

The next step towards more value.

Summary
integrated annual report
2021/2022





Foreword

This is the summary of Royal Avebe's annual report for the financial year 2021/2022.

It was a year full of challenges. The 7th Nitrates Directive Action Programme came into the picture. An example of continuously changing laws and regulations that have an enormous impact on our members. On top of that, inflation continued, the war in Ukraine started and an energy crisis took hold in Europe.

Our members, employees and customers are feeling the effects. This takes us into a new reality. Our agility has become even more important.

We achieved great results together through the tremendous dedication and commitment of our members and staff. We have every reason to be proud of that. I would like to thank everyone for their input. There are also things we could be doing better. This is the case with our safety ratings, for instance.

We will need to be extra vigilant about that in the coming year.

The financial result of the starch potato cultivation also needs to increase substantially.

This is important to keeping the cultivation attractive. I am confident that together we can make great strides in this. Just like the opportunities for Avebe in the plant-based transition.

I look forward to spending another new year with inspired members and staff!



David Fousert
CEO, Royal Avebe

Our value creation model

Input



Cooperative of 2,242 growers
(social capital)



Research & Development
(intellectual capital)



Potatoes, energy and water
(natural capital)



Production facilities
(produced capital)



Committed employees
(human capital)



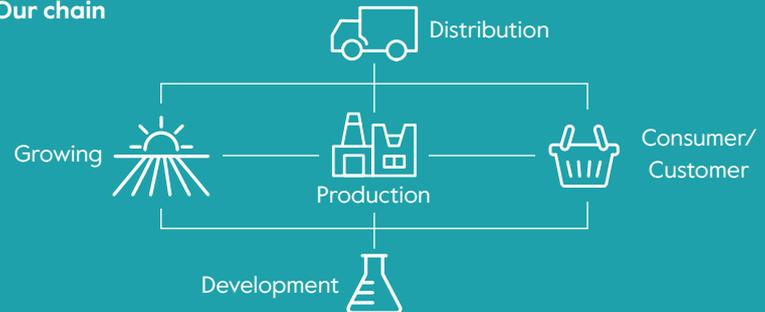
Equity & invested capital
(financial capital)

Business model

What we do

Royal Avebe is a cooperative of starch potato growers in the Netherlands and Germany. We develop high-value ingredients from potato starch and potato protein. We are working towards a sustainable food system with our members, customers, employees and other stakeholders.

Our chain



Our goal for 2023

In 2023 we will have a positive effect on the lives of more than 500 million consumers by promoting their health, well-being, prosperity, and environmentally friendly lifestyle.

Output

Heading for more value

- € 98.56 performance price



Growth in good food

- 33% of the sales result from Good Nutrition products
- 4 new patents filed



Market-driven sustainable potato cultivation

- -2% potato starch and protein per hectare
- -12% environmental impact per hectare
- +2 carbon eq. per tonne of starch
- 1,394 hectares of acreage with new Averis varieties



Improve our ecological footprint

- 203 kilotonnes of carbon emissions
- 0.181 tonnes of carbon per tonne of product
- 121,169 tonnes gross weight of sludge
- 5.4% tare of potato weight
- 15.9 Mm³ water



Cooperation for the customer

- 8.3 employee engagement score
- 1.7 accident frequency index (TRIFR)
- 356 customer complaints



Impact & SDGs

Towards more plant-based food

We are working to accelerate the protein transition with our products and in collaboration with partners.



Towards more sustainable agriculture

Together with our members, we work for a sustainable food system and resilient agriculture with a fair price for farmers.



Towards more efficient production

We lower our water consumption, our carbon emissions and our waste streams to reduce our negative impact on natural capital such as climate and water.



How we create value

The Avebe house

Five pillars have been identified to help us achieve our strategic goals. They are the ingredients we use to achieve our responsible growth. Cooperation for the customer is the foundation of our new strategy.

It is the foundation of the three pillars: growth in good food, market-driven sustainable potato cultivation and improving our ecological footprint. The three pillars carry the roof of the Avebe house and form the goal that we pursue: Heading for more value.

Our efforts by pillar are described from page 8 onwards.

Our strategy

The strategic period runs until 31 July 2023. For that reason, in financial year 2022/2023, we will develop a new strategy for the next five years.



Five ingredients for responsible growth



1. Heading for more value

We strive to achieve the best solution for all stakeholders: our growers, our customers and our employees. We call that 'shared value'.

Goal for 2023: Increase of the performance price to 105 euros per tonne of potatoes under normal harvest conditions.



2. Growth in good food

Adding more and more value with our healthy, nutritious, environmentally friendly and plant-based potato ingredients.

Goal for 2023: The value of food ingredients used in plant-based and environmentally friendly end products will increase fivefold compared to 2017/2018.



3. Market-driven sustainable potato cultivation

We stand for a sustainable food chain in which our members grow a high-quality raw material sustainably and transparently.

Goal for 2023: 10% less environmental impact per hectare* | 10% more potato starch and potato protein from a hectare* | 10% lower carbon emissions per tonne of potato starch* | 3,000 hectares of acreage is dedicated to new varieties*. * compared to 2017/2018



4. Improve our ecological footprint

We improve our production processes by focusing on energy saving and greening, reducing water of consumption and reducing waste flows such as tare and sludge.

Goal for 2023: 12% lower carbon emissions in total and per tonne of product* | 20% less water use in total* | 25% reduction in waste flows from both tare and sewage sludge*
* compared to 2017/2018



5. Cooperation for the customer

Committed and motivated employees who continue to learn and together put the customer first.

Goal for 2023: >7.5 score on both employee engagement and enthusiasm | an accident frequency index lower than 0.5 | 8 critical integrated processes have been improved since 2018/2019.



I. Heading for more value

Value creation for our growers, customers, employees and society is Royal Avebe's overarching goal.

We do this in a market-driven, innovative and sustainable way. As a cooperative of growers with our own breeding company, factories and innovation center, we play an important role throughout the supply chain: from the field to the customer.

Performance price

This is how we work together to increase the performance price and the cooperative result. Last financial year, the aftermath of the corona crisis and the war in Ukraine led us to adapt our ambition for the performance price (at least 95 euros per tonne of potatoes by 2023) to the new reality.

With the sharp increase in growing costs, we want the performance price to rise faster. For 2023, this means we are going for a performance price of at least 105 euros.

The performance price is the yield value per tonne of potatoes. It is one of the most important measures of the results that the cooperative achieves for its members.

To compare the performance price of different years, we consider a standard starch percentage of 19 per cent in the calculation each year. In 2021/2022, the performance price reached 98.56 euros.

Heading for more value

	Result (2021/2022)	Goal for 2023
Performance price (€)	98.56	105.00

A clear vision for a sustainable and circular farming system

We need to work with the whole chain to achieve a future-oriented agricultural system. That is exactly what is happening in the innovation programme Fascinating (Food Agro Sustainable Circular Nature Technology) in Groningen. Agrifirm, FrieslandCampina, Royal Avebe and Royal Cosun work with other agricultural companies, knowledge institutions and the community.

The goal: a nature-inclusive, sustainable and circular farming system.

Peter-Erik Ywema, director of Sustainability at Avebe and member of the Programme Board of Fascinating: "The programme focuses on four tracks: healthy and balanced nutrition, sustainable production of nutritional crops, energy efficiency and sustainable processing and utilisation of residual streams. We want to offer products that make healthy eating easy and are produced more sustainably, and offer prospects to the agrifood sector. For example,

by growing (new) protein-rich crops, which go well together in a cultivation plan with our starch potatoes."

"One of the projects we are currently working on focuses on the more sustainable production of functional protein from potatoes, a process that requires a lot of heat and water," Peter-Erik explains. "Fascinating ultimately creates a major role for Groningen in the protein transition, where classic and new crops suitable for plant protein products can be grown on a large scale. With a good price for farmers."

Peter-Erik Ywema

Director Sustainability at Avebe and member of Programme Board of Fascinating





2. Growth in good food

The world population is growing and so is the demand for food. Also, as parts of the world's population become more affluent, more consumers are eating foods with a greater environmental impact, such as meat, fish and other animal products. At the same time, especially in North America and Europe, there is a lot of focus on health, sustainability and animal welfare. This is reflected in the increasing demand for plant-based products.

Innovating for the protein transition

The aim of the strategic pillar 'Growth in good food' is to create more value with potato protein and potato starch products that can be used in plant-based alternatives for dairy and meat. Potato proteins are in fact a healthy, nutritious alternative to animal ingredients, with a much smaller footprint. We also develop clean label starch products to support the trends in healthy eating.

Good food products

We have recently developed several new concepts, such as applications for plant-based burgers. We also developed a plant-based pâté, several meat and dairy alternatives and a plant-based alternative to gelatine from pig and cow bones in confectionery.

We are also working on applications for plant-based cheese. Last year, for instance, we launched plant-based Parmesan, feta and pizza cheese.

Growth in good food

	Result (2021/2022)	Goal for 2023
Value of products in plant-based and environmentally friendly end products	33%	40%

It looks like meat and tastes like meat, but it's not meat: ME-AT The Alternative.

By 2050, the world's population is expected to number 10 billion people. Prosperity will also increase. This development goes hand in hand with the increased demand for animal protein. If animal protein consumption increases globally to current levels in Europe and North America, 1.7 planets will be needed for production.

Although Vion derives its turnover almost entirely from meat, the company set out on a new course. With ME-AT The Alternative, Vion focuses on producing plant-based meat alternatives. And that is where Avebe's protein plays an important role. Meanwhile, ME-AT has grown considerably with Willem Cranenbroek at the helm.

A growing market

Although the name ME-AT The Alternative is in no way inferior to well-known brands like Beyond Meat or De Vegetarische Slager, the

products are not sold as their own label.

Willem: "To minimise the barrier to buying meat substitutes, we want to approach meat as close as possible. That is why the products can be found as private labels on fresh food shelves. Once the fresh product supply grows, the move from meat to plant-based becomes easier."

Expanding the world of plant proteins

Royal Avebe is an important partner for ME-AT. The potato protein gives a meat-like texture, making the meat substitutes almost indistinguishable from 'real' meat.

Willem Cranenbroek

General Manager at ME-AT The Alternative





3. Market-driven sustainable potato cultivation

Together with its members, Royal Avebe is working on making starch potato cultivation more sustainable to serve the market with innovative ingredients now and in the future. The starting point for cultivation is higher yields and less impact on climate and biodiversity.

Sustainable cultivation programme

In 2018, a sustainable cultivation programme was established to work with our members to achieve the three '10 per cent-targets'. Achieving the targets should also mean an extra 500 euros per hectare for our growers. We therefore call our programme the '3 × 10 = 500 programme'.

Optimal nitrogen fertilisation

An optimal starch yield calls for adequate fertilisation. The amount of nitrogen is particularly important here. Nitrogen affects yield, starch and protein percentages, the susceptibility of potatoes to diseases and pests, and the timing of crop maturation. On its

own, nitrogen fertiliser also affects much of the crop's carbon footprint and excess residual nitrogen can negatively affect groundwater quality. Through nitrogen fertilisation trials, we can determine the optimal nitrogen application rate and give growers variety-specific fertilisation advice.

Market-driven sustainable potato cultivation

	Result (2021/2022)	Target 2023
Participation in crop registration for the acreage	69%	60%
Starch yield per hectare (10-year average)	-2%	10%
Carbon footprint per tonne of starch	-2%	-10%
Environmental impact per hectare	-12%	-10%
Acreage of new Averis varieties (ha)	1,394	3,000



4. Improve our ecological footprint

We process starch potatoes into products at our potato starch and protein plants. We do this using processes that require energy, water and other resources. We strive daily to make our footprint smaller, sometimes through big investments and innovations and sometimes through small, smart adjustments.

Electric boilers

We are installing electric boilers at our locations in Gasselternijveen and Ter Apelkanaal. With these boilers, the steam at these sites is produced hybrid with both electricity and gas. Thanks to the use of green electricity from the solar parks Hollandia and Ter Apelkanaal, we substantially reduce of carbon emissions with the electric boilers.

Focus on further water savings

Water reduction remains a key concern. With growing volumes of products with higher water consumption, we continuously look for savings opportunities and technology to reuse water more efficiently. Thanks to the expansion of membrane technology to the Dallmin and Gasselternijveen sites, we can convert more potato juice into process water.

Improve our ecological footprint

	Result 2021/2022	Goal for 2023
Carbon emissions	-19%	-12%
CO ₂ emissions/tonnes of product	-11%	-12%
Water usage	-22%	-20%
Waste - Tare	+4%	-25%
Waste - Sludge	-6%	-25%





5. Cooperation for the customer

We work with our members, customers, research institutions and other stakeholders to produce healthy, nutritious and environmentally friendly ingredients. We achieve this with sustainably employable, vital and engaged employees who do their jobs in a safe working environment.

Good employment practice

At Royal Avebe we see employee development as a continuous process. As well as gaining knowledge, we help employees to develop their skills. As part of the Play to Win programme, we invest in developing management, project, and personal leadership skills.

Safety

Safety is a key focus at Avebe. We did not achieve our target in this area. Fortunately, there were no fatalities or accidents involving a recovery period of more than six months.

We are hugely aware that the high number of incidents increases the likelihood of a serious accident, and we are doing all we can to reverse this trend.

Cooperation is important within Avebe. This is how we achieve the best result for the customer. We focus sharply on the alternatives presented by the starch potato to provide a good answer to constantly changing customer demand.

Cooperation for the customer

	Result (2021/2022)	Goal for 2023
Employee engagement	8.3	7.5
Accident Frequency Index	1.7	0.5
Improving critical integrated processes	7	8
Customer complaints	356	<1/day

Key figures

in millions of euros (where applicable)	2021/2022	2020/2021	2019/2020	2018/2019	2017/2018
Gross turnover	768.8	636.1	611.2	610.6	613.9
Net turnover	711.6	593.1	570.6	574.3	576.6
Operating result	18.6	6.9	13.7	11.4	16.6
Interest charges	4.4	3.5	3.7	5.3	7.4
Cooperative result after taxation	12.1	9.2	8.7	5.2	7.8
Depreciation	37.7	36.7	33.5	33.3	30.4
Investments in tangible fixed assets	44.1	66.4	39.1	45.4	55.0
Group equity	211.4	208.6	205.5	203.7	203.6
Loan capital including provisions	424.9	375.5	284.9	269.7	263.1
Total assets	636.3	584.1	490.4	473.4	466.7
Group equity as a % of total equity	33.2	35.7	41.9	43.0	43.6
Net cash flow prior to the financing facilities	-31.8	-81.1	-2.2	0.4	-40.4
Net debt	288.6	248.9	161.8	152.7	148.5
Personnel costs ¹	115.7	116.1	111.0	107.0	106.7
Number of cooperative members	2,242	2,249	2,280	2,225	2,268
Number of shares issued	103,253	103,120	101,455	101,455	101,455
Performance price (EUR/tonne) ²	98.56	93.30	96.15	96.63	85.81

1 Including movements in personnel provisions.

2 The performance-related price comprises the payments for the delivered potatoes plus the net result divided by the tonnage delivered by members on shares. Calculated as a starch percentage of 19% (underwater weight of 470 grams).

Editing, design and production

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Text, concept and design

Royal Avebe and 2BHonest

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This abridged annual report is a publication of Royal Avebe and is also available in a Dutch, German and Swedish version.

For the full annual report, go to www.avebe.com/about-us/downloads or scan the QR code below.

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