

The next step towards more value.

Summary
integrated annual report
2020/2021



About Royal Avebe

Royal Avebe is a cooperative of about 2,300 arable farmers in the Netherlands and Germany.

Each year, the starch potatoes of our members are processed into high-grade ingredients based on potato starch and protein; they add value to food products but also to industrial applications and animal feed worldwide. Avebe works continuously on developing new opportunities and applications based on starch

potatoes and is focused on a sustainable future. Avebe has about 1,300 employees and production sites in the Netherlands, Germany and Sweden and sales offices in the United States, Europe and Asia. The head office is in Veendam.

Foreword

This is the abridged version of Royal Avebe's integrated annual report for the financial year 2020/2021.

In this integrated annual report, we have once again taken steps in terms of transparency about our results, strategy, sustainability and risk management. We are transparent about what we have achieved, what went well and what went less well, and what quantitative goals we have set for the future as good entrepreneurship. This creates a connection with all our stakeholders.

Of course, the corona crisis made its presence felt again this year. It is great to see that Avebe performed so well, despite the restrictions we faced. That goes to show that everyone has made an enormous effort to go the extra mile when they needed to. Our results were good, despite price pressure on commodities due to increased market share.

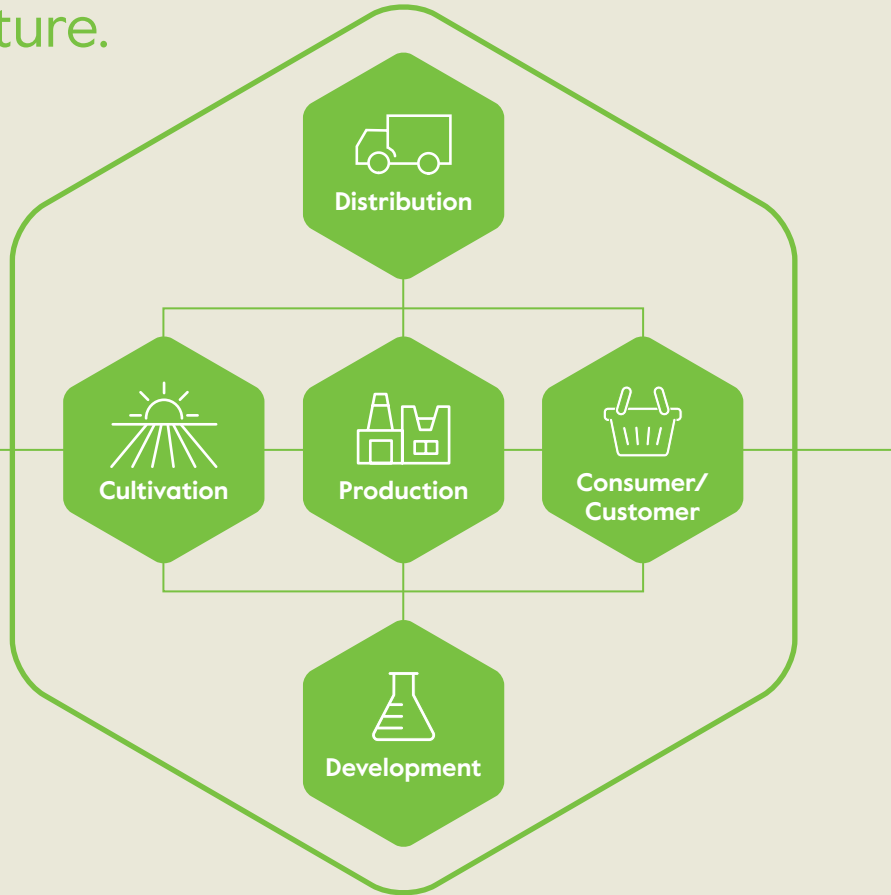
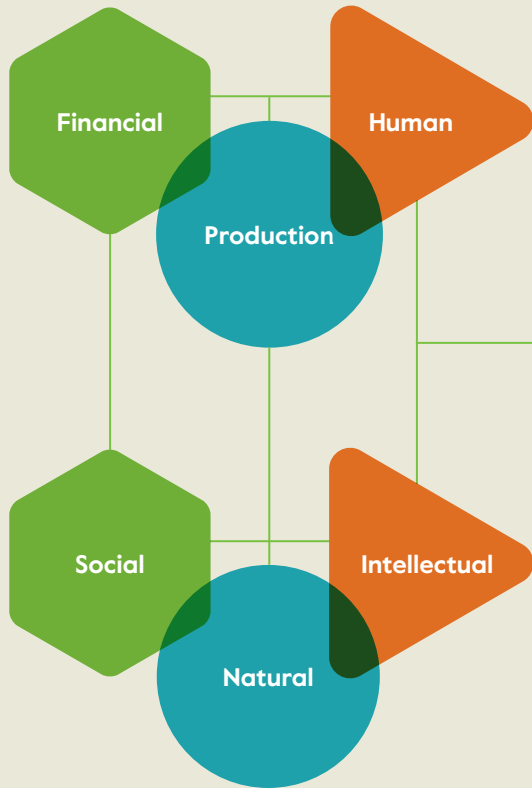
I started working at Avebe on 1 September 2021. I already have a clear and consistent image of the company. We have a clear vision and a future-oriented strategy with many ambitions on several important themes, and above all we have a strong team.

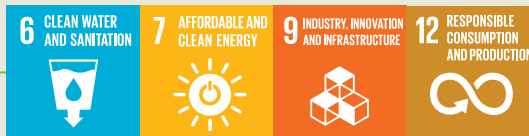
I have been impressed by the energy, passion, knowledge, collegiality and professionalism among our staff and members that I have met so far. We are facing various challenges, such as rising costs and amended European legislation. Despite that, Avebe's strong foundation gives us confidence for the future!



David Fousert
CEO Royal Avebe

How Royal Avebe adds value. Both now and in the future.



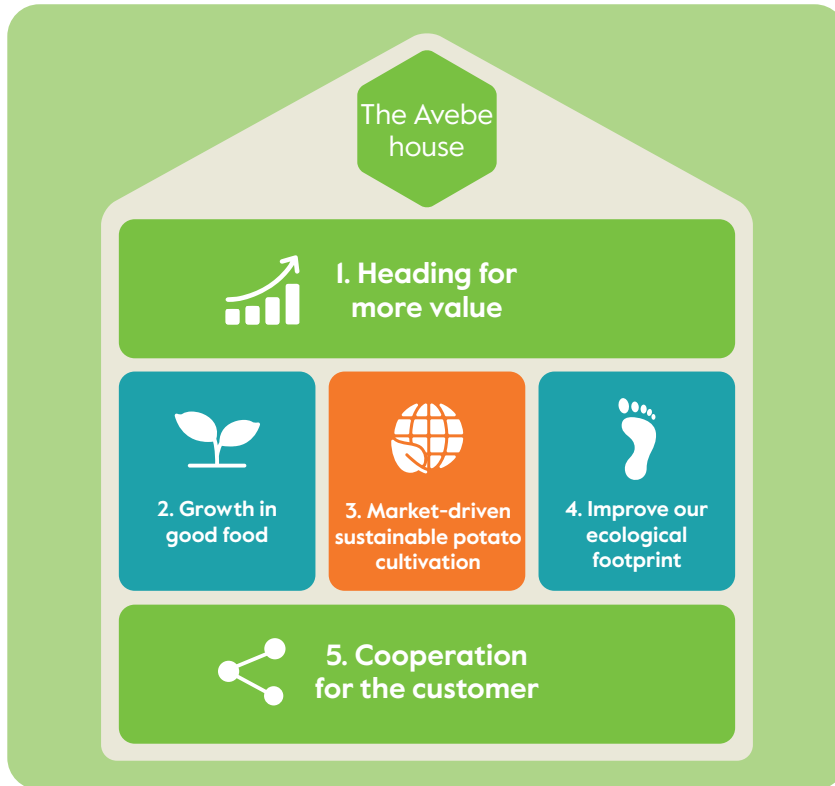


Sustainable Development Goals
 Royal Avebe aims to have a positive impact in the short and long term. We focus on long-term value creation with our strategic objectives and activities in the chain. We link our long-term impact to the United Nations Sustainable Development Goals (SDGs).



Strategy and objectives

The next step to more value



The Avebe house

Five priorities 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 strategy. It supports the three pillars - growth in good food, market-driven sustainable potato cultivation and improve our ecological footprint. Those three pillars carry the roof of the Avebe house, heading for more value.

This summary of our annual report describes our efforts per pillar from page 9 onwards.

Binding and Building 2.1.

Our ambition: 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.

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 95 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 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.

Key figures

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



1. Heading for more value

Value creation for our growers, customers and employees is Royal Avebe's overarching goal. We do this in a market-driven, innovative and sustainable way. As a cooperative of growers and with factories, our own breeding company and Innovation Center, we play an important role throughout the supply chain: from the field to the customer. This is how we work together to increase the income of our members.

Performance price

Our target for 2023 is to achieve a performance price of at least 95 euros per tonne of potatoes under normal harvesting conditions. For 2024/2025 we are aiming for 100 euros.

The performance price reflects the net realisable value per tonne of potatoes. It is one of the most important indicators of the results that the cooperative achieves for its members.

To compare the performance price of different years and to exclude variables such as different starch contents, the calculation is benchmarked each year on a standard quantity of potatoes with a starch percentage of 19%.

Towards more value

	Result (2020/2021)	Goal for 2023	Goal for 2024
Performance price (€)	93.30	95.00	100.00





2. Growth in good food

The world population is growing and so is the demand for food. And as prosperity increases, more consumers eat food with a greater environmental impact such as meat, fish and other animal products. The focus on nutrition and health is increasing, particularly in consumer markets such as North America and Europe. Sustainability and animal welfare are also growing in importance, as highlighted by 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 lower footprint. We also develop clean label starches to support the trends in healthy eating.

Innovation with the customer

Royal Avebe creates more engagement by being transparent towards its customers and partners. In 2020/2021, we were able to effectively maintain our customer contacts, despite the corona travel restrictions. Customer projects are set up and run entirely virtually from our Food Experience Center.

Growth in good food

	Result (2020/2021)	Goal for 2023
Value of products in plant-based and environmentally friendly end products	32%	40%



3. Market-driven sustainable potato cultivation

Together with its members, Royal Avebe is working on making starch potato farming more sustainable in order to structurally serve the market with innovative products and ingredients. The starting point for the cultivation is a higher yield with simultaneously less impact on the climate and the environment.

Sustainable cultivation programme

In 2018, a sustainable cultivation program was established to work with our members to achieve the three '10%' 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'.

Future-proof potatoes

An important development is the hybrid breeding of potato varieties. In 2021 we started a partnership with Solynta, a company from Wageningen specialised in hybrid potato breeding. With its innovative Hybrid True

Potato Seed, the company has developed a technique that makes it possible to develop better new varieties more quickly. For example, these new varieties require fewer crop protection agents, improve the yield of potato starch and protein, and make more efficient use of fertilisers. This is how we contribute to making the cultivation of starch potatoes more sustainable and to achieving our strategic goals.

Market-driven sustainable potato cultivation

	Result (2020/2021)	Goal for 2023
Participation in crop registration for the acreage	61.9%	60%
Starch yield per hectare (10-year average)	-2.2%	10%
Carbon footprint per tonne of starch	7.6%	-10%
Environmental impact per hectare	21.1%	-10%
Acreage used to grow new Averis varieties	415	3,000





4. Improve our ecological footprint

Royal Avebe is reducing its ecological footprint by using new technology, renewable energy and improving the efficiency of our processes. Innovation is important, especially if the new products help our customers reduce their carbon emissions.

Extra steps like this sometimes cause our own production process to consume more energy. As well as reducing carbon emissions, reducing our water consumption and reducing waste streams are important goals.

Climate neutral

In February 2021 the gas fired boiler at our production location AB Stadex in Sweden was replaced by an electric boiler. Green electricity is purchased for this purpose, so that the steam produced is carbon-neutral. This makes Stadex's energy supply the first of Avebe's production sites to be completely climate neutral. The plan is also to install electric boilers at our production locations in Gasselternijveen and Ter Apelkanaal.

Water: a strategic resource

Water is an indispensable resource for Avebe. By putting a number of measures in place, such as awareness and savings projects, Avebe has already reached its water saving target for 2023.

However, this does not mean that we no longer face any challenges when it comes to reducing our water consumption. We will need to take measures to compensate for the growth in volume of a number of products that call for higher water consumption.

Improve our ecological footprint

	Result (2020/2021)	Goal for 2023
Carbon emissions	-18%	-12%
Carbon emissions/ tonne of product	-8%	-12%
Water usage	-25%	-20%
Waste - Tare	-15%	-25%
Waste - Sludge	-12%	-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 committed employees.

Talent management

At Royal Avebe we see employee development as a continuous process. As well as acquiring substantive knowledge, we support employees in the development of their skills. Because we focus on development, we are seeing more vacancies being filled by our own personnel and are an attractive employer.

Cross-functional teams

Cooperation at Avebe is important to achieve the best result. At Avebe we work in cross-functional teams to develop innovative solutions. A vital aspect of this form of cooperation is that the employees have a common interest and aligned goals.

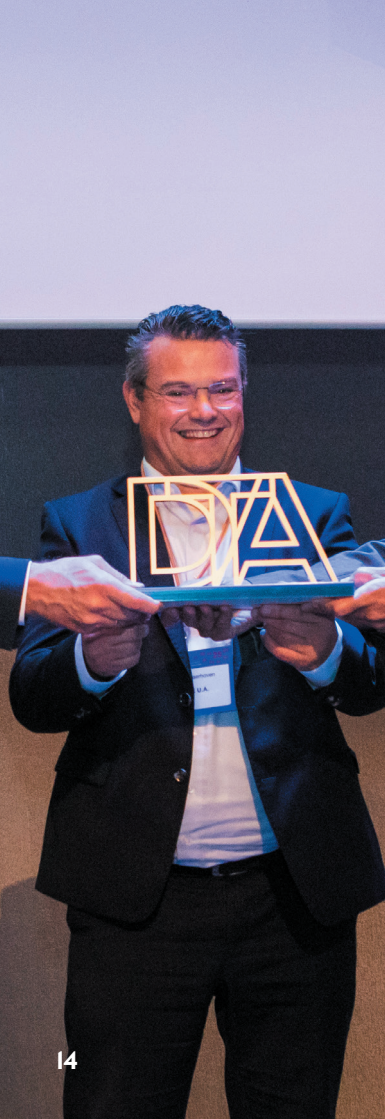
Customer satisfaction

We strive for satisfied customers. To that end it is important to listen carefully to our customers and take a professional approach to settling complaints. In financial year 2020/2021, the number of customer complaints fell slightly to 287. We believe it is important to continuously reduce the number of complaints and design our processes in such a way as to prevent complaints and thus satisfy our customers.

Cooperation for the customer

	Result (2020/2021)	Goal for 2023
Employee engagement	8.3	7.5
Accident Frequency Index	1.0	0.5
Improving critical integrated processes	4	8
Customer complaints	287	<1/day





"This award is recognition of the strategic direction we have taken."

In November 2020, Royal Avebe became the proud winner of the DACT Treasury Award.

Avebe garnered the most votes from the members of the Dutch Association of Corporate Treasurers (DACT). ASML and Royal Schiphol Group came second and third respectively.

Criteria

This award was presented for the first time in 2020. DACT members were able to nominate financial projects and transactions for this election. All entries were judged on several criteria: innovation, inspiration and environment, sustainability & governance (ESG).

Forerunner

A jury of various professionals from the field ultimately singled out Avebe's project 'Refinancing 2020 linked to sustainability'.

From the jury report: "Directly linking ESG targets to the credit margin it pays makes Avebe one of the leaders in this market. That is why Avebe is the rightful winner of the DACT Treasury Award." Rob van Laerhoven, CFO of Royal Avebe: "In 2018, we launched our Binding and Building 2.0 strategy - the next step towards more value for our growers, customers, employees and the society we form part of. We seek a balance between financial results for our members and making our business operations more sustainable. This award is recognition of the strategic direction we have taken."

DACT | DUTCH ASSOCIATION OF
CORPORATE TREASURERS



Royal opening of the solar park

Innovative cooperation leads to unique solar park

Avitec, Solarfields and Royal Avebe have jointly developed the Zonnepark Hollandia Nieuw-Buinen. This solar park, opened in May 2021 by His Majesty King Willem-Alexander, has a unique dual function. The solar panels are situated above Avebe's former water courses; an area that is also used as a buffer basin for the water purification plant of Avebe's potato starch factory in Gasselternijveen. The project can provide 35,000 households with sustainable energy. The 300,000 panels save about 45,000 tons of carbon emissions each year. Avebe buys more than 36% of the green electricity.

In the photo from left to right: Rob van Laerhoven, CFO Royal Avebe, Bas Wijnbergen, Procurement Director Royal Avebe and His Majesty King Willem-Alexander.
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Colophon

Publication date

December 2021

This summary of our integrated 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.

Text

Royal Avebe

Concept and design

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