,146	13,951
B. Withdrawals from capital and reserves		
2. From reserves	-	18,940
C. Transfer to capital and reserves		
3. To other reserves	93,175	-
F. Profit to be distributed		
1. Dividends	(36,721)	(32,641)
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.

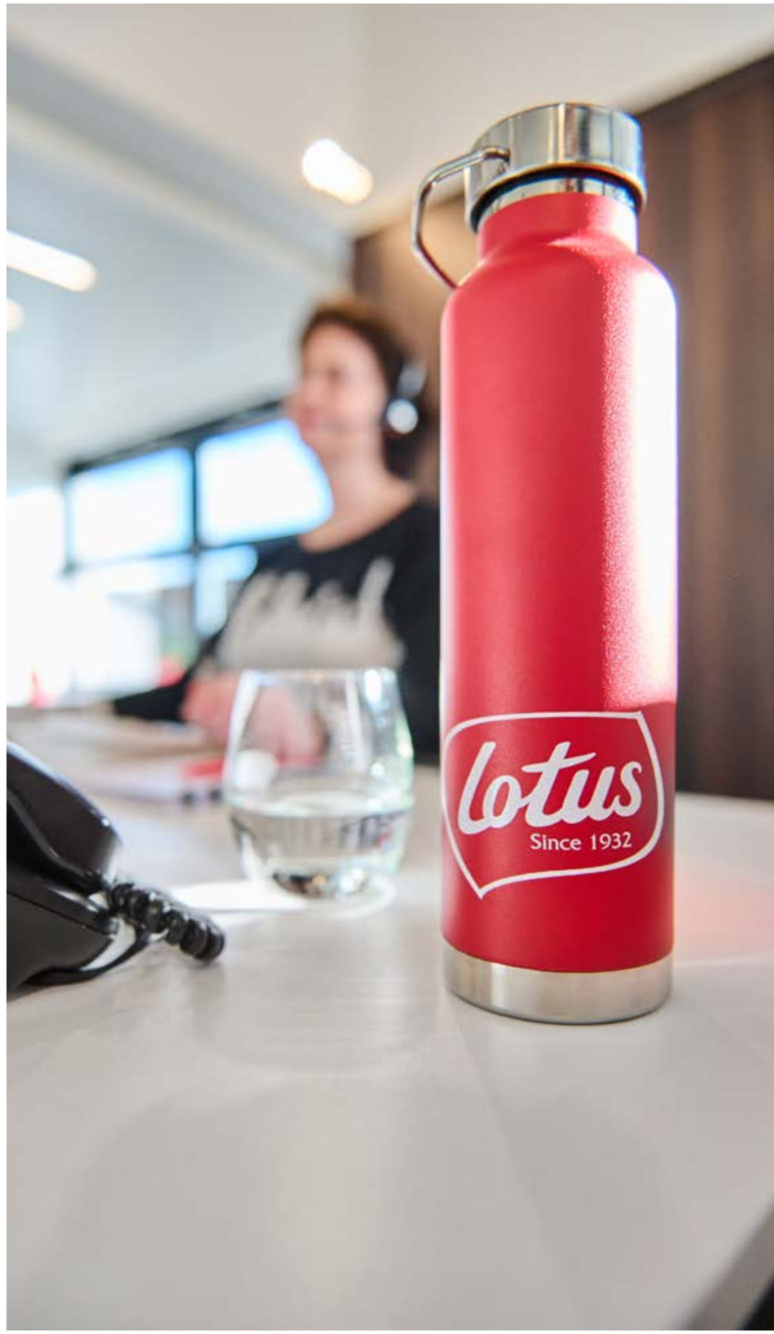
Exchange rate differences are processed in the same way as for foreign currency receivables.

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 Belgie NV;
- Cremers-Ribert NV;
- Interwaffles SA;
- Lotus Bakeries Corporate NV;
- Biscuiterie Willems BV.

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



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Register of legal persons of Ghent,
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