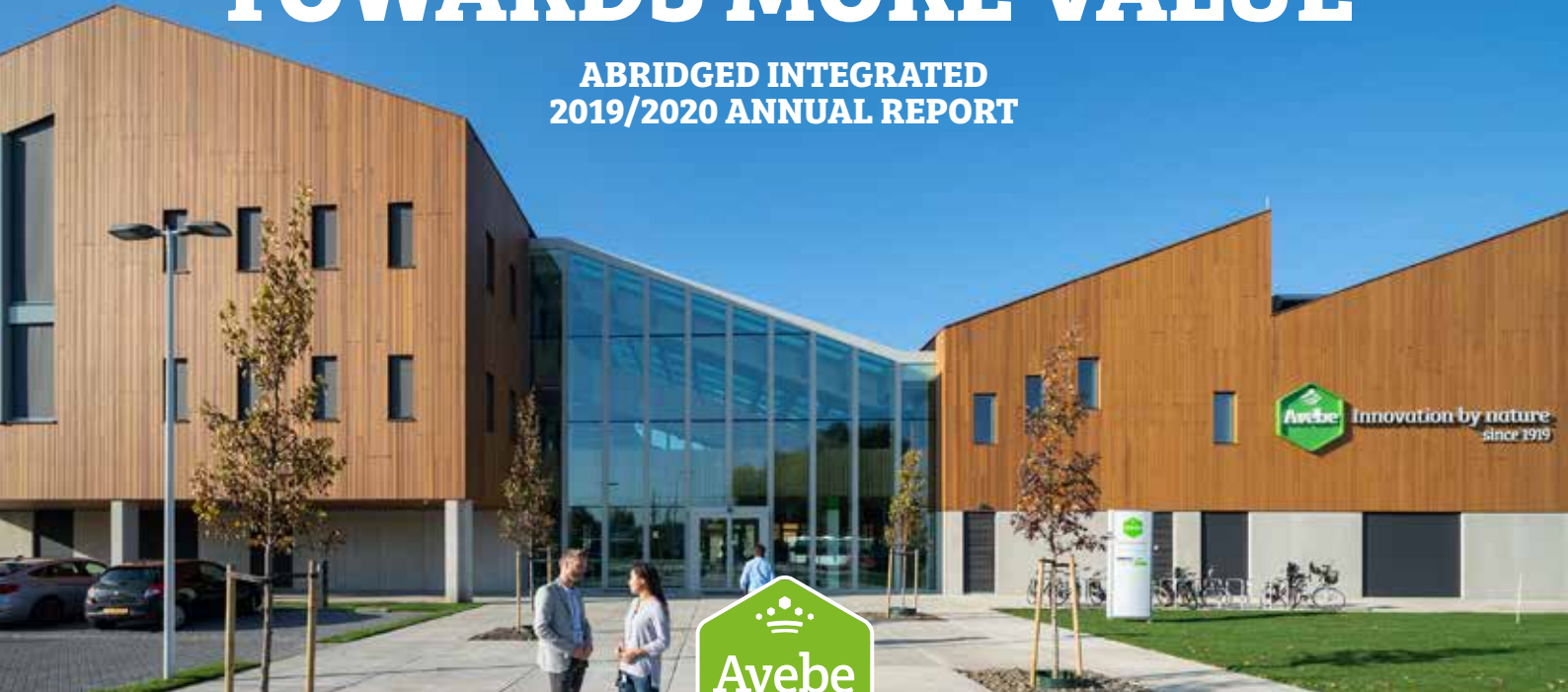


THE NEXT STEP TOWARDS MORE VALUE

ABRIDGED INTEGRATED
2019/2020 ANNUAL REPORT



Avebe Innovation by nature
since 1919



From left to right: Sipke Swierstra, mayor of the municipality of Veendam, Bert Jansen, Avebe's CEO, Marijke Folkers, Chair of Avebe's Supervisory Board, Rob van Laerhoven, Avebe's CFO and René Paas, King's Commissioner for the province of Groningen.

FOREWORD

This is the abridged version of Royal Avebe's integrated annual report for the financial year 2019/2020. We report on financial results and our sustainability strategy.

Much is going well, but there are some aspects that could be improved. Our Binding and Building 2.0 strategy is in essence a follow-up to the strategy we have pursued since 2013. In the course of time we have firmed up what we do and do not want to do. We have also become more ambitious. In that respect it is important to focus sharply on market developments and make adjustments on that basis without losing sight of our objective.

On 11 November 2019 Avebe celebrated its 100th anniversary with various festive activities throughout the year. We ended this wonderful anniversary year with a symposium on 14 November during which we were granted the Royal Warrant. A title we are very proud of!

Early 2020 saw the outbreak of the corona pandemic. We have paid a great deal of attention to cooperating and communicating with our Supervisory Board, members and employees, but also with our customers, suppliers, works

council and the trade unions. I am impressed by the tremendous commitment of our members and employees to get through this crisis together as best we can. Despite a poor harvest and the outbreak of the COVID-19 virus, Avebe's performance this year has been outstanding.

Bert Jansen - CEO Avebe

“ON 14 NOVEMBER, WE RECEIVED THE ROYAL WARRANT. A TITLE WE ARE VERY PROUD OF!”

Bert Jansen
CEO Avebe

HOW AVEBE ADDS VALUE, BOTH NOW AND IN THE FUTURE

We have a positive impact and aim to increase the value we extract from the potato while minimising our environmental impact.

 **205.5 million euro**
equity-capital
39.1 million euro
in investments



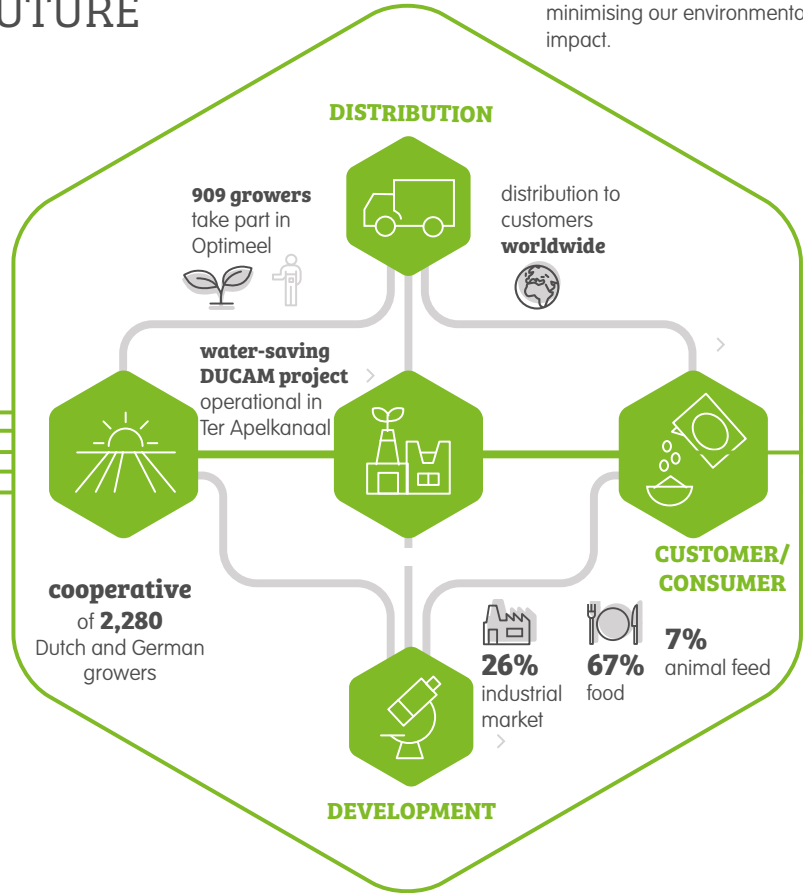
6
production locations



interactions and contact with key stakeholders

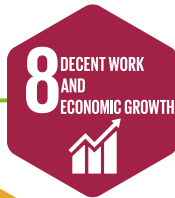


water usage,
37% renewable energy and
responsible purchasing



96.15 euro
performance price

**TOWARDS
MORE VALUE**



**GROWTH IN
GOOD FOOD**



**MARKET-LED SUSTAINABLE
POTATO CULTIVATION**



**REDUCED ECOLOGICAL
FOOTPRINT**



**COOPERATION FOR THE
CUSTOMER**



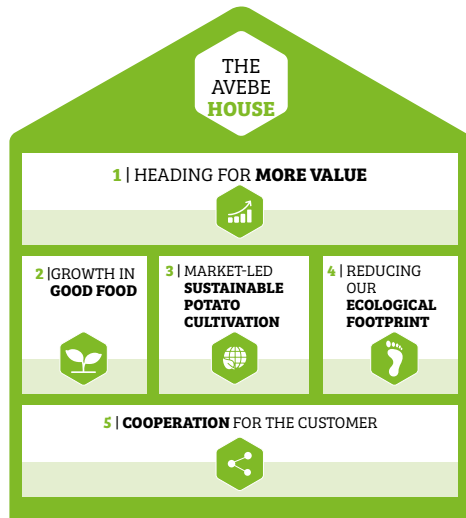
**Avebe aims to have a positive impact
in the short and long term.**

With our strategic objectives
and activities in the chain, we focus
on long-term value creation. We link
our long term impact to the
Sustainable Development Goals (SDGs)
of the United Nations.

STRATEGY AND OBJECTIVES

THE NEXT STEP TOWARDS MORE VALUE

The ambition to reduce our environmental burden is prompting more and more people and companies to consciously choose plant-based foods. This is an important stimulus for the value creation that Avebe aims to achieve. Our Binding and Building 2.0 strategy sets the course for sustainable growth in the years to come.



PERFORMANCE PRICE

Our strategic goal is to increase the performance price for our members to 95 euros per tonne of potatoes by 2023. The performance price is the yield value per tonne, which we base on a tonne of potatoes with a starch percentage of 19%. Our aim is to achieve this goal through cross-functional cooperation between the various departments within Avebe.

BINDING & BUILDING 2.0

Together with others we aim to offer the best solutions to our customers in food, animal feed and industrial applications. This collaborative foundation has three pillars: growth in good food, market-led sustainable potato cultivation and reducing our ecological footprint, with clear objectives for 2023.

Purpose, foundation and pillars together form the 'Avebe house' to realise our strategy. For each pillar we describe our efforts in this abridged version of our annual report.

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 this 'shared value'.

OBJECTIVE 2023 | INCREASE OF THE PERFORMANCE PRICE TO 95 EURO PER TONNE OF POTATOES UNDER NORMAL HARVEST CONDITIONS.



2 | GROWTH IN **GOOD FOOD**

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

OBJECTIVE 2023 | THE VALUE OF FOOD INGREDIENTS USED IN PLANT-BASED AND ENVIRONMENTAL FRIENDLY END PRODUCTS WILL HAVE INCREASED FIVEFOLD COMPARED TO 2017/2018.



3 | MARKET-LED, **SUSTAINABLE POTATO CULTIVATION**

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

OBJECTIVE 2023 | 10% LESS ENVIRONMENTAL IMPACT PER HECTARE. 10% MORE POTATO STARCH AND PROTEIN FROM ONE HECTARE. 10% REDUCTION IN CARBON EMISSIONS PER TONNE OF POTATOES. 3.000 HECTARES ARE EARMARKED FOR NEW VARIETIES.



4 | REDUCING OUR **ECOLOGICAL FOOTPRINT**

We are improving our production processes by focusing on energy savings and greening, reducing water consumption and improving the quality of our products and reducing waste streams such as tare and sludge.

OBJECTIVE 2023 | 12% REDUCTION IN CARBON EMISSION PER TONNE OF PRODUCT COMPARED TO 2017/2018. 20% LESS WATER USAGE IN TOTAL COMPARED TO 2017/2018. 25% REDUCTION OF BOTH TARE AND SLUDGE WASTE STREAMS COMPARED TO 2017/2018.



5 | **COOPERATION** FOR THE CUSTOMER

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

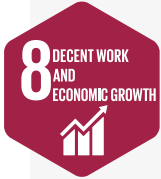
OBJECTIVE 2023 | >7.5 SCORE ON BOTH EMPLOYEE ENGAGEMENT AND ENTHUSIASM. AN ACCIDENT FREQUENCY INDEX BELOW 0.5. EIGHT CRITICAL INTEGRATED PROCESSES HAVE BEEN IMPROVED SINCE 2018/2019.

KEY FIGURES

in millions of euros (where applicable)	2019/2020	2018/2019	2017/2018
Gross turnover	611.2	610.6	613.9
Net turnover	570.6	574.3	576.6
Operating result	13.7	11.4	16.6
Interest charges	3.7	5.3	7.4
Cooperative result after taxation	8.7	5.2	7.8
Depreciation	33.5	33.3	30.4
Investments in tangible fixed assets	39.1	45.4	55.0
Group equity	205.5	203.7	203.6
Loan capital including provisions	284.9	269.7	263.1
Total equity	490.4	473.4	466.7
Group equity as a % of total equity	41.9	43.0	43.6
Net cash flow prior to the financing	-2.2	0.4	-40.4
Net debt	161.8	152.7	148.5
Salaries and wages ¹	111.0	107.0	106.7
Number of cooperative members	2,280	2,225	2,268
Number of issued shares	101,455	101,455	101,455
Performance price (EUR/ton) ²	96.15	96.63	85.81

¹Including movements in personnel provisions.

²The performance 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).



TOWARDS MORE VALUE

Value creation for our growers, customers and employees is Avebe's overarching goal. We do this in a market-oriented, innovative and sustainable way. As a cooperative of growers with 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 further increase the performance price.

SUSTAINABLE PARTNERSHIP

Transparent reporting on our social impact in relation to our financial performance forms the basis for a sustainable partnership with customers and suppliers. Our partnerships with ABN AMRO and Rabobank are good examples of this. As such, both banks provide financing based on sustainability criteria. This led to refinancing being agreed in September 2020, partly on the basis of Avebe's integrated reporting.



“The message given by a company with an integrated annual report is that financial and social results are equally important. Avebe emphasises this even more strongly by relating concrete sustainability targets to financing.”

Floor van der Heijden,
Associate Director Sustainability Advisory,
ABN AMRO



GROWTH IN GOOD FOOD

The global population and prosperity are growing, which is leading to large groups of consumers eating more food that exerts greater environmental pressure such as meat, fish and other animal products. The amount of attention paid to nutrition and health is also increasing. Transparency, replacing animal and allergenic ingredients and sustainable production: that's what makes food good food.

INNOVATION

The starch potato is a rich source of sustainable ingredients for various food categories: from meat substitutes to plant-based dairy and confectionery products and protein-rich drinks and foods. R&D and innovation are the basis for fully exploiting the potential of the starch potato.

CLEAN LABEL

Avebe uses innovative processes to extract specific starch products and proteins from potatoes. These can replace traditional ingredients to which many people are allergic, such as gluten. Avebe also supplies food ingredients for the production of foods without E-numbers (clean label).

LOWER CARBON EMISSIONS

Over the past year, our 'Good Food' ingredients prevented emissions of around 120,000 tonnes of CO₂ among our customers through products such as meat and dairy substitutes. That is more than half of the CO₂ that Avebe itself produces in a year.





MARKET-LED SUSTAINABLE POTATO CULTIVATION

Together with its members, the cooperative is working on future-proof starch potato growing. It serves market demand with innovative products and added-value ingredients that reduce the environmental impact. The starting point for cultivation is a higher yield with fewer crop protection agents and lower greenhouse gas emissions.

DEVELOPMENT OF STRONG POTATO VARIETIES

Averis Seeds B.V. - a subsidiary of Avebe - develops strong starch potato varieties that are resistant to plant diseases and changeable weather conditions and can be stored longer. Together with Avebe Agro, Averis is also looking into which varieties still have a maximum yield of starch and protein with less nitrogen.

GROWERS' MEETINGS

More than 900 Dutch and German potato growers are currently affiliated with Optimeel, our cultivation optimisation program to improve the efficiency of starch potato cultivation. Together they represent more than half of the entire Avebe acreage. Avebe has five trial and demonstration fields where we regularly organise growers' meetings. The German and Dutch Agro teams made all the information about the trial and demo fields available online in May 2020.

“Avebe ensures a higher yield for growers through product development and marketing. Avebe also helps growers to improve cultivation through Optimeel.”

Jan-Wilhelm Schorling,
arable farmer in Sachsen-Anhalt (Germany)





REDUCING OUR ECOLOGICAL FOOTPRINT



Avebe is reducing its ecological footprint by using new technology, renewable energy and improving the efficiency of our processes. Reducing our carbon emission, minimising our water consumption and reducing waste streams are important objectives to reduce our ecological footprint.



DUCAM

Innovations such as DUCAM (sustainable concentration of potato juice with membranes) contribute to achieving these objectives. This is an energy-efficient process for extracting protein from potato juice. It contributes to our ambition to emit less CO₂ and use less water.



SOLAR PARKS

By building solar energy parks on our former flow fields, Avebe, together with others, contributes to the generation of sustainable electricity, while we spare valuable natural and agricultural land.

WATER REDUCTION

Our water consumption has decreased spectacularly: 4.3 million m³ compared to 2017/2018. This is mainly because we moved part of the production facility from Ter Apelkanaal to Foxhol to reduce our need for dilution water.





COOPERATION FOR THE CUSTOMER

At Avebe the customer comes first. We operate under responsible conditions for people and the environment. Engaged, healthy and vital employees are crucial for this. Chain responsibility and good employment practice are therefore very important to us.

CROSS-FUNCTIONAL TEAMS

We also believe that it is important for our employees to be fit and healthy, able to develop and to feel engaged with Avebe. Representatives from different departments at Avebe work together in cross-functional teams to come up with solutions.

WORKING SAFELY DURING COVID-19

Constant attention is also paid to a safe workplace and creating awareness about working safely. When the corona crisis broke out, Avebe quickly took action to ensure the health and safety of its employees. A safe workplace was created for

employees who could not work from home. We also regularly inform our customers and employees about the developments concerning COVID-19 at Avebe.

YOUNG TALENT

To attract young talent in a career at Avebe, Avebe sets up an Escape Room at career-days at schools for intermediate and higher professional education. Students are given all sorts of cases and issues on the challenges and opportunities in the potato sector.

“The Escape Room cases are challenging and call for varied expertise and skills. Cross-functional collaborations are a necessity.”

Gienna Klaassens,
Talent Management, Avebe

PRODUCT DEVELOPMENT TOGETHER WITH CUSTOMERS: INSPIRING AND INNOVATIVE

Azelis Canada Inc./Chemroy is Avebe's exclusive distribution partner in Canada. Their sales team visited the Innovation Center in Groningen in February 2020 and were given intensive training on Avebe, its strategy and applications based on starch and protein. This provides a solid basis from which to offer Avebe's specialties and solutions to customers in the Canadian market. The segments Avebe focuses on include plant-based dairy/cheese, confectionery and bakery products. "The training gave us excellent technical information, but even more important were the sessions in the laboratory where we experienced how prototypes are made and the sensory product properties such as texture are achieved," says Shirley Irvine, Director of Food Ingredient Sales at Azelis. "This experience strengthens confidence in the product, which provides a better sales argument."

Avebe also contributed to a seminar on plant-based dairy products organised by Azelis. By participating in this seminar Avebe offered direct support by answering customer questions.

The cooperation between Azelis and Avebe resulted in increased market and sales opportunities for Avebe solutions, especially in plant-based dairy products such as plant-based cheese.





About Avebe

Avebe is a cooperative of 2,300 arable farmers in the Netherlands and Germany. Each year, the starch potatoes of those 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 sustainable continuity. The company has 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 located in Veendam.



December 2020

This abridged annual report is a publication of Avebe and is also available in a Dutch, German and Swedish version. For the full annual report, please go to www.avebe.com/downloads

Text: Avebe and Schuttelaar & Partners

Concept and design: Avebe and Schuttelaar & Partners

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