



# Press release

Regulated information  
16 August 2021 - 5.45 PM

## LOTUS BAKERIES: HALF-YEAR RESULTS 2021

- Lotus Bakeries achieves a turnover growth of 13% in the first half of 2021.
- Lotus Biscoff® achieves 20% growth.
- Lotus Natural Foods posts 40% growth in the second quarter.
- Recurring EBITDA rises by EUR 10 million to EUR 77 million, up 15%.
- Net profit also rises by almost EUR 10 million, marking a 25% increase.

### 1. Half-year results 2020

Income statement <sup>(1)</sup> (in thousands of EUR)	30/06/2021	30/06/2020	Evolution %
<b>Turnover</b>	<b>365,248</b>	<b>323,271</b>	<b>+ 13.0</b>
Recurrent operating result (REBIT) <sup>(2)</sup>	64,460	55,030	+ 17.1
<b>Recurrent operating cash flow (REBITDA) <sup>(3)</sup></b>	<b>77,344</b>	<b>67,074</b>	<b>+ 15.3</b>
Non-recurrent operating result	(1,294)	(4,007)	- 67.7
Operating result (EBIT) <sup>(4)</sup>	63,166	51,023	+ 23.8
Financial result	(1,506)	(2,547)	- 40.9
Profit for the year before taxes	61,660	48,476	+ 27.2
Taxes	(13,890)	(10,295)	+ 34.9
Net result	47,770	38,181	+ 25.1
<b>Recurrent net result</b>	<b>48,774</b>	<b>41,337</b>	<b>+ 18.0</b>
Total number of shares on 30 June <sup>(5)</sup>	811,837	810,244	+ 0.2
<b>Key figures per share (in EUR)</b>			
Recurrent operating result (REBIT)	79.40	67.92	+ 16.9
Recurrent operating cash flow (REBITDA) <sup>(3)</sup>	95.27	82.78	+ 15.1
<b>Balance sheet (in thousands of EUR)</b>			
Balance sheet total	911,519	848,486	+ 7.4
Equity	471,226	391,555	+ 20.3
Investments <sup>(6)</sup>	17,630	31,022	- 43.2
Net financial debts <sup>(7)</sup>	129,640	170,870	- 24.1

(1) Further information on the income statement and balance sheet can be found on the website: [www.lotusbakeries.com](http://www.lotusbakeries.com)

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

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

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

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

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

(7) Net financial debts are defined as interest bearing financial debts - investments - cash and cash equivalents - treasury shares, and are reported excluding the 'lease liability' that results from the implementation of the IFRS 16 Leases standard. Including this 'lease liability', the net financial debts amount to EUR 137 million.

The statutory auditor, PwC Bedrijfsrevisoren, represented by Lien Winne, has executed a review of the consolidated balance sheet and consolidated interim financial information. The statutory auditor has no comments. For the statutory auditor's report we refer to the Interim Financial Report on our website.





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## 2. Management explanation

### 2.1 Group turnover up by 13% or EUR 42 million

In the first half of 2021, the consolidated turnover of the Lotus Bakeries Group rose by EUR 42 million to EUR 365.2 million, up 13%. Without the impact of negative exchange rates and on a constant currency and day basis, turnover growth would have risen 14.6%.

Even though both the COVID-19 pandemic with general lockdown measures and the impact of negative exchange rates provided an unfavourable basis for comparison with last year, growth was nevertheless achieved in the first quarter. The gradual reopening of all of the out-of-home channels and the resumption of on-the-go consumption provided an overall acceleration of growth in the various markets and channels in the second quarter.

Lotus Biscoff®, the Group's number one and largest strategic pillar, grew by 20% in the first half of the year. In addition to the positive impact of the hospitality sector reopening and the gradual recovery of air traffic in the United States, the international expansion of Lotus Biscoff®, Lotus Biscoff® Spread and Lotus Biscoff® Ice Cream continues unabated in every country and continent of the world. For instance, double-digit growth was recorded in among others the UK, Germany, Spain, Italy, Czech Republic, Switzerland, Sweden, China, South Korea, Japan, Israel, United Arab Emirates, Kuwait, Singapore, Jordan, Turkey, Australia, Canada, Egypt, Indonesia and Malaysia.

Furthermore, the innovations launched in 2020 also provided additional growth. After a successful launch in four countries in 2020, the Lotus Biscoff® Sandwich Cookie has also been enthusiastically welcomed in all other countries where it was introduced. In the second half of 2020, Lotus Bakeries also made a successful entrance into the chocolate category. Lotus Biscoff® Chocolate has now built up a wide distribution in Belgium and its range of products has already been expanded further.



The second strategic pillar at Lotus Bakeries is Lotus Natural Foods. After a very strong first quarter in 2020, sales from the Lotus Natural Foods brands năkd, TREK, Kiddylicious and BEAR fell sharply when lockdowns were introduced in the second quarter of 2020. All products for which the on-the-go aspect is an important consumption factor were affected by the shutdown of offices and schools and by the restrictions on travel to work, to visit family or out of the home.





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Following a significant and systematic recovery from July last year onwards, the Lotus Natural Foods brands had recovered to the 2019 level by the end of 2020. The first two months of 2021 were highlighted by the tightening of lockdowns, which, when combined with a pre-COVID comparison basis, produced slightly negative growth. From March, there was a systematic upward trend in growth month after month, resulting in two record months in May and June 2021. Lotus Natural Foods posted 40% growth in the second quarter, which was also the best quarter result it had ever achieved in its history. All brands and concepts have seen strong growth in recent months.

This strong, rapid recovery after the COVID-19 pandemic supports the belief that the strategy for Lotus Natural Foods is the right one. This is a strategy based, on the one hand, on the development of market-leading brands in the UK and, on the other hand, on the accelerated international growth of brands outside the UK. Kiddylicious, for example, became the market leader in the Baby Snacking category in the UK for the first time in June, with international Lotus Natural Foods business growing by 20% in the first half of the year.

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

In Belgium and France, Lotus posted good growth in the first half of the year with its “hero” products in the waffle and pastry range. These products were again also supported by targeted media campaigns.

In the Netherlands, the market share of Peijnenburg remained stable in the first half of the year. The on-the-go gingerbread brand Snelle Jelle continued to be adversely affected by the impact of the lockdowns in the first quarter, but has seen solid growth again in recent months.

## 2.2 Recurring EBITDA up by more than 15%

Recurring operating profit REBIT (EUR 64.5 million or 17.6% in relation to turnover) and recurring operating cash flow REBITDA (EUR 77.3 million or 21.2% in relation to turnover) rose by EUR 9.4 million and 10.3 million respectively compared to last year.

Turnover and volume growth is accompanied by a positive commercial and operating margin contribution. In addition, the Group also continues to invest in the organisation and employees. The growth targets and expansion plans can only be achieved by strengthening and expanding sales teams, operational teams and the supporting functions, which must evolve with the growing and increasingly international Group. Earlier this year, for example, an announcement was made about setting up a new Lotus Natural Foods International headquarters in Switzerland, where all international operations, brands and Global Accounts will be centralised. This new office is up and running and already has 25 staff at the moment.

Certain media campaigns were relaunched in the second half of 2020. The level of media support is maintained in a disciplined and selective manner and is currently still below pre-COVID levels.

The non-recurring operating profit is EUR -1.3 million. This was EUR -4 million last year and mainly included then direct COVID-19 costs for ensuring operational continuity and safety in the factories. This year's costs mainly cover the costs for supporting capacity expansions in the US for Lotus Biscoff® and BEAR and one-off costs following the relocation and merger of two Natural Foods offices in the UK.

The financial result of EUR -1.5 million consists mainly of interest payments. Unrealised exchange rate results on balance sheet items in foreign currencies are limited and were negative last year.

The tax burden accounted for EUR 13.9 million, or 22.5% of the pre-tax profit. The lower tax burden last year was positively influenced by the last nominal rate reduction in Belgium to 25%. In addition, there was a one-off positive effect from the exemption applied from double taxation. As a one-off result, the effective tax burden was also lower last year.





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Net profit rose by almost EUR 10 million compared to the first half of 2020, or by more than 25% to EUR 47.8 million. Recurring net profit increased by 18% to EUR 48.8 million or 13.4% in relation to turnover. The recurring net result consists of the reported net result without non-recurring costs.

## 2.3 Decrease in net financial debt by EUR 41 million compared to the 2020 half-year period

Lotus Bakeries generated a new record operating cash flow of EUR 142.6 million over the past 12 months. Net financial liabilities fell to EUR 130 million at the end of June 2021, down EUR 41 million compared to the end of June 2020. The ratio of net financial debt to REBITDA has therefore fallen to 0.9 compared to 1.4 at the end of June 2020.

In addition, the reported net financial debt of EUR 137 million includes EUR 7 million in additional debt to be expressed through the application of the IFRS 16 "Leasing" standard.





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### 3. Lotus Biscoff® becomes one of the largest cookie brands in the world

Lotus Biscoff® has seen double-digit growth in recent years. All the concepts have contributed to this: the cookie, the spread and, in recent years, also the ice cream. Growth was also accelerated by the innovations made in 2020. Last year, for example, the new Lotus Biscoff® Sandwich cookie was introduced, which has seen rapid growth. After a successful launch of Lotus Biscoff® Chocolate in Belgium in 2020, preparation for an international launch in the second half of 2021 is already in full swing.

The healthy growth experienced by Lotus Biscoff® is based on the “Biscoff® repeatable model”. The penetration of Lotus Biscoff® in a given country determines the strategy. Penetration is defined as “how many families purchase a Lotus Biscoff® product at least once a year”. There are four phases which countries go through according to the degree of penetration: create, build, accelerate and, last of all, expand. Each phase has a detailed playbook with activation levers such as channel, range, pricing, cooperation with out-of-home partners or leading A-brands in retail, media activation, etc. The whole setup is supported by an organisational and operating model.

The growth achieved in terms of penetration in large and small consumer markets where Lotus Bakeries is already active, combined with the ability to increase that penetration further, supports the belief that Lotus Biscoff® will become one of the largest cookie brands in the world.

In the medium term, the ambition is to continue to achieve double-digit growth with Lotus Biscoff®. To support this ambition and growth, a great deal of investment is being made in production capacity, as well as in employees and the organisation.

For example, Lotus Bakeries has decided to continue investing in Lotus Biscoff® capacity in both Belgium and the US. New lines will be started up on both continents in 2022. These expansions will create additional employment in Belgium and the United States. In addition, international investments are also being made in the Lotus Biscoff® sales and marketing teams.

The current HQ in Lembeke will be expanded with the new “House of Biscoff”. All the commercial teams operating internationally and at group level for Lotus Biscoff® will be brought together in this new office. Construction has already started and the “House of Biscoff” will be put into operation in the second quarter of 2022.





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#### 4. Successful implementation of the Lotus Natural Foods growth strategy

In 2020, the foundations of the growth strategy for Lotus Natural Foods were reinforced further.

The main strands of the Lotus Natural Foods strategy are as follows:

- Building and consolidating market leadership in the UK with a portfolio of strong brands combined with accelerating innovations in existing and adjacent categories;
- Accelerating globalisation both through the Lotus Bakeries network of sales offices and through commercial partners in other countries;
- Further growth through acquisitions or full integration of brands from the FF2032 corporate venture fund.

The organisation was strengthened by bringing together all the international brands and activities in the new international Lotus Natural Foods office in Baar, Switzerland. In addition, it was also decided to open a new Lotus Natural Foods headquarters in the northwest of London, St Albans, specifically for the UK. The brands retain their individual identity and strategic independence while facilitating synergy for support activities.

The benefits of these reorganisations will be reaped as early as 2021, both globally and in the UK. In addition, there is a clear strategy to expand distribution further internationally and to consolidate growth in the UK of the core range, supplemented by the launch of new products in existing but also new segments. An innovation strategy and funnel have been defined for all brands from which many new references have already been launched in 2021, such as nākd Chocolish, TREK Power, BEAR Giants and BEAR ice lollies. The Kiddylicious range was expanded with a completely new range for children aged +3 years, with Fruity Drops, Popped Hoops and Veggie Buttons.

#### 5. E-commerce already accounts for 8% of group turnover and is growing strongly

In recent years, e-commerce, both through e-tailers among which Amazon and through online platforms operated by traditional retailers, has evolved into an important sales channel. E-commerce opens up new opportunities for achieving incremental growth and penetration for both Lotus Biscoff® and the Lotus Natural Foods brands. Nowadays, e-commerce already accounts for 8% of group turnover and is growing strongly.

Lotus Bakeries has used an internal and external strategic working group during the past year to determine the strands of the future e-commerce strategy. This organisation is further strengthened in order to provide the necessary focus and develop expertise further both in the commercial teams of the countries and at group level.





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### 6. FF2032 invests in direct-to-consumer concept Oot

FF2032, the corporate venture fund of Lotus Bakeries, acquired in May 2021 a minority stake in the Dutch brand Oot, which markets fresh, organic and gluten-free granolas that are low in sugars. The interest in Oot is motivated by its purely online "direct-to-consumer" concept.

By acquiring this stake, FF2032 has added a fourth promising growth company to its portfolio, along with UK's Peter's Yard (sourdough crackers and crispbreads) and US companies Love Corn (crunchy corn snacks) and Partake Foods (allergen and gluten-free cookies).

Each of these holdings is inspired by the innovative products, technologies or market approaches which these companies bring to the food sector. In addition, they all come under the "Better-for-you Food & Drinks" segment. In time, certain holdings could possibly be integrated within Lotus Natural Foods, thereby creating an attractive growth opportunity as part of the Lotus Natural Foods strategy.





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## 7. Conclusion and outlook

Lotus Bakeries has again achieved strong growth in the first half of the year with a level of profitability which rises even more proportionally at both the level of recurring operating profit and net profit. Net profit has risen by 25% or almost EUR 10 million.

The strategic growth pillars Lotus Biscoff® and Lotus Natural Foods have both contributed to that growth and profitability.

Lotus Biscoff® has achieved significant growth of 20% in the first half of the year, including through the reopening of the out-of-home channels and the further internationalisation of the Lotus Biscoff® Sandwich Cookie. The solid and geographically diverse growth strengthens confidence in the ambition to make Lotus Biscoff® one of the largest cookie brands in the world. Similarly, the target is to continue to achieve double-digit growth with Lotus Biscoff® in the years ahead. Lotus Biscoff® innovations will definitely make a positive contribution to this. As will the announced investments in additional capacity, which have already started both in the Lembeke plant, Belgium and in Mebane, the US.

In 2020, the foundations of the growth strategy for Lotus Natural Foods were reinforced further. The benefits of these investments are being reaped as early as 2021. The second quarter was the best quarter result ever achieved in the history of Lotus Natural Foods, with a growth rate 40% higher than the second quarter in 2020.

CEO Jan Boone looks back on the first half of 2021:

*“It gives me great pride to announce these impressive growth figures for the first half of 2021. But the best part of the Lotus Bakeries story has yet to be written as we have only just begun to conquer the world with our two international growth leaders, Lotus Biscoff® and Lotus Natural Foods. Every year, millions of families are putting our products in their shopping basket for the first time. And yet, if you look at the trajectory we can follow in all these countries, the potential is still huge. So yes, we’re proud of the result achieved in the past six months but, above all, we’re ready and really fired up to conquer the world.”*

Lotus Bakeries has achieved significant growth in recent years. The globalisation of Lotus Biscoff®, the strategic investments in the US and the successful acquisitions and globalisation of the British Natural Foods brands have raised the profile and aroused interest in the Lotus Bakeries story. All of this has also grabbed the attention of a wider and more international community of investors. More analysts, both domestic and international, have also recently started monitoring the stock. To meet this increased interest, Lotus Bakeries will step up its investor relations activities, in relation to both present and future investors, and publish an investor relations information deck. In this way, Lotus Bakeries also wants to increase the velocity of the stock and attract a more diversified share ownership.







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## 8. Financial calendar

Financial analyst meeting:	17 August 2021
Publication Investor Relations information deck:	17 August 2021
Announcement of the 2021 annual results:	7 February 2022
Annual Report 2021 available on <a href="http://www.lotusbakeries.com">www.lotusbakeries.com</a> :	13 April 2022
General Meeting of Shareholders:	13 May 2022
Announcement of the 2022 half-year results:	12 August 2022

### Lotus Bakeries in a nutshell

*Lotus Bakeries began in the village of Lembeke in 1932 and is now active worldwide in the indulgent and natural snacking segment with the Lotus, Lotus Biscoff®, Dinosaurus, Peijnenburg, Annas, nākd, TREK, BEAR and Kiddylicious 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 own sales organisations in Europe, America and Asia. Lotus Bakeries also works with commercial partners in approximately fifty countries worldwide. Lotus Bakeries has more than 2,000 employees. By maintaining a healthy balance between tradition and innovation, the Lotus brand indulges consumers with a unique range of high-quality, tasty products. The secret of Lotus Biscoff® lies in the cookie's unique flavour, distinctive design and delightful crispiness. The unique caramelised cookie flavour has meanwhile also been incorporated into a spread, ice cream and chocolate. A wide range of cake specialties and waffles are furthermore offered under the Lotus brand name. Koninklijke Peijnenburg is the market leader for gingerbread in the Netherlands and Annas is a typical Swedish speciality of pepparkakor biscuits: thin, crunchy biscuits flavoured with ginger and cinnamon. Under the nākd, TREK and BEAR brands, Lotus Bakeries offers tasty snacks, manufactured from all-natural, unprocessed ingredients, with no added sugar. Kiddylicious focusses on healthy snacking for babies, toddlers and pre-schoolers. In 2020 the Group achieved a turnover of EUR 663 million. The shares of Lotus Bakeries are listed on Euronext Brussels. The majority of the shares are owned by the Boone and Stevens family.*

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

