Annual Report

2021

Cosun

Coöperatie Koninklijke Cosun U.A.

This Annual Report is published in both English and Dutch. In the event of inconsistencies between the English and the Dutch version the latter shall prevail. The Annual Report is also available on the internet at: www.cosun.com.

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2021

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*These sections constitute the Director's Report within the meaning of article 391, Book 2 of the Dutch Civil Code.

Letter from the Chairman and CEO

Preparation of our Annual Report for 2021 came at a time of great uncertainty in the world due to recent developments in Ukraine. We feel for all those who are affected by the violence or who have had to flee from it. As far as we can tell at present, the economic consequences for Cosun will relate mainly to the cost and availability of raw materials and consumables, energy and other inputs in 2022. It is essential that we pass on the higher costs to the market wherever possible. The situation is being continuously monitored.

For Cosun, 2021 was a year of contrasts. On the one hand, all business groups turned in better operating results than in 2020. Results were lifted by higher market prices, market growth, cost control and partial recovery from the COVID-19 crisis. On the other hand, a sharp hike in the cost of energy, raw materials and transport (containers) and impairments in asset values had a negative impact throughout the year.

The most significant policy development for Dutch arable farmers was the introduction of the Seventh Nitrate Action Programme. A package of generic arable measures had been proposed that would have had disastrous consequences for the farmers' operations and incomes and thus for the raw materials supplied to Cosun Beet Company, Aviko and Sensus. Furthermore, scientific studies have shown that the measures will not achieve the goal of improving groundwater quality.

In response we drew up an alternative plan in consultation with farmers, stakeholders, partners in the value chain and trade associations that was more conducive to sustainable farming and tailored to the goals. The Ministry of Agriculture, Nature and Food Quality has incorporated the plan into the action programme. The plan consists of measures that will be implemented only in areas where nitrate standards are exceeded. This targeted approach matches the farming practices and will enable arable farmers and their partners in the value chain to raise water quality to the desired level. The sector is facing the challenge of meeting the goals within four years.

A good seedbed, cold spring, humid summer and sunny autumn produced a healthy beet crop in all respects for the 2021 campaign. In combination with the favourable autumn weather, the yield per hectare increased in the course of the campaign, with sugar contents in excess of 17% as from the second week of October. Floods in the southeast of the Netherlands and aphanomyces water mould in the northeast of the country unfortunately caused a great deal of damage to the acreage of the growers concerned. Around Christmas, some farmers were caught unawares by frost, especially where the beet had not been harvested. Thanks to the rapid introduction of the frost scheme, as many beet as possible were processed for the benefit of the cooperative.

2021 results

Cosun's consolidated turnover for 2021 rose to EUR 2,287 million (2020: EUR 2,029 million). This 13% increase was driven largely by positive volume growth (10%) and price movements (3%). All business groups contributed to the improvement. The higher turnover was offset, however, by a sharp increase in costs. The operating result for the year fell sharply to EUR 3 million negative (2020: EUR 47 million positive). This fall was due to a significant extent to exceptional items, primarily several impairment losses and lower results on land sales than in the previous year. The underlying result before exceptional items improved 32% on 2020.

As a result, the beet price was slightly higher at EUR 40.00 per tonne of standard quality (17% sugar content and an extractability rate of 91) and EUR 38.91 per tonne of beet of average quality.

Unlock 25

Building on the Cosun vision of The Plant Positive Way, we adopted a new strategy in 2021, Unlock 25, in consultation with the Members' Council.

Cosun is a solid cooperative and well positioned with its sustainable plant-based solutions to respond to important social trends. However, Cosun is facing more challenges, such as stricter climate-related demands, new regulations and higher costs in the value chain. Cosun's earnings model is under pressure and improvements must be made to future-proof farm production and enable growth in established and new areas.

By adopting Unlock 25, we are anticipating these challenges and setting the course for the years ahead. The focus will lie on a strong improvement in short and medium-term results, profitable growth in four key areas and realising a future-proof sustainable value chain.

The growth areas are firstly maximum valorisation of the entire sugar beet, with cost control remaining a key priority. Secondly, we want to achieve profitable growth in potato products, with a focus on added value growth in products such as coated fries and through expansion in Eastern Europe and China. Thirdly, we will explore a new growth area in green and health promoting ingredients, with a focus on plant-based proteins, fibres (including further growth in inulin) and biobased materials. The fourth growth area comprises the circular activities of co-products processor Duynie. As well as focusing on profitable growth in animal feed and fermentation, residual flows are a good circular source of innovation in this new growth area.

With our plans for a future-proof sustainable value chain, we are anticipating the changes in the world around us. Cosun is working with the entire value chain, on the farms, in the factories and with our people, on a greener and climate-neutral future. The course has been set and the plans will be periodically reviewed so that we can constantly respond to social change.

With One Cosun, we are working on improved cooperation among the business groups, active communication and a clear leadership development agenda. This programme is an essential driver to implement and realise the strategy. Innovation and partnerships are important focus areas.

2022

The strategic choices arising from Unlock 25 will be rolled out further in 2022. The uncertainties surrounding COVID-19 and the war in Ukraine, the sharp increase in raw material and energy costs and global logistics problems are important issues. The Unlock 25 strategy sets the course for a further improvement in our results and earnings model going forward to 2022 and beyond.

We would like to thank all our staff for their dedication and our customers, suppliers and other partners for their trust. A special word of thanks is due to Albert Markusse, who stood down as Cosun's CEO in June 2021. He first guided Cosun Beet Company to the liberalised European sugar market as an extremely efficient, innovative and sustainable business and then headed Cosun as its CEO for four years. Under his leadership, we set out our vision of The Pant Positive Way, which has now been translated into the Unlock 25 strategy.

Dirk de Lugt
Chairman of the Board

Hans Meeuwis
President & CEO of the Executive Board

Breda, 31 March 2022

Key figures

As a cooperative of Dutch sugar beet growers, Cosun buys the sugar beet grown by its members at a price based in part on the group's results. The beet price is recognised in full in the profit and loss account as a cost of raw materials and consumables. The beet price therefore influences the operating profit and the net profit for the year, as presented in the table below.

in millions of euros (unless stated otherwise)	2021	2020
FINANCIAL		
Net turnover	2,287	2,029
Gross margin*	960	816
Operating (loss) / profit	- 3	47
EBITDA	168	161
Net (loss) / profit	- 8	30
Cash flow from operating activities	100	101
Investments in tangible and intangible fixed assets	242	171
Group equity	1,278	1,285
Group equity as a percentage of total assets	58	65
Average beet yield per hectare in the Netherlands (in euros)	3,129	2,901
Quota sugar beet price (in euros)**	38.91	35.58
Members' bonus	47	42
SOCIAL		
Average number of employees***	4,407	3,911
Sickness absence (%)	4.8	4.2
Number of lost time incidents (per 1,000 employees)	13	13
ENVIRONMENT****		
CO_2 mission (in tonnes, per tonne of product)	0.25	0.24
Water consumption (in m^3, per tonne of product)	2.9	2.7
Residual matter (in tonnes, per tonne of product)	0.01	0.01

* Gross margin is net turnover plus movements in stocks of finished product less cost of raw materials and consumables, standardised for the members' bonus.

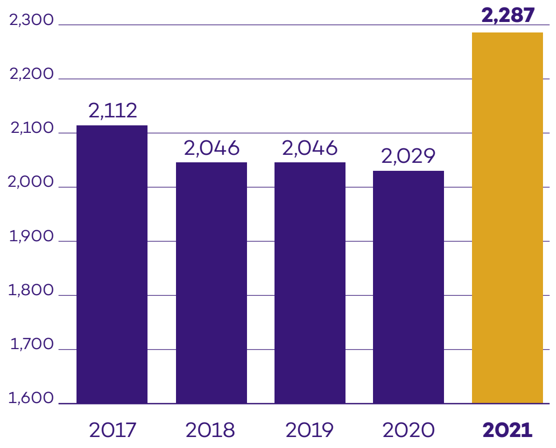
** Per tonne of beet with average sugar content and average extractability.

*** Average number of FTEs.

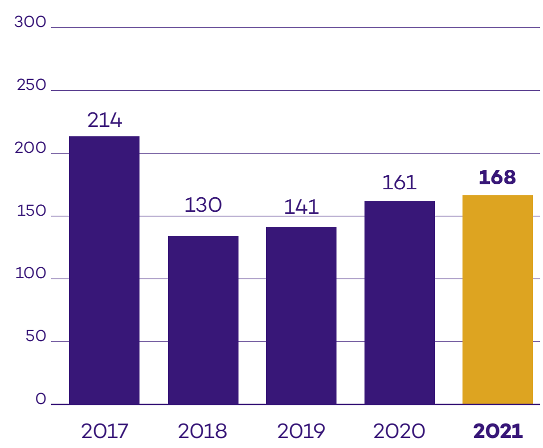
**** See Future-proof sustainable value chain for further information.

Charts

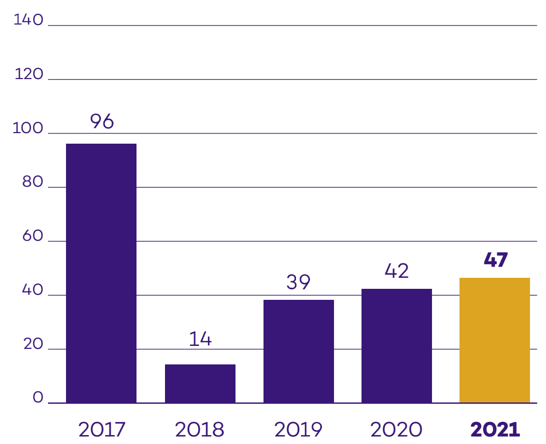
Net turnover
in millions of euros



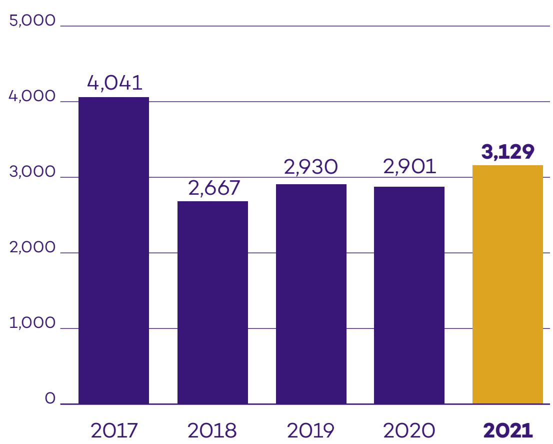
EBITDA
in millions of euros



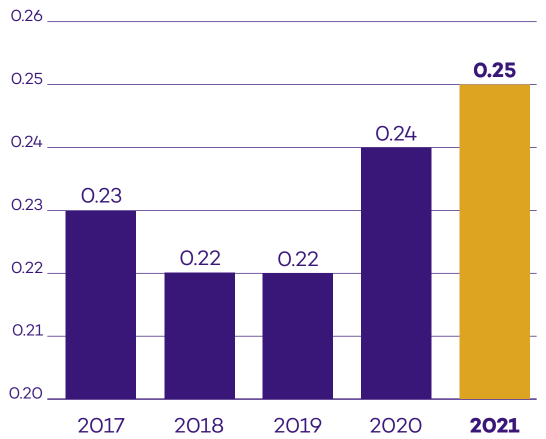
Members' bonus
in millions of euros



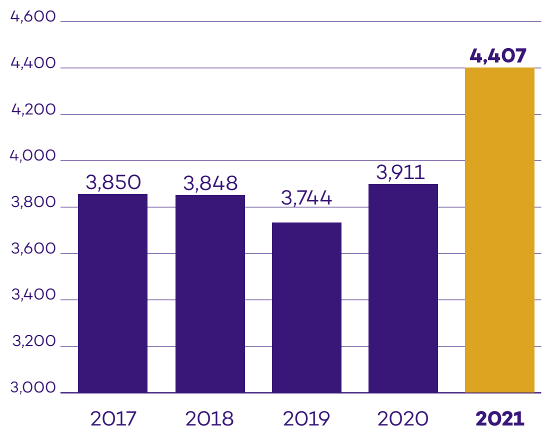
Average yield per hectare
in euros



CO_2 emission
in tonnes, per tonne of product



Average number of full time employees
average FTEs



Profile

Turnover
€ 2,287
million

Employees
4,407
(fte)

Production sites
29
(9 countries)

Members
8,417

As an agrifood cooperative, Cosun puts crops – our plants– at the heart of everything it does. The cooperative is in the hands of its members, some 8,400 sugar beet growers. We have been working with our members for almost 125 years, turning the power of plants into practical applications that are used and enjoyed every day. Our plant-based solutions make a positive contribution to a good life while respecting the sustainability of the environment and climate. To us, agricultural crops are the key to a sustainable future for generations to come. Together with our growers, suppliers and customers we make the power of plants available to everyone. That is how we add value to the supply chain.

Every day, our business groups – Aviko, Cosun Beet Company, Duynie Group, Sensus and SVZ – provide tens of millions of consumers and businesses across the world with plant-based ingredients, food and animal feed. They also deliver green, biobased solutions for non-food applications and renewable energy, with plants as their source. Some 4,400 professionals active in 10 countries together earn a turnover of about EUR 2.3 billion per year.

Our plants

Our potatoes, sugar beet, chicory roots, fruit and vegetables, and the co-products produced when we process our crops, are used in a wide variety of applications: from Aviko's potato-based meals and SVZ's fruit smoothies to Van Gilse's pancake syrup and Sensus's fibre-rich cereal bars and inulin. They can also be found in non-food applications such as 100% circular egg boxes made from potato starch, a co-product from fries production, or green gas produced from sugar beet tops and tails.

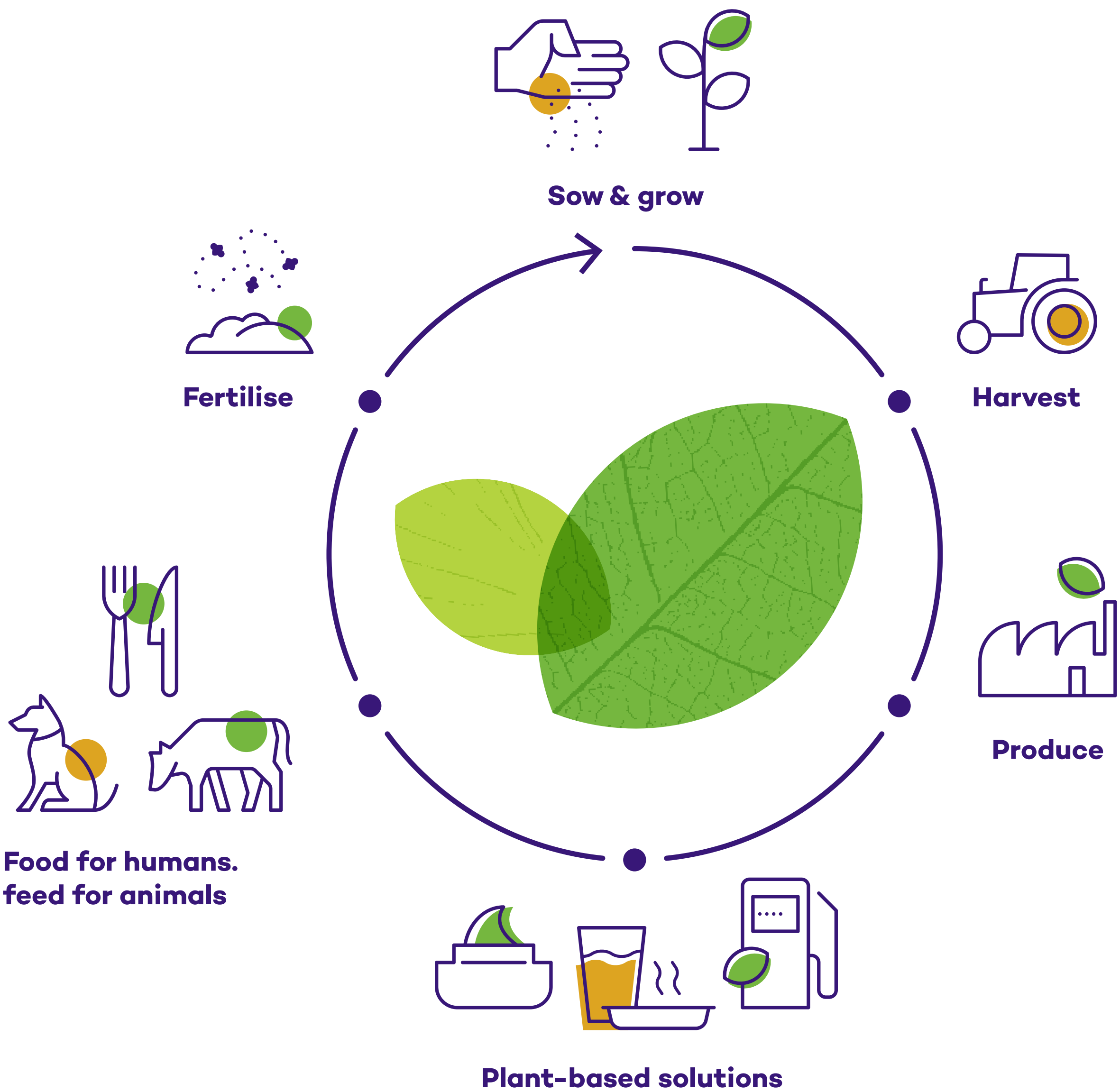
We recognise the social challenges facing the environment and climate. Natural resources are coming under a great deal of pressure to continue meeting the needs of the growing world population. New solutions are required and we are convinced that we can provide them, thanks to the power of our crops. We understand the potential of plants and the endless opportunities they offer for a better future.

Source of energy

Our plants are an important source of energy. They contain many nutrients, such as carbohydrates and proteins but also fibres, minerals and vitamins. Our delicious products such as fries, syrup and fruit juices, sustain a sense of wellbeing, provided they are consumed in moderation. Sharing them with family and friends deepens the sense of companionship and the enjoyment of the moment.

Our crops are a source of even more value if we consider them in their totality. Our innovations are directed at making optimal and complete use of the crops as innovative plant-based ingredients that deliver solutions for a sustainable future every day. Beet leaves, for instance, contain high-value protein, a functional ingredient that can replace chicken egg protein. And cellulose from beet pulp is a biobased thickening agent that heightens the pleasure of using natural personal care products such as shampoo. This is how our innovations rise to the challenges of our times and thus ensure our long-term continuity.

We strive to pay a good beet price that enables our members to earn a competitive and acceptable financial yield per hectare. Owing to the relatively low results in recent years, due in part to weak sugar prices and the impact of the pandemic, our growers' financial yield per hectare has also been relatively low. Our new strategy is directed at improving the result through profitable growth in the key areas and future-proofing a sustainable value chain. This will feed through into the amount paid to our growers.



Cosun, the cooperative that puts collabaration first

Supply chain approach

In addition to our plant-based solutions, we are passionate about how our valuable raw materials are grown. Our unique position in the supply chain enables us to work closely with the growers. The plants in the fields are accordingly also at the heart of our vision for a better future. We have combined our strengths in the Groeikracht famers' community to work with our potato, beet and chicory growers on profitable, sustainable and future-proof farming.

By putting plants first and involving ourselves in the chain from field to plant-based solutions, we are well positioned to play a meaningful role in finding solutions to overcome the social challenges facing the environment and climate.

Strategy: Unlock 25

Mission and vision

Cosun's mission is to realise the full potential of plants in a transparent and circular manner and to turn that potential of plants into valuable plant-based solutions. We call this The Plant Positive Way. Cosun is responsive to the social challenges of climate change, the need to replace fossil resources, protein transition and the growing demand for food and healthy food ingredients. The Plant Positive Way is founded on nearly 125 years of Cosun's track record of successfully creating value from arable crops such as sugar beet, chicory and potatoes in a diverse portfolio of products with added value.

Unlock 25 strategy

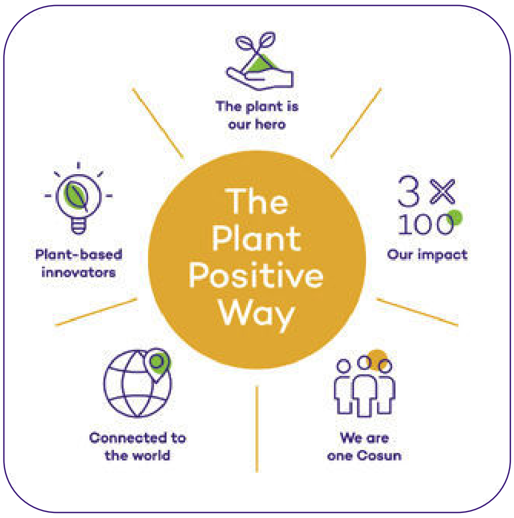
At the end of 2021, Cosun introduced its Unlock 25 strategy. Unlock 25 is a means for us to get more out of ourselves, prosper and be at our best. This new strategy sets the direction and focus for all our people in all our business groups. We have made clear choices about our strategic priorities and what we need to achieve our ambitions. Our strategic priorities are:

1) to improve our results in the short and medium term,
2) to grow profits in four key areas (sugar beet, potatoes, sustainable lifestyle ingredients and co-products), and
3) a future-proof sustainable chain.

The goal for 2025 is to earn an operating profit of 300 million euros and to pay our members at least 45 euros per tonne of beet.

Performance improvement

Improving our results is our highest priority for ourselves and our members and is at the root of further growth. Cosun's earnings model is currently not effective enough to realise an acceptable beet price and also achieve the growth we seek in established and new activities.



We are therefore doing our utmost to realise our continuous improvement programme and create more value from our current activities, including raising our commercial execution to a higher level, extracting more value from our operations, improving our logistics and supply chain and our procurement, and further optimising our overheads and working capital.

Portfolio: focus on profitable growth in four key areas

The growth areas are firstly maximum valorisation of the entire sugar beet, with cost control remaining a key priority. Secondly, we want to achieve profitable growth in potato products, with a focus on added value growth in products such as coated fries and through expansion in Eastern Europe and China. Thirdly, we will explore a new growth area in green and health promoting ingredients, with a focus on plant-based proteins, fibres (including inulin) and biobased materials. Our ambition is to grow this activity to 30% of the portfolio by 2030. The fourth growth area comprises the circular activities of co-products processor Duynie. As well as focusing on profitable growth in animal feed and fermentation, residual flows are a good circular source of innovation in the new growth areas.
All Cosun's business groups are linked to each other by intensive cooperation.

Future-proof sustainable chain
We have set ourselves ambitious environmental goals to make farming more sustainable and reduce our carbon footprint. With initiatives such as Groeikracht and a sweeping CO_2 reduction programme, Cosun is working across the board on a future-proof sustainable chain. The overarching goal is to create value for our members, customers and other stakeholders and maximise our positive, long-term impact on society. We explain our goals and how we will achieve them in further detail in the chapter Future - proof sustainable chain.

Strong foundation
We are a strong cooperative with solid foundations, products that matter, motivated people and committed members. Cosun is a plant-based business and we are capable of getting far more out of our plants. Our success in the coming years will be the outcome of The Plant Positive Way.

What are our strategic priorities?

Results
Improving our results
Continuous improvement is a central feature of the way we work. It delivers a good earnings model for our members and gives Cosun the strength to grow further.

Portfolio
Focus on profitable growth in added value products that improve the wellbeing of people and animals and promotes a sustainable lifestyle.
There are four pillars underpinning our portfolio:
- Sugar beet
- Potatoes
- Sustainable lifestyle ingredients
- Co-products

Value chain
Future-proof and sustainable
As a cooperative we are ideally positioned to play a leading role in the transition to a future-proof sustainable agri-chain.

What do we need?

People
Our success stands or falls on our people. We encourage our people to get the best out of themselves.

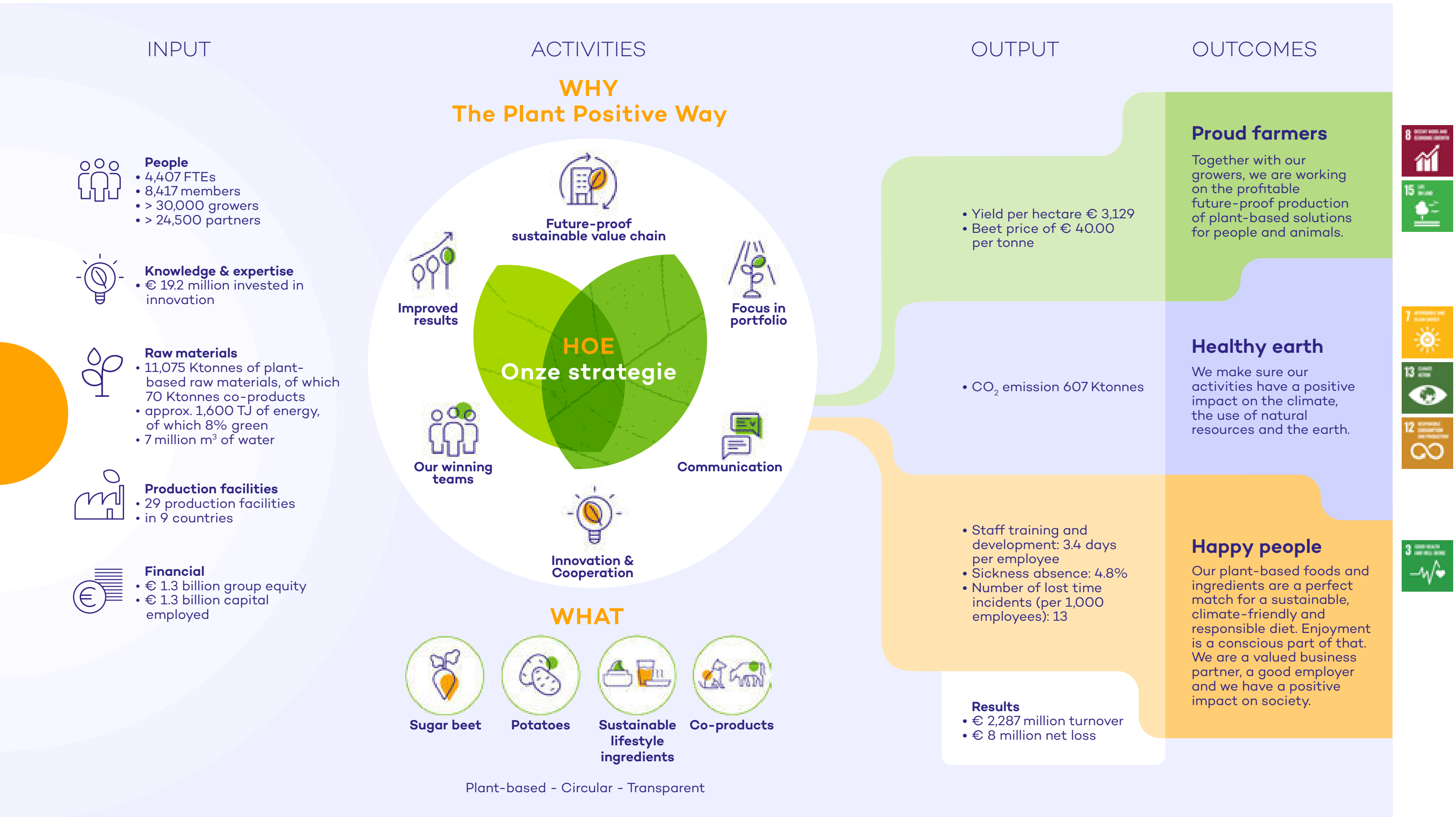
Innovation & Partnerships
Innovation is an important pillar in our strategy. We can increase our innovative strength through partnerships.

Communication
Showing who we are, what we do, and most importantly why we do it in order to connect with each other and with the world around us in the best possible way.

How we create value

The primary goal of the Unlock 25 strategy is to create lasting value for all Cosun's stakeholders. Our integrated value creation model explains how we will work with our resources and create value by means of our strategy, dedication and results.

The value creation model is a link between our sustainability strategy and the Sustainable Development Goals (SDGs). These global goals were set by the United Nations in 2015 to address poverty, inequality and climate change with a target date of 2030.



Future-proof sustainable chain

To realise a future-proof sustainable chain, we have identified three areas:
1) the cultivation of our crops (Proud Farmers),
2) climate change (Healthy Earth), and
3) contributing to a balanced diet, a sustainable lifestyle and good employment practices (Happy People).

In each of these areas, we set goals, implementing programmes and projects and are working in the value chain to meet our goals.

Proud farmers

Working with our growers on profitable sustainable farming.

Groeikracht

Through the Groeikracht programme, Cosun is working with its growers on future-proof, sustainable and profitable cultivation. Facing challenges in the field of yield, soil, plant health, biodiversity, climate and our standing in society.

Groeikracht combines the strengths of potato, sugar beet and chicory growers with Cosun's strengths. Growers share their know-how and experience and are the first to apply innovations. Field projects are being carried out on five themes – weed control, healthy soil, crop protection, climate and biodiversity. Measurable improvements in cultivation and sustainability are being studied and innovated.

Soil quality, biodiversity and emission goals have been set for each theme in line with the Plant Health action plan of the Arable Farming Organisation. We also want 100% of the sugar beet, potatoes and chicory to meet FSA Gold level or equivalent by 2030. The Farm Sustainability Assessment of the Sustainable Agriculture Initiative Platform is a worldwide benchmark for the sustainability of farms and fields.

Healthy soil and crop protection
To achieve our **healthy soil** ambition we are actively monitoring soil quality across a large proportion of the farmland and taking measures to improve soil quality. Many growers are already deeply concerned about their soil and are taking targeted measures but there is still room for further progress.

The **crop protection** goal is to use herbicides and pesticides with virtually no environmental emissions and that leave virtually no residues in the crop. This concerns both the means for controlling weeds and those for controlling diseases and pests. We will be guided by the ambitions laid down by the European Commission in its Farm to Fork strategy, with no compromises on maximising the crop result.

Several future-proof mechanical weeding projects are already being carried out, such as the use of camera-guided precision hoeing equipment, weed pullers and a spot sprayer. The high-tech cameras can distinguish weeds from crops and thus control weeds very effectively and significantly reduce the use of herbicides. Cosun provides support to purchase, rent and use the new equipment. A pilot scheme involving an autonomous robot powered by solar panels is also being carried out to sow chicory and sugar beet fields and control weeds. We set up the Cosun Weed Platform in 2021. Experimental, integrated weed control will be trialled for five years on sugar beet and chicory fields. The Institute for Rational Sugar Production (IRS), Sensus and Cosun Beet Company will advise the growers.

Aviko

Aviko adopted a new sustainability strategy in 2021 that will be rolled out in 2022. Aviko will strengthen its ties with potato growers in order to future-proof the sustainability of the potato crop and the business. In addition, nearly all locations will switch to green energy, further reduce their CO_2 emissions and step up their use of monoplastics with a view to working with 100% recyclable packaging materials. The sustainable cold store in Poperinge was opened during the year.

Biodiversity

Further work needs to be done to improve **biodiversity** in the years ahead. Arable farmers can play their part in many ways, for instance by planting flowers in field margins, encouraging soil life and increasing crop diversity. A seven-year strip cropping experiment (Nature Field 2.0) is being carried out on 12 hectares in West Brabant to establish the feasibility of ecologically balanced farming. The results of the first two years are expected soon.

Cosun will use an Arable Farming Biodiversity Monitor (BMA) that has been under development since 2021. The BMA has eight key performance indicators (KPIs), ranging from organic matter balance and environmental burden to percentage ground cover, in order to improve biodiversity in the fields. The KPIs measure the farmers' performance and indicate where improvements can be made.

Nitrate Directive

Under the banner of the Arable Farming Organisation, together with the Dutch Federation of Agricultural and Horticultural Organisations (LTO), the arable sector successfully drew up an alternative plan to the Seventh Nitrate Action Programme to improve soil and water quality. It provides an alternative, targeted approach to a package of far-reaching generic measures. The details must still be worked out but the customized plan is aimed at ensuring that growers will be able to opt for the generic measures or the tailor-made approach in order to meet the required standards. The alternative plan was drawn up together with the business groups concerned (Aviko, Cosun Beet Company and Sensus) and, through Groeikracht, with the growers.

Healthy earth

Our activities have a more positive impact on the climate and the planet.

Cosun Beet Company
Sustainability is Cosun Beet Company's licence to operate and underpins its operating profit. In anticipation of the expected shortage of lorry drivers, Cosun Beet Company shipped 270,000 tonnes of beet by barge from South Limburg to the sugar factory in Dinteloord during the campaign. This significantly reduced our CO_2 emission and costs.

Healthy Earth centres on reducing our impact on the environment and climate. In other words, the focus is on lowering our carbon footprint. For the business groups to work with each other as efficiently as possible and make the right investment decisions, we set up the SCO_2RE programme. In 2021 it produced a roadmap for each business group to make the necessary investments to reduce energy consumption and CO_2 emissions.

SCO_2RE also quantifies our ambitions for scope 1 and 2 emissions. Scope 1 emissions are those that leave our own chimneys. Cosun wants to be emission-free by 2050 at the latest. By 2030, our emissions must be 35% lower than in 2018 and 15% lower by 2025. Scope 2 emissions relate to the energy that Cosun purchases, such as the electricity we use in the factories and offices. All the energy we buy for new projects must be green as from 2022, and all the energy we buy must be green as from 2025. Scope 3 emissions are those that are attributable to the goods and services we purchase. Cosun will set new goals for these emissions in 2022.

In 2021 Cosun consumed approximately 11,600 TJ of energy, 8% of which was green. We emitted 0.25 tonne of CO_2 per tonne of product in 2021 (2020: 0.24 tonne of CO_2 per tonne of product). In absolute terms, the CO_2 emission amounted to 607 Ktonnes (2020: 521 Ktonnes). The increase was the direct consequence of higher activity than in 2020 and acquisitions. The production volume had been lower in 2020 on account of COVID-19.

Water consumption was higher and the volume of organic residual matter per tonne of product was the same as in 2020. In 2021 we processed 11,075 Ktonnes of plant-based raw materials, of which 70 Ktonnes were co-products.

In 2021 Cosun Beet Company invested in an 8-stage evaporator in the Vierverlaten factory to reduce its carbon footprint by 10%. Construction of this additional evaporator will be completed in 2022. Construction of the Cosun Solar Park with 65,000 solar panels in Puttershoek was completed during 2021. Cosun Beet Company owns a large part of the park. It produces enough green electricity to meet the demands of 3,250 households. The adjacent specialties factory consumes as much energy per year as 2,200 households. The remainder is used to make the energy consumption of the specialities factory in Roosendaal more sustainable.

Happy people

Our plant-based foods and food ingredients are a perfect match for a sustainable and responsible diet. We are a valuable business partner, a good employer and we have a positive impact on society.

As a socially engaged business, Cosun is a firm believer in balanced diets and sustainable lifestyles. We laid down our ambitions for this theme – Happy People – in 2021. We want to earn 30% of our total turnover from health promoting products or green alternatives by 2030 and 15% by 2025. The products will include dietary fibres, plant-based proteins and plant-based alternatives to animal products. Green alternatives also include bio-based products such as sugar beet paper.

In addition, we want 20% of the sugar we produce each year to be used in health promoting products or green alternatives by 2030, for instance as a raw material for plant-based glycol or bioplastics.

Working conditions

Cosun wants to offer all its employees safe and healthy working conditions and to be accident free across the board. Naturally, Cosun wants to be accident-free across the board. In 2021 we set realistic reduction targets for the years ahead based on the current number of incidents. A Cosun-wide staff satisfaction survey will be held for the first time in 2022. We will also start a dialogue about inclusiveness and diversity on the shop floor.

As a participant in the EcoVadis rating system, Cosun has raised its minimum target from Silver to Gold or equivalent certification.

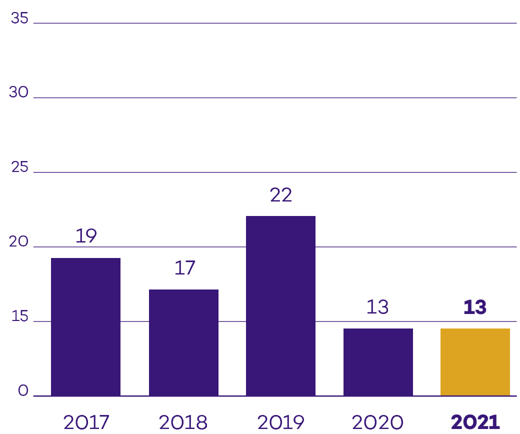
EcoVadis independently rates the CSR performance of some 60,000 companies worldwide on the basis of international standards. It awards four ratings: Bronze, Silver, Gold and Platinum. Cosun Beet Company has already been awarded the highest rating.

Figures

Sickness absence rose from 4.2% to 4.8% and was comfortably below the national average for industrial enterprises, as calculated by Statistics Netherlands.

Lost time incidents

per 1,000 FTEs



The number of employees rose from van 3,911 full time equivalents (FTEs) in 2020 to 4,407 in 2021, mainly on account of the acquisitions in China and Germany. In 2021, 23% of the workforce was female and 77% male (2020: 22% and 78%).

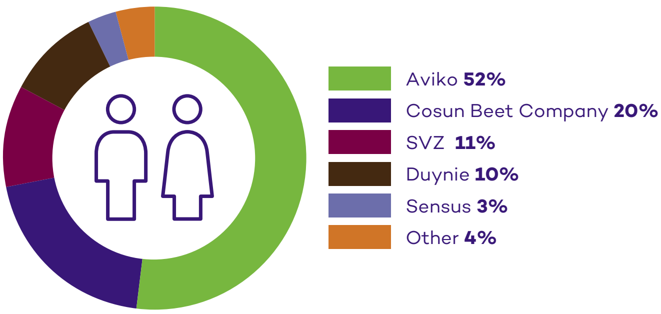
Duynie Group
Duynie Group became a member of the independent Global Feed LCA Institute (GFLI) in 2021. GFLI encourages the continuous improvement of environmental performance in the animal feed industry and has set a worldwide assessment standard for sustainable animal feed. With its 100% circular co-products, Duynie Group is a high scorer in this area.

Cosun invests heavily in its employees by offering them training and personal development courses. The number of training days per employee rose to 3.4 in 2021 (2020: 2.7).

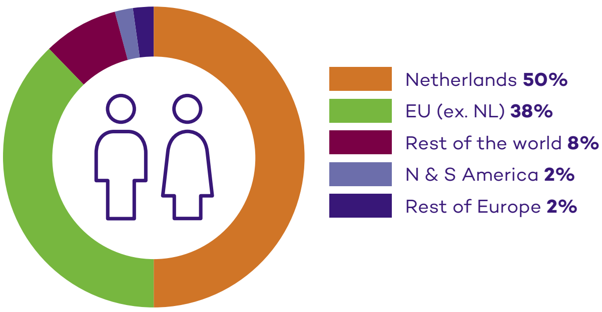
Cosun fulfils its social engagement by offering work placements for young people to gain relevant work experience. In 2021, it offered placements or graduation projects to 153 young people in the Netherlands (2020: 160): 97 higher vocational and university students and 56 intermediate vocational students.

Our role in society

We recognise the importance of having a positive impact on society and communicating our impact transparently. We will enter into an active dialogue about our engagement with various Cosun stakeholders in the coming period. Our goal is to base our plans on the outcomes of the dialogue wherever possible.



Number of employees per business group
in percentages



Number of employees per region
in percentages

Materiality matrix

Cosun applied the materiality principle in 2020 to identify issues of relevance to it and its stakeholders. The matrix below shows the aspects of corporate sustainability that are most relevant to our stakeholders on the Y axis and the areas where Cosun has the most impact on people, society and the environment on the X axis. The topics that emerge as material are considered in our reports. In 2021, we held stakeholder dialogues with industry associations, knowledge centres and NGOs in order to explore these topics in depth. The outcomes helped define our goals but did not call for any change in our priorities. No new material issues were identified either.

Materiality Matrix Cosun

1. **Energy**
2. **Circular crop use**
3. **Innovation**
4. **Biodiversity**
5. **Sustainable soil use**
6. **Financial performance**
7. **Plant-based alternatives**
8. **Healthy plants & crop protection**
9. **Fair pricing**
10. **Health & safety**
11. Water
12. Valuable partnerships
13. Sustainable sourcing & traceability
14. Food availability
15. Healthy food & diets
16. Product safety
17. Compliance with laws & regulations
18. Great workplace
19. Diversity & inclusion
20. Human rights
21. Local community engagement

COSUN INNOVATION

Innovation and partnerships are key aspects of our strategy. Innovation drives improvements in our results, the development of our growth areas, the total valorisation of our crops and the achievement of our sustainability goals.

New growth area: proteins

Cosun will market a new plant-based protein derived from fava beans (also known as field beans) in the first quarter of 2022. This innovation is the outcome of the productive cooperation during 2021 between Cosun Innovation, Cosun Beet Company, Sensus and SVZ. SVZ will carry out the first production run in Poland.

The catalyst for this relatively fast innovation was the knowledge gained from two other protein projects: RuBisCo protein, developed in collaboration with Cosun Beet Company, and potato protein, developed in collaboration with Duynie Group. Both these projects also made significant progress. Plant-based proteins in the transition from animal to plant proteins is one of Cosun's four strategic innovation themes.

Fava protein has unique properties that market research indicates are in high demand. Interest in this product was also high when it was launched at the FiE in Frankfurt (the biggest food ingredients expo in Europe) at the end of 2021. In addition, the cultivation of field beans could possibly take place in the Netherlands. The launch marked the start of a new, mature activity with plant-based proteins.

Complete valorisation with potting compost

In the Total Use & Biobased strategic innovation theme, we accelerated our collaboration with customers in 2021. Agreement was reached with two large multinationals, for instance, to co-develop products from plant-based raw materials.
Social media are opening up more and more open source opportunities to put challenges to third parties and realise solutions more quickly. This has already led to several concrete projects, including, in 2021, a high-value application of the digestate remaining from Cosun Beet Company's biogas production. Digestate has proven to be an extremely suitable replacement for peat in potting compost. The application has both financial and environmental benefits as peat is sourced mainly from nature areas in Eastern Europe.
The MIND!¡ approach to More INnovation Development is another way to accelerate innovation. It marries the culture of startups with the corporate culture of Cosun.
A large group of experts at Cosun and the business groups drew up a report entitled Outlook 2030 as part of the Future Food innovation theme in 2021. The report looks at the dominant worldwide food trends and explains their significance to Cosun. It was an important factor in Cosun's new strategy.

CO_2 neutral

In the Sustainable Manufacturing innovation theme, we worked hard on the SCO_2RE programme in 2021. It provides a Cosun-wide insight into where and how much CO_2 we emit and identifies projects that can make CO_2 neutral by 2050 at the latest. Future investments will be made on the basis of the programme. In the Sustainable & Smart Production subtheme, Cosun Innovation worked with the business groups to optimise and green their production processes by means of computer models and sensor technology. This work will be continued in the years ahead.

Operating Model

Building on sound foundations, a start was made in 2021 to strengthen the operating model and optimise the way in which innovation is organised within Cosun. This process will be completed in 2022. The goal is to improve and streamline the effectiveness and efficiency of our innovation.

Report of the cooperative

The year 2021 saw growth in our markets with higher prices and a partial recovery from the COVID-19 crisis. However, the cost of energy, raw materials and transport also rose sharply in the course of the year. All these factors led to a modest increase in the price paid for beet of standard quality. Higher sugar content and extractability prompted a distinct improvement in the price paid for beet of average quality.

The Members' Council met on six occasions in 2021. Digital meetings were held in February, March, May, October and December and a physical meeting in September. The annual accounts for 2020 were approved and members of the Board and Supervisory Board were re-elected during the digital annual meeting in May. At the same meeting, the auditor explained the audit work and audit findings concerning the 2020 annual report. The subjects discussed during the meetings of the Members' Council included the performance of the Cosun business groups, the impact of COVID-19, improvements to Cosun's corporate governance and the Unfair Trading Practices Act. The Members' Council considered the December forecasts and agreed to the beet price at its February meeting. A short meeting was convened in March to discuss the joint project with Avantium, in which Cosun Beet Company and Avantium have joined forces to build the first commercial factory for the production of plant-based glycol from sugar. At the annual meeting in May, Cosun's CEO, Mr Albert Markusse, introduced the members to the process of how the Cosun vision was being translated into the Cosun strategy. He later stood down from the Members' Council at the same meeting. In September, his successor, Mr Hans Meeuwis, informed the Members' Council of the trends, opportunities and threats relevant to Cosun and of the principles and criteria underlying the decisions taken for the strategy. In October, the direction of the strategy was announced and discussed with the Members' Council and in December the Unlock 25 strategy was launched and presented to the Members' Council.

Management matters

Ms Marianne van den Hoek was re-elected as internal member of the Board at the annual meeting. Mr Ben van Doesburgh was re-elected as external member of the Board.

Ms Jacqueline Rijsdijk and Mr Hans Huistra were re-elected as external members of the Supervisory Board during the annual meeting.

Youth Council

The members of the Youth Council again attended the district committee meetings in 2021. Its chairman and secretary also attended the Members' Council's meetings and discussed a variety of topics. The Youth Council itself held five meetings. In February a meeting was held in the form of a webinar with the farming service to discuss the growing advice it provided. In the first week of June and the last week of July digital Cosun consultation hours were held with the responsible Board member to discuss developments at Cosun and the sugar beet crop. To learn about another cooperative, a visit was made to one of the members of the Youth Council in Drenthe in September and Avebe's pilot factory was visited to discuss the structure and organisation of that cooperative and the cultivation of starch potatoes. A webinar was organised in November in which Frank van Noord (Cosun Innovation's director) informed the Youth Council about innovation and innovation projects at Cosun.

Sugar system

It was decided in the summer of 2021 to set the allocation of supply certificates for 2022 at 105%. This allocation will enable Cosun to produce enough sugar to supply its regular customers and take advantage of opportunities in the market. The ambition of replacing as much cane sugar as possible with beet sugar was realised in 2021. No cane sugar was processed during the 2021 campaign and all sugar was produced from beet. This optimised production in the factories, with more than 28,000 tonnes being processed per factory per day. The sugar market is still developing well and prices are expected to remain at a relatively high level for the time being.

Cosun will hold the growers to the requirement to fulfil at least 85% of their supply obligation. If they are nevertheless unable to do so, they must apply for an exemption in good time. Exemptions will be granted if there are growing problems due to aphanomyces and flooding. If growers cannot give adequate reasons for not fulfilling their supply obligations, the Board can impose a sanction. Sanctions will be imposed on a considerable number of growers in respect of 2021. Participation in the Unitip programme has been compulsory since the 2018 campaign. By far the majority of the growers enter their data in the system punctually. Nearly all growers fulfilled the Unitip requirements for the 2021 season. Growers who do not enter all their data on time risk having their final beet payment blocked.

Crop protection

In 2021 Cosun again tried to gain an exemption to use neonicotinoids. Neonicotinoids are very effective against harmful insects. However, the Minister of Agriculture, Nature and Food Quality leaves no room for their temporary admission in the Netherlands. It is therefore essential that an exemption is obtained for the use of Batavia and Closer in the Netherlands. They are in any event an alternative pesticide to neonicotinoids, albeit less effective and efficient. Cosun is concerned that a similar situation will arise regarding the use of Bonalan to protect the chicory crop. The decision to ban Bonalan has been postponed as there is no majority in support of the European Commission's proposal to end its admission. It will in any event be admitted until 28 February 2023.

Cosun is supporting its members in their transition to a sustainable and profitable crop. There are no simple solutions. We want to enter into a discussion with our members in 2022 to map out a route to make their crops sustainable.

Cosun vision

Cosun presented its new vision, 'The Plant Positive Way', in 2020. In 2021 it translated it into the Unlock 25 strategy. This strategy was launched and presented at the Members' Council's meeting in December. A Cosun Strategy Special was also issued to our members in December. In brief, Unlock 25 is a strategy for Cosun to build on its strong foundations with a focus on clear choices and growth in added value plant-based products that contribute to the wellbeing of people and animals, a sustainable lifestyle and a circular society. All Cosun's business groups will work on this integrated strategy in order to create value for Cosun's members and other stakeholders and have the most positive long-term impact possible on society. Priorities have been set to improve results, centring on profitable growth in added value products from the four key areas of sugar beet, potatoes, ingredients for a healthy, sustainable lifestyle and co-products, in a future-proof sustainable chain. To achieve it, we need successful people, our staff, innovation and cooperation, and good communication.

Members and supply certificates

	As at 31 December 2021		As at 31 December 2020	
DISTRICT / SECTION	**Number of members**	**Number of supply certificates**	**Number of members**	**Number of supply certificates**
Zeeuwsch-Vlaanderen	683	394,952	690	392,449
Zeeland-Midden	585	341,480	595	345,450
Zeeland-Noord	313	208,103	319	207,474
Goeree-Overflakkee	183	150,345	183	150,345
West-Brabant-Noord	492	324,384	502	323,513
West-Brabant-Zuid	228	114,807	240	114,376
Zuid-Hollandse Eilanden	309	230,965	312	231,438
Holland-Midden	206	149,904	213	152,088
Kop van Noord-Holland	392	299,146	405	305,208
Oostelijk Flevoland	311	345,009	331	361,071
Noordoostpolder	535	350,239	553	363,321
Zuidelijk Flevoland	126	170,329	131	177,734
Friesland	241	206,642	251	210,643
Groningen	994	992,939	1,005	982,392
Drenthe / Overijssel-Noord	916	1,099,322	922	1,076,050
Overijssel-Zuid / Gelderland	277	168,700	299	167,080
Maas&Meierij / Limburg-Noord	449	242,941	462	237,674
De Kempen	308	200,780	322	196,353
Limburg-Midden / De Peel	390	241,781	405	241,240
Limburg-Zuid	479	310,967	487	307,875
Nederland	**8,417**	**6,543,735**	**8,627**	**6,543,774**

Results for 2021

Financial performance

Turnover developed positively at all business groups relative to the previous year. A series of exceptional items, however, meant Cosun incurred an operating loss of EUR 3 million (2020: EUR 47 million operating profit). Besides the impact of the corona pandemic on Aviko's sales and thus the result, we also had to cope with a sharp increase in costs in 2021, especially for energy and transport. Despite these factors, Cosun is paying a slightly higher bonus to its members than in the previous year per tonne of beet they supply.

Results

Cosun's consolidated turnover for 2021 advanced to EUR 2,287 million (2020: EUR 2,029 million). This 13% increase was driven chiefly by positive volume growth and price movements. All business groups contributed to the improvement.

This favourable development could not be fully translated into a better group result. All members of Cosun were hit in the second half of the year by sharp price rises, especially for energy and transport. Moreover, a number of exceptional items weighed down on the result. The underlying result before exceptional items was higher at all business groups and was 32% better than in 2020. Aviko reported a particularly large increase in sales as corona had had a much bigger impact on it in the previous year. Sensus also saw a sharp advance in its result thanks to firmer prices. After exceptional items, the operating result before the members' bonus fell from EUR 89 million in 2020 to EUR 43 million in 2021.

On balance, exceptional items amounted to EUR 32 million negative in 2021 (2020: EUR 32 million positive). They were due to asset impairments of EUR 43 million due to disappointing results and decisions arising from the new strategy. The impairments related mainly to the necessary write-down of Duynie's ingredients factory and an additional downward revaluation in comparison with 2019 of SVZ in Europe. The impairments in value are explained further in the notes to the consolidated accounts. Another exceptional item was income of EUR 13 million from the sale of land. The 2020 exceptional items had consisted mainly of income from land sales.

The members' bonus amounted to EUR 47 million in total (2020: EUR 42 million). As in previous years, the members' bonus is recognised as a cost of raw materials in the operating result. Earnings before interest, taxes, depreciation and amortisation (EBITDA) increased by 6% from EUR 202 million in 2020 to EUR 215 million in 2021. The net loss for the year came to EUR 8 million (2020: EUR 30 million net profit). This fall was due chiefly to impairments in asset value and the higher members' bonus.

COSUN BEET COMPANY

Cosun Beet Company closed the year with a slightly higher operating profit than in the previous year. The recovery in sugar prices seen in 2020 continued in 2021. Furthermore, the corona crisis had little impact on the volume of sugar sales and bioethanol prices remained firm despite a temporary dip at the beginning of the year.

A positive development was that Green Energy, a major producer of biogas, profited in the closing months of 2021 from the sharp rise in gas prices. However, gas prices boosted the cost of sugar production during the three months of the 2021 campaign. Cosun Beet Company became the sole shareholder of the international trading house Limako (established in 1968) in 2021. In good consultation with the other shareholder, the outstanding 49% of the shares were acquired from ED&F MAN. Sole ownership of Limako gives Cosun Beet Company maximum flexibility to import and export sugar and take advantage of new business openings.

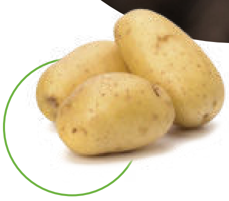
The 2021 beet growing season was characterised by a cold spring followed by a humid summer. Despite the sunny autumn months of September and October, the sugar content of the beet did not increase as expected. The yield in the Netherlands stuck at 13.8 tonnes of sugar per hectare.

The Dinteloord and Vierverlaten factories processed some 6.8 million tonnes of beet into 1.1 million tonnes of sugar. The Anklam factory processed 1.9 million tonnes of beet into sugar and bio-ethanol.

Cosun Beet Company's strategy is directed at maximising the value of the entire sugar chain. Cost control and a further improvement in results are also priorities. In 2021 Cosun Beet Company took an important step to establish a Betafib factory to replace the demo plant in Roosendaal. A detailed plan is being drawn up for a new factory. A decision to build the first commercial factory will be taken in 2022.

Cosun Beet Company and Avantium have joined forces to produce vegetable glycol from sugar. The decision to invest in production of vegetable glycol will be taken in the first half of 2023. If it is given the green light, commercial activities will commence in 2025. The production of vegetable glycol will be part of a fossil free future.

In view of the tightness in the market, we expect sugar prices to remain at a favourable level in 2022, both nationally and worldwide. Despite costs being higher in all areas, Cosun Beet Company, as one of the pillars underpinning the Cosun strategy, is looking to 2022 with complete confidence.



AVIKO

For Aviko, 2021 was a year of recovery from the impact COVID-19 had had and is still having on the business. On the whole, Aviko closed the year with an operating profit.

The prolonged consequences of corona and the lockdowns in Europe had a significant impact on out-of-home consumption. This market has bounced back strongly since its reopening in the late summer, with an enormous increase in demand for potato products. On balance, sales fluctuated widely in 2021 and Aviko repeatedly had to scale down and scale up its operations in order to strike the right balance between supply and demand.

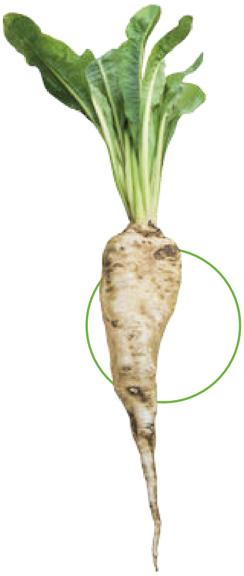
The pandemic has also left its mark on the global supply chain. Container transport, energy, ingredients, materials and services are all subject to price inflation on the one hand and were often less available to the European potato processing industry on the other. Amidst the corona turbulence, Aviko managed to achieve is growth ambitions. The business group successfully responded to the growing popularity of delivery services with special coated fries and other products. Aviko Rixona's flake and granules business was barely affected by the corona crisis and turned in healthy results.

The delayed early potato harvest enabled Aviko to process the previous harvest in full. Owing to the late growth, local water damage, relatively little sunlight and humid weather, the quality of the potatoes was also lower. Aviko could meet the demand thanks to the stocks it had built up.

Acquisitions in China (Hongyuan Louis) and Germany (Stavenhagen) were successfully integrated. Both factories are operating in line with expectations. The investments in the new factory in Poperinge (Belgium) and the production facility in Venray are proceeding according to plan. The Poperinge factory will provide essential additional capacity when it comes on stream in the first half of 2022. The COVID-19 pandemic may impact the out-of-home market again in 2022. The potato processing industry foresees stronger price inflation (especially energy costs), a shortage of processing aids and raw materials and persistent challenges in the supply chain. Potato growers are also witnessing a sharp increase in costs. Compensation must be found through their contracts in order to offer the growers a cost effective price that retains the area under potatoes and provides for growth. By responding flexibly to these and other external factors, the path to profitable growth nonetheless remains open to Aviko.

The long-term outlook is also positive. The market has growth potential, as the third quarter of 2021 convincingly demonstrated. Furthermore, the new factory in Poperinge and further integration and development of the facilities in China and Germany will increase Aviko's capacity. It will enable the business group to meet the firmer demand and resume its growth. Aviko will also concentrate on further product and process innovation.

Profitable growth in potato products is one of the priorities of Cosun's Unlock 25 strategy. Aviko is seeking geographical expansion in Western Europe, Eastern Europe and China and growth in volume and in added value products. Following the successful cooperation within Cosun in the fields of finance and ICT, Aviko is currently studying and taking advantage of opportunities to combine forces with other parts of the cooperative, not least with its growers.

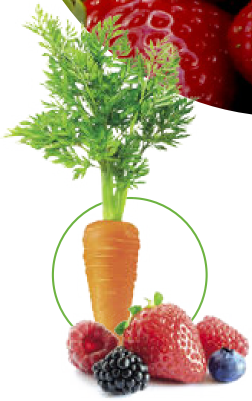


SENSUS

Thanks to higher selling prices and margins throughout much of the year, Sensus reported a profit for 2021 that was higher than that for 2020. Favourable price levels were triggered by the worldwide tension caused by demand exceeding the supply of the dietary fibres (inulin) produced from chicory.

Worldwide availability of these food ingredients has been lagging behind the continuous, strong growth in demand for several years. Consumers are showing more interest in healthy, natural foodstuffs, including products containing inulin, such as cereal bars, pasta and food supplements. The COVID-19 pandemic has only strengthened this interest and health awareness.

The production of inulin from chicory, however, cannot keep pace with the growing demand for healthier products. The disappointing harvest in 2020 further reduced the availability of inulin. Sensus therefore increased the area under chicory in 2021 and will contract hundreds of hectares more in 2022. The harvest developed significantly better in 2021 than in the previous year, although it was lower than expected owing to the cold spring. Besides increasing the area under chicory, Sensus is implementing a three year plan to increasing the production factory of its inulin factory in Roosendaal in order to meet the growing market demand. The first phase was completed as planned in 2021. Phases 2 and 3 will follow in 2022 and 2023.



SVZ

For SVZ, 2021 was a very challenging but successful year. Successful because turnover and sales advanced by more than 10% and profitability improved further, entirely in line with long-term projections. Record sales led to good capacity utilisation on nearly all production lines. In keeping with expectations, the Netra Agro trading activity made a positive contribution to SVZ's results. Despite the higher results, all kinds of challenges affected all facets of the business.

For example, SVZ had to deal with the negative impact of the corona lockdowns in 2021. Customer confidence firmed and demand from the foodservice and on-the-go sectors recovered strongly in the second half of the year. The fall in demand was therefore not as precipitous as during the first lockdowns in 2020. On balance, SVZ realised higher sales growth. The very inconsistent fruit harvests presented another challenge. They affected the availability and price of the crops. The purchase cost of raspberries and blackberries, for instance, rose steeply during the season. The business group had to go to extreme lengths to supply customers with the products they required. Owing to disappointing harvests in South America, worldwide demand for fruit outstripped the amount supplied from Europe.

In the United States, SVZ's Mexican and Chilean suppliers failed to fulfil their contracts and the business group had to buy in raw materials in a rising market. Staffing of the US factory also came under so much pressure that production had to be scaled down. Apart from corona-related sickness absence, government incentives are tightening the labour market in the United States. Recruitment drives, deployment of personnel from other production sites, further automation and improved working conditions must raise the staff level at the US factory back up to standard.

SVZ is expanding the concentrate and ultrafiltration line at its Polish factory so that it can continue to meet the growing demand. The expanded line will also produce a new plant-based protein from fava beans. Cosun will bring the product to market in the first quarter of 2022. As from 1 January 2022, SVZ Spain will operate its own frozen storage facility, which will deliver an annual saving by reducing in unnecessary logistics movements. Finally, SVZ is studying how it can achieve additional growth and permanently increase capacity utilisation by processing circular raw materials at its factory in Rijkevorsel.

SVZ will continue its upward profitable growth in 2022 by maximising the value extracted from its raw materials, controlling costs and through smart position management with the right stock positions. In keeping with the Unlock 25 strategy, SVZ will seek new alliances to enable further growth and strengthen its position in the worldwide fruit and vegetable market.

DUYNIE GROUP

The corona pandemic had less of a negative impact on Duynie Group's operations in 2021 than in the previous year. Raw materials such as brewers spent grain and potato peelings were in ample supply. The supply, however, was very volatile owing to fluctuations in fries consumption and the lockdown of the hospitality sector. On the whole, Duynie Group was affected by cost rises, especially for energy, transport and processing aids such as cardboard and chemicals. The business group was nevertheless able to pass on the increased cost of raw materials in the higher selling prices of its co-products.

Duynie Group improved its regular operating result before exceptional items in 2021 thanks to an improvement in its animal feed results. Lower innovation costs also made a positive contribution. The startup of the new ingredients factory in Cuijk exerted pressure on Duynie's results for the second year. A raft of cost increases relating to this activity meant the higher sales did not feed through into additional income. The value of this factory was written down by an amount of EUR 20 million.

Duynie Feed had a good year. After France (2020) and Ireland (2021), the business group will start operating in Italy in 2022. AgriBioSource reported lower turnover, Novidon higher turnover. The latter suffered from a complete collapse in demand for starch products at the beginning of the year owing to the corona pandemic but it made up for all of the collapse in the second half of the year. Duynie Ingredients had to cope with very high costs to transport pet food ingredients to the United States as containers were either unavailable or extremely expensive. On the one hand, Duynie could pass on these costs to the final customer and on the other, following the collapse in the US, it could divert sales to Europe. Duynie Consulting successfully won a series of projects to extract more value from suppliers' co-products. It will concentrate on the execution of these projects in 2022.

Duynie Group will continue to grow the volume of co-products in the years ahead. After many years' work it signed contracts with beer brewers and a grain processing company in 2021. Duynie Group intends to remain its suppliers' preferred partner by generating continuous added value for them. Duynie Group accordingly strengthened its foundations in 2021, also with a view to further improving its operating result.

Financing

Cosun can draw on a EUR 400 million Revolving Credit Facility (RCF). To finance our future growth plans we renewed the RCF for a term of five years in 2019, with options to extend it for a further two years. The first option was exercised in 2020, the second in 2021. The maximum drawdown on the RCF in 2021 was EUR 160 million; EUR 160 million had been drawn down as at year end. Cosun comfortably satisfies the covenants of the RCF. Under the Cosun member loan programme, the members of Cosun can lend part of their beet delivery/business termination payments to the cooperative for a fixed term of between two and five years. This loan is subordinated. In total, the members have lent approximately EUR 23 million. The new activity in China, Hongyuan Louis, was financed in part locally and largely with established banking relations. There was a net debt position of approximately EUR 147 million as at year end.

Cash flow

Cosun generated a positive cash flow from operating activities of EUR 100 million in 2021 (2020: EUR 101 million). It was the outcome of a lower operating result and higher depreciation and amortisation charges, including asset impairments. Book profits on the sale of assets were lower and working capital was higher owing to higher stock levels and an increase in debtors. Higher investments in assets and lower sales of land to group companies increased the cash flow from investing activities. Cash flow from financing activities was increased by the drawdown on the RCF.

Investments

Investments in tangible and intangible fixed assets amounted to EUR 242 million (2020: EUR 172 million). In 2021 Cosun Beet Company invested in sustainability by building an 8-stage evaporator in Vierverlaten in order to save energy and thus reduce CO_2 emissions. It also invested in construction of the solar park to generate electricity for the Puttershoek production site. Aviko continued construction work on the new factory in Poperinge in order to meet the growing demand for frozen fries. This project began in 2019 and completion is expected early 2022. In addition, Aviko invested in the further expansion of its factory in Venray, where it will produce mainly potato flakes. The work is being conducted in accordance with a multiyear expansion plan for Rixona to meet the growing demand for potato flakes. Sensus invested in increasing the capacity of its inulin factory in Roosendaal. The factory's capacity will be further increased in steps in the years ahead in order to meet the growing demand for inulin. Other investments, including those of SVZ and Duynie, related mainly to replacement projects at all parts of the group and smaller expansion or efficiency projects.

Balance sheet

Total assets increased to EUR 2,220 million in 2021 (2020: EUR 1,962 million). The cash position was EUR 24 million lower. The net loss for the year reduced group equity to EUR 1,278 million (2020: EUR 1,285 million). Group equity as a percentage of total assets came to 58% as at 31 December 2021 and was thus lower than a year previously (31 December 2020: 65%). The group retained its strong financial position. On account of planned investments, we expect the cash position to be lower in 2022 and we will require a further drawdown on the RCF.

Beet price

The members' bonus for 2021 was set at EUR 47 million in total and will be paid as part of the quota beet price. The basic price for quota beet was held at EUR 32.50 per tonne. The members' bonus per tonne came to EUR 7.50. In total, the price paid to members for quota beet with a sugar content of 17% and an extractability rate of 91 amounted to EUR 40.00. The price paid to members for quota beet with average sugar content and extractability amounted to EUR 38.91. In the previous year it had been EUR 35.60. The volume of quota beet was 3% lower at 6.4 million tonnes. The average price paid for sugar beet in excess of the allocation was EUR 26.75. At 13.8 tonnes, the average sugar yield per hectare was higher than in 2020 (13.2 tonnes). The average financial yield for Dutch beet growers thus came to EUR 3,129 per hectare, an increase on the previous year (2020: EUR 2,902).

Prospects

In light of the current situation, we must exercise some caution regarding our prospects for the near future and especially for 2022. The Russian invasion of Ukraine has shocked the world. War has been raging in Europe since 24 February 2022 and the situation has been changing rapidly since then. Many countries have condemned the invasion and imposed sanctions on Russia and Belarus. The consequences expected for Cosun are:

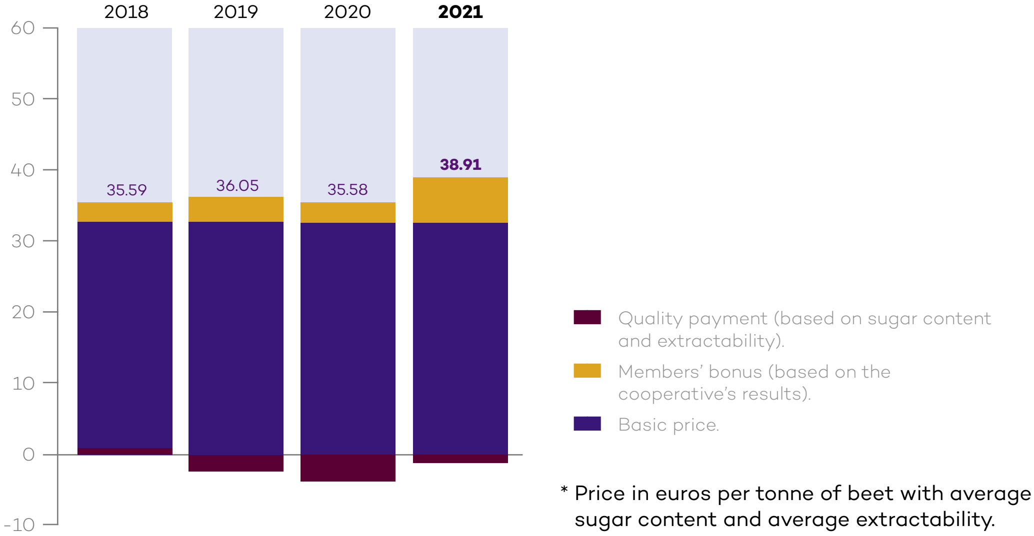
- materially higher raw material and processing aid costs. It is currently not clear how much the increases will influence the result;
- a limited impact on assets as Cosun does not have tangible assets in the countries concerned;
- sales to Russia have been terminated where contractually possible until further notice. The impact will be limited because Cosun does not have material sales in the countries concerned.

We are continuously monitoring the situation. Where necessary mitigating measures are being taken. If these exceptional circumstances lead to higher costs, we must pass them on to the market.

In the course of 2021, we had to contend with sharp cost increases for energy, transport and other raw materials and processing aids. This impact will continue in 2022 and will be aggravated by the war in Ukraine, which will increase the uncertainty and pressure on prices (inflation) and availability. It will be a daunting challenge to pass on these higher costs in full. In the supply chain, our growers are also facing higher costs that will feed through into the cost of our crops. The price volatility of farm products has always had a significant influence on Cosun's results. We therefore cannot reliably predict Cosun's overall result for 2022.

For Cosun Beet Company, we expect sugar prices worldwide to remain firm in 2022 given the tightness of the market. Turnover will be higher but profitability will be determined largely by the aforementioned cost developments. The scale of our factories and our growers' high average yield per hectare make us very competitive.

Quota beet price*
in euros per tonne



* Price in euros per tonne of beet with average sugar content and average extractability.

For Aviko, we are looking forward to a further recovery in sales as the market returns to normal following the corona pandemic and by responding to opportunities when the Poperinge factory comes on stream. The main challenge to Aviko will be passing on the sharp increase in costs it has seen across the board.

For Sensus we expect sales growth to be driven by the greater availability of product from the recent campaign. Prices are good.

SVZ is also expected to continue the upward line of profitable growth in the coming years thanks to its maximum valorisation of raw materials, cost control and smart position management with the right stock positions. As part of the Unlock 25 strategy SVZ will seek new alliances to pursue further growth and strengthen its position in the worldwide fruit and vegetable market.

Duynie is also expected to report further growth and higher results driven by volume growth and the creation of higher added value co-products.

Cosun will also pay unremitting attention to all the risks and developments at play in 2022. In the Board and Executive Board's opinion the continuity of the business is guaranteed by Cosun's healthy solvency and cash positions, as disclosed in the annual accounts.

In the longer term, we expect to report an upward line in our results as the raw material markets returns to stability, Aviko's sales recover in full from the COVID-19 pandemic, the market realises its growth potential, sugar prices rise further and our Unlock 25 strategy proves its worth. Our financial position is strong.

In the coming year, Cosun will again invest in strengthening its position in various segments of the market. We will invest in organic growth, including climate-related efficiency improvements and energy savings and innovation, and in strategic acquisitions where possible. We accordingly expect a further increase in staff numbers.

Risk profile

Cosun is active in agrifood sectors in a variety of markets and in several countries. It has to contend with strategic, operational, financial and compliance risks that are inherent in its activities. We seek further growth in plant-based solutions that have a sustainable impact by means of a targeted product-market strategy, the development of new product-market combinations, innovative projects and sustainable farming and processing techniques. We limit the risks wherever possible but take advantage of all the opportunities.

Risk management strategy

Cosun recognises the importance of risk management to identify and mitigate risks at an early stage wherever possible and desirable. All business groups periodically identify, analyse and evaluate potential risks with regard to both their likelihood and their impact. Risk management is based on the corporate governance code for cooperative enterprises (the NCR code). Risk management is an iterative process to identify, quantify and categorise risks that is relevant to all the decisions we make. The results of this process are used to define actions to mitigate the main risks wherever possible and desirable.

Our risk management process is based on the following cycle:

1. Our internal environment, the way in which responsibilities are allocated and the organisational culture.
2. Definition of the risk appetite.
3. Risk analysis and risk assessment.
4. Risk control, taking action where necessary to control and/or mitigate risks that are not compatible with our risk appetite.
5. Risk management measures, reports and evaluations.

Internal environment

Cosun observes the Cosun Principles. They direct our actions and are periodically brought to the staff's attention. They form a road map to a transparent culture, in which the staff are expected to be aware of the risks that arise in the performance of their work and to take responsibility for them. The staff's risk awareness is continuously raised by means of targeted communication and training courses. Cosun has an internal whistle blower scheme so that the staff can report cases that might conflict with the Cosun Principles, anonymously if they wish.

5 Control and evaluation
- Monitoring effectiveness
- Evaluation of risk management
- Letter of Representation
- Risk management reviews
- Improvement measures

4 Risk control
- Risk control measures

1 Internal environment
- Organisation and responsibilities
- Culture

2 Risk policy
- Risk category

3 Risk analysis and risk assessment
- Strategic goals
- Operational goals
- Financial goals
- Compliance

As well as the Executive Board, all the business groups' management boards have primary responsibility for the conduct of the risk management process and sign a Letter of Representation every year in respect of the entities for which they are responsible. In it, they declare that they have acted in accordance with the Cosun Principles and internal guidelines and rules arising from applicable laws and regulations.

Various group departments help the management boards develop, maintain and monitor the effectiveness of the risk management process. These departments support the development of the internal control framework and policy lines. A periodic risk analysis and risk assessment is supported by the group departments. The group control department also carries out periodic internal assessments of the internal and administrative control of group entities and reports its findings and recommendations for improvement to the managers of the entities concerned and to the Executive Board. The treasury & risk management department sets frameworks for risks of a more operational nature and carries out risk assessments.

The Board has final responsibility for all aspects of risk management. The Supervisory Board is charged with overseeing the effectiveness of risk management, the internal control systems and the integrity and quality of financial reporting.

Risk appetite

Our risk management and controls are designed to strike the right balance between entrepreneurship on the one hand and an acceptable risk profile on the other. They are the starting point to assess and bear risks in order to achieve our strategic goals. The table below shows our risk appetite in the various risk categories.

Risk category	Risk appetite					Note
	Very low	Low	Medium	High	Very high	
Strategic			●			• Medium growth in established markets.
				●		• High growth in new markets or with new products in new applications.
						Both with the right balance of risk and return.
Operational		●				• Moderate with regard to position management, with a focus on awareness of potential risks.
			●			• Medium in other areas/issues, with alignment of goals and related costs and clear focus on profitability.
	●	●				• Very low to low with regard to staff safety and to product and food safety. Also with a view to our reputation.
Financial control		●				• Low with regard to financing, interest rate and foreign exchange risks.
Compliance	●					• Very low with regard to compliance with laws and regulations.

Building on our vision of 'The Plant Positive Way', we developed a new strategy in 2021. It is directed at:

1) improving our financial results,
2) targeted growth in plant-based solutions, in part through the full valorisation of our crops and innovation, and
3) a future-proof sustainable supply chain.

One aspect of our growth ambition is to develop new products for selected new markets. This has a higher than average risk profile. Growth in our existing markets has on average a lower risk profile. Implementation of the strategy will consider our impact on the climate, sustainable farming and processing, and the interests of all stakeholders, with whom we will seek an active dialogue.

Regarding operational risks, our risk appetite ranges from very low/low in respect of safety risks to average in respect of managing our purchasing and selling positions.

With regard to financial risks, the risk appetite is low and we have a zero tolerance policy with regard to non-compliance with laws and regulations.

Risk analysis, assessment and control

Cosun analyses risks in accordance with its risk management process. We also monitor trends and developments that present opportunities or can have a negative impact on our activities. In 2021 we took the following additional or new measures in response to events during the year.

Category	Events or trends with an impact in 2021	Additional control measures
Strategic	Several years of low profitability growth, in part because of low sugar prices and COVID-19 and asset impairments. To date, our growth plans have not had adequate results.	We launched our new strategy, Unlock 25, in 2021, with clear decisions on where we want to operate and where we do not. The strategy must significantly improve our earnings potential heading to 2025.
Strategic	Attractiveness of our crops is coming under extra pressure from higher farming costs and the higher price of alternative crops (e.g. wheat).	New strategy implemented to improve our profitability so that we can pay a better price. Study of medium and long term security of raw materials for potato, beet and chicory crops. Groeikracht programme.
Strategic and compliance (laws and regulations)	Seventh Nitrate Directive Action Programme. We were initially confronted with a far-reaching package of generic measures applicable to our crops in the Netherlands.	Alternative plan to promote sustainable farming and meet the goals drawn up with growers, stakeholders, supply chain partners and trade associations. The Minister of Agriculture, Nature and Food Quality has incorporated the plan in the action programme.
Operational	Volatility of energy prices. The cost of gas and electricity exploded in the second half of 2021.	Higher costs passed on wherever possible to the market. Hedging policy revised and scenario management implemented.

Cosun periodically analyses its risk exposure. We also monitor trends and developments that present opportunities or can have a negative impact on our activities. The main risks and the risk control measures we took are shown in the table below.

RISK CATEGORY: STRATEGIC		
RISK	**DESCRIPTION OF THE RISK**	**RISK CONTROL MEASURE**
• Strong price fluctuations / fall in the price of sugar.	Movements in sugar prices in the EU and on the world market have a major impact on Cosun's results. We follow market developments in order to perform better than average.	• The business groups that make up the Cosun portfolio spread their activities across several raw materials and sales markets. • Continuous focus on product diversification, e.g. through innovation, to strengthen all activities in the portfolio. • Permanent attention to cost position through the industrial scale of processing and continuous improvement projects. • Continuous focus on improving the cultivation of sugar beet.
• Failure to achieve sufficient growth in profitability.	Sustainable and profitable growth underpins the continuity of our business and thus of our members. There is a risk that the drivers of our growth, such as world population growth and economic growth, do not sustain the biobased trend and thus demand for our products on the one hand and that our growth plans (organic growth in established activities, development of new products and markets and acquisitions to strengthen our activities) are inadequately profitable on the other.	• Spread of sales across different geographical markets and sales specifically targeted at growth markets. • Cooperation with partners, knowledge centres and strategic alliances to develop new product/market combinations based on agricultural raw materials processed by the Cosun business groups. • Periodic review of implementation and realisation of plans by the management boards of the business groups, Executive Board, Board and Supervisory Board as part of the planning & control cycle.
• Attractiveness of our crops to growers.	To secure sufficient raw materials in the long term it is of great importance that the growers earn an adequate return on the crops they grow and that we process. Pressure on the use of pesticides and herbicides and extreme weather conditions (e.g. drought necessitating irrigation) are increasing the cost of farming.	• Our strategy is to maximise the value of our crops and further optimise the yield in cooperation with our growers. • Study of medium and long-term security of potatoes, sugar beet and chicory. • Through the Groeikracht programme, we are working on alternative farming techniques and sharing best practices.
• Changes in consumer food behaviour (health, sustainability). Perception of sugar.	Our products meet the growing demand for sustainable and healthy plant-based food and our innovations are directed at developing new healthy and green products. But we are also aware of the perception of sugar, which may lead to lower food sales in the future.	• Building on the dialogue with our stakeholders, we are working on relevant themes and implementing our sustainability strategy. • We provide transparent and straightforward information on the nutritional value and sustainability of Cosun's products (e.g. through the Knowledge Centre sugar and nutrition). • We will communicate our new positive, sustainable, plant-based and circular Cosun vision more widely and better. ('Tell our Story') • We will continue to develop innovative, healthy and green ingredients. • Developing business with partners in which sugar is used as a replacement for oil -based raw materials in non-food. • We take initiatives to enhance food safety in the supply chain in cooperation with customers and suppliers.
• Energy transition. Uneven playing field.	Government measures (e.g. Paris Climate Agreement) can have major consequences for our activities but we recognise their importance. Significant investments are needed to meet our sustainability goals. A level playing field is essential if we are to achieve our goals. Distortions in the form of higher taxes, such as a tariff on sustainable energy or local climate taxes that are higher than in other countries, must be avoided.	• Energy reduction plans are being prepared for each location. Operational plans include energy reduction projects. • We work with interest groups to seek an active dialogue with the government.

RISK CATEGORY: OPERATIONAL		
RISK	**DESCRIPTION OF THE RISK**	**RISK CONTROL MEASURE**
• Staff and product safety.	Our staff run the risk of accidents. The risk of a major food safety incident is low but both the financial and reputational impact could be high.	• Focus on a safe workplace and safe working practices through training courses, physical measures, procedures, targets and reports. • Certification, track and trace systems and HACCP procedures. • Introduction and implementation of 10 Cosun safety.
• Volatility of agricultural and other raw material prices and energy prices.	Price volatility is inherent in Cosun's campaign-related activities, especially in the potato and fruit activities. Prices are highly reliant on harvesting conditions (surplus/shortage). Sharp rise in energy prices increases costs.	• Risks are appropriately controlled by means of position management. • Continuous focus on cost-efficient production to reduce energy consumption, transport movements and the use of packaging materials, combined with long-term price and volume agreements. • Higher energy costs and other cost increases passed on wherever possible to the market. • Policy to hedge longer-term energy costs.
• Influence of the weather on availability and quality of raw materials (harvest risks).	Disappointing harvests can lead to a shortage of raw materials and a fall in our sales. The quality of the raw materials can also influence our processing and production, and the growers' financial return.	• Spread of raw material procurement across several regions (also within countries) that grow sugar beet, potatoes, chicory roots, fruit and vegetables. • Production facilities are equipped to adapt their processes to variations in the quality of their raw materials. • Support and advice provided to growers by the group and industry associations supported by Cosun for specific growing and weather conditions (e.g. spraying and lifting advice for growers).
• Business continuity: disruption in the factory / cybercrime.	The risk of a major calamity and disruption to our business processes is limited/low but the impact could be very high.	• Specific risk management programmes, investments, inspections and maintenance to prevent disruption. • Insurance: Cosun has several general group insurance programmes to cover product liability, fire, consequential loss, etc. The consequential loss programme insures assets at appraised value plus appropriate, asset-specific cover for consequential losses. The financial strength of the insurers is periodically reviewed. Depending on the size of the risk, cover is arranged with several insurers. • Cybercrime: The IT shared service centre was ISO 27001 certified in 2019 and there are ongoing programmes to increase our resilience.

RISK CATEGORY: FINANCIAL MANAGEMENT		
RISK	**DESCRIPTION OF THE RISK**	**RISK CONTROL MEASURE**
• Mismatch between buying and selling positions for raw materials and end products.	Owing to the price volatility of our raw materials and products, open positions represent a risk. The nature of our business means we sometimes have to take long positions during the year.	• Frequent monitoring of buying and selling positions by senior managers of the business groups.
• Financing and interest rate risk.	It is important that we have secure long-term financing and sufficient cash. There is a limited risk that we are unable to satisfy our bank covenants. In view of our healthy balance sheet, this risk is very improbable. Our debt position will rise as we implement our growth plans in the years ahead.	• Cosun concluded a five-year syndicated bank facility (RCF) in 2019, with two options to renew the facility for a period of one year. The facility was renewed for a year in 2020 and in 2021. • Cosun has a central treasury organisation that acts as an in-house bank. The financing and cash management of subsidiaries, with the exception of joint ventures, is organised at group level. • Loans are spread wherever possible over a select group of counterparties with a short-term rating of at least A2 or equivalent. • All Cosun's business groups report their liquidity forecasts for the coming 12 months every month to reduce the risk of unforeseen liquidity shortages.
• Foreign exchange risk.	The greater part of turnover is earned in the eurozone. The main currency exposure is concentrated on the US dollar, the Polish zloty and the British pound.	• Internal policy is to hedge the foreign exchange risks arising from operating and financing activities wherever possible by means of forward exchange contracts arranged by our central treasury organisation.

RISK CATEGORY: COMPLIANCE		
RISK	**DESCRIPTION OF THE RISK**	**RISK CONTROL MEASURE**
• Laws and regulations.	Abrupt changes in laws and regulations at European, national or local level can have consequences for Cosun and its business partners. Changes can relate to the environment, food safety, production processes and crop protection agents.	• We follow developments in current and future laws and regulations and take measures where necessary. • We try to influence the introduction of laws by holding an active dialogue with the government, in cooperation with interest groups and industry associations where necessary. • Annual signing of an internal Letter of Representation declaring that activities have been in accordance with internal guidelines and rules arising from laws and regulations.
• Tax risks.	Cosun is active in many countries. There is a risk of non-compliance with tax laws, for instance regarding transfer pricing in relation to corporation tax or other taxes.	• Cosun seeks a transparent relationship with the tax authorities. Cosun has signed a horizontal supervision agreement with the Dutch tax authorities. • Activities are structured so that corporation tax is coordinated centrally. Responsibility for VAT, salaries tax, social insurance contributions, etc. lies with the individual entities. The policy and related management procedures are periodically assessed. • Cosun publishes its tax policy on its website.

Controls, reports and evaluations

Risks are periodically considered in the reports prepared for the management boards of the business groups, the Executive Board, the Board and the Supervisory Board. Besides the risks and risk appetite we also periodically evaluate events and incidents to determine whether the controls are effective and take additional measures where necessary.

Recommendations arising from internal audit work are reported to and followed up by the Executive Board and the management boards of the business groups. The business groups' management boards report on their follow-up to the Executive Board and the Executive Board in turn reports to the Board and the Supervisory Board. The Supervisory Board oversees the follow-up on the recommendations.

Corporate governance

To Cosun, corporate governance relates to how it regulates the relationships between the members of the cooperative, the Board, the Supervisory Board, the Executive Board and the staff. Good employment practices, integrity, respect, oversight, transparent reporting and accountability are the main pillars of Cosun's corporate governance policy. Cosun endorses and observes the NCR Governance Code for cooperatives.

Governance model

Cosun has a traditional governance model. Control of the cooperative lies with the members, in part through their election of the Board. On the principle that the members should have the final say, most members of the Board are also members of the cooperative. For the same reason, members of the cooperative also form a majority on the Supervisory Board. The external members of the Board and the Supervisory Board are nominated and appointed in recognition of their expertise and external networks. The Board has delegated day-to-day management to the Chief Executive Officer of the Executive Board.

Board

The Board's primary task is to run the cooperative. It has final responsibility for the development and implementation of the policy of both the cooperative itself and the business groups that make up Cosun. The Board consists of nine members, six of whom are also members of the cooperative and three are external members.

Supervisory Board

The Supervisory Board oversees the conduct of the Board's policy and the general performance of Cosun. It advises the Board and the Members' Council on request and otherwise. The Supervisory Board always acts in the interests of Cosun, its members and business groups, and considers third-party interests while taking account of social issues. The Supervisory Board examines the cooperative's annual accounts and reports on its findings. There are six members: four members who are members of the cooperative and two external members.

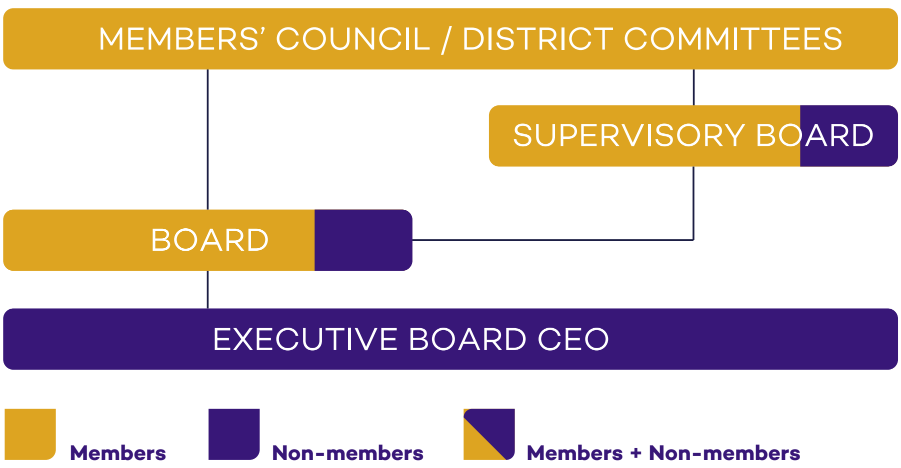
Members' Council

The members of Cosun elect the management committees of the districts and sections in which their farms are located. All Cosun's district committees together make up the Members' Council. On a proposal of the Board, the Members' Council elects the members of the Board. On a proposal of the Supervisory Board, the Members' Council elects the members of the Supervisory Board. On a proposal of the Board, it also adopts the annual report and accounts, the Articles of Association and the cooperative's regulations. It also acts as a sparring partner for the Board. The Members' Council has more than 60 members, all of whom are members of the cooperative.

Youth Council

The Youth Council consists of 15 members and serves as an incubator for management talent within the cooperative. It gives young members an important voice in the cooperative and acts as a sounding board. The members of the Youth Council represent candidate members and young members. In consultation with local district and section managers, the Youth Council itself is responsible for succession when necessary.

Governance structure of the cooperative



Governance
More information on these matters can be found on the website, www.cosun.com, under Corporate Governance. The Corporate Governance Code of the NCR is published (in Dutch) at www.cooperatie.nl, under 'Coöperatie Code 2019'. Cosun complies with this Code. Although the NCR Code 2019 gave no cause to make any changes, Cosun periodically evaluates its corporate governance. The various tiers of Cosun's governance structure carried out an intensive joint evaluation with the NCR in 2021 to examine all areas of the cooperative. The findings of the evaluation have led to proposals to improve the provision of information, to make better use of the Supervisory Board's expertise, to strengthen the Members' Council's role as an employer, to strengthen the composition of the Members' Council, to extend the Supervisory Board's mandate to approve investments and acquisitions and to strengthen the links and cooperation among the governance tiers. This will produce a stronger basis for governance, clarify the source of Cosun's vision, judgements, decision-making, supervision and accountability.

On behalf of the Board,

D.H. de Lugt	A.W. Bos
Chairman	Vice-Chairman

Breda, 31 March 2022

Report of the Supervisory Board

The Supervisory Board oversees the conduct of the Board's policy and Cosun's performance in general. It advises the Board and the Members' Council on request and otherwise. The Supervisory Board always acts in the interests of Cosun and its business groups and considers the interests of the cooperative's members and third parties while taking account of social issues.

The Supervisory Board met on ten occasions in 2021. It held three meetings with the Board and also attended meetings of the Members' Council. Joint meetings were held with the Board to consider the operational plans, the new strategy, governance, innovation, the strategies in place for proteins and for the use of Cosun's products in non-food applications, the results and sustainability.

A topic of keen interest to the Supervisory Board was the conversion of the vision (The Plant Positive Way) into a forward-looking strategy. The strategy had to be clear to the members and staff. Key elements include decision-making, an improvement in results in the short term and a distinct positive return on the investments made in recent years. The Supervisory Board was informed of the direction being taken for non-food applications and proteins. The Supervisory Board underwrites the direction taken by the decisions and will closely follow the developments and decisions. In the members' interests, the Supervisory Board requested an analysis be made of the future security of raw materials, the impact of climate-related measures on Cosun and the contribution members can make to address climate-related issues.

The Supervisory Board recognises that Cosun must help its members improve the earnings model of their farms. As part of the strategy, this has been worked out in Groeikracht. The Supervisory Board supports this initiative. The Supervisory Board recommended that the dialogue with stakeholders be continued in order gain a better understanding and appreciation of farming.

Besides the strategy, the Supervisory Board also considered financing and investment issues, the 2022-2024 operational plan, risk control and notifications made under the regulations concerning suspected abused. The Supervisory Board also assessed the process in place for making policy-related decisions and investments and whether the interests of the cooperative and its members were safeguarded. In the Supervisory Board's opinion, the process was followed meticulously in 2021.

The Supervisory Board followed and discussed the annual financial cycle with the assistance of Ernst & Young Accountants (EY). The working relationship with EY was pleasant and constructive.

Governance

A process to strengthen governance commenced in 2020 and was completed in 2021. The Supervisory Board can look back on an intensive process involving all tiers of the governance structure to identify the strengths of Cosun's cooperative governance and identified potential improvements.

Audit committee

The Supervisory Board decided to work with an audit committee at the end of 2020. The Supervisory Board wishes to take more time to gain an in-depth understanding of certain financial and risk management aspects/issues and so enrich its supervisory role. The committee is currently made up of all the members of the Supervisory Board and is chaired by one of its external members. Its meetings are attended by the CFO, the group controller and the auditor. The audit committee held five meetings in 2021. Topics discussed included the annual report and the auditor's report for 2020, the 2021 audit plan, Cosun's financial performance (interim reports), the management letter, internal audit framework, insurance, integrated reporting and external financing. It was decided to evaluate the committee's activities and size in 2022.

Succession of the Chairman of the Board

The Supervisory Board has made a start on the process to appoint a successor to the Chairman of the Board. The first contours of a profile description and the procedure to be followed have been considered. A selection committee will be appointed with members from the Members' Council, Board and Supervisory Board.

Organisation

The Supervisory Board approved the reappointment of two members of the Board, Ms Marianne van den Hoek and Mr Ben van Doesburgh (external member). It also advised positively on the appointment of Mr Hans Meeuwis as CEO and of Ms Suzanne Jungjohann (CHRO) as member of the Executive Board.

Composition
Appraisal interviews were held with Supervisory Board members Jacqueline Rijsdijk and Hans Huistra during 2021. Both were re-elected at the annual meeting.

Financial performance
For Cosun, 2021 was again dominated by the COVID-19 pandemic. Thanks in part to strict safety measures, there were no significant outbreaks at the business groups. All business groups reported some recovery in their results. External factors, such as higher energy prices, however, led to an increase in costs.

The net result after the members' bonus was negative, mainly because of asset impairments. The Supervisory Board was informed of the impairments at an early stage. The Supervisory Board recognises that the impairments were painful, especially because some related to write-downs on relatively new business activities. High on the agenda were major investments at Aviko and a results recovery at Cosun Beet Company, Aviko, Sensus, Duynie and SVZ. The Supervisory Board also took a critical look at investment plans and paid particular attention to their payback time so that they could quickly contribute to the beet price. The cost of the investments was also considered. The Supervisory Board named safety as a matter for attention.

EY audited the annual accounts for 2021 and clarified the reasons for its auditor's report and audit opinion and discussed them with the Supervisory Board. The follow-up on the management letter was also discussed. The Supervisory Board received a reliable and complete picture of Cosun's financial performance.

The Supervisory Board can look back on an exceptional year in which many parts of Cosun reported a recovery. The organisation invested a great deal of time and effort to develop the new strategy. Its implementation and execution will demand a great deal from the organisation and staff. The Supervisory Board has every confidence in the organisation and the execution and thanks the staff for their hard work in 2021.

On behalf of the Supervisory Board,

Johan van Driel Chairman	Edwin Michiels Secretary

Breda, 31 March 2022

Members of the Board, Supervisory Board, Executive Board and Works Council

as at 31 December 2021

Board

Chairman	Dirk de Lugt	De Cocksdorp
Vice-Chairman	Arwin Bos	Nieuw-Vennep
Deputy Vice-Chairman	Ben van Doesburgh	Loenen a/d Vecht
Members	Adrie Bossers	Langeweg
	Ger Evenhuis	Schoonoord
	Marianne van den Hoek - Huijbregts	Dreischor
	Pieter de Jong	Uden
	Freek Rijna	Den Dolder
	Sander Wijkstra	Zeist
Secretary	Maarten Boudesteijn	

Supervisory Board

Chairman	Johan van Driel	Nieuw Beijerland
Vice-Chairman	Theo Koekkoek	Almkerk
Secretary	Edwin Michiels	Horst
Members	Hans Huistra	Amsterdam
	Pieter van Maldegem	Vierhuizen
	Jacqueline Rijsdijk	Leiderdorp

Executive Board

Chairman	Hans Meeuwis	
Members	Iwan Blankers	Director, Sensus
	Chris Deen	Director, Aviko
	Roel van Haeren	Director, Duynie Group
	Suzanne Jungjohann	Director, Human Resources
	Maaike van den Maagdenberg	Director, Corporate Development
	Paul Mesters	Director, Cosun Beet Company
	Frank van Noord	Director, Innovation
	Pieter Spanjers	Director, SVZ
	Hans Schuil	Director, Finance & Control

Central Works Council

Chairman	Fouad Ouled Ali	Cosun
Secretary	Manuel Bogers	SVZ
Members	Rudi Hendriks	Cosun R&D
	Ayhan Kayabasi	Aviko
	Olaf Kleine	Cosun Beet Company
	Chris Kooiman	Duynie
	Emile Meijer	Sensus
	Sjoerd Methorst	Cosun Beet Company
	Chris Wijma	Cosun Beet Company
	Vacancy	Aviko

More information is available at www.cosun.com under About Cosun – Corporate Governance. The website provides relevant personal details on the members, the principal and secondary positions they hold and – where applicable – the date of their appointment, term of office, eligibility for re-election, etc.

Annual Accounts 2021

Consolidated balance sheet

(after profit appropriation; in EUR million)

	Notes	31-12-2021	31-12-2020
ASSETS			
Fixed assets			
Intangible fixed assets	(1)	94.8	108.6
Tangible fixed assets	(2)	930.1	820.7
Financial fixed assets	(3)	34.1	43.6
		1,059.0	972.9
Current assets			
Inventories	(4)	655.3	567.8
Trade and other receivables	(5)	415.6	307.0
Cash and cash equivalents	(6)	90.2	114.6
		1,161.1	989.4
Total assets		2,220.1	1,962.3
EQUITY AND LIABILITIES			
Group equity			
Capital and reserves	(7)	1,260.2	1.267.5
Minority interests	(8)	17.8	17.5
		1,278.0	1,285.0
Provisions	(9)	62.3	54.7
Non-current liabilities	(10)	63.1	37.2
Current liabilities	(11)		
Current liabilities to credit institutions and financing debt		198.5	88.8
Other current liabilities, accruals and deferrals		618.2	496.6
		816.7	585.4
Total equity and liabilities		2,220.1	1,962.3

Consolidated profit and loss account

(in EUR million)

FOR THE FINANCIAL YEAR	Notes	2021	2020
Net turnover	(14)	2,286.7	2,029.0
Changes in inventories of finished products		66.0	- 6.4
Other operating income	(15)	26.5	52.1
Total operating income		2,379.2	2,074.7
Cost of raw materials and consumables	(16)	1,440.0	1,248.4
Cost of outsourced work and other external costs	(17)	456.9	390.3
Wages and salaries	(18)	236.0	205.4
Social security charges	(18)	77.5	68.0
Amortisation and depreciation on intangible and tangible fixed assets		128.4	113.3
Impairment and other value adjustment of fixed assets	(19)	42.9	0.8
Other operating expenses		0.9	1.6
Total operating expenses		2,382.6	2,027.8
Operating profit		-3.4	46.9
Interest receivable and similar income		4.1	0.7
Interest payable and similar charges		- 5.3	- 4.9
Financial income and expense	(20)	- 1.2	- 4.2
Result from ordinary activities before taxation		**- 4.6**	**42.7**
Taxation	(21)	- 0.7	- 8.0
Share in results from participating interests		-	-
Result from ordinary activities after taxation		- 5.3	34.7
Minority interests		- 2.4	- 4.3
Net result		**- 7.7**	**30.4**

Consolidated cash flow statement

(in EUR million)

FOR THE FINANCIAL YEAR	Notes	2021	2020
Operating profit		- 3.4	46.9
Depreciation and amortisation		128.4	113.3
Other value adjustments		42.9	0.8
Gain/loss on disposal of intangible, tangible and financial fixed assets		- 4.4	- 31.9
Amortisation of negative goodwill		- 2.4	- 1.7
Changes in provisions	(23)	4.8	- 2.0
Changes in working capital (excluding cash and cash equivalents and short-term bank overdrafts)	(23)	- 56.5	- 22.4
Cash flow from business operations		**109.4**	**103.0**
Interest received (paid)		- 4.9	- 3.0
Income tax paid		- 3.6	1.1
Other movements		- 1.0	- 0.2
		- 9.5	- 2.1
Cash flow from operating activities		**99.9**	**100.9**
Investments in (in)tangible fixed assets		- 246.3	- 158.5
Proceeds from the sale of (in)tangible fixed assets		1.9	6.1
Changes in long-term receivables		- 1.3	- 1.3
Acquisition of group companies		- 9.2	- 53.1
Acquisition of non-consolidated participating interests		- 1.3	- 1.3
Divestment of group companies		14.8	28.6
Cash flow from investing activities		**- 241.4**	**- 179.5**
Gross distribution under sugar beet payment regulations and business termination scheme	(30)	- 2.7	- 1.1
Changes in long-term liabilities	(23)	10.1	0.9
Changes in current liabilities to credit institutions and financing debt		109.7	80.5
Cash flow from financing activities		**117.1**	**80.3**
Changes in cash and cash equivalents		- 24.4	1.7
Cash and cash equivalents at the beginning of the year		114.6	112.9
Exchange and translation gains and losses on cash and cash equivalents		-	- 0.3
Cash and cash equivalents at the end of the year		**90.2**	**114.6**

Notes to the consolidated annual accounts

(in EUR million)

Translated financial statements

These Annual Accounts are an English translation of the original Dutch publication. In the event of textual inconsistencies between the English and the Dutch versions, the latter shall prevail.

General

Coöperatie Koninklijke Cosun U.A. (hereinafter: 'Cosun') has its registered office in Breda, the Netherlands. It is registered in the Chamber of Commerce under number 20028699. The group processes and prepares raw materials, mostly from agricultural sources, producing semi-manufactures for the international food and beverage industry and the food service industry (restaurants, caterers and wholesalers), and finished products that are sold to customers through retail outlets. The group also processes organic residuals into products such as non-food applications, animal feed and bio-ethanol.

The activities are classified as follows:

- Sugar activities: sugar and bio-energy from residual currents (Cosun Beet Company).
- Potato activities: potato products, such as chilled, frozen and dried potato products and potato specialities (Aviko and Rixona).
- Other activities: fruit and vegetable products (SVZ), inulin (Sensus), animal feed and starch (Duynie Group).

Applicable standards

The annual accounts have been prepared in accordance with the legal requirements as set out in Title 9, Book 2 of the Dutch Civil Code. For the cooperative profit and loss account, Cosun has availed itself of the exemption available under Section 402, Book 2 of the Dutch Civil Code.

Consolidation principles

The consolidated annual accounts include the financial data of Cosun and its group companies and other companies controlled by the company. Group companies acquired during the year under review are included as from the date at which direct or indirect influence can be exercised on the business and financial policy.
Account is also taken of financial instruments that give potential voting rights where they are of economic significance. Where financial instruments give voting rights that are not of economic significance, the respective third party interest is recognised as a commitment as at balance sheet date. The difference between the present value of the commitment and the reclassified third party interest is recognised as a direct change in group equity. Changes in the amount of the commitment are taken to group equity.
The results of group companies sold are incorporated up to the moment the overriding control ended.
Intercompany payables, receivables and transactions, as well as profits already recognised on these within Cosun but not yet realised, are eliminated in the consolidated annual accounts. The group companies are consolidated in full with the third-party minority interest being presented separately. Joint ventures are consolidated proportionally.

List of participating interests

In accordance with Articles 379 and 414, Book 2 of the Dutch Civil Code, a list of data on group companies and other participating interests has been filed with the Chamber of Commerce.

Acquisitions and disposals

On 4 January 2021, Aviko Holding B.V. acquired Pfanni GmbH & Co. OHG Stavenhagen and the related real estate was purchased by Aviko Rixona Real Estate B.V for a total amount of EUR 5.2 million. The transaction resulted in a 100% interest. The factory in Stavenhagen, Germany, processes potatoes into a variety of potato products. On 30 November, 2020 Aviko Holding B.V. acquired 90% of the shares in Inner Mongolia Hongyuan Luyisheng Food Co., Ltd. for a total amount of EUR 48.6 million. Its activities concern the storage, processing and production of potato products. Aviko has a three-year unconditional call-put option on the remaining 10% of the shares, which is recognised as an increase in the investment. The related commitment is included in other liabilities. In addition, Duynie Holding B.V. acquired 100% of the share in Bonda Nutrition Animale S.A.S. as of 1 April 2020. The acquisition is recognised in the annual accounts in accordance with the purchase price accounting method. Figures have been consolidated as from the date of acquisition. On 17 May 2021, Coöperatie Cosun increased its interest in Limako B.V. to 100% through the acquisition of the outstanding 49% of the shares. On 23 July 2021, Duynie Holding B.V. increased the interest in Agri Bio Source Europe B.V. to 100% through the acquisition of the remaining 10% of the shares. The increase in these interests is recognised in the annual accounts in accordance with the purchase price accounting method without revaluation of the interest previously acquired.

In addition, the interest in Rain Biomasse Wärmegesellschaft GmbH, Rain am Lech, Germany, was increased from 5% to 40.1%.

The following group companies were disposed of in 2021:
- Cosun Puttershoek Vastgoed 1 B.V.
- Cosun Puttershoek Vastgoed 2 B.V.
- Cosun Puttershoek Vastgoed 3 B.V.

The following group companies were sold in 2020:
- Cosun Puttershoek Vastgoed 6 B.V.
- Cosun Puttershoek Vastgoed 7 B.V.
- Cosun Puttershoek Vastgoed 9 B.V.
- Photovoltaic Powerplant 2 B.V.
- Photovoltaic Powerplant 3 B.V.
- Photovoltaic Powerplant 4 B.V.
- Photovoltaic Powerplant 5 B.V.
- Photovoltaic Powerplant 6 B.V.
- Photovoltaic Powerplant 7 B.V.

The entities sold in 2020 and 2021 consisted of real estate held by legal persons and did not involve the termination of business activities.

The Slovenian sugar factory Tovarna Sladkorja Ormoz Dd was liquidated as of 31 December 2020.

Accounting policies

General

The accounting policies adopted for the valuation of assets and liabilities and determination of the result are based on the historical cost convention. Insofar as not stated otherwise, assets and liabilities are shown at nominal value. An asset is included in the balance sheet when it is probable that the expected future economic benefits that are attributable to the asset will flow to the entity and the cost of the asset can be reliably measured.
A liability is included in the balance sheet if it is expected to result in an outflow from the entity of resources embodying economic benefits and the amount of the obligation can be measured with sufficient reliability. The income and expenses are accounted for in the period to which they relate. The annual accounts were prepared on 31 March 2022.

Policies for the translation of foreign currencies

The reporting currency and the functional currency of the annual accounts of Cosun is the euro (EUR). The costs and income arising from transactions in foreign currencies or monetary receivables and payables, are translated at the functional exchange rate on transaction date or the rate prevailing at balance sheet date respectively. Translation gains and losses are taken to the profit and loss account. The net investment in foreign participating interests is translated at the exchange rate prevailing at balance sheet date. Foreign currency profit and loss account items of foreign participating interests are translated at the average exchange rate. Translation gains and losses are taken directly to the statutory reserve for exchange rate differences as part of Cosun's group equity, less tax effects if applicable.

Third party goodwill arising from the acquisition of an operation outside the Netherlands and subsequent adjustments of the book value of assets and liabilities to fair value are recognised as assets and liabilities of the operation outside the Netherlands and are translated at the rate ruling as at balance sheet date.

Where a foreign operation is fully or partially sold, the respective amount is transferred from the reserve for translation differences to the other reserves. Translation gains and losses on long- term financing and financial instruments used to hedge exchange rate risks arising from foreign participating interests are treated accordingly.

Netting

Assets and liabilities are shown net of each other in the annual accounts only if and in so far as:

- there is a reliable legal instrument to net and simultaneously settle the assets and the liability, and
- there is a firm intention to settle the net amount or the two items simultaneously.

Financial instruments

The financial statements includes the following primary financial instruments: loans granted, trade and other receivables, cash and cash equivalents, loans received, other financing commitments, trade payables and other payables. The financial statements also includes derivative financial instruments (derivatives).

Primary financial instruments

Primary financial instruments are initially recognized at fair value which includes the attributable transaction costs. After initial recognition, primary financial instruments are carried at amortised costs using the effective interest method, less impairment losses. The effective interest method is used to recognize transaction costs in the profit and loss account. Loans granted and other receivables are restated if there is objective evidence of an impairment. The fair value of cash and cash equivalents is equal to the nominal value; cash and cash equivalents are freely available to Cosun unless stated otherwise.

Derivative financial instruments (derivatives)

Currency derivatives, interest derivatives and forward commodity transactions

Cosun uses derivatives to hedge the exchange rate, interest rate and price risk from balances and highly probable future sales and purchases. Forward exchange contracts, interest rate swaps, forward commodity contracts and other derivative financial instruments are used to hedge these risks. Derivatives are initially recognized at fair value. After initial recognition derivatives are stated at cost or lower fair market value unless cost price hedge accounting is applied. At initial recognition the cost price is equal to the fair value. Cosun applies cost price hedge accounting in order to simultaneously recognise both the results from changes in the value of the derivatives and the future transaction in the profit and loss account.

If cost price hedge accounting is applicable the accounting policies are defined below:

- As long as the hedged financial asset or liability is not recorded in the balance, the derivative will not be recorded.
- As soon as the hedged position of the expected transaction leads to the recognition of a primary financial instrument, the gains or losses associated with the derivative are recognised in the profit-and-loss account in the same period in which the primary financial instrument affects profit or loss.
- Cosun periodically assesses the effectiveness of its hedging relationships. The results from the non-effective part of the hedge relationship are included in the profit-and-loss account.
- Should the transaction no longer be expected to take place, so the derivative no longer meets the conditions for cost price hedge accounting, or is sold, the accumulated profit or the accumulated loss is recognised in the profit-and-loss account.
- Translation gains and losses on primary financial instruments are compensated by changes in value of currency derivatives. The book value of a currency derivative is carried by the difference between the applicable exchange rate as at balance sheet date and the hedged exchange rate.
- The value of a currency derivative is amortized over the duration of the currency swap.

Intangible fixed assets

Goodwill is the excess of the purchase price and the fair value of the identifiable assets and liabilities of the acquired participating interest at the date of acquisition. Goodwill paid upon the acquisition of foreign group companies and subsidiaries is translated at the exchange rate applicable at the moment of acquisition. The capitalised goodwill is amortised according to the straight-line method over the estimated useful life, in general between 2 and 20 years.

Other tangible fixed assets (excluding CO_2 emission allowances) are carried at cost net of accumulated depreciation and other downward value adjustments. Other intangible assets are depreciated on a straight-line basis over their estimated useful lives, generally between three and five years.
Cosun obtained CO_2 emission allowances at zero cost. The company has not recognized its surplus CO_2 emission allowances obtained for nothing. Cosun acquires emission allowances to meet future deficiencies. The acquired emission allowances are stated at cost and will be charged to the result at time of use.

Tangible fixed assets

Land and buildings, machinery and equipment and other tangible fixed assets are stated at cost of purchase or manufacture, less accumulated depreciation and other downward value adjustments. Grants and subsidies are deducted from the cost of purchase or manufacture of the asset in question.

Depreciation is calculated as a percentage of the cost of acquisition or manufacture according to the straight-line method on the basis of useful life. Land, tangible fixed assets in production and prepayments are not depreciated.

The cost of major maintenance is capitalised and written off in accordance with the component approach. All other maintenance costs are taken directly to the profit and loss account.

Financial fixed assets

Non-consolidated participating interests over whose financial and operating policies the group exercises significant influence are valued using the net asset value method. Under the net asset value method, participating interests are carried at the group's share in their net asset value plus its share in the results of the participating interests and its share of changes recognized directly in the equity of the participating interests as from the acquisition date, determined in accordance with the accounting policies disclosed in these financial statements, less its share in the dividend distributions from the participating interests.

Account is also taken of financial instruments that give potential voting rights where they are of economic significance. Where financial instruments give voting rights that are not of economic significance, the respective third party interest is recognised as an increase in the existing capital interest and as a commitment. The difference between the present value of the commitment and the increase in the existing capital interest is recognised as a direct change in group equity. Changes in the amount of the commitment are taken to group equity. The group's share in the results of the participating interests is recognized in the profit and loss account.

If and to the extent the distribution of profits is subject to restrictions, these are included in a legal reserve. If the value of the participating interest under the net asset value method has become nil, this method is no longer applied, with the participating interest being valued at nil if the circumstances are unchanged. In connection with this, any long-term interests that, in substance, form part of the investor's net investment in the participating interest are included. A provision is formed if and to the extent the company stands surety for all or part of the debts of the participating interest or if it has a constructive obligation to enable the participating interest to repay its debts.

A subsequently acquired share of the profit of the participating interest is recognized only if and to the extent that the accumulated share of the previously unrecognized loss has been compensated.
Following application of the net asset value method, the group determines whether an impairment loss has to be recognized in respect of the participating interest. At each reporting date, the group assesses whether there are objective indications of impairment of the participating interest. If any such indication exists, the group determines the impairment loss as the difference between the recoverable amount of the participating interest and its carrying amount, taking it to the profit and loss account.

Participating interests over whose financial and operating policies no significant influence is exercised are carried at cost less any impairment.

Other long-term receivables are carried at amortised cost, less a provision deemed necessary for uncollectibility.

Impairment or value adjustment of fixed assets
Cosun recognises intangible, tangible and financial fixed assets in accordance with accounting policies generally accepted for financial reporting in the Netherlands. Pursuant to these policies, assets with a long life should be subject to an impairment test in the case of changes or circumstances arising that lead to the suspicion that the book value of the asset will not be recovered. The possibility to payback the assets in use is determined by comparing an asset's book value with the higher of present value or future net cash flows that the asset is expected to generate and direct realisable value. Where book value is higher, the difference is charged to the profit and loss account. Assets available for sale are valued at the lower of book value and market value, less selling costs.

Inventories
Raw materials and consumables are carried at the lower of cost in accordance with the FIFO ('first in, first out') method. Finished products are valued on the basis of cost of manufacture, including the purchase costs of used raw materials and consumables and the other costs directly attributable to manufacture. In addition, part of the indirect costs over the period of manufacture is attributed to the cost of manufacture. Members' bonus is not included in the valuation of inventory. Goods for resale are valued at cost. Cost includes the purchase price plus additional related costs. Land designated as project development land is valued at the historical cost of acquiring the land and other costs, which are directly attributable to the development.
When valuing inventories, account is taken of any value adjustment occurring on the balance sheet date including, if applicable, lower net realisable value.

Receivables
Short-term receivables that do not explicitly bear interest are initially measured at fair value and subsequently carried at amortised cost, less a provision for doubtful debts were necessary. Provisions are determined on the basis of individual assessment of the collectability of receivables.

Fair value
Fair value represents the amount for which an asset is traded or an obligation settled between properly informed independent parties prepared to enter into a transaction.

Amortised cost
Amortised cost is the amount at which a financial asset or financial liability is measured at initial recognition less repayments of the principal, plus or less the cumulative amortisation using the effective interest method of any difference between the initial amount and the maturity amount, and less any reduction (effected directly or through a provision being formed) for impairment and doubtful debt.

Equity

Under Reporting Guideline 620 of the Guidelines for Annual Reporting in the Netherlands, that part of the paid up share capital that members can call on demand (2%) and the related inseparable obligation to settle (2%) the right to a business termination payment in accordance with article 5.1 of the sugar beet payment regulations are recognised in the consolidated accounts as liabilities. As a result the consolidated equity differs from the equity in the cooperative annual accounts.

In so far as members have outstanding claims under the sugar beet payment regulations, they are charged to equity upon payment. Under article 5.3 of the regulations, the Board has discretionary power, after consultation with the Supervisory Board and the Members' Council, not to approve payments not relating to business termination, this was not applicable in 2021.
Standard payment regulations are in place for members who are issued supply certificates. The present value of outstanding payments is recognised as a receivable.

Minority interests

The third-party minority interests are valued at the third parties' share of the net asset value.

Provisions

A provision is recorded when:

- There is a present legal or constructive obligation as a result of a past event.
- A reliable estimate can be made.
- It is probable that an outflow of economic benefits will be required to settle the obligation.

The provisions are valued at the discounted expected future cash flows.

Pensions and other deferred employee benefits

Dutch pension plans

The main principle is that the pension charge to be recognised for the reporting period should be equal to the pension contributions payable to the pension fund over the period. Insofar as the payable contributions have not yet been paid as at balance sheet date, a liability is recognised. If the contributions already paid exceed the payable contributions as at balance sheet date, a receivable is recognised to account for any repayment by the fund or settlement with contributions payable in future.

In addition, a provision is included as at balance sheet date for existing additional commitments to the fund and the employees, provided that it is likely that there will be an outflow of funds for the settlement of the commitments and it is possible to reliably estimate the amount of the commitments. The existence or non-existence of additional commitments is assessed on the basis of the administration agreement concluded with the fund, the pension agreement with the staff and other commitments to staff. The liability is stated at the best estimate of the present value of the anticipated costs of settling the commitments as at balance sheet date. For any surplus at the pension fund as at balance sheet date, a receivable is recognised if the company has the power to withdraw this surplus, if it is likely that the surplus will flow to the company and if the receivable can be reliably determined.

Foreign pension plans

Pension plans that are comparable in design and functioning to the Dutch pension system, having a strict segregation of the responsibilities of the parties involved and risk sharing between the said parties (company, fund and members) are recognised and measured in accordance with Dutch pension plans (see previous section). For foreign pension plans that are not comparable in design and functioning to the Dutch pension system, a best estimate is made of the commitment as at balance sheet date. This commitment should then be stated on the basis of an actuarial valuation principle generally accepted in the Netherlands.

Other deferred employee benefits

For other deferred employee benefits (such as jubilee) provisions are recorded. This provision is recorded at present value. The calculation of the present value is based on commitments, expected average remaining working period and age of the employees.

Negative goodwill

Given its long-term nature, negative goodwill is carried as a non-current liability. In so far as negative goodwill relates to foreseeable future losses or costs that were recognised in the acquisition plan and that can be reliably estimated, it is taken to the profit and loss account in proportion to the losses or costs as they are incurred. In so far as negative goodwill does not relate to foreseeable future losses, it is taken to the profit and loss account in proportion to the weighted average of the remaining life of the assets acquired.

Long-term lease obligations

Agreements are assessed as to whether they contain a lease on the basis of economic reality on the contract date.

In case of financial lease (where the costs and benefits of the asset leased are borne entirely or almost entirely by the lessee) the leased asset and the associated debt on the date on which the agreement is entered into are recognised in the balance sheet at the lower of the asset's fair value at the date on which the agreement was entered into and the present value of the minimum lease payments. The initial direct costs borne by the lessee are included in the initial recognition of the asset. Lease payments are broken down into interest expense and repayment and the outstanding obligation, using a constant rate of interest over the remaining net obligation.

The capitalised asset leased is depreciated over the shortest period of the lease term or the useful life of the asset if there is no reasonable certainty that the lessee will become the owner at the end of the lease term.

In case of operational lease, lease payments are charged to the profit and loss account on a straight-line basis over the lease term.

Determination of the result

Revenue

Net turnover concerns the income from goods and services delivered to third parties, less discounts awarded and turnover tax. Turnover is only recorded if there is reasonable assurance that future benefit will be accrued by the business and that such benefit can be estimated reliably. Income is recorded when the significant risk and rewards of ownership have been transferred to the buyer, receipt of the consideration is probable, and the associated costs and possible return of goods can be estimated reliably and there is no continuing involvement of the legal entity with the goods.

Operating grants

Operating grants are taken to the profit and loss account for the year in which the associated costs are incurred or the year in which the income for which a grant is awarded is foregone.

Costs

Expenses are determined with due observance of the aforementioned accounting policies and allocated to the financial year to which they relate. Foreseeable and other obligations as well as potential losses arising before the financial year-end are recognized if they are known before the financial statements are prepared and provided all other conditions for forming provisions are met. Members receive a members' bonus for the beet they deliver. The members' bonus is recognised as cost of raw materials and consumables.

Wages, salaries and social security charges are recognized in the income statement according to the terms of employment to the extent they are due to either employees or the tax authorities.
The group recognizes an obligation if it has demonstrably committed paying a termination benefit or transition payment. If the termination is part of a reorganization, the group includes the costs of a termination benefit or transition payment in a provision for reorganization costs.

Interest is allocated to successive financial reporting periods in proportion to the outstanding principal. Period interest expenses and related expenses are recognized in the year in which they fall due.

The share in the result of participating interests represents Cosun's share in the results of those participating interests (where the interest is carried at net asset value) or the dividend or other value adjustment received (where the interest is carried at cost of acquisition).

Taxes

Taxation on the result comprises both taxes payable and deductible in the short term and deferred taxes, taking account of tax facilities and non-deductible costs. No taxes are deducted from profits if and insofar as these can be offset against losses from previous years and a deferred tax asset had not been recognized. Taxes are deducted from losses if these can be offset against profits in previous years. In addition, taxes will be deducted if and insofar as it may be reasonably expected that losses can be offset against future profits.

Deferred tax assets, including off-settable tax losses, are stated in so far as it is deemed probable that they will be realised in future and are calculated on the basis of the tax rate applicable at the time at which they are expected to be realised.

In so far as valuations for tax purposes differ from the policies described in this section, a provision is formed for any resultant deferred tax liabilities, calculated at the tax rate applicable at the time are expected to be paid. Deferred taxes are carried at nominal value.

Use of opinions, estimates and uncertainties

During the preparation of the annual accounts, the management must, in accordance with the general prevailing policies, make certain estimates and assumptions that co-determine the stated amounts. The actual results may deviate from these estimates. A significant estimate relates to the impairment of tangible fixed assets at SVZ and Duynie Ingredients (see note 2). There are no further significant opinions, estimates or uncertainties.

Cash flow statement

The cash flow statement has been prepared using the indirect method. Cash flows denominated in foreign currencies have been translated into euros at average exchange rates. Interest received and paid, dividends received and income tax received/paid are included under cash flows from (used in) operating activities.

The purchase of group companies and proceeds from sales of group companies are included under cash flow from (used in) investing activities, insofar as payment in cash has been made, net of cash and cash equivalents held by the group companies in question.

Notes to the consolidated annual accounts

(in EUR million)

(1) Intangible fixed assets

Movements in intangible fixed assets were as follows:

	GOODWILL	OTHER INTANGIBLE FIXED ASSETS	TOTAL
At cost as at 1 January 2021	285.9	43.1	329.0
Accumulated amortisation and other value adjustments as at 1 January 2021	192.0	28.4	220.4
BOOK VALUE AS AT 1 JANUARY 2021	**93.9**	**14.7**	**108.6**
Movements:			
- Investments	3.4	3.5	6.9
- Divestments	- 0.8	- 0.4	- 1.2
- Consolidations and deconsolidations			
- Reclassification to tangible fixed assets	-	2.2	2.2
- Acquisitions			
- Amortization	- 14.8	- 4.0	- 18.8
- Impairments and other value adjustments	- 2.9	-	- 2.9
BOOK VALUE AS AT 31 DECEMBER 2021	**78.8**	**16.0**	**94.8**
At cost as at 31 December 2021	288.5	48.4	336.9
Accumulated amortisation and other value adjustments as at 31 December 2021	209.7	32.4	242.1

Goodwill

The goodwill related to acquisitions, is amortized over 2 to 20 years. A period of 20 years applies to investments that have a strategic character and an expected economic useful life of at least 20 years.

Other intangible fixed assets

Other intangible fixed assets include software and licence fees and CO_2 allowances. Software and licence fees are amortised on a straight-line basis over a period of 3 to 5 years. CO_2 allowances are charged to the profit and loss account pro rata their actual use. The fair value of the CO_2 allowances, including allowances acquired for no consideration, amounts to EUR 34.4 million and the book value to EUR 2.4 million.

(2) Tangible fixed assets

Movements in tangible fixed assets were as follows:

	LAND AND BUILDINGS	MACHINERY AND EQUIPMENT	OTHER TANGIBLE FIXED ASSETS	PREPAYMENTS AND IN PRODUCTION	NOT USED FOR OPERATIONS	TOTAL
At cost as at 1 January 2021	490.6	1,431.2	119.0	122.2	27.8	2,190.8
Accumulated depreciation and impairments as at 1 January 2021	256.8	1,008.7	84.4	-	20.2	1,370.1
BOOK VALUE AS AT 1 JANUARY 2021	**233.8**	**422.5**	**34.6**	**122.2**	**7.6**	**820.7**
Movements:						
- Investments	8.0	46.9	11.9	161.6	6.3	234.7
- Divestments	- 0.8	- 1.9	- 0.5	- 0.2	- 4.6	- 8.0
- Consolidations and deconsolidations	10.9	18.6	0.4	-	-	29.9
- Transfer	13.7	39.4	0.5	- 52.7	- 0.9	-
- Reclassification to intangible fixed assets	-	-	-	- 2.2	-	- 2.2
- Depreciation	- 15.3	- 84.9	- 9.4	-	-	- 109.6
- Impairments and other value adjustments	- 10.2	- 29.5	- 0.3	-	-	- 40.0
- Exchange differences	2.4	1.9	0.3	-	-	4.6
BOOK VALUE AS AT 31 DECEMBER 2021	**242.5**	**413.0**	**37.5**	**228.7**	**8.4**	**930.1**
At cost as at 31 December 2021	524.8	1,536.1	131.6	228.7	28.6	2,499.8
Accumulated depreciation and impairments as at 31 December 2021	282.3	1,123.1	94.1	-	20.2	1,519.7

	LAND AND BUILDINGS	MACHINERY AND EQUIPMENT	OTHER TANGIBLE FIXED ASSETS	PREPAYMENTS AND IN PRODUCTION	NOT USED FOR OPERATIONS	TOTAL
At cost as at 1 January 2020	443.7	1,340.9	108.6	86.6	27.8	2,007.6
Accumulated depreciation and impairments as at 1 January 2020	244.8	930.8	76.1	-	20.2	1,271.9
BOOK VALUE AS AT 1 JANUARY 2020	**198.9**	**410.1**	**32.5**	**86.6**	**7.6**	**735.7**
Movements:						
- Investments	15.8	50.4	7.4	90.9	0.9	165.4
- Divestments	- 4.8	- 0.4	-	- 0.1	- 0.6	- 5.9
- Consolidations and deconsolidations	19.0	9.4	1.1	-	-	29.5
- Transfer	17.7	32.5	2.1	-52.0	- 0.3	-
- Reclassification to intangible fixed assets	-	-	-	-3.4	-	- 3.4
- Depreciation	- 12.0	- 77.1	- 8.3	-	-	-97.4
- Impairments and other value adjustments	-	- 0.8	-	-	-	- 0.8
- Exchange differences	- 0.8	- 1.6	- 0.2	0.2	-	- 2.4
BOOK VALUE AS AT 31 DECEMBER 2020	**233.8**	**422.5**	**34.6**	**122.2**	**7.6**	**820.7**
At cost as at 31 December 2020	490.6	1,431.20	119.0	122.2	27.8	2,190.8
Accumulated depreciation and impairments as at 31 December 2020	256.8	1,008.7	84.4	-	20.2	1,370.1

The expected useful life and associated depreciation period is 10 to 40 years for the buildings, 10 to 20 years for the machinery and equipment and four years on average for the other tangible fixed assets. The insured value of the buildings, machinery, equipment and inventories is EUR 3.5 billion (2020: EUR 3.3 billion).

The group is the beneficial, not legal, owner of buildings with a book value of EUR 8.3 million (2020: EUR 9.0 million) and machinery and equipment with a book value of EUR 7.1 million (2020: EUR 1.7 million) under financial lease contracts.

In 2019 the value of SVZ's machinery and equipment in Europe was impaired due to the disappointing result for 2019. This was the consequence of harvesting conditions on the one hand and increasing competition and pressure on margins on the other. The realisable value was based on the cash flow forecasts for the period 2020-2023. The pre-tax discount rate applied amounts to 8.7%. The impairment tests carried out in 2020 gave no cause for further impairment or reversal of the impairment recognised in 2019.

Higher raw material, energy and other costs increased the amount of capital employed, mainly due to higher stock values. In combination with lower projected profitability for the coming years, also due to higher costs, this resulted in an additional net impairment of EUR 10 million in 2021. The value of tangible fixed assets was impaired by EUR 13.3 million, partially offset by a deferred tax asset of EUR 3.3 million. The realisable value is based on the cash flow forecast for the period 2022-2024. The value in use is based on a further improvement in EBITDA of approximately 50% over 5 years through growth in volume and thus turnover. The pre-tax discount rate applied amounts to 8.7% As an indication of the estimation uncertainty, a structural increase or decrease in the forecasted result of EUR 0.1 million has an impact of approximately EUR 1.1 million and a movement of 0.1% in the discount rate has an impact of approximately EUR 1.5 million on the value of assets.

In 2021 Duynie Ingredient B.V.'s factory in Cuijk was impaired by EUR 20.0 million net. The gross impairment of tangible fixed assets amounted to EUR 26.7 million, partially offset by a deferred tax asset of EUR 6.7 million. The impairment reflects current market developments and the result for the year. The realisable value is based on the cash flow forecasts for the period 2022-2024. The pre-tax discount rate applied amounts to 8.5%. The value in use is based on a recovery of the result, mainly through an improvement in the performance of the factory that started in 2021, volume growth and consequently an approximate doubling of turnover, and an improvement in the gross margin by more than 35%. As an indication of the estimation uncertainty, a structural increase or decrease in the forecasted result of EUR 0.1 million has an impact of approximately EUR 0.7 million and a fluctuation of 0.1% in the discount rate an impact of approximately EUR 0.3 million on the value of assets.

(3) Financial fixed assets

Movements in financial fixed assets were as follows:

	PARTICIPATING INTERESTS	RECEIVABLES FROM MEMBERS	DEFERRED TAX ASSETS	OTHER RECEIVABLES	TOTAL
Balance as at 1 January 2021	6.8	6.0	10.7	20.1	43.6
Movements:					
- Additions and issuances	1.0	1.2	-	1.2	3.4
- Repayments and releases	-	- 0.3	-	- 0.8	- 1.1
- Movements in favour of/ charged to the result	-	-	8.6	-	8.6
- Share in results of participating interests and dividend received	0.2	-	-	-	0.2
- Reclassified as short-term receivables	-	- 4.1	-	- 16.5	- 20.6
BALANCE AS AT 31 DECEMBER 2021	**8.0**	**2.8**	**19.3**	**4.0**	**34.1**

	PARTICIPATING INTERESTS	RECEIVABLES FROM MEMBERS	DEFERRED TAX ASSETS	OTHER RECEIVABLES	TOTAL
Balance as at 1 January 2020	5.9	9.0	16.3	3.3	34.5
Movements:					
- Additions and issuances	1.3	1.4	-	16.5	19.2
- Repayments and releases	-	- 0.4	- 5.0	-	- 5.4
- Movements in favour of/ charged to the result	-	-	- 0.6	0.3	- 0.3
- Share in results of participating interests and dividend received	- 0.4	-	-	-	- 0.4
- Reclassified as short-term receivables	-	- 4.0	-	-	- 4.0
BALANCE AS AT 31 DECEMBER 2020	**6.8**	**6.0**	**10.7**	**20.1**	**43.6**

Participating interests

The participating interests relate, among other, to the non-consolidated interest in Aviko Kloosterboer Verpakkingen B.V. and in the Spanish potato specialities company Eurofrits, S.A. As significant influence can be exercised on these interests, they are stated based on net asset value.

The item participating interests includes an interest in a start-up collaborative venture fund to an amount of EUR 5.0 million. As no significant influence can be exercised, the interest is recognised at cost less any impairments in value.

Receivables from members

Non-interest-bearing receivables from members (EUR 2.8 million) relates to the net present value of the long- term portion of amounts still to be deposited for issued supply certificates (2020: EUR 6.0 million).

Deferred tax assets

The item deferred tax assets comprises the estimated value of available tax loss carry-forwards and timing differences between the valuation of assets for tax purposes and for accounting purposes.
The full amount of the deferred tax asset EUR 6.6 million (2020: EUR 10.7 million) is expected to be settled within one year. The tax loss carry-forwards, insofar as they are not included in the balance sheet under deferred tax assets, amounts to EUR 9.5 million gross (2020: EUR 21.5 million).

Other receivables

Other receivables relate in part to capitalised costs incurred for the conclusion of a financing agreement maturing in March 2026. In 2020, this item also included a bank balance that was not freely disposable to an amount of EUR 16.5 million, serving as security for a loan awarded by the bank.

(4) Inventories

	31-12-2021	31-12-2020
Finished products and goods for resale	554.5	483.5
Land	9.8	9.5
Raw materials and consumables	91.0	74.8
	655.3	**567.8**

Of the inventories EUR 7.8 million (2020: EUR 6.2 million) is stated at lower recoverable amount. The provision for obsolete inventories amounts to EUR 5.6 million (2020: EUR 4.8 million). The land included in inventory relates to grounds being developed for business park AFC Nieuw Prinsenland near Dinteloord. The fair value of this land, depending on its quality and location, amounts to at least EUR 40 million.

Inventories with a carrying amount of EUR 1.9 million (2020: EUR 3.5 million) have been pledged as security to the bank.

(5) Trade and other receivables

	31-12-2021	31-12-2020
Trade accounts receivable	285.2	213.3
Receivable from participating interests	4.6	2.7
Receivables from members	4.2	4.1
Income tax receivable	1.4	0.5
Other tax receivables	41.2	37.3
Other receivables, prepayments and accrued income	79.0	49.1
	415.6	**307.0**

Trade accounts receivable

Trade accounts receivable are carried net of a provision deemed necessary for uncollectibility. The provision for uncollectibility amounts to EUR 4 million (2020: EUR 4 million).

Other receivables, prepayments and accrued income

This item relates to amounts receivable of EUR 67.6 million (2020: EUR 36.5 million) and advance payments of EUR 11.2 million (2020: EUR 12.6 million).

(6) Cash and cash equivalents

An amount of EUR 1.4 million (2020: EUR 0.7 million) is not available on demand.

(7) Capital and reserves

For a breakdown of capital and reserves, please refer to the notes to the cooperative annual accounts.

The consolidated statement of total recognised gains and losses is as follows:

	2021	2020
Net result	7.7	30.4
Translation differences on foreign participating interests	3.2	- 5.5
Total result recognised by Cosun	**10.9**	**24.9**

(8) Minority interests

	2021	2020
Balance as at 1 January	17.5	15.8
Movements:		
- Share in results	2.6	4.4
- Capital movements and change in consolidation	- 3.7	-
- Dividend paid to minority interests and liquidation distributions	- 0.2	- 2.3
- Exchange differences and other movements	1.6	- 0.4
BALANCE AS AT 31 DECEMBER	**17.8**	**17.5**

The minority interest consists principally of third-party shares held in the potato processing factory Gansu Aviko Potato Processing Co. Ltd., Rain Biomasse Wärme GmbH, the trading company Limako B.V. (2020)., Agri Bio Source Europe B.V. (2020) and Eemshaven Sugar Terminal C.V.

(9) Provisions

	31-12-2021	31-12-2020
Deferred tax liabilities	19.8	17.4
Environmental provisions	16.0	15.0
Pensions and other deferred employee benefits	19.7	16.8
Onerous contracts	4.8	1.7
Other provisions	2.0	3.8
	62.3	**54.7**

Of the provisions an amount of EUR 43.8 million (2020: EUR 42.8 million) has an expected term of more than one year.

Movements in provisions were as follows:

	DEFERRED TAX LIABILITIES	ENVIRONMENTAL PROVISIONS	PENSIONS AND OTHER DEFERRED EMPLOYEE BENEFITS	ONEROUS CONTRACTS	OTHER PROVISIONS	TOTAL
Balance as at 1 January 2021	17.4	15.0	16.8	1.7	3.8	54.7
Movements:						
- Consolidations and deconsolidations	5.3	-	0.4	-	-	5.7
- Additions	-	5.7	4.3	4.5	0.9	15.4
- Withdrawals	-	- 4.4	- 1.3	- 0.9	- 0.7	- 7.3
- Mutation to profit and loss account	- 2.9	- 0.3	- 0.5	- 0.5	- 2.0	- 6.2
BALANCE AS AT 31 DECEMBER 2021	**19.8**	**16.0**	**19.7**	**4.8**	**2.0**	**62.3**

Movements in the result relate mainly to releases from the items concerned. The movement in deferred tax liabilities, however, relates largely to a change in the rate of taxation.

Deferred tax liabilities

The provision for deferred tax liabilities arises from the timing differences between fiscal and commercial profit determination. Of the deferred tax liabilities, EUR 16.8 million (2020: EUR 15.7 million) are long term in nature. The provision for deferred tax liabilities is carried at face value.

Environmental provisions

Environmental provisions have been formed mainly for risks relating to the demolition of assets, obligations to dispose of tare soil and other environmental risks.

Pensions and other deferred employee benefits

Several pension plans and other deferred employee benefits apply within Cosun. The life-long pension plans for the staff of Cosun Holding B.V., Coöperatie Cosun (including Cosun Beet Company) and Sensus B.V. are administered by the Cosun occupational pension fund.

OCCUPATIONAL PENSION FUND	ESTIMATED COVE1AGE AS AT 31-12-2021	BASIC FEATURES PENSION SYSTEM 31-12-2021
Pension fund Cosun	123.1	Average salary scheme

The policy funding ratio is 119.3%.

The occupational pension fund has conditional indexation for inactive employees.

The pension scheme is based on a fixed contribution and average salary with conditional indexation. The employer has guaranteed the accrual and indexation of the assets for the members of the Cosun Pension Fund to the end of 2023 in so far as they cannot be funded from the contribution. The guarantee relates to 1.2% for the period to the end of 2023. As at 1 January 2022 an additional commitment was recognised for undertaken indexation of assets.

As at 1 January 2021, there was no additional obligation regarding the indexation commitment for active members. Under Dutch reporting guidelines, there is an option to recognise a provision for future years. It has been decided not to form a provision for years for which there is as yet no commitment.

A number of schemes have also been implemented within an industrial-sector pension fund or own management (long service award and mortality schemes) by the company concerned. In the implementation of these various schemes, local legal frameworks are taken into account and the regulations are carried out as described in the terms and conditions of employment.

The main actuarial assumptions were:

	2021	2020
Discount rate	1.0%	1.0%
Future salary increases	2.0%	2.0%

The Cosun pension fund applies the AG2020 (2020: projection table AG2020) projection table, adjusted for age and income-related correction factors based on the 2019 Mercer model (correction table average 'High' and 'High-average), as its mortality table.

The value as at acquisition date and subsequent development of the pension provision and pension assets of the former and current defined benefit pension schemes for the current and former personnel of the activities acquired from Pfanni GmbH & Co. OHG Stavenhagen are not carried in the balance sheet in so far as they relate to past service commitments. This is because the selling party has stood guarantor for these commitments by means of a collateral agreement.

Onerous contracts

The provision for onerous contracts relates to sales contracts where the cost of sales is higher than the selling price and fulfilment of the contract cannot be avoided.

Other provisions

Other provisions include a reorganisation / restructuring provision to an amount of EUR 0.8 million (2020: EUR 1.2 million).

The discount rate to calculate the future cash flows applied for is 0.5% to 1.0% depending on the term (2020: 0.5% to 1.0% depending on the term).

(10) Non-current liabilities

	31-12-2021	EFFECTIVE INTEREST RATE	31-12-2020	EFFECTIVE INTEREST RATE
Debts to credit institutions	5.7	5.2%	-	-
Debts to members	17.4	2.2%	16.9	2.4%
Negative goodwill	16.9	-	1.1	-
Lease obligation	15.4	5.8%	10.9	7.6%
Taxes and social insurance contributions	4.5	0.0%	4.8	0.0%
Other liabilities	3.2	0.0%	3.5	0.0%
	63.1		**37.2**	

Movements in non-current liabilities were as follows:

	DEBTS TO CREDIT INSTITUTIONS	DEBTS TO MEMBERS	NEGATIVE GOODWILL	LEASE OBLIGATIONS	TAXES AND SOCIAL INSURANCE CONTRI-BUTIONS	OTHER LIABILITIES	TOTAL
As at 1 January 2021	-	16.9	1.1	10.9	4.8	3.5	37.2
Movements:							
- Additions	5.4	0.5	-	5.7	0.1	-	11.7
- Releases	-	-	-	- 1.5	-	- 0.3	- 1.8
- Amortisation	-	-	- 2.4	0.3	-	-	- 2.1
- New consolidation	-	-	18.2	-	-	-	18.2
- Other movements	0.3	-	-	-	- 0.4	-	- 0.1
AS AT 31 DECEMBER 2021	**5.7**	**17.4**	**16.9**	**15.4**	**4.5**	**3.2**	**63.1**

Debts to credit institutions
Non-current liabilities to credit institutions have a remaining term of 1 to 3 years. None of the non-current liabilities bears variable interest.

Debts to members
The debts to members relates to the members' loan programme introduced in 2015. Members of Cosun can loan to Cosun part of the payments which they receive from Cosun. The loan has a fixed interest rate and a term between 2 and 5 years. The loans are subordinated to other creditors.

Negative goodwill
The negative goodwill, relating to acquisitions is released to the result based on the weighted average remaining life of the acquired depreciable assets.

Lease obligation
This item relates principally to lease obligations relating to a distribution centre, a groundwater treatment plant and a solar park. An amount of EUR 9.6 million has a term of more than five years.

Other liabilities
Other liabilities relate mainly to advance lease payments received. An amount of EUR 2.2 million has a term of more than five years.

(11) Current liabilities

	31-12-2021	31-12-2020
Debts to credit institutions	31.2	28.6
Financing debt	160.6	60.2
Debts to members	6.7	-
Total debts to credit institutions and financing debt	**198.5**	**88.8**
Payables to members	105.3	97.8
Payables to suppliers and trade creditors	303.9	246.4
Debts to participating interests	2.5	1.4
Corporation tax payable	8.8	0.0
Other taxes and social security charges payable	9.0	9.5
Other current liabilities and accruals	188.7	141.5
Total other current liabilities, accruals and deferrals	**618.2**	**496.6**

Debts to credit institutions and financing debt

Debts to credit institutions and debts of a financing nature relate to the current portion with a term of up to 1 year of the financing concerned.

The increase in debts to credit institutions relates mainly to funds raised locally for the acquisition of Hongyuan Louis' financing. The funds have a term of between one and five years. No security has been given.

The five-year EUR 400 million financing arrangement with a banking syndicate was renewed in March 2019. The renewed agreement runs until March 2024 and was extended for an amount of EUR 320 million in 2020 and 2021 until March 2026. There is an option to renew the agreement in the future once by one year. As at year end 2021, an amount of EUR 160 million (year end 2020: EUR 60 million) had been drawn down. All conditions of the covenant were met.

Other liabilities accruals and deferrals

The other current liabilities and accruals relate to interest, holiday entitlements, bonuses, advance payments received from the NOW 2 and 3 job retention schemes and other expenses still to be paid.

(12) Derivative financial instruments

General

Cosun's treasury policy is aimed at hedging exchange and interest rate risks as much as possible. The exchange rate risk on financing contracts in foreign currency regarding group companies is hedged by currency swaps. Cosun neither holds nor issues derivatives for trading purposes.

Exchange rate risk and liquidity risk

Periodically, liquidity budgets are drawn up. Liquidity risks are managed through interim monitoring and possibly adjusted. The group's currency risk also runs through sell and purchase transactions that take place in a local currency than the reporting currency of the group. To hedge this currency risk, the group has the policy to enter into forward exchange agreements.

The following table shows the contract volumes and fair market value of the contracts outstanding at 31 December all of which have been concluded with financial institutions with a short term credit rating of A2 or higher.

	CONTRACT VOLUME 31-12-2021	BOOK VALUE 31-12-2021	FAIR MARKET VALUE 31-12-2021	CONTRACT VOLUME 31-12-2020	BOOK VALUE 31-12-2020	FAIR MARKET VALUE 31-12-2020
Forward exchange contracts and currency swaps:						
US dollar	- 142.4	- 0.5	- 5.9	- 173.8	1.1	3.0
Pound sterling	- 98.9	- 0.3	- 1.9	- 45.6	- 0.1	- 0.7
Polish zloty	15.9	-	0.1	- 14.6	- 0.1	- 0.2
Swedish crown	- 11.5	-	0.1	- 9.5	-	- 0.2
Australian dollar	- 5.0	- 0.1	- 0.3	- 8.4	- 0.1	- 0.3
Canadian dollar	1.4	-	-	- 0.4	-	-
TOTAL	**- 240.5**	**- 0.9**	**- 7.9**	**- 252.3**	**0.8**	**1.6**

The contract volume is the product of the contracted amount and applicable exchange rate as at the balance sheet date. The book value is the part of the contract volume for which the hedged position has resulted in a financial active or financial liability, and is carried as the difference between the exchange rate as at balance sheet date and the hedged exchange rate. The fair value pertains to the total contract volume.

As in the previous year, the forward exchange contracts and currency swaps have mainly a term shorter than one year. The contract volume with a term longer than one year amounts to EUR 67.6 million (2020: EUR 19.5 million).

Price risk

	BOOK VALUE 31-12-2021	FAIR MARKET VALUE 31-12-2021	BOOK VALUE 31-12-2020	FAIR MARKET VALUE 31-12-2020
Commodity futures contracts	-	29.2	-	- 5.8
Listed futures contracts	-	- 5.3	-	0.2
Emission allowances	-	-	-	0.1

As in the previous year, most commodity futures contracts had a term of less than one year. Some of these contracts had not been exercised as at 31 December 2021. Margin calls of EUR 5.3 million apply to the listed futures contracts (2020: EUR 1.3 million).

Credit risk

Credit risks differ by country and individual counterparty and are managed by means of credit limits for each country and counterparty. The counterparty risk attaching to derivatives and other financial instruments is managed by means of contracts with financial institutions and counterparties with long-term ratings of at least A and short-term ratings of at least A2 or equivalent. There are no significant concentrations of credit risk within the group.

(13) Off balance sheet

Commitments securities provided

Financing agreements include negative pledges with pari passu clauses. A number of group companies have given security to credit institutions and tax authorities in the form of non-possessory pledges on inventories, machinery and business equipment, silent pledges on receivables and mortgages on a number of properties.

Claims

Cosun and/or its group companies are involved in a number of legal cases in connection with the group's ordinary activities. Although the outcome of these disputes cannot be predicted with any certainty, it is estimated – partly on the basis of legal advice – that the total obligations arising from these will not have any significant effect on the consolidated financial position. Provisions have been formed for all third party claims likely to be awarded for which the size of the potential settlement can be reasonably estimated.

Guarantees

Cosun has given guarantees to third parties to an amount of EUR 44.4 million (2020: EUR 29.5 million). The increase was due to Cosun Beet Company's provision of a guarantee for excise duties.

Long-term financial commitments

Long-term unconditional commitments have been entered into in respect of rent and operating lease.
The obligations ensuing from this amount to EUR 24.1 million (2020: EUR 26.1 million). The rental and lease instalments payable within one year amount to EUR 9.3 million (2020: EUR 9.4 million). Instalments payable after five years amount to EUR 0.1 million (2020: EUR 0.1 million). Contingent investment liabilities amount to EUR 49.5 million (2020: EUR 109.7 million).

(14) Net turnover

The break-down of net turnover per product group is as follows:

	2021	%	2020	%
Sugar activities	777.5	34.0	717.2	35.3
Potato activities	906.6	39.6	786.9	38.8
Other activities	602.6	26.4	524.9	25.9
TOTAL	**2,286.7**	**100.0**	**2,029.0**	**100.0**

Net turnover per geographical region can be broken down as follows:

	2021	%	2020	%
The Netherlands	674.1	29.5	596.4	29.4
Rest of the EU	1.034.8	45.3	916.0	45.1
Rest of Europe	225.2	9.8	194.3	9.6
North and South-America	146.3	6.4	123.7	6.1
Rest of the world	206.3	9.0	198.6	9.8
TOTAL	**2,286.7**	**100.0**	**2,029.0**	**100.0**

(15) Other operating income

The book profit on sold assets, insurance payments received, grants, reimbursements received for services to third parties and rental income are included under these revenues. Non-recurring income accounted for a significant amount of other operating income in 2020 and 2021, as part of the site of the former sugar factory in Puttershoek was sold during the year.

(16) Cost of raw materials and consumables

This item includes the cost of raw materials and consumables, purchased finished goods and production-related energy costs. Sugar beet purchases from members amounted to EUR 265.5 million (2020: EUR 228.1 million). This amount includes EUR 47.0 million payable as members' bonus (2020: EUR 41.7 million).

(17) Cost of outsourced work and other external costs

This expense item includes, among other things, rental costs, research costs, repair and maintenance costs, indirect energy costs, transport costs, office expenses, selling expenses, insurance costs and IT costs, insofar as such expenses are charged by third parties.

The total Research & Development costs, including staff costs, amounted to EUR 14.5 million (2020: EUR 18.7 million).

Compensation to an amount of EUR 5.3 million was received in 2020 from government support measures, including the NOW job retention scheme. Of this amount, EUR 5.0 million related to staff costs.

(18) Wages and salaries and social security charges

Wages and salaries

Wages and salaries amounted to EUR 236 million (2020: EUR 205 million). The increase was a direct consequence of the increase in personnel.

Number of employees

Expressed in full-time equivalents, the average number of employees at Cosun during the 2021 financial year was 4,407 (2020: 3,911). The employees were engaged in the following product groups (average number of employees):

	2021	2020
Sugar activities	900	880
Potato activities	2,299	1,891
Other activities	1,208	1,140
TOTAL	**4,407**	**3,911**
Of whom employed outside the Netherlands	2,205	1,761

Social security charges

	2021	2020
Social security charges	40.7	36.9
Pension costs	36.8	31.1
	77.5	**68.0**

(19) Impairments and other value adjustments

In 2021 the impairment on tangible fixed assets amounts to EUR 42.9 million negative. The change in value in 2020 amounted EUR 0.8 million. For more information see note 1 and 2.

(20) Financial income and expense

Financial income and expenses include interest on interest bearing receivables and debts.

(21) Taxation on results from ordinary activities

The corporate income tax disclosed in the profit and loss account amounts to EUR 0.7 million (2020: EUR 8.0 million) on a result of EUR 4.3 million negative (2020: EUR 44.2 million). The effective tax rate was 16.2% negative (2020: 18.1%). The difference from the nominal tax rate can be specified as follows:

	2021	%	2020	%
Profit before taxation	-4.3		44.2	
Income tax based on Dutch tax rates	- 1.1	25.0	11.1	25.0
Effect of foreign tax rates	- 1.0	23.0	- 1.5	- 3.4
Non-deductible charges / permanent differences	1.0	- 23.0	- 3.8	- 8.6
Effect of change in valuation of tax losses, assets or temporarily differences	0.3	- 6.9	1.5	3.4
Adjustment for prior periods	0.4	- 9.3	0.3	0.8
Other	1.1	- 25.0	0.4	0.9
TOTAL TAX BURDEN	**0.7**	**- 16.2**	**8.0**	**18.1**

The effect of change in the valuation of losses in 2021 (and 2020) was due largely to the losses of foreign entities not being valued. Non-deductible charges and permanent differences relate chiefly to participation exemption (2020).

(22) Fees of the auditor

The following fees have been charged by Ernst & Young Accountants LLP to the company, its subsidiaries and other consolidated companies, as referred to in article 2:382a (1 and 2) of the Dutch Civil Code.

In the year 2021 the following fees were charged to the company:

	ERNST & YOUNG ACCOUNTANTS LLP	OTHER ERNST & YOUNG NETWERK	TOTAL ERNST & YOUNG
Audit of the financial statements	0.8	0.3	1.1
Other assurance services	0.1	-	0.1
Tax advisory services	-	0.2	0.2
Other non-audit services	-	0.1	0.1
TOTAL	**0.9**	**0.6**	**1.5**

In the year 2020 the following fees were charged to the company:

	ERNST & YOUNG ACCOUNTANTS LLP	OTHER ERNST & YOUNG NETWERK	TOTAL ERNST & YOUNG
Audit of the financial statements	0.8	0.3	1.1
Other assurance services	0.1	-	0.1
Tax advisory services	-	0.3	0.3
Other non-audit services	-	0.1	0.1
TOTAL	**0.9**	**0.7**	**1.6**

The total audit fee is based on the total fee for the audit of the annual accounts for the financial year covered by the annual accounts, regardless of whether the work performed by the external auditor and the audit firm was carried out during that financial year.

(23) Cash flow statement

Movements in the cash flow statement can be derived largely from the movements in the relevant balance sheet items. The balance sheet movement and the cash flow statement movement of certain items are reconciled below:

	WORKING CAPITAL	PROVISIONS	LONG-TERM LIABILITIES
Balance as at 1 January 2021	378.2	-54.7	-37.2
Balance as at 31 December 2021	452.7	-62.3	-63.1
Balance sheet movements	-74.5	7.6	25.9
Adjustments for:			
- Changes in income tax	-7.9	2.9	-
- Investments in and divestments of participating interests	0.6	-5.7	-18.2
- Amortisation of negative goodwill	-	-	2.4
- Reclassification to current receivables from financial fixed assets	20.6	-	-
- Payable on call-put option for minority interest in participating interest	0.5	-	-
- Investment creditors unpaid	3.3	-	-
- Interest payable	0.9	-	-
CASH FLOW	**-56.5**	**4.8**	**10.1**

(24) Subsequent events

The Russian invasion of Ukraine has shocked the world. A war has been waging in Europe since 24 February 2021 and the situation has been changing rapidly. Many countries have condemned the invasion and imposed sanctions on Russia and Belarus. The consequences are considered to be non-adjusting subsequent events and are therefore not recognised in the 2021 financial statements. The expected consequences for Cosun in 2022 are:

- Higher costs for raw materials and production costs will have material consequences for Cosun but it is currently unclear whether and to what extent they will impact the result for 2022.
- The impact on the assets in the countries concerned is limited as Cosun has no material assets in those countries.
- Cosun has decided to suspend sales to Russia, where contractually possible, until further notice. The impact will be limited as Cosun has no material sales to the country.

In March 2022 the financing arrangement for the years 2025 and 2026 was increased by EUR 80 million to a total amount of EUR 400 million.

Cooperative balance sheet

(after profit appropriation; in EUR million)

	Notes	31-12-2021	31-12-2020
ASSETS			
Fixed assets			
Intangible fixed assets	(25)	30.9	39.0
Tangible fixed assets	(26)	237.0	239.1
Financial fixed assets	(27)	834.3	811.9
		1,102.2	1,090.0
Current assets			
Inventories	(28)	292.4	245.5
Trade and other receivables	(29)	409.9	269.2
Cash and cash equivalents		40.9	67.3
		743.2	582.0
Total assets		**1,845.4**	**1,672.0**
EQUITY AND LIABILITIES			
Shareholders' equity	(30)		
Capital		36.0	36.0
Share premium		32.3	32.3
Reserve for participating interests		11.6	6.5
Reserve for exchange differences		- 1.9	- 5.3
Staturory reserve		2.0	-
Other reserves		1,185.9	1,202.8
		1,265.9	1,272.3
Provisions	(31)	25.9	25.5
Non-current liabilities	(32)	36.2	31.2
Current liabilities	(33)		
Current liabilities to credit institutions and financing debt		160.3	60.0
Other current liabilities, accruals and deferrals		357.1	283.0
		517.4	343.0
Total equity and liabilities		**1,845.4**	**1,672.0**

Cooperative profit and loss account

(in EUR million)

FOR THE FINANCIAL YEAR	2021	2020
Cooperative result after taxation	- 6.0	- 3.1
Profit of participating interests after taxation	- 1.6	33.4
NET RESULT	**- 7.6**	**30.3**
APPROPRIATION OF PROFIT IN ACCORDANCE WITH ARTICLE 1 OF THE SUGAR BEET DELIVERY PAYMENT REGULATIONS		
Result of participating interests less dividends received	- 14.4	33.4
Cooperative result including dividends from participating interests	6.8	- 3.1

Notes to the cooperative annual accounts

(in EUR million)

General

Insofar as notes on items in the cooperative balance sheet and profit and loss account are not provided below, reference is made to the notes to the consolidated balance sheet and profit and loss account.

Accounting policies

The cooperative balance sheet and profit and loss account are prepared using the same accounting policies as applied for the consolidated balance sheet and profit and loss account.

(25) Intangible fixed assets

Movements in intangible fixed assets were as follows:

	GOODWILL	OTHER INTANGIBLE FIXED ASSETS	TOTAL
At cost as at 1 January 2021	174.6	6.2	180.8
Accumulated amortisation and other changes in value as at 1 January 2021	138.6	3.2	141.8
BOOK VALUE AS AT 1 JANUARY 2021	**36.0**	**3.0**	**39.0**
Movements			
- Divestments	-	- 0.4	- 0.4
- Amortisation	- 7.6	- 0.1	- 7.7
BOOK VALUE AS AT 31 DECEMBER 2021	**28.4**	**2.5**	**30.9**
At cost as at 31 December 2021	174.6	5.8	180.4
Accumulated amortisation and other changes in value as at 31 December 2021	- 146.2	- 3.3	- 149.5

(26) Tangible fixed asset

Movements in tangible fixed were as follows:

	LAND AND BUILDINGS	MACHINERY AND EQUIPMENT	OTHER TANGIBLE FIXED ASSETS	PREPAYMENTS AND IN PRODUCTION	NOT USED FOR OPERATIONS	TOTAL
At cost as at 1 January 2021	163.3	569.4	26.8	4.5	5.8	769.8
Accumulated depreciation and other changes in value as at 1 January 2021	87.3	421.3	22.1	-	-	530.7
BOOK VALUE AS AT 1 JANUARY 2021	**76.0**	**148.1**	**4.7**	**4.5**	**5.8**	**239.1**
Movements:						
- Investments	3.7	22.5	4.9	7.3	6.3	44.7
- Divestments	- 0.7	-	-	-	- 4.4	- 5.1
- Depreciation	- 4.7	- 35.2	- 1.8	-	-	- 41.7
- Transfer	-	1.3	-	- 1.3	-	-
BOOK VALUE AS AT 31 DECEMBER 2021	**74.3**	**136.7**	**7.8**	**10.5**	**7.7**	**237.0**
At cost as at 31 December 2021	166.3	593.2	31.7	10.5	7.7	809.4
Accumulated depreciation and other changes in value as at 31 December 2021	92.0	456.5	23.9	-	-	572.4

	LAND AND BUILDINGS	MACHINERY AND EQUIPMENT	OTHER TANGIBLE FIXED ASSETS	PREPAYMENTS AND IN PRODUCTION	NOT USED FOR OPERATIONS	TOTAL
At cost as at 1 January 2020	158.5	550.7	24.3	2.6	5.8	741.9
Accumulated depreciation and other changes in value as at 1 January 2020	82.5	386.9	20.6	-	-	490.0
BOOK VALUE AS AT 1 JANUARY 2020	**76.0**	**163.8**	**3.7**	**2.6**	**5.8**	**251.9**
Movements:						
- Investments	4.0	17.7	2.5	3.7	-	27.9
- Divestments	-	-	-	-	-	-
- Depreciation	- 4.7	- 34.5	- 1.5	-	-	- 40.7
- Transfer	0.7	1.1	-	- 1.8	-	-
BOOK VALUE AS AT 31 DECEMBER 2020	**76.0**	**148.1**	**4.7**	**4.5**	**5.8**	**239.1**
At cost as at 31 December 2020	163.3	569.4	26.8	4.5	5.8	769.8
Accumulated depreciation and other changes in value as at 31 December 2020	87.3	421.3	22.1	-	-	530.7

(27) Financial fixed assets

	31-12-2021	31-12-2020
Participating interests in group companies	294.1	302.2
Receivables from group companies	530.8	495.0
Receivables from members	2.8	6.0
Deferred tax assets	5.4	7.3
Other receivables	1.2	1.4
	834.3	**811.9**

Movements in financial fixed assets were as follows:

	PARTICIPATING INTERESTS IN GROUP COMPANIES	RECEIVABLES FROM GROUP COMPANIES	RECEIVABLES FROM MEMBERS	DEFERRED TAX ASSETS	OTHER RECEIVABLES	TOTAL
Balance as at 1 January 2021	302.2	495.0	6.0	7.3	1.4	811.9
Movements:						
- Share in result of participating interests	- 1.6	-	-	-	-	- 1.6
- Additions and issuances	3.2	61.0	1.2	-	-	65.4
- Repayments and releases	-	- 0.2	- 0.2	-	- 0.2	- 0.6
- Exchange results	- 12.8	-	-	-	-	- 12.8
- Other movements	3.1	-	-	-	-	3.1
- Movements in favour of / charged to the profit and loss account	-	-	-	- 1.9	-	- 1.9
- Reclassification to current	-	- 25.0	- 4.2	-	-	- 29.2
BALANCE AS AT 31 DECEMBER 2021	**294.1**	**530.8**	**2.8**	**5.4**	**1.2**	**834.3**

	PARTICIPATING INTERESTS IN GROUP COMPANIES	RECEIVABLES FROM GROUP COMPANIES	RECEIVABLES FROM MEMBERS	DEFERRED TAX ASSETS	OTHER RECEIVABLES	TOTAL
Balance as at 1 January 2020	273.6	19.0	9.0	10.5	1.6	313.7
Movements:						
- Share in result of participating interests	33.4	-	-	-	-	33.4
- Additions and issuances	1.0	476.3	1.4	-	0.3	479.0
- Repayments and releases	- 0.6	- 0.3	- 0.4	- 4.5	-0.5	- 6.3
- Exchange results	- 5.4	-	-	-	-	- 5.4
- Other movements	0.2	-	-	-	-	0.2
- Movements in favour of / charged to the profit and loss account	-	-	-	1.3	-	1.3
- Reclassification to current	-	-	- 4.0	-	-	- 4.0
BALANCE AS AT 31 DECEMBER 2020	**302.2**	**495.0**	**6.0**	**7.3**	**1.4**	**811.9**

Participating interests in group companies

Cosun Beet Company GmbH & Co. KG is a subsidiary of Coöperatie Koninklijke Cosun U.A. and is included in the consolidated financial statements of Royal Cosun as of 31 December 2021. Cosun Beet Company GmbH & Co. KG uses the exemption to prepare, audit and disclose the financial statement in accordance with article 264b German Commercial Code.

Receivables from group companies

As at year-end 2021 the balance related mainly to long-term loans granted to Cosun Holding (EUR 260 million), Aviko Holding B.V. (EUR 60 million), Aviko B.V. (EUR 55 million), Aviko Deutschland GmbH (EUR 15 million), Aviko Belgium (EUR 80 million), Sensus B.V. (EUR 5 million), SVZ International B.V. (EUR 30 million), Duynie Holding B.V. (EUR 20 million) and Cosun Strategic Ventures B.V. (EUR 5 million). At the end of 2021, the loan from Duynie Ingredients (EUR 25 million) is recognized as a current receivable, due to the expiry of the loan agreement in 2022.

Receivables from members

The non-interest bearing receivables from members (EUR 2.8 million) relates to the market value of the long-term portion of amounts still to be deposited for issued supply certificates (2020: EUR 6.0 million).

Other receivables

The other receivables relate to capitalised costs for the conclusion of a financing agreement expiring in March 2026.

(28) Inventories

	31-12-2021	31-12-2020
Finished products and goods for resale	271.1	226.8
Land	9.7	9.5
Raw materials and consumables	11.6	9.2
	292.4	**245.5**

The land inventory relates to land under development for the AFC Nieuw Prinsenland business park in Dinteloord. The valuation of inventories, finished products and goods for resale takes account of slow moving stocks. The provision for slow moving stocks amounts to EUR 1.5 million (2020: EUR 1.5 million). The inventory is recognised at lower market value to an amount of EUR 1.7 million (2020: EUR 1.8 million).

(29) Trade and other receivables

	31-12-2021	31-12-2020
Trade accounts receivable	79.7	45.7
Receivables from group companies	280.3	182.6
Short-term portion of amount still to be paid up for issued shares	4.2	4.1
Other tax receivables	19.4	13.9
Advance payments	6.2	9.6
Amounts to be invoiced	9.0	6.0
Other receivables and accrued income	11.1	7.3
	409.9	**269.2**

(30) Capital and reserves

Issued capital and share premium

	SUPPLY CERTIFICATES	SHARE PREMIUM	TOTAL 2021	TOTAL 2020
Balance as at 1 January	36.0	32.3	68.3	68.3
Movements:				
- Issued supply certificates	1.3	-	1.3	1.4
- Redeemed and withdrawn supply certificates	- 1.3	-	- 1.3	- 1.4
BALANCE AS AT 31 DECEMBER	**36.0**	**32.3**	**68.3**	**68.3**

The total number of supply certificates in issue amounts to 6,543,735 (2020: 6,545,774), with a face value of EUR 5.50 per certificate. Under Reporting Guideline 620, EUR 1.1 million (2020: EUR 1.2 million) is recognised in the consolidated accounts as debt capital. The share premium reserve is recognised in full as paid-up capital for tax purposes.

Statutory reserves, other reserves and results

	RESERVE FOR PARTICIPATING INTERESTS	RESERVE FOR EXCHANGE DIFFERENCE	STATURORY RESERVE	OTHER RESERVES	TOTAL 2021	TOTAL 2020
Balance as at 1 January	6.5	- 5.3	-	1,202.8	1,204.0	1,180.0
Movements:						
- Profit appropriation	-	-	-	- 7.6	- 7.6	30.3
- Paid to members	-	-	-	- 2.0	- 2.0	- 0.8
- Additions	-	-	2.0	- 2.0	-	-
- Exchange differences	-	3.4	-	- 0.2	3.2	- 5.5
- Transfer	5.1	-	-	- 5.1	-	-
BALANCE AS AT 31 DECEMBER	**11.6**	**- 1.9**	**2.0**	**1,185.9**	**1,197.6**	**1,204.0**

Reserve for participating interests
The reserve for participating interests is that part of movements in equity that are not freely disposable as from the moment of consolidation.

Statutory reserve
The statutory reserve has been formed for capitalised software costs (internal hours).

Other reserves
Under article 46 of the articles of association, payments take place to members and contracted parties. Effective from January 2000, these payments are in accordance with the Sugar Beet Delivery Payment Regulations.
The payment amount depends on the average number of tonnes of sugar beets delivered, the average cooperative result including the dividend from participating interests per tonne of sugar beet for the seven previous financial years, and a factor per campaign. Payments are deducted from the other reserves.
The payment recognised in 2021 relates to the sugar beet supplied in the years to the end of 2020 in accordance with article 5.1 (i) of the sugar beet payment regulations.

If all members had claimed payments under the business termination regulations as at 31 December 2021, the total payment would have amounted to EUR 18.6 million (2020: EUR 26.6 million). In accordance with article 5.3 of the regulations, payment is subject to the approval of the Board.

Proposed profit appropriation

The net profit for 2020 (EUR 30.3 million) has been added to other reserves in accordance with the decision of the Board 10 March 2021.

The Board intends to propose that EUR 7.6 million negative will be drawn from the other reserves. The annual accounts for 2021 have been prepared on the assumption that this proposal will be adopted.

Difference between consolidated and cooperative equity

Under Reporting Guideline 620 of the Guidelines for Annual Reporting in the Netherlands, that part of the paid up share capital that members can call on demand (2%) and the related inseparable obligation to settle (2%) the right to a business termination payment in accordance with article 5.1 of the sugar beet payment regulations are recognised in the consolidated accounts as liabilities. As a result the consolidated equity differs from the equity in the cooperative annual accounts. On 30 November 2020 Aviko Holding B.V. acquired 90% of the shares in Inner Mongolia Hongyuan Luyisheng Food Co., Ltd. Aviko has a three-year unconditional call-put option on the remaining 10% of the shares, which is recognised as an increase in the investment. The related commitment is included in other liabilities. This creates a difference in equity between the consolidated and cooperative accounts.

	31-12-2021	31-12-2020
Consolidated capital and reserves	1,260.2	1,267.5
Impact RJ 620	1.1	1.2
Direct movement on account of acquisitions	4.6	3.6
COOPERATIVE CAPITAL AND RESERVES	**1,265.9**	**1,272.3**

(31) Provisions

	31-12-2021	31-12-2020
Deferred tax liabilities	6.3	7.5
Pensions and other deferred employee benefits	11.5	9.5
Other provisions	8.1	8.5
	25.9	**25.5**

EUR 18.4 million (2020: EUR 18.1 million) of the provisions is long term in nature.

Movements in provisions were as follows:

	DEFERRED TAX LIABILITIES	PENSIONS AND OTHER DEFERRED EMPLOYEE BENEFITS	OTHER PROVISIONS	TOTAL
Balance as at 1 January 2021	7.5	9.5	8.5	25.5
Movements:				
- Additions	- 1.2	2.8	5.3	9.3
- Withdrawals	-	- 0.8	- 5.1	- 5.9
- Release	-	-	- 0.6	- 0.6
BALANCE AS AT 31 DECEMBER 2021	**6.3**	**11.5**	**8.1**	**25.9**

Deferred tax liabilities

The provision for deferred tax liabilities has been formed for temporary differences in the recognition of profit for tax and financial reporting purposes. Of the deferred tax liabilities EUR 4.9 million (2020: EUR 6.8 million) is long term in nature and are carried at nominal value.

Other provisions

Other provisions include an environmental provision to an amount of EUR 7.2 million (2020: EUR 7.2 million) and a provision for loss-making contracts to an amount of EUR 0.5 million (2020: EUR 0.9 million).

(32) Non-current liabilities

	31-12-2021	EFFECTIVE INTEREST RATE	**31-12-2020**	EFFECTIVE INTEREST RATE
Lease obligation	13.7	5.9%	8.7	8.4%
Debts to members	17.4	2.2%	16.9	2.4%
Other taxes payable	4.4	0.0%	4.8	0.0%
Other liabilities	0.7	0.0%	0.8	0.0%
TOTAL NON-CURRENT LIABILITIES	**36.2**		**31.2**	

The item debts to members relates to the members' loan programme introduced by Cosun in 2015. The amount loaned bears interest, has a fixed term between 2 and 5 years and is subordinated to other creditors.
Lease obligations with a term of more than five years have been included to an amount of EUR 9.4 million. Other liabilities include an amount of EUR 0.1 million with a term of more than five years.

Movements in non-current liabilities were as follows:

	LEASE OBLIGATIONS	DEBTS TO MEMBERS	DEBTS TO CREDIT INSTITUTIONS	OTHER TAXES PAYABLE	OTHER LIABILITIES	TOTAL
As at 1 January 2021	8.7	16.9	-	4.8	0.8	31.2
Movements:						
- Additions	5.3	0.5	-	0.1	-	5.9
- Releases	- 1.3	-	-	-	- 0.1	- 1.4
- Amortisation	0.7	-	-	-	-	0.7
- Other movements	0.3	-	-	- 0.5	-	- 0.2
AS AT 31 DECEMBER 2021	**13.7**	**17.4**	**-**	**4.4**	**0.7**	**36.2**

(33) Current liabilities

	31-12-2021	31-12-2020
Debts to credit institutions	160.3	60.0
Payables to group companies	84.5	70.2
Payables to members	112.1	97.8
Payables to suppliers and trade creditors	85.0	69.3
Other taxes and social security charges payable	5.0	2.6
Reserve for personnel obligations	18.1	11.0
Other current liabilities and accruals	52.4	32.1
TOTAL OTHER CURRENT LIABILITIES AND ACCRUALS	**357.1**	**283.0**

Debts to credit institutions

The five-year EUR 400 million financing arrangement with a banking syndicate was renewed in March 2019. The renewed agreement runs until March 2024 and was extended for one year for an amount of EUR 320 million in 2020 and 2021 until March 2026. As at year end 2021, an amount of EUR 160 million (year end 2020: 60 million) had been drawn down. All conditions of the covenant were met.

(34) Off balance sheet commitments

Several liability and guarantees

Cosun has given guarantees to third parties to an amount of EUR 29.5 million (2020: EUR 29.5 million).

Long-term financial commitments

Long-term unconditional commitments have been entered into in respect of rental and operating lease instalments. The associated obligations amount to EUR 5.5 million (2020: EUR 7.3 million). The rental and lease instalments falling due within one year amount to EUR 1.9 million (2020: EUR 2.6 million). Instalments payable after five years amount to nil (2020: nil). Contingent investment liabilities amount to EUR 6.7 million (2020: EUR 5.6 million).

(35) Fees of the auditor

The following fees were charged to the company by Ernst & Young Accountants LLP, as referred to in article 2:382a (1 and 2) of the Dutch Civil Code.

In 2021 the following fees were charged to the company:

	ERNST & YOUNG ACCOUNTANTS LLP	OTHER ERNST & YOUNG NETWORK	TOTAL ERNST & YOUNG
Audit of the financial statements	0.2	-	0.2
Tax advisory services	-	0.1	0.1
Other non-audit services	-	-	-
TOTAL	**0.2**	**0.1**	**0.3**

In 2020 the following fees were charged to the company:

	ERNST & YOUNG ACCOUNTANTS LLP	OTHER ERNST & YOUNG NETWORK	TOTAL ERNST & YOUNG
Audit of the financial statements	0.3	-	0.3
Tax advisory services	-	0.1	0.1
Other non-audit services	-	0.1	0.1
TOTAL	**0.3**	**0.2**	**0.5**

The total audit fee is based on the total fee for the audit of the annual accounts for the financial year covered by the annual accounts, regardless of whether the work performed by the external auditor and the audit firm was carried out during that financial year.

(36) Other information

The remuneration, including pension costs as referred to in article 2:383(1) of the Dutch Civil Code, of members of the Board amounted to EUR 0.7 million (2020: EUR 0.7 million) and that members of the Supervisory Board to EUR 0.1 million (2020: EUR 0.1 million). The remuneration was charged to the result.

(37) Subsequent events

The Russian invasion of Ukraine has shocked the world. A war has been waging in Europe since 24 February 2021 and the situation has been changing rapidly. Many countries have condemned the invasion and imposed sanctions on Russia and Belarus. The consequences are considered to be non-adjusting subsequent events and are therefore not recognised in the 2021 financial statements. The expected consequences for Cosun in 2022 are:

- Higher costs for raw materials and production costs will have material consequences for Cosun but it is currently unclear whether and to what extent they will impact the result for 2022.
- The impact on the assets in the countries concerned is limited as Cosun has no material assets in those countries.
- Cosun has decided to suspend sales to Russia, where contractually possible, until further notice. The impact will be limited as Cosun has no material sales to the country.

In March 2022 the financing arrangement for the years 2025 and 2026 was increased by EUR 80 million to a total amount of EUR 400 million.

Board

Dirk de Lugt
Arwin Bos
Adrie Bossers
Ben van Doesburgh
Ger Evenhuis
Marianne van den Hoek - Huijbregts
Pieter de Jong
Freek Rijna
Sander Wijkstra

Supervisory Board

Johan van Driel
Hans Huistra
Theo Koekkoek
Edwin Michiels
Pieter van Maldegem
Jacqueline Rijsdijk

Breda, 31 March 2021

Other information

Provisions in the articles of association governing the appropriation of profit

The appropriation of the profit for the year is laid down in the Articles of Association (Article 42, paragraphs 1 and 2) as follows: the Board shall determine what proportion of the cooperative's profit for the year shall be added to reserves. Unless the Members' Council resolves otherwise on a recommendation of the Board, the amount remaining after the above addition shall be distributed among those members who were members at the end of the financial year in question, or who had ceased to be members during or at the end of that financial year and among the heirs who have continued an ongoing supply agreement as the legal successor of a member during the financial year in question, in accordance with the quantity of produce supplied to the cooperative in that financial year and in accordance with the method of payment stipulated in the Sugar Beet Regulations.

Independent auditor's report

To: the members and the supervisory board of Coöperatie Koninklijke Cosun U.A.

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS 2021 INCLUDED IN THE ANNUAL REPORT

Our opinion

We have audited the financial statements 2021 of Coöperatie Koninklijke Cosun U.A., based in Breda.

In our opinion the accompanying financial statements give a true and fair view of the financial position of Coöperatie Koninklijke Cosun U.A. as at 31 December 2021, and of its result for 2021 in accordance with Part 9 of Book 2 of the Dutch Civil Code.

The financial statements comprise:

- The consolidated and company balance sheet as at 31 December 2021
- The consolidated and company profit and loss account for 2021
- The notes comprising a summary of the accounting policies and other explanatory information

Basis for our opinion

We conducted our audit in accordance with Dutch law, including the Dutch Standards on Auditing. Our responsibilities under those standards are further described in the "Our responsibilities for the audit of the financial statements" section of our report.

We are independent of Coöperatie Koninklijke Cosun U.A. (hereafter: the company) in accordance with the Wet toezicht accountantsorganisaties (Wta, Audit firms supervision act), the Verordening inzake de onafhankelijkheid van accountants bij assurance-opdrachten (ViO, Code of Ethics for Professional Accountants, a regulation with respect to independence) and other relevant independence regulations in the Netherlands. Furthermore we have complied with the Verordening gedrags- en beroepsregels accountants (VGBA, Dutch Code of Ethics).

We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Materiality

Materiality	€ 21.0 million (2020: € 18.0 million)
Benchmark applied	2.2% of the gross margin (2020: 2.2% of the gross margin)
Explanation	The key figures gross margin consist of the net turnover plus the change in inventories of finished products minus the costs of raw materials and consumables, corrected for the members' bonus. In view of the cooperative nature of the entity, we consider that the gross margin provides a good view of the scale of the activities of the company.

We have also taken into account misstatements and/or possible misstatements that in our opinion are material for the users of the financial statements for qualitative reasons.

We agreed with the supervisory board that misstatements in excess of € 1,050,000, which are identified during the audit, would be reported to them, as well as smaller misstatements that in our view must be reported on qualitative grounds.

Scope of the group audit

Coöperatie Koninklijke Cosun U.A. is at the head of a group of entities. The financial information of this group is included in the financial statements of Coöperatie Koninklijke Cosun U.A.

The group audit focused, in particular, on group entities which are significant in terms of size and financial importance or for which significant risks apply. The audit of the Dutch group entities within the scope of the group audit are performed by ourselves. The audits of the abroad group entities within the scope of the group audit are performed by local EY audit teams. We provided the component teams with detailed instructions and the component teams performed their audit procedures on the basis of those instructions and reported the results of their audit procedures to us. We interacted regularly with all Dutch and foreign EY component teams throughout the audit. In addition, we inspected the digital audit file of the EY component team in Germany. On this basis we directed and supervised the group audit and we were able to address the significant observations in our group audit. The procedures in relation to the consolidation of the group and the explanatory notes in the financial statements are performed centrally.

In total, the aforementioned procedures represent 86% of the total assets; 91% of the company's gross margin. By performing the procedures mentioned above at group entities, together with additional procedures at group level, we have been able to obtain sufficient and appropriate audit evidence about the group's financial information to provide an opinion about the financial statements.

Our key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements. We have communicated the key audit matters to the supervisory board. The key audit matters are not a comprehensive reflection of all matters discussed.

We have not made significant changes to the key audit matters compared to prior year.

These matters were addressed in the context of our audit of the financial statements as a whole and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Assumptions used in the valuation of tangible fixed assets	
Risk	As a result of indications for impairments at Duynie Ingredients and SVZ Europe, the board of directors of these entities, together with the executive board and the board of directors of the company, have estimated the recoverable amount - based on the value in use - of the relevant cash-generating units and, as a result, recognized an impairment of € 20 million at Duynie Ingredients and € 10 million at SVZ Europe. We refer to the notes in note 2 'Property, plant and equipment' of the financial statements. The starting point for determining the value in use of Duynie Ingredients, based on the cash flow forecasts for the period 2022-2024, is the recovery of the result, mainly due to improvements of the performance of the ingredients factory that started in 2021, growth in volume resulting in approximately doubling of the turnover and improvement of the gross margin percentage by over 35%. The starting point for determining the value in use of SVZ Europe, based on the cash flow forecasts for the period 2022-2026, is an improvement in EBITDA of approximately 50% in 5 years, due to growth in volume and turnover. In the 'Accounting policies' under 'Use of judgements, estimates and uncertainties', the impairment on tangible fixed assets is designated as a significant estimate. As disclosed in note 2, these estimates are very sensitive to the assumptions used in the forecasted results and discount rate used. We therefore consider these assumptions to be key to our audit.
Our audit approach	Our audit procedures included evaluating the appropriateness of the company's accounting policies regarding the valuation of property, plant and equipment to determine whether they comply with Part 9 of the Dutch Civil Code and DAS121 'Impairment of fixed assets'. We further assessed whether the assumptions and methods used to determine the recoverable amount are appropriate and have been applied consistently or, in case of changes in estimates, whether they are appropriate in the circumstances. We obtained an understanding of the estimation process and the process of preparing (operational) plans, budgets and suchlike, and obtained an understanding of the design and existence of internal controls in these processes insofar deemed necessary in the context of our audit. We tested the assumptions used regarding the growth in turnover and EBITDA-margin with the operational plan and the historical results of Duynie Ingredients and SVZ Europe respectively. We discussed the operational plan with the board of directors and evaluated it with professional skepticism. We considered whether the operational plan, based on our knowledge and understanding obtained from the audit of the financial statements or otherwise, contains all events and conditions that could have a material impact on the assumptions used, including events after the balance sheet date. We have aligned the assumptions regarding future investments with the operational plans of Duynie Ingredients and SVZ respectively. Working capital developments have been tested against historical developments and planned measures to improve the working capital. We verified the discount rate (WACC) used and the arithmetical correctness of the model used with the help of our valuation experts. We also evaluated whether the disclosures are adequate and provide sufficient insight in the assumptions used and their sensitivity for the valuation.
Key observations	Based on the audit procedures performed, we agree with the assumptions used by the board of directors in the valuation of tangible fixed assets and the related notes in the financial statements.

Valuation of the inventory finished products	
Risk	Finished products and goods for resale is the most extensive part of the account inventories and is valued at cost of manufacture or lower realizable value. The production costs includes the purchase costs of raw materials, auxiliary material and other costs that are directly attributable to the manufacturing of finished products. In addition, part of the indirect costs over the period of manufacture is attributed to the cost of manufacture. €13.4 million of the inventories is valued at lower net realizable value (of which €5.6 million is disclosed as a provision for obsolescence). We refer to the 'Accounting policies' for the accounting policy on inventories and the disclosure thereon in note 4 of the financial statements. The calculation method of the valuation of finished products is complex and sensitive to errors due to the high number of components of which the cost of manufacturing consists and due to manual calculations. We therefore concluded the valuation of the inventory finished products to be a key audit matter.
Our audit approach	Our audit procedures included evaluating the appropriateness of the company's accounting policies with respect to the valuation of inventories to determine whether they comply with Part 9 of the Dutch Civil Code and DAS220 'Inventories'. We further assessed whether the methods used to determine the cost price or lower net realizable value are appropriate and applied consistently or, in case of changes in estimates, whether they are appropriate in the given circumstances. We obtained an understanding of the estimation process, as well as evaluated the design and existence of the related internal controls to the extent we deem necessary in the context of our audit. As part of our audit of the valuation of finished products, we verified per allocated other cost item whether under accounting standards it is allowed to allocate these to the cost price, and verified the parameters set by management per allocated cost item individually. Furthermore, we verified the allocation of other costs over the manufacturing period to the cost of manufacturing. To conclude on the valuation of finished goods against lower net realizable value, we compared the sales prices according to contract positions as at balance sheet date and prices agreed in contracts closed subsequent to the year under audit against the valuation of the existing inventory as at balance sheet date. In addition, we compared the available (uncommitted) inventory on balance sheet date to the current market prices. We also compared previous assumptions to the actual sales prices in the financial year ("back-testing").
Key observations	The other costs allocated to the production costs and other costs are, in our opinion, costs that are directly related to the manufacturing of finished goods, or are allocated over the correct period. We consider the parameters used to be adequate. The principles for the valuation of inventories to lower net realizable value correctly applied.

REPORT ON OTHER INFORMATION INCLUDED IN THE ANNUAL REPORT

The annual report contains other information in addition to the financial statements and our auditor's report thereon.

Based on the following procedures performed, we conclude that the other information:

- Is consistent with the financial statements and does not contain material misstatements;
- Contains the information as required by Part 9 of Book 2 of the Dutch Civil Code regarding the directors' report and other information.

We have read the other information. Based on our knowledge and understanding obtained through our audit of the financial statements or otherwise, we have considered whether the other information contains material misstatements. By performing these procedures, we comply with the requirements of Part 9 of Book 2 of the Dutch Civil Code and the Dutch Standard 720. The scope of the procedures performed is substantially less than the scope of those performed in our audit of the financial statements.

The board is responsible for the preparation of the other information, including the board report in accordance with Part 9 of Book 2 of the Dutch Civil Code and other information as required by Part 9 of Book 2 of the Dutch Civil Code.

DESCRIPTION OF RESPONSIBILITIES FOR THE FINANCIAL STATEMENTS

Responsibilities of the board and the supervisory board for the financial statements

The board is responsible for the preparation and fair presentation of the financial statements in accordance with Part 9 of Book 2 of the Dutch Civil Code. Furthermore, the board is responsible for such internal control as the board determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

As part of the preparation of the financial statements, the board is responsible for assessing the company's ability to continue as a going concern. Based on the financial reporting framework mentioned, the board should prepare the financial statements using the going concern basis of accounting unless the board either intends to liquidate the company or to cease operations, or has no realistic alternative but to do so. The board should disclose events and circumstances that may cast significant doubt on the company's ability to continue as a going concern in the financial statements.

The supervisory board is responsible for overseeing the company's financial reporting process.

Our responsibilities for the audit of the financial statements

Our objective is to plan and perform the audit engagement in a manner that allows us to obtain sufficient and appropriate audit evidence for our opinion.

Our audit has been performed with a high, but not absolute, level of assurance, which means we may not detect all material errors and fraud during our audit.

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 financial statements. The materiality affects the nature, timing and extent of our audit procedures and the evaluation of the effect of identified misstatements on our opinion.

We have exercised professional judgment and have maintained professional skepticism throughout the audit, in accordance with Dutch Standards on Auditing, ethical requirements and independence requirements. Our audit included among others:

- Identifying and assessing the risks of material misstatement of the financial statements, whether due to fraud or error, designing and performing audit procedures responsive to those risks, and obtaining 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
- Obtaining 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 company's internal control
- Evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the board
- Concluding on the appropriateness of the board's 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 company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements 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 auditor's report. However, future events or conditions may cause a company to cease to continue as a going concern
- Evaluating the overall presentation, structure and content of the financial statements, including the disclosures
- Evaluating whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation

Because we are ultimately responsible for the opinion, we are also responsible for directing, supervising and performing the group audit. In this respect we have determined the nature and extent of the audit procedures to be carried out for group entities. Decisive were the size and/or the risk profile of the group entities or operations. On this basis, we selected group entities for which an audit or review had to be carried out on the complete set of financial information or specific items.

We communicate with the supervisory board regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant findings in internal control that we identify during our audit.

We provide the supervisory board 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 supervisory board, we determine the key audit matters: those matters that were of most significance in the audit of the financial statements. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, not communicating the matter is in the public interest.

Zwolle, 31 March 2022

Ernst & Young Accountants LLP

Signed by A.E. Wijnsma

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www.cosunbeetcompany.com
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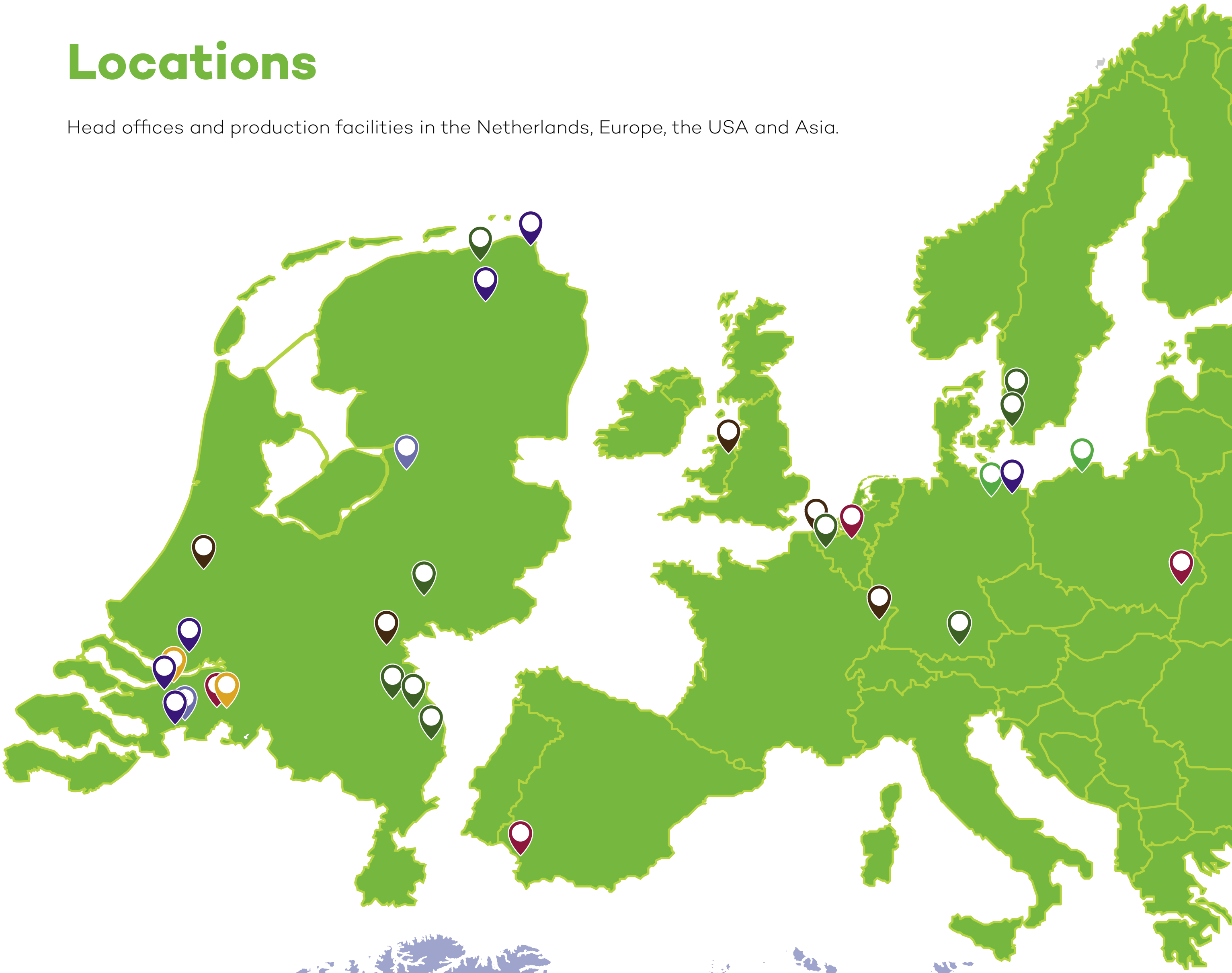
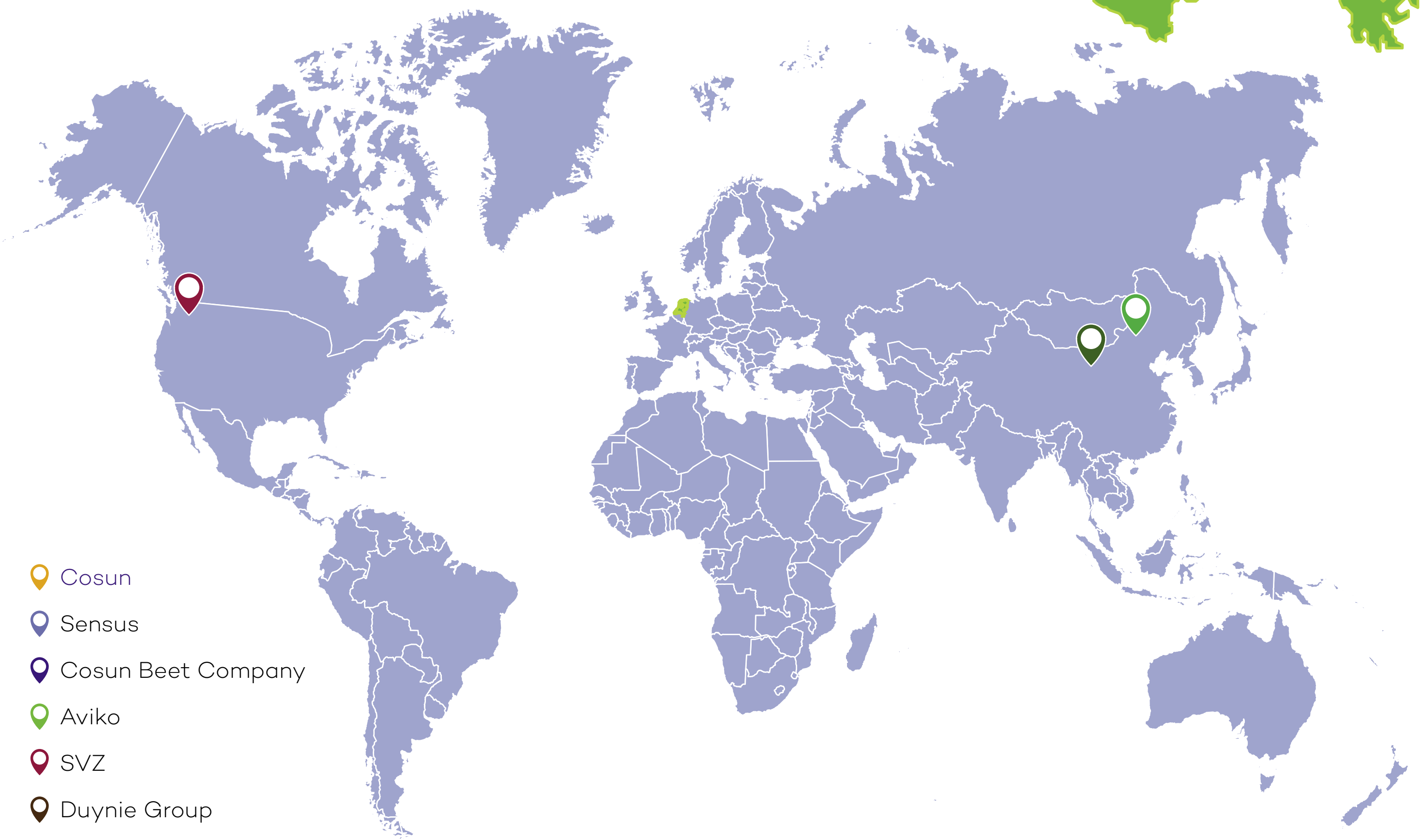
Locations

Head offices and production facilities in the Netherlands, Europe, the USA and Asia.





- Cosun
- Sensus
- Cosun Beet Company
- Aviko
- SVZ
- Duynie Group