



2023

Annual Report

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: www.cosun.com



2023



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*These sections constitute the directors' report within the meaning of article 391, Book 2 of the Dutch Civil Code.

Cosun at a glance

Profile

Royal Cosun is a leading international agricultural cooperative. Founded nearly 125 years ago, it is in the hands of its 8,100 members.

We develop food, food ingredients, animal feed, biobased ingredients and green energy. In doing so, we help mitigate the impact of climate change and encourage healthy lifestyles.

As an agrifood cooperative, we put crops – our plants – at the heart of everything we do. With respect for sustainability and the climate, we work on plant-based solutions that make a positive contribution to a good life. Agricultural crops are our starting

point to create a sustainable future for generations to come. Together with our growers, suppliers and customers, we make the power of plants available to everyone. This is how we add value to the chain.

With a staff of approximately 4,610 professionals, Cosun works with suppliers and growers in Europe, Asia and North America. The Cosun group is made up of the business groups Aviko, Cosun Beet Company, Duynie Group, Sensus, Cosun Protein and Cosun Biobased Experts. Together, we earned an annual turnover of EUR 3.7 billion in 2023.

The power of plants and people



Our plants

We apply potatoes, sugar beet and chicory roots and the co-products from our production processes in a wide variety of applications: from Aviko's potato-based meals to Van Gilse's pancake syrup and Sensus's fibre-rich cereal bars with chicory 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.

Purpose Cosun

Our purpose is to unlock the full potential of plants and create smart and sustainable solutions for current and future generations.

We are in the middle of a change process. We firmly believe responsible enjoyment of our food boosts wellbeing. But we can and will get more out of our plants.

We work hard every day to create a plant-based future that does not exhaust the earth because plant-based innovations are infinite and in theory 100% circular. We collaborate with our growers and other partners in the chain. And we are going to do this more often in the future.

Working on the future

Cooperation and sustainability are written into our cooperative's DNA. Together, we are working on a future-proof sustainable chain.

Innovation in the fields

This starts with cultivation, where Cosun and the growers work together in the Groeikracht Cosun programme for profitable, innovative and sustainable arable farming.

Climate-neutral production

Our goal is a 100% circular and CO₂-neutral production process. We are working hard on energy savings, procuring green energy and producing our own renewable energy.

Sustainable growth

We are widening our portfolio to include more health-promoting and climate-friendly alternatives. We are sharpening our focus on the production of dietary fibres (inulin), plant-based proteins and biobased products.



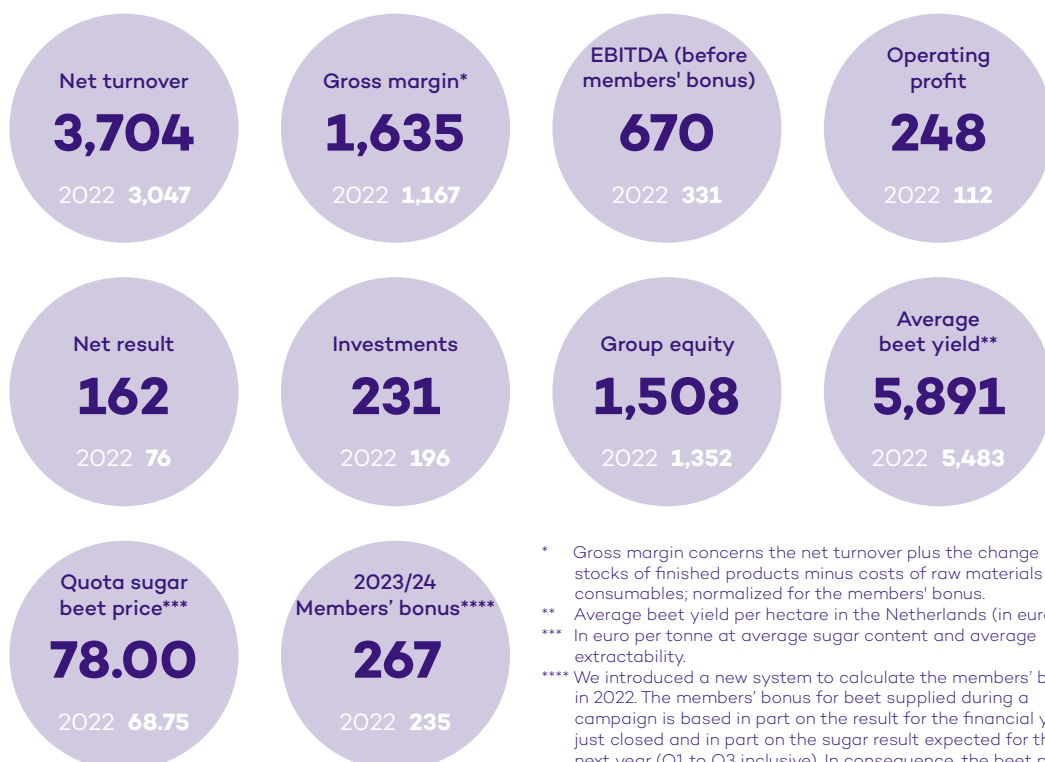
Key figures

2023

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 result and the net result for the year.

HEALTHY PERFORMANCE

in millions of euros (unless stated otherwise)



* Gross margin concerns the net turnover plus the change in stocks of finished products minus costs of raw materials and consumables; normalized for the members' bonus.

** Average beet yield per hectare in the Netherlands (in euros).

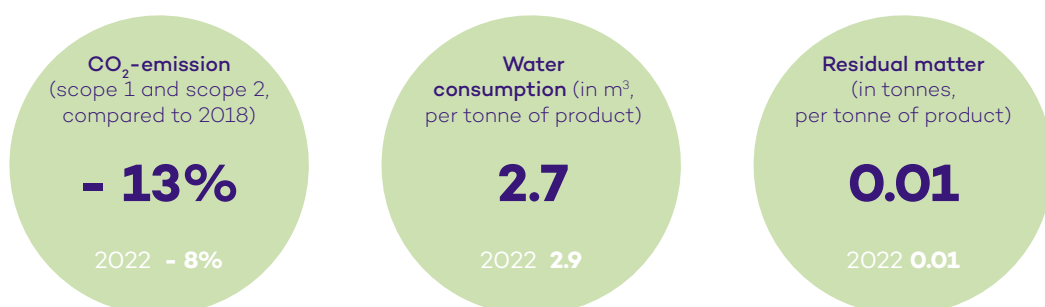
*** In euro per tonne at average sugar content and average extractability.

**** We introduced a new system to calculate the members' bonus in 2022. The members' bonus for beet supplied during a campaign is based in part on the result for the financial year just closed and in part on the sugar result expected for the next year (Q1 to Q3 inclusive). In consequence, the beet price better reflects the results earned on the beet supplied.

PEOPLE

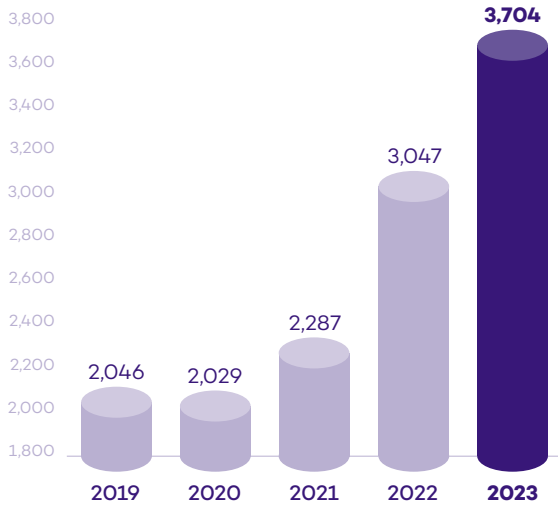


FUTURE PROOF, SUSTAINABLE CHAIN



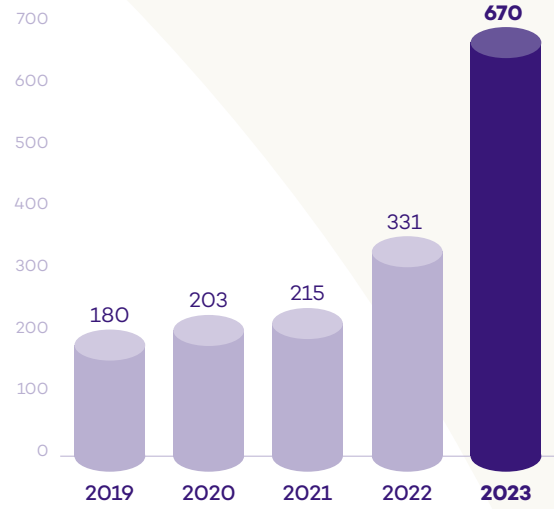
Net turnover

in millions of euros



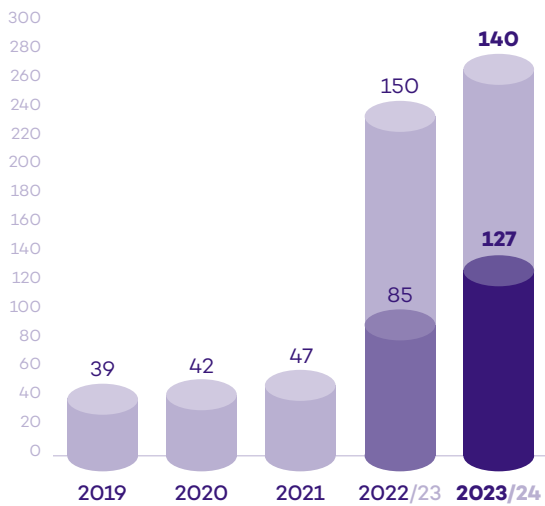
EBITDA (before members' bonus)

in millions of euros



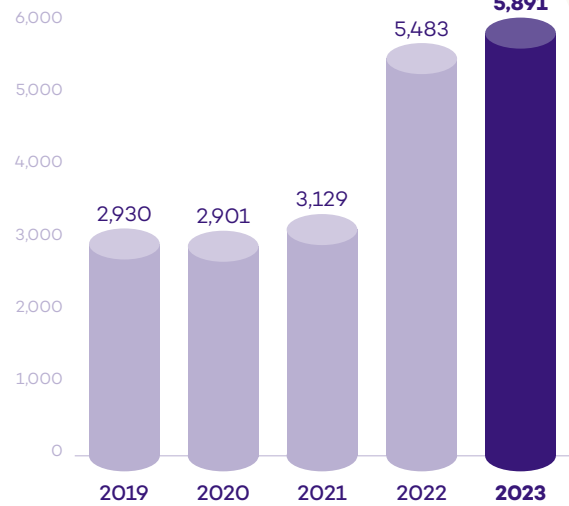
Members' bonus

in millions of euros



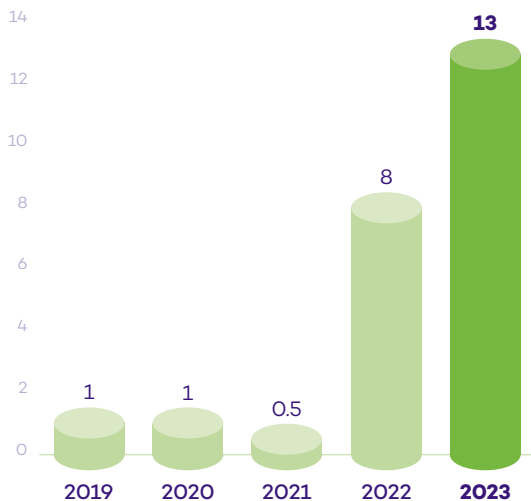
Average yield per hectare

in euros



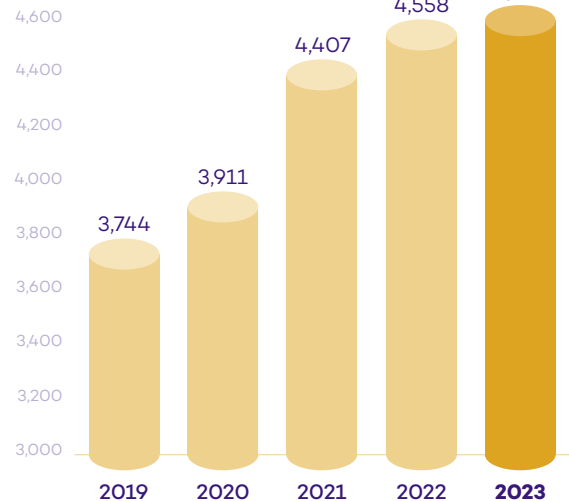
Reduction CO₂-emission (scope 1 + 2)

% compared to 2018



Average number of employees

average FTEs



Board report



Arwin Bos

Hans Meeuwis

Letter from the Chairman and CEO

Looking back on a dynamic year, we see that the fall of the cabinet and the failure in forming an agricultural agreement have brought much uncertainty for our sector and that rising geopolitical tensions and tough harvesting conditions are affecting Cosun as well. Nevertheless, 2023 was a good year for us, in which we achieved an even better operating result. We made progress on our strategic priorities.

Guided by our Unlock 25 strategy, we are steering a firm course, with our strategy providing direction and a point of focus for all our business activities. We have three strategic priorities: we want to improve our results in the short and medium term, we are working on a sustainable, future-proof chain and we are committed to our strategic growth in four core areas sugar beet, potatoes, co-products and ingredients for a sustainable lifestyle.

Execution power needed on a national level

Although less turbulent than 2022, 2023 also brought many external challenges for Cosun. The fall of the cabinet meant delays

on many files, such as the agricultural agreement that is important for us and our growers and acceleration in solving grid congestion. There is a need for a stable, decisive cabinet with a long-term vision, realism and perspective for the sector. Where working together towards a future-proof Netherlands and sector is paramount. This enables us to accelerate our plans and continue to build a future-proof, sustainable chain.

Inflation

On an international level, the ongoing war in Ukraine and the war between Israel and Hamas are impacting Cosun.



Economic growth shows a mixed picture in Europe, but is virtually nil in 2023 and inflation remains relatively high. Destocking in the US has had an impact on the growth of higher-quality food ingredients in 2023. Demand for our bulk products remained relatively good, with the sugar market, among others, benefiting from favorable market conditions.

Challenging growing conditions

The year 2023 was a difficult year for crop cultivation; it brought challenges for the cooperative, but especially for individual growers. The prolonged period of rain prevented growers from harvesting all crops and it moreover reduced crop quality. Frost also had an adverse impact on our growers' businesses. In December, more than 25% of the sugar beet was still in the ground. We introduced a frost-damage scheme to boost beet processing to a maximum in the interests of the cooperative. Growers and business groups showed resilience and, despite the sometimes challenging weather conditions, we managed to harvest most crops and process an average of 53.800 tonnes of beet per day in 2023. The credit goes to all who contributed to this: growers, contract workers, Cosun staff, lorry drivers and all others which are indispensable to secure our production.

Further improvement in operating result

Despite all the challenges, in 2023 we made good progress towards improving our operating result: consolidated turnover rose this year from EUR 3,047 million to EUR 3,704 million. This 22% increase was driven chiefly by favourable price movements, with volume development presenting a mixed picture. The operating result has also improved significantly and increased from 196 million euros to 525 million euros (before members' bonus). Cosun Beet Company, Aviko and Duynie all showed a good improvement in results. This is driven by necessary price increases to compensate for cost increases, relatively favorable market conditions and the improvement of underlying performance

and capacity expansion. Sensus had a difficult year, partly because the demand for high-quality ingredients declined. The organization has worked hard to further improve the underlying, structural results, coupled with further improvement of the revenue model for our members. We distribute 50% of our net income, adjusted for exceptional items, to our members through the beet price and we invest 50% in the cooperative.

Relatively high beet price

In 2023, our solid operating result helped us set a good beet price of EUR 78 per tonne of standard quality (sugar content of 17% and extractability rate of 91). As regards the sugar result, in 2022 we stopped determining the members' bonus – the bonus on the basic price per tonne of beet – on the basis of the calendar year and started applying the sugar year instead, i.e. the result of the fourth quarter of the financial year just closed and the results expected for the first three quarters of the next year. This ensures that the beet price better reflects the results achieved with the supplied beets.

Divestments and investments

The Unlock 25 strategy is helping us to focus strictly on improving results, which is visibly paying off. As planned, in 2023 we divested the fruit and vegetable processing company SVZ and the Aviko Cuijk and Aviko Norden potato factories, as these activities were no longer a perfect fit for our portfolio. These divestments, as well as new investments, add more focus and accelerate growth in our growth areas. In the potato market, we are successfully responding to growing demand in Europe and Asia, underpinned by new investments in potato factories in China, Germany and Poland in 2023. One of the promising developments is Duynie and Heineken's pilot project aimed at recovering proteins and fibre from spent grain using new technology. Good progress is also being made in our new growth areas of vegetable proteins and fibers.

Sustainability

Another top priority for Cosun is sustainability. In 2023, the Groeikracht Cosun programme set up inspiration farms where growers share their knowledge about sustainable cultivation methods, energy savings and biodiversity measures. Much attention is paid to CO₂ reduction and energy savings in the factories as well. A great step in 2023 was the accelerated transition to green electricity in all our factories in the European Union, and we are seeing an increasing focus on social sustainability throughout the organisation. We believe in One Cosun where we embrace the diversity of our people and strive for equal opportunities for everybody and an inclusive culture.

Strengthening the organization

Naturally, we will also work on strengthening the internal organization in 2023, in order to further support our ambitions. Employee engagement has improved and diversity in the leadership team has also increased further. Safety is a top priority for Cosun. To our dismay, a fatal accident occurred in one of the sugar factories in February, with a major impact on the surviving relatives and the employees involved. We tightened safety protocols in all factories and took measures to ensure that we are continuously alert to safety. Further improvements in safety will remain an absolute point of attention until 2024.

Looking ahead to 2024

In 2024, we will stay the course plotted in the Unlock 25 strategy. A solid revenue model for our growers calls for further improvement of our underlying operating result and further growth. Growers see their costs rise year after year. In 2023, we saw the dramatic effects of extreme weather conditions, with increasingly stringent laws and regulations around nitrate reduction and nitrogen use also having a major impact. We are therefore fully committed to continuing our strategy and anticipate favourable developments in the year to come. However, the increasing political and economic uncertainty of last year remains

and we expect a cautious recovery of the ingredients market. As 2025 draws closer, in 2024 we will also review the strategy and look ahead to Cosun's more distant future.

Anniversary

Although looking ahead is important, in 2024 we will also look back, as it is the year in which we celebrate our 125th anniversary! Starting out as a small number of growers who banded together in 1899, we have grown into a international, future-oriented agro-food cooperative. The anniversary provides a great opportunity to look to both the past and the future with colleagues, members, customers and partners.

A word of thanks

The involvement and drive of all members and colleagues enable us to pursue our successful course. We would like to thank everyone for their enormous commitment and the results this past year. In particular, we would like to thank Dirk de Lugt, who stepped down as Chairman of the Board this year after his term of office expired. He fulfilled his role with great enthusiasm and we wish him all the best. Many thanks, too, to Hans Schuil, who, as CFO, did an outstanding job for the cooperative for eight years. We wish him all the best in his new, position as CFO and member of the Board of Cosun Beet Company. Finally, many thanks to our customers and partners. We are very grateful to them for their trust and our pleasant cooperation with them.

Arwin Bos

Chairman of the Board

Hans Meeuwis

CEO

Breda, 28 March 2024



Our strategy – Unlock 25

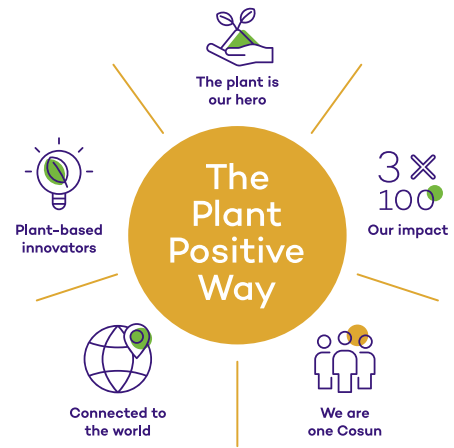
Mission and vision

Cosun's mission is to unlock the full potential of its plants and co-products in a transparent and circular way and convert that potential into valuable, plant-based solutions. Cosun is rising to society's challenges such as the growing demand for food and plant-based food ingredients, the protein transition and the replacement of fossil raw materials. The Plant Positive Way is based on nearly 125 years of Cosun's history of successfully extracting the maximum value from arable crops such as sugar beet, chicory and potatoes in a diverse portfolio of added value products.

Our Unlock 25 strategy is to release and achieve the full potential of plants. Five key concepts – Respect, Reliability, Cooperation, Customer Orientation and Focus on Results – underpin our activities as a business and all our staff's day-to-day activities.



Unlock the full
potential of plants



Unlock 25 strategy

Cosun launched Unlock 25 at the end of 2021. This new strategy sets the direction and focus for all our people in all our business groups. We have made clear-cut decisions about our strategic priorities and identified what we need in order to achieve our goals. Our strategic priorities are:

- 1 to improve our results in the short and medium term,
- 2 to realise profitable growth in four core areas (Sugar Beet, Potatoes, Sustainable Lifestyle Ingredients and Co-products), and
- 3 to establish a future-proof sustainable chain.

Our goal for 2025 is to generate an underlying operating profit of EUR 300 million with an appropriate beet price, an optimal portfolio focusing on four core areas and an improved, sustainable chain. In 2024, we will also review the strategy and look ahead to Cosun's more distant future.

Improved results

Our highest priority for ourselves and our members is to improve our underlying results. This is at the root of further growth. Despite the improvements seen last year, Cosun's underlying revenue model is still not good 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 implement our continuous improvement programme and create more value from our current activities. This will require us to raise our commercial execution to a higher level, extract more value from our operations, improve our logistics and supply chain, strengthen our procurement processes, and further optimise our overheads and working capital.

Portfolio: focus on profitable growth in four core areas

We have identified four core areas. In the years ahead we will focus on:

- extracting maximum value from the entire sugar beet, with cost control remaining a key priority;
- profitable growth in potato products, with a focus on added value growth in products such as coated potato fries and expansion in Eastern Europe and China;
- 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; our ambition is to grow this activity to 30% of the portfolio;
- profitable growth in the co-products of Duynie with a focus on maximum valorization/diversification in feed, food and non-food applications.

In One Cosun, we are working in important expertise areas to create maximum value, effectiveness and the synergy we need to achieve our shared mission.

The expertise areas include sustainability, innovation, safety and procurement.

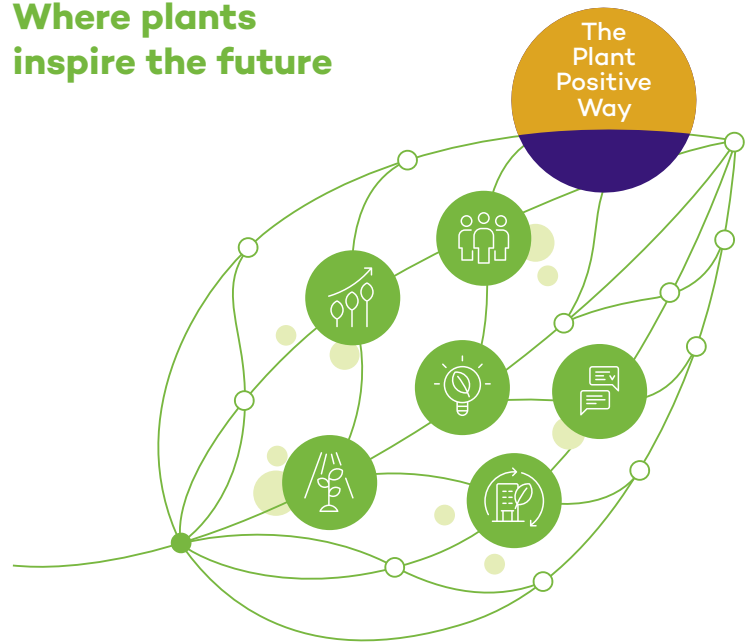
Future-proof sustainable chain

We have ambitious goals to increase the sustainability of our crops and reduce our emissions. Our target for 2030 is a 45% CO₂ reduction in total scope 1 and scope 2 relative to 2018. With initiatives such as Groeikracht Cosun and an extensive CO₂ reduction programme, we are working across the board on a future-proof sustainable chain. Our ultimate objective is to create value for our members, customers and other stakeholders and to maximise our beneficial impact on society in the longer term. The following sections explain our goals in each strategic pillar and the measures we are taking to achieve them.

Strong basis

Cosun is a plant-based business with a clear mission and an ambitious strategy in Unlock 25. In the years ahead we will work with and for our members, staff and partners on a future-proof business and supply chain.

Where plants inspire the future



What are our strategic priorities?



Results

Improving our results.

Continuous improvement is a key aspect of how we work. It provides our members with a good revenue model and Cosun with opportunities for further growth.



Portfolio

Focus on profitable growth in added value products that improve the wellbeing of people and animals and sustainable lifestyles.

We achieve this through the four pillars of our portfolio:

- Sugar beet
- Potatoes
- Sustainable lifestyle ingredients
- Co-products



Chain

Future-proof and sustainable.

As a cooperative we are ideally positioned to play a leading role in the transition to a future-proof, more sustainable agrichain.

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 a key pillar in our strategy. Partnerships strengthen our innovative power.



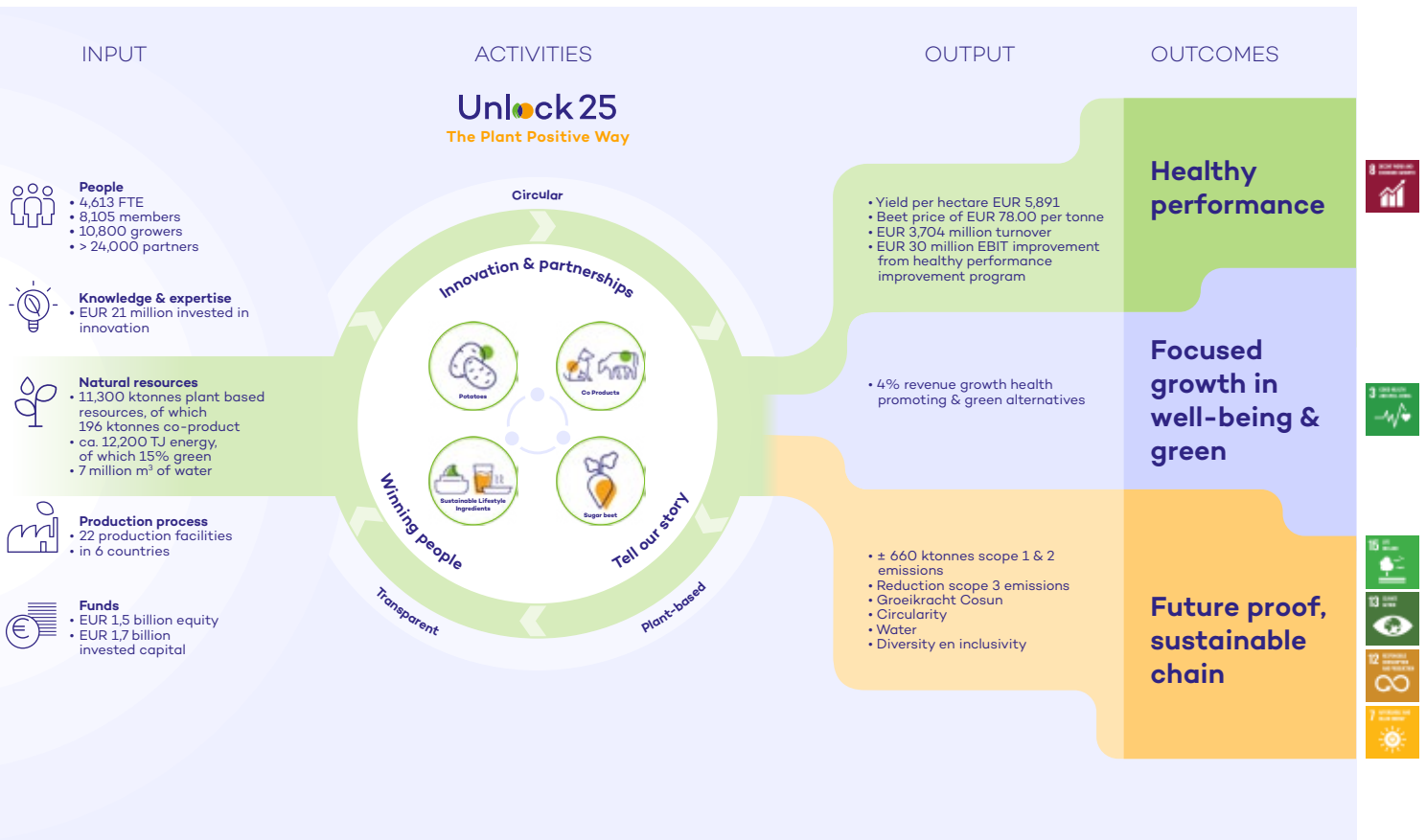
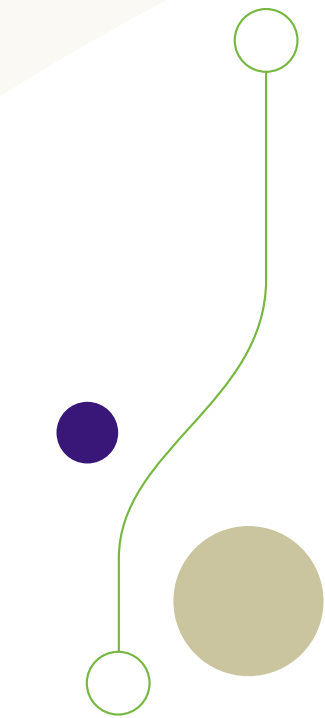
Communication

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.

How Cosun creates value

The primary objective of Unlock 25 is long-term value creation for all of Cosun's stakeholders. Our value creation model explains how we process our raw materials and how we create value through our strategy, commitment and results.

The value creation model also links our sustainability strategy to the Sustainable Development Goals (SDGs) that the UN introduced in 2015 to combat poverty, inequality and climate change by 2030.



Double materiality matrix

Being required to comply with the Corporate Sustainability Reporting Directive (CSRD) as from 2025, we conducted our first double materiality assessment in line with the CSRD requirements in 2023. Double materiality means that we identified our impact, opportunities and risks along two axes, i.e. those of Cosun on the economy, the environment and society, and those of external developments on Cosun.

The results of this assessment form the basis for our strategy and decision-making on environmental issues, social entrepreneurship and good corporate governance. It also gives us a proper understanding of our material impact, risks and opportunities. To arrive at this assessment, we conducted extensive desk research, held internal workshops and collected current information from our stakeholders.

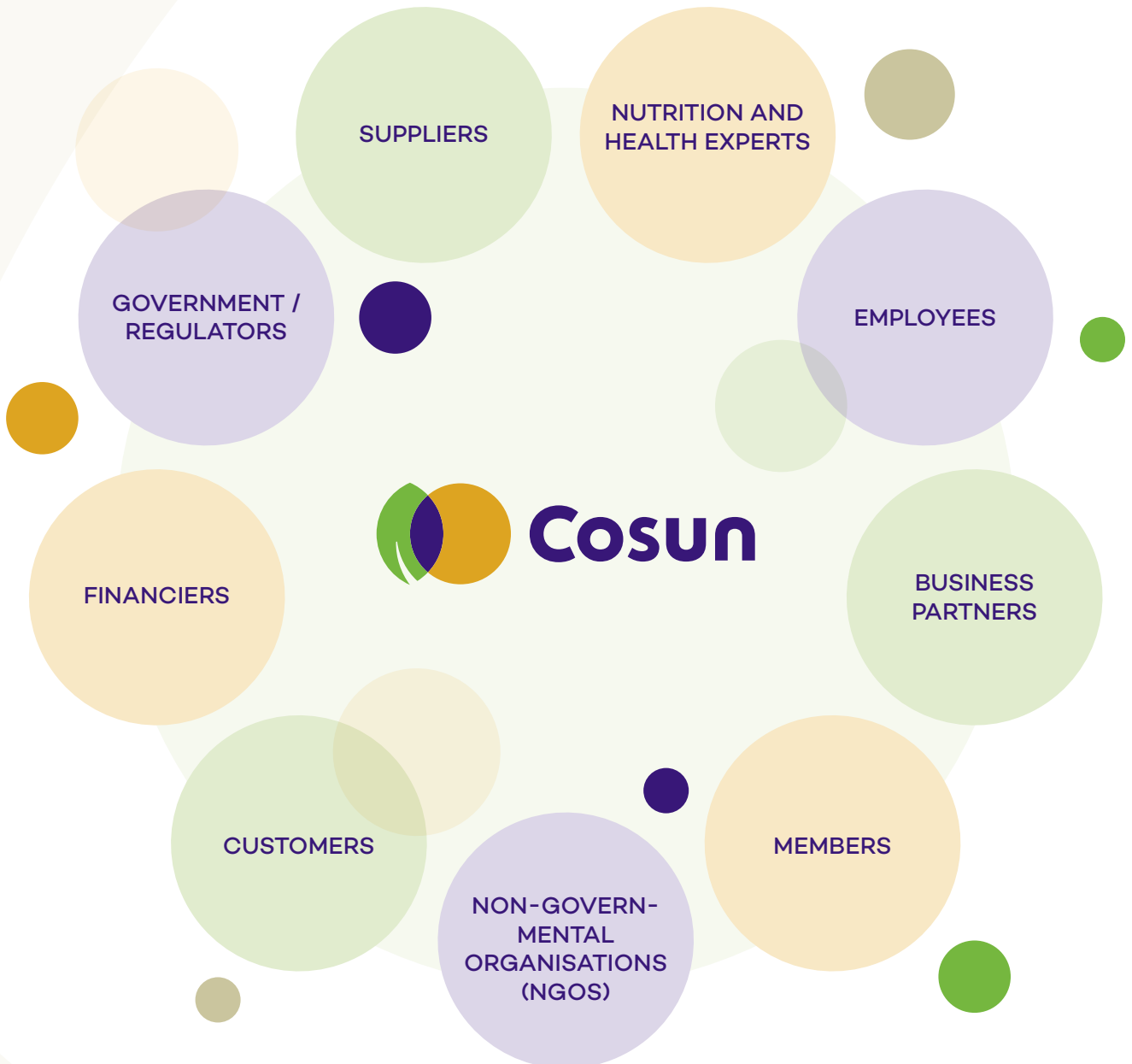
Double materiality matrix



Stakeholder dialogue

We identify and discuss material themes with our stakeholders and think together about solutions to important challenges in sustainability. The dialogues are part of our daily work and take place in various places in the organization.

The outcomes of the dialogues are included in the development of our strategy and policy. We strive for the optimal balance to meet the interests of our various stakeholders. Our most important stakeholders are shown in following the diagram.



Communication

At Cosun, we show 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.

As a cooperative, we are alive to the importance of cooperation and are in continuous dialogue with our members and other stakeholders. We speak with stakeholders about their expectations and together reflect on solutions and preconditions for achieving our goals. The dialogues are part of our daily work and are held at various levels of the organisation. The outcomes enrich our strategy and policy.

Brand awareness survey

In 2023, we surveyed a representative group of the Dutch population to find out to what extent they know Cosun. Although the survey revealed that brand awareness is still quite low, it also showed that the themes to which Cosun is committed appeal to many people, such as the focus on green and healthy food, circular and innovative production and our supply chain

collaboration. The outcomes underscore the importance of our communication strategy. We aim to further strengthen our network of business partners in order to contribute to a sustainable, future-proof future even more expeditiously.

Provision of information to the government

In collaboration with industry associations, Cosun is actively seeking to engage with the Dutch government and politicians. We are hoping for a stable and decisive coalition committed to preparing policies that will help us achieve our ambitions. For example, resolving grid congestion issues is critical if our business groups are to implement their sustainability plans. Our members also want to be able to execute their plans. The arable farming sector is working on numerous initiatives that offer great prospects for increased sustainability and future-proofing; we call on the government to build on the promising insights emerging from these initiatives.

Tell our story

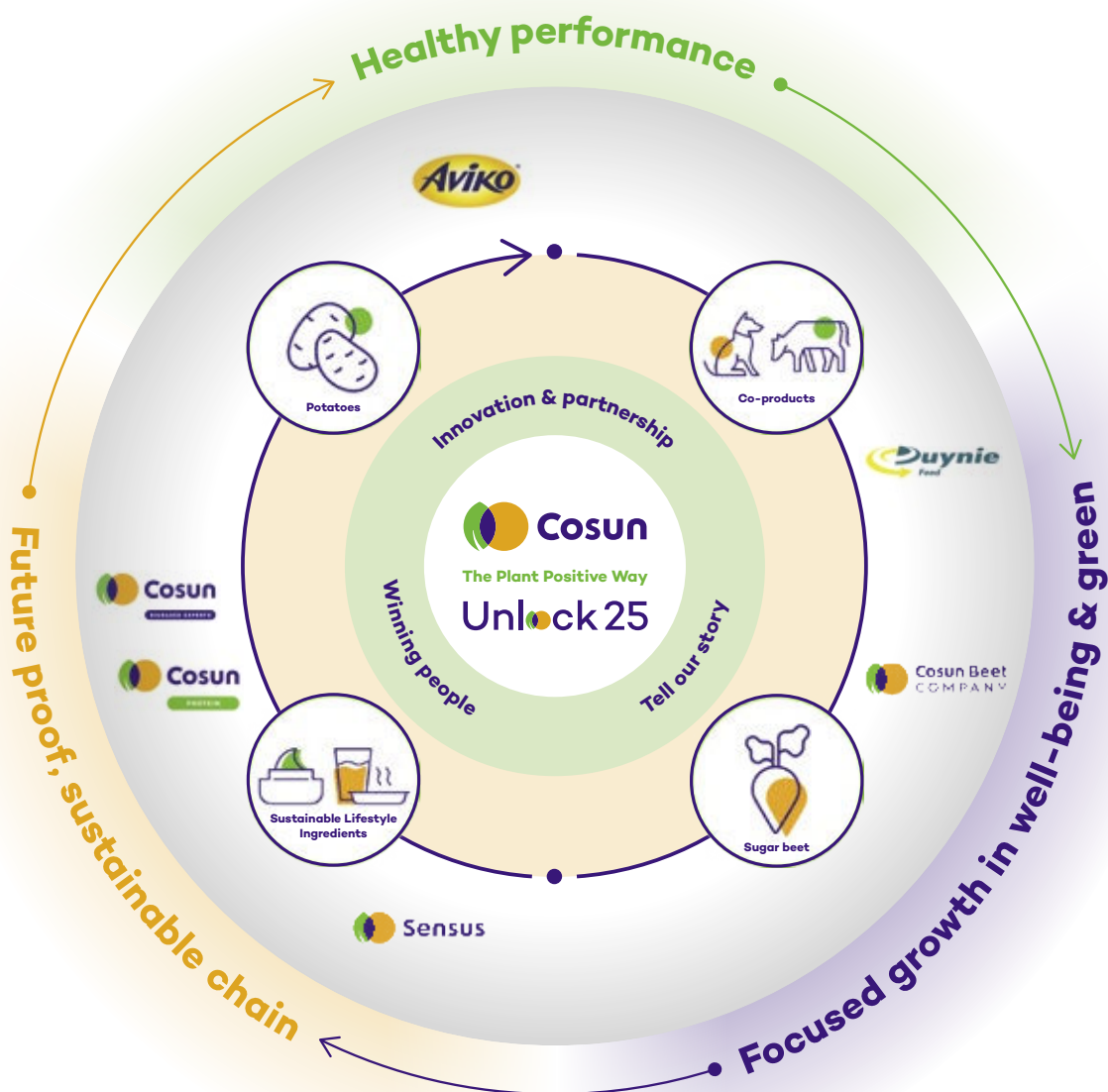
At Communications, we are constantly enhancing our 'Tell our story' strategy from the perspective of both corporate communications and the business groups. Visibility is key; our stakeholders also indicated this in quantitative and qualitative surveys conducted by Cosun in 2022. One of the results of the survey was the 'The future is plant' campaign we ran in 2023, which sent out a powerful message highlighting our mission and vision on the radio, on social media and in print.

We will also seize the opportunity of our 125th anniversary, which we will celebrate in 2024, to create even more visibility and engage with our stakeholders on even more occasions. Aiming to promote our Unlock 25 strategy even further and, moreover, further reinforce the sense of pride and connection among employees and members, we will also conduct a nation-wide communication campaign in 2024 by following last year's example. We also organise events and conferences for customers, partners and our growers and a festival for members and staff in June.



Results and impact in 2023

Through our Unlock 25 strategy we are working on a relevant and future-proof Cosun based on clear choices, a good revenue model and a portfolio that matters. We are doing this for our generation and for future generations.





Healthy performance

Cosun invests in healthy performance, i.e. optimal use of our people, raw materials and processing aids, resources and factories. In 2023, we made good progress in reaching our target of achieving a structural improvement in results of EUR 100 million in EBIT between 2020 and 2025.

2023 results at a glance

EUR **3,704**
million turnover

EUR **30** million
structural
EBIT improvement

7.7
Employee engagement
score

Sugar beet price
EUR **78.00**
per tonne

Structural improvement in results

Target for 2025
(relative to 2020) in
millions of euros in EBIT

+100

Actual in 2023
Structural improvement
in the result in millions of
euros

+30

Production

Optimisation of processes
and higher efficiency and
energy savings in our
factories.

Actual saving in 2023
(relative to 2022) in
millions of euros

+17

Supply chain & overhead

Such as joint procurement,
lower storage and
transportation costs and
smarter organisation.

Actual saving in 2023
(relative to 2022) in
millions of euros

+7

Commercial execution

Optimisation of the
product portfolio and more
value from co-products.

Actual saving in 2023
(relative to 2022) in
millions of euros

+6

Improvement programme

We launched a performance improvement programme to achieve healthy performance, which focuses on four priorities:

- improving our commercial execution
- more value from the operation
- improving procurement
- optimising working capital

Various initiatives resulted in a structural improvement of EUR 30 million being achieved in 2023 compared to the previous year.

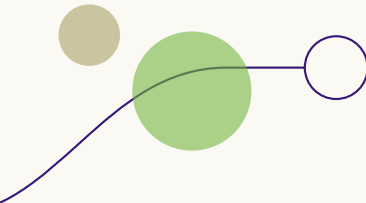
Improving our commercial execution

One way to improve our commercial execution is to extract more value out of our co-products. To use our residual streams even more effectively, we are exploring new markets for green and

health-promoting products. For example, we aim to grow substantially in the dietary fibre market, where business group Sensus markets inulin. As Sensus's results were disappointing in 2023, we will focus on recovery and further expansion of our portfolio in the years to come.

More value from the operation

We monitor and optimise our work processes by means of the Total Productive Maintenance 2.0 process, a method that allows us to properly monitor our processes and continuously work on improvements in such areas as safety, energy efficiency and human resources. We perform measurements and share knowledge with each other in a structured way. The business groups subsequently use this knowledge to introduce improvements in the factories.



A case in point is Aviko's Upturn performance improvement project. An operation involving a review of the entire value chain – from potato delivery to processing, the product portfolio and logistics. Although still ongoing, this project has already led to effective measures being taken. For example, thanks to various efficiency measures, the factory in Rain am Lech, Germany, now produces 8,000 tonnes more finished product.

Improving procurement

Procurement accounts for a substantial proportion of our costs. The main procurement categories are raw materials and production aids, transport and energy. As in 2022, we experienced cost increases in 2023. By improving our procurement, we face these inflation challenges while also boosting our operating result. In 2023, we will continue on the course set out in 2022 by further strengthening the organisation, improving category management and contract management, and optimising digital support.

The procurement team also makes an important contribution to our sustainability strategy, including by purchasing green energy and Guarantees of Origin. The team will also have an important role to play in reducing scope 3 emissions as it will request suppliers to provide the information required.

Optimising working capital

To make sure we can finance our growth ambitions, we aim to optimise our working capital and borrowing capacity. Inflation makes it a challenge to make progress in this regard. Procurement and Finance are working on improvements and monitoring the impact of new developments to allow us to anticipate them in a timely manner. A case in point is the introduction of the 30-day payment term for SMEs, which demands that we reorganise our payments; in such cases, we seize the opportunity to optimise the financial organisation in other areas as well.

Outlook

In 2024, we will continue the improvement programme, which includes the goal of more efficient overhead. We also intend to start extracting even more value from our data by refining our digitalisation strategy. For example, we see opportunities in ERP innovations and want to explore the possibilities of artificial intelligence in more detail.

Both at the corporate level and in the business groups, we are launching highly diverse initiatives to improve performance. Take Cosun Beet Company's V-RISE programme, for example; the business group has a comprehensive innovation programme in the works to make the Vierverlaten sugar factory more sustainable while also achieving savings. We will continue to work together with great enthusiasm to achieve our healthy performance ambitions.



The enablers - our people

Three enablers are essential if we are to achieve our strategic goals: people, innovation & partnerships, and communication. Our success stands or falls with our people. That is why we pay a lot of attention to our human capital.

A safe working environment

Safety is a top priority at Cosun. To our dismay, a fatal accident occurred at Cosun Beet Company in February 2023 when one of the sugar silos was emptied. We realise that employee safety requires even more attention. It is a basic premise that people must be able to return home safe and sound after work.

Across the globe, every Cosun factory safeguards safety using the Total Productive Maintenance (TPM) system. This systematic approach ensures that the factories continuously focus on safety and are constantly working on improvements. At the corporate level, we monitor whether the factories are properly applying the TPM system. We also organise cross-audits, in which we have factory safety inspected by safety experts from other business groups.

In 2023, we had our factories inspected by an external agency; in the years ahead we will invest in further strengthening the safety culture in which we teach people to recognise and report unsafe situations. We will start Safety Leadership Development training courses at Cosun Beet Company's Vierverlaten factory in 2024, with the aim of rolling them out throughout Cosun at a later date. We also ensure that regular meetings (known as 'toolboxes') are held in all factories in which teams deal in depth with a specific safety risk and discuss safe practices.

In addition, we have established a set of Key Performance Indicators and Key Activity Indicators, which allow us to continuously monitor and adjust each factory's Safety results and preventive activities.

Results in figures

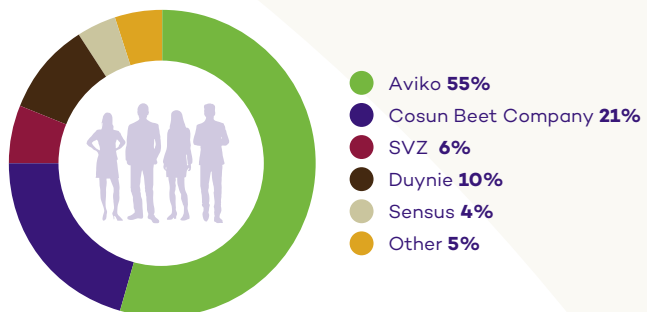
Sickness absenteeism rose from 4.4% in 2022 to 5.3% in 2023. This is below the national average calculated by Statistics Netherlands for the manufacturing industry.

The number of employees increased from 4,558 full-time equivalents (FTEs) in 2022 to 4,613 FTEs in 2023. In 2023, 22% of the employees were female (2022: 23%) and 78% male (2022: 77%).

The number of training days per employee fell to 3.1 in 2023, down from 4.9 in 2022.

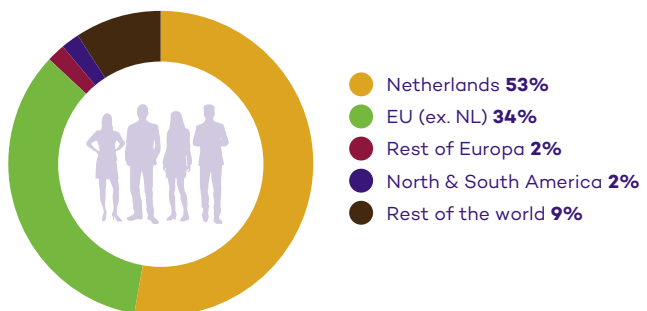
Number of employees per business group

in percentages



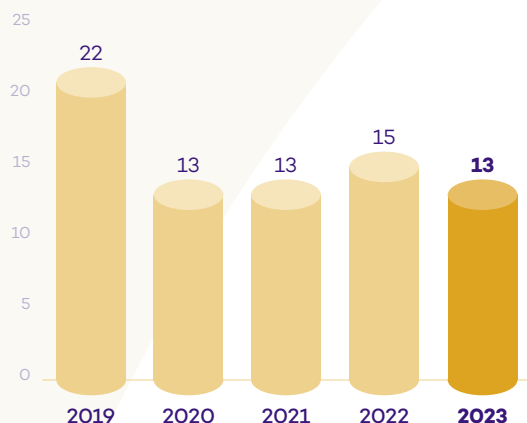
Number of employees per region

in percentages



Lost-time incidents

per 1,000 FTEs



Diversity, equality and inclusion

'Diversity, equality and inclusion' is a major theme at Cosun. We believe in One Cosun where we embrace the diversity of our business groups, people, products and customers and strive for equal opportunities and an inclusive culture. To promote diversity, inclusion and equality, we are undertaking several initiatives focused on five key aspects:

- **Awareness:** We want to raise awareness about diversity, equality and inclusion and the impact everyone can have within Cosun and elsewhere. To do this, we organise awareness sessions, for example, and build a community of ambassadors.
- **Inclusive leadership, inclusive culture:** We want to provide a culture where people can be at their best and feel safe and respected. To this end, we organise trainings on diversity-aware leadership, for example.
- **Inclusive recruitment:** We are committed to unbiased recruitment that aims for a high-quality and diverse workforce. We organise training sessions for this and we have drafted diversity indicators that guide our recruitment policy.
- **Reporting and policy:** We report on diversity, inclusion and equality and make policies on that basis. For example, we report to the Social and Economic Council on gender distribution, and we have established diversity indicators.

- **Inclusive communication:** We want to communicate in a way that is appealing and understandable to all stakeholders. We consider this in all our communications.

Employees and stakeholders are part of an organisation that is increasingly demonstrating its commitment to a diverse, inclusive and equal working environment, an environment where employees feel heard and appreciated.

Talent development and personal growth

We encourage talent development and personal growth by providing training courses, study programmes and coaching. In collaboration with Rotterdam School of Management, another group of colleagues enrolled in our leadership programme in 2023 to work on their leadership skills and, together with other participants, make an impact on the organisation with an actual project. In our Cosun Academy, we offer specific leadership development courses for employees at the beginning of their careers and for employees with around ten years of experience who are ready for the next step.

We also worked on our feedback approach in 2023. Instead of the fixed assessment cycles, we will introduce a more continuous feedback and coaching process in which employees are at the wheel. They can ask their managers for 'check-ins', i.e. input and guidance, whenever they have a question. All managers are being trained to implement this process properly.



Engagement and employee participation

Cosun greatly values employees' opinions and facilitates their involvement in the decision-making of the business in several ways. We have several Works Councils in the organisation to ensure employee participation. In addition to the Works Councils at the business groups, Cosun has a Central Works Council on which all business groups are represented. This Central Works Council assists Cosun in properly implementing the Unlock 25 strategy while respecting each employee's professionalism and vision. In an open, transparent atmosphere, the Board informs the Works Council and the Works Council advises the Board regarding important developments in order to achieve optimal results together. To this end, the Works Council actively gathers information from colleagues to ensure that the entire organisation makes a substantial contribution. In 2023, the Central Works Council advised on several important topics: on strategy and strategy implementation, on safety and cyber security, on employee engagement, on performance management and on changes in the internal organisation.

In addition to formal employee participation, we also conduct an engagement survey every year. As in 2022, in 2023 we again asked employees for their opinions on the internal organisation.

Overall, we received a satisfactory mark of 7.7. The results also reflect the fact that improved policies are paying off, for example when it comes to pay and job satisfaction and growth.

We invest not only in commitment to the organisation, but also in the connection between Cosun and society. To further strengthen Cosun's social commitment, we teamed up with several civil society organisations in 2023. For example, we work with JINC to promote equal opportunities for all young people when it comes to their future. We also have a great partnership with Enactus; we support young people working on sustainable innovations and sustainable entrepreneurship in their development. Yet another example is our collaboration with the food bank. Colleagues enthusiastically do their bit to contribute to food aid.

Focus on the new growth area

In 2023, our efforts were directed towards our new growth area of green and health-promoting ingredients. Spearheaded by the Cosun innovation center, we aim to obtain knowledge, a strong portfolio and economies of scale in this market.



Human Resources

Our success stands or falls with our people. Cosun invests in talent development and personal growth and pursues an active diversity, equality and inclusion policy.

Leadership programme

In collaboration with Rotterdam School of Management, another group of colleagues enrolled in our leadership programme in 2023 to work on their leadership skills and, together with other participants, make an impact on the organisation with an actual project. In our Cosun Academy, we offer specific leadership development courses for employees at the beginning of their careers and for employees with around ten years of experience who are ready for the next step.

Young Board

Cosun has established the Young Board, a group of young professionals serving as an advisory group that advises the Cosun Board. The group consists of seven people from all of our business groups who all have different disciplines, backgrounds and interests.

Continuous feedback and coaching

Instead of the fixed assessment cycles, Cosun is setting up a more continuous feedback and coaching process in which employees are at the wheel. They can ask their managers for 'check-ins', i.e. input and guidance, whenever they have a question. All managers are being trained to implement this process properly.

Diversity, equality and inclusion initiatives

We actively work to promote diversity, equality and inclusion. For example, we have a recruitment policy that is guided by diversity, and in the spring of 2023 we

drew up a plan with ambitious goals that we are implementing in multiple initiatives. One of these is the establishment of an ambassador group. An enthusiastic group of 12 employees attended training and will draw attention to the subject and facilitate dialogue in the organisation. We also train our recruiters to recruit and evaluate job applicants based on their skills, experience and potential and without any form of discrimination or bias. Together with Finance and Control, we are working to optimise our diversity statistics, and in 2023 we submitted our first gender diversity report to the Social and Economic Council. Finally, a nicely designed annual calendar also draws attention to the subject. These are valuable initiatives that we will build on in 2024.

Engagement survey

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Collaboration with civil society organisations

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Focused growth in well-being & green

'Focused growth in wellbeing and green' means that we focus on profitable growth in four core areas: sugar beet, potatoes, sustainable lifestyle ingredients and co-products. In 2023, we facilitated growth in our core areas and decided to divest SVZ, Aviko Cuijk and Aviko Norden, as these activities were no longer a good fit for our portfolio.

2023 results at a glance

Sugar

1,377

million turnover

Potatoes

1,637

million turnover

Health-promoting and green

134

million turnover

Co-products

445

million turnover

Total turnover relative to 2022

+657

(+22%)

% total green and health-promoting turnover

4 %

(goal: 30% in 2030)

Investments in growth of core areas in 2023

31 %

Efficient sugar production

We are continuing our 2022 line in sugar production. In order to be less dependent on the volatile sugar market, we focus on efficiency in sugar production. By implementing innovations and making work processes smarter, we achieve more volume from the current factories. Cosun Beet Company also creates value from the whole sugar beet, with nothing being wasted.

Further expansion in potato products

Cosun is also continuing its expansion in potato products. As the worldwide market for frozen potato products is growing, Cosun invests in this market and we see that our investments are paying off. In the past few years, we acquired

a fries manufacturer in Xilinhot, China, and took over a factory from Unilever in Stavenhagen, Germany. In 2022, we also opened a new potato factory in Poperinge, Belgium, to supply the fast-growing markets in Western Europe, Asia and South America. In addition to acquiring other companies, we are also expanding our capacity. For example, Aviko is expanding fries production in China and Europe and Aviko Rixona is expanding the capacity at its Limburg factory by adding another flake line. This line is expected to be fully operational in 2024.

We do not focus on expansion alone. In 2023, we sold our potato factory in Cuijk, which makes steamed and pre-cooked potato products and therefore is

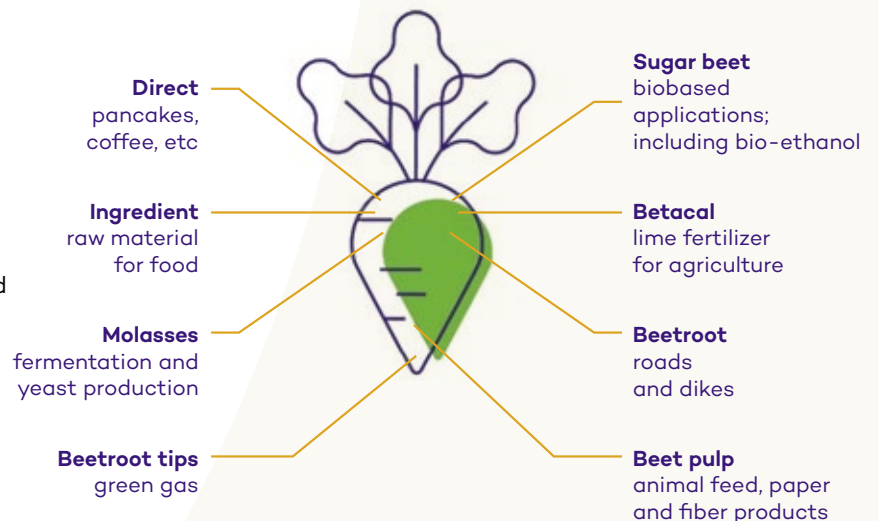
not a perfect fit for the portfolio. For the same reason, we also decided to divest our factory in Sweden, which produces fresh potato products, onions and root vegetables. The sale of SVZ marked the end of our activities in the fruit and vegetable segment and added further focus to our portfolio.

Investing in green and health-promoting ingredients

To contribute to healthy food and sustainability, Cosun invests in a new growth area of green and health-promoting ingredients. Our goal is for this share to grow from 4% now to 30% of the portfolio. For example, in 2023 we invested in Fidesse, Brewer Spent Grain and Revyve, an innovative FoodTech scale-up that uses patented technology to produce protein and fibre ingredients from brewer's yeast, a side stream of beer brewing. These upcycled ingredients have a small carbon footprint and can replace animal proteins and E numbers.

However, there is still work to do in this new growth area. In the market of healthy dietary fibre inulin, we failed to achieve the growth target set for 2023. Customers still had high stock levels and the recession reduced demand for the product. In the biobased materials market, we also decided to stop investing in Betafib due to rising investment costs and insufficient prospects of a good return. We will review our biobased materials strategy in early 2024. Overall, we will continue to focus on accelerated growth through mergers, acquisitions and innovations.

Not only are we using our own crops in full, but we are also making a broader effort to reuse residual products. A great example here is the collaboration with Heineken and Wageningen University & Research (WUR) aimed at extracting healthy proteins from spent grain for use in food products. After successful tests in 2022, we worked to scale up this process in 2023.



Growth in the core area of co-products

Cosun also focuses on processing plant-based co-products resulting from processes in the food, beverage and biofuel industries. In 2023, we achieved growth in Duynie Feed – which processes residual streams into animal feed – by opening new branches in Spain, Greece, Bulgaria, Croatia and Serbia. We also achieved growth in Novidon, which processes potato co-products into potato starch.

Innovation and partnerships

We want to set the pace in innovation that makes the world more sustainable. To fulfil this ambition, we are working intensively with external parties, from customers and knowledge institutions to startups and investment funds. We also encourage and facilitate innovation through our investments and by setting challenges. Through effective cross-pollination and co-creation, we can realise our ideas faster. In 2023, for example, we invested in scale-up Revyve and investment funds ICOS Capital and PeakBridge.





Innovation

We want to set the pace in innovation, making the world more sustainable. That is why a team of experts is constantly working on innovations at the Cosun innovation center. In 2023, our efforts were directed towards our new growth area of green and health-promoting ingredients. We have three priorities in that regard:

1. We accelerate the acquisition of market knowledge.
2. We make clear choices about which technology and products to focus on.
3. We invest in startups and scale-ups in order to scale up quickly.

Market knowledge

The first priority is knowledge of the market. Being a new player in the green and healthy ingredients market, we have some catching up to do. We need to be clear about customer demands. This product is very different from sugar and potatoes and we are building knowledge of this field, asking ourselves, for example, what textures and flavours are preferred? And which ingredients do and do not go together? In this market, it is precision work; if ingredients do not go well together, the product will not be a success. We also monitor our current product range very closely. What do the ingredients cost and how robust are they? As there are already many active players in the market, we want to make significant progress quickly and build a strong portfolio in a short period of time.

Clear choices

The second priority is clear choices. We make clear choices in the technologies we invest in and the products we develop. The preconditions are already in place: an expert team and a good test site. Near the Cosun innovation center is Inicio, where experts work on small-scale production and where they test and scale up new production processes. We experiment and make choices, for example by assessing which markets we can really serve with our plant-based proteins or exploring the possibilities that fermentation techniques offer us. We work to accelerate growth based on a clear focus and clear targets.

Economies of scale

Scaling up is the third priority. One way to scale up is to provide multiple ingredients for a single product, as this results in a substantial efficiency increase. To accelerate the upscaling process, we are looking to enter into partnerships with startups and scale-ups that have already developed promising technologies. A venturing board identifies the startups and scale-ups that exist and assesses them for professionalism of their team, their technology, the type of product and the product's appeal in the market. In 2023, this resulted in a great partnership with Revyve. Cosun is investing EUR 8 million in this scale-up together with development agency Oost NL. The innovative FoodTech company produces protein and fibre ingredients from brewer's yeast and is working to scale up production to more than 100 tonnes annually.

We invest not only financially in promising, fledgling businesses, but we also make resources available to them. Inicio provides us with a nice test site with expert staff, which we can use to help starting businesses run pilot projects. This gives rise to excellent collaborative ventures that benefit both these businesses as well as Cosun itself.



Future-proof sustainable chain

Our strategic pillar **Future-proof sustainable chain** underpins our efforts in the area of sustainable farming and production. Although the challenges remain significant, 2023 was a fruitful year: we introduced inspiration farms, identified scope 3 supply chain emissions and accelerated our transition to green electricity. Cosun has now fully switched to green power for its activities in the European Union.

2023 results at a glance

CO₂ scope 1 and scope 2
- 13 %
(relative to 2018)

EcoVadis
Cosun Beet Company
(gold)
Sensus (silver)

CO₂ scope 1
635 Ktonnes
CO₂ scope 2
25 Ktonnes

Inspiration farms
3

Up to and including 2023
3 Inspiration farms
achieved

2025 target
4

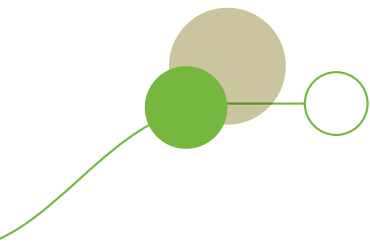
Reporting

To measure our contribution to a sustainable chain, we use the EcoVadis rating system. EcoVadis awards four ratings from bronze to platinum. Our goal is to have at least EcoVadis gold in all business groups by 2025.

For the year 2025, Cosun will be obliged to report according to the guidelines of the Corporate Sustainability Reporting Directive (CSRD), a new EU directive that requires us to report on our environmental and social impact and explain whether there are any sustainability issues that could have a significant impact on the value of the business. The third requirement is reporting on governance, including responsible corporate governance and

supply chain responsibility. We are seizing this initiative with both hands; it is an opportunity to analyse our business's environmental impact more precisely and to adjust our policies accordingly where appropriate.

At Cosun, we are already taking the first steps in this CSRD reporting process. In 2023, we mapped out our impact, opportunities and risks, resulting in our double materiality analysis. In consultation with our stakeholders, we prioritised the issues that are material to Cosun. We have presented the results in the section 'How Cosun creates value' at the beginning of this Annual Report.



Future-proof cultivation

Through the Groeikracht Cosun programme, we are working with our potato, chicory and sugar beet growers on future-proof farming: sustainable and profitable. We are constantly working on improvements and innovations in the fields, including in 2023. Even more so than in previous years, we provided growers with up-to-date information through various channels. We share knowledge with the aim of providing solutions, and this manner of communication is essential for this purpose. Newsletters, social media posts, podcasts – we made ourselves heard in many ways.

Nitrate reduction to improve water quality

Arable farming needs to live up to the great challenge of meeting the quality requirements of the European Water Framework Directive by 2027, which includes a nitrate standard of no more than 50 milligrams per litre of groundwater. Under the Groeikracht Cosun programme, we provide growers with practical tips for nitrate reduction. In 2023, for instance, we organised a webinar in which experts explained cultivation measures that minimise the risk of nitrate leaching. In 2023, we also introduced inspiration farms that growers can visit to view demonstrations of innovative cultivation methods that are ready to be applied in practice, including nitrate reduction methods.

Cosun is pushing for realistic measures for growers by providing the government with information. In 2023, our efforts contributed to the designation of chicory as a crop for winter cultivation, meaning there were no adverse consequences with respect to the harvesting time. Regrettably, there were negative consequences for potato and beet cultivation. New, more stringent measures are now being prepared for 2027. This means that it is highly important for the arable farming sector to provide the government with proper information and to continue to work on measures that reduce nitrate leaching. Groeikracht Cosun shares knowledge and experiences to achieve this,

and we conduct soil surveys in order to get a good understanding of nitrate leaching risks. In the spring and autumn, we collected soil samples from 100 fields to get insight into nitrogen levels at different soil depths. In 2024, all growers will be able to request such a soil sample from us free of charge. To measure is to know, which means that this is an important tool to help growers reduce the risk of nitrate leaching. The overall view of all the results also provides important information for government policy-making.

Reduced use of crop protection agents

Cosun's ambition is to halve the use of crop protection agents by 2030, even though the European Parliament voted down the European Commission's plan in the autumn of 2023. We see opportunities for reduction where it is accompanied by the availability of alternative measures.

We encourage a reduction in use and emissions in various ways, sharing knowledge with growers about mechanical weed control and decision support systems in controlling diseases and pests in our crops and demonstrating new techniques, such as the spot sprayer, during demo days. This technique allows growers to control weeds and pests in a very targeted way, significantly reducing the use of chemical agents. As the FarmDroid also provides great opportunities, we offer chicory growers an interest-free loan to purchase it. Growers can use this solar-powered robot both to sow the fields and to extract weeds.



Inspiration farms

In 2023, Groeikracht Cosun launched a great new project: the inspiration farms, places where innovations are demonstrated that are ready to be applied in practice. In addition to the well-known demo days or agricultural fairs, hearing from growers themselves as they gain experience with new techniques gives us valuable information. At the inspiration farms, growers gain inspiration to start using new solutions. We give them a platform to share experiences and best practices and we demonstrate, for example, the use of the seeding and hoeing robot. On various days throughout the year, the farms host inspiring meetings and demonstrations. We currently have three great locations: On 16 March, the Derks family's first inspiration farm opened in Volkel, Brabant, followed by a second in Dinteloord and, in 2024, the third will open in Lelystad.

Measures to increase biodiversity

Cosun also encourages growers to increase biodiversity in their fields. BO Akkerbouw, the central platform and knowledge centre for arable farming in the Netherlands, developed the Arable Farming Biodiversity Monitor together with various parties in the sector. A set of eight indicators (KPIs) allows growers to measure the extent to which their farm is creating the right conditions for biodiversity conservation and/or restoration.

The Monitor is a valuable tool that culminated in a nice follow-up project at Cosun in 2023, namely farmers' posters. We developed a tool for growers to showcase their efforts towards future-proof agriculture in a practical and attractive way. At the Volkel inspiration farm, we presented the first of twenty farmers' posters. On the posters, growers show their farms and fields and display their Biodiversity Monitor KPI scores and, most importantly, the sustainability challenges. The posters show that new fields are full of activity and encourage a discussion of the breadth and challenges of sustainability.

CO₂ reduction

Under the SCO₂RE+ programme, we are working to reduce our carbon footprint throughout Cosun. In 2023, much of the focus was on scope 3 supply chain emissions. Following on from scopes 1 and 2, we can now begin to identify reduction

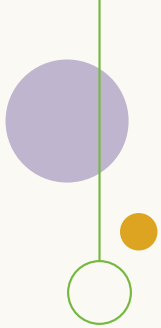
measures for scope 3, start initiatives for further reductions and measure the progress of our efforts.

Our approach

We use the SCO₂RE+ programme to bring together the knowledge, approach and progress monitoring of the different business groups. Based on the data collected and the reduction opportunities, we are continuously exploring where we can make the most effective reduction impact with the resources available to Cosun. Product and process innovation is another important pillar in our CO₂ reduction strategy.

Scope 1 emissions

Scope 1 covers emissions from fuels we own or control, such as emissions from steam boilers and machinery in the factories and vehicles in our fleet. Our target is to reduce these scope 1 emissions by 15% by 2025 and by 35% by 2030 relative to reference year 2018. Although Aviko's new activities and capacity increases in Belgium and China will bring new emissions, we are making good progress with this scope 1 reduction.



We are achieving substantial reductions with several initiatives:

- Since September 2022, a heat pump at Aviko Rixona-Warffum has saved more than 1,100 tonnes of CO₂ emissions annually by using residual heat.
- Cosun Beet Company's Puttershoek Solar Park will provide a reduction of over 8,000 tonnes of CO₂ emissions annually, as it uses much of the green electricity itself in the specialities factories.
- In early 2024, an electric boiler will be installed at the Aviko Rixona factory in Venray, allowing the factory to partially switch between the use of natural gas and green power.
- In 2024, Cosun Beet Company hopes to start executing a very extensive project to reduce CO₂ emissions at the Vierverlaten sugar factory by as much as 40% by investing in heat pumps and innovation in the evaporation and crystallisation process.

Furthermore, several smaller energy-efficiency projects have been initiated in the other business groups.

Scope 2 emissions

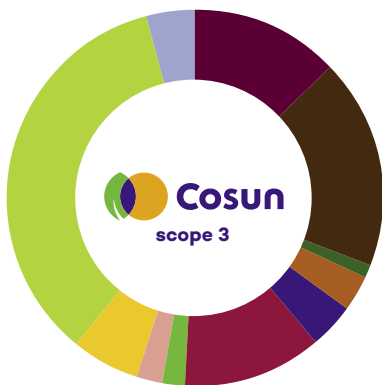
Scope 2 refers to emissions from purchased energy, such as electricity and heat. Since 2022, we have been purchasing only green

energy for new projects. We have set a goal of making scope 2 emissions a thing of the past by 2025 at the latest, which means that we are on track.

In the EU, Cosun accelerated its full transition to green energy this year. Our main focus now is on greening electricity consumption in China. Cosun actively participates in wind and solar parks to ensure that the demand for green electricity can be met in the long term, too. We are also exploring options for the supply of green electricity by our growers.

Scope 3 emissions

In 2023, Cosun identified its scope 3 supply chain emissions for the three preceding years. We will follow up on this by setting reduction targets in the spring of 2024. This is an important step, because about 75% of Cosun's emissions are scope 3 emissions. These are emissions that are not the direct result of our own operations but that are related to other parts of our supply chain as a whole, such as the cultivation of our raw materials, the transportation of those raw materials to our factories and the transportation of our products to customers. Cosun bears supply chain responsibility in this regard.



- Food and non-food products **13%**
- Purchased goods **18%**
- Purchased services **1%**
- Capital goods **3%**
- Fuel and energy related **4%**
- Transport & distribution (upstream) **12%**
- Waste in business operations **2%**
- Business travel **0%**
- Employee commuting **0%**
- Leased assets (upstream) **0%**
- Transport & distribution (downstream) **2%**
- Processing of sold products **6%**
- Use of sold products **35%**
- Sold product **0%**
- Investments **4%**

Cosun's analysis makes it clear that cultivation and logistics in particular face significant challenges. Together with growers, suppliers and customers, Cosun will have to start taking measures to reduce emissions. In this regard, the SCO₂RE programme works closely with the Groeikracht Cosun programme, which focuses on innovations in the fields.

Challenges

Cosun has the plans, motivation and commitment to achieve its own goals but it is encountering major challenges, such as grid congestion in a number of regions and sharply higher investment costs due to inflation. We are trying to face those challenges in various ways. For example, our Sensus business group participates in a cluster ó pilot project initiated by the Ministry of Economic Affairs. Grid congestion prevents Sensus from implementing its heat pump projects. In the pilot project, we work together with governments and both national and regional grid operators to find a solution to grid congestion in the local electricity grid.

Outlook

Taking large and small measures, we continue our efforts towards achieving further reductions. We already mentioned two impactful initiatives in the pipeline: the electric boiler at the Venray potato factory and the heat pumps and process innovation at the Vierverlaten sugar factory. We will also eventually phase out the use of coal in the factories in China. We will continue to work hard to reduce CO₂ emissions not only in our factories, but also in cultivation. For example, we are researching the use of circular green fertilisers and crop protection agents and the energy consumed in the fields. We also facilitate knowledge sharing in many ways and actively encourage the use of sustainable techniques, such as mechanical weed control and spot spraying.

Circular production

By substantial reuse of residual products, Cosun is making a meaningful contribution to the circular economy. Reusing existing materials is necessary if we are to avoid large waste streams. This is much needed for the environment and it also provides operational benefits: as we extract more value from our existing raw materials, we need to produce fewer new raw materials. That is why we consider every kilogram of our crops. A perfect example is the biomass remaining after sugar beet processing. We convert it very successfully into green gas, making us one of the largest producers of green gas in the Netherlands.

In the years ahead, we will continue to put a lot of energy into the use of co-products. Together with various partners, for example, we are exploring new ways to use inulin. Extracted from chicory, this fibre is a healthy substitute for sugar and fat in various items such as baby food, pasta and pet food.

Since March 2023, Duynie has also been a stakeholder of Food Waste Free United, an initiative of businesses, public authorities and civil society organisations to combat waste throughout the supply chain.

A sustainable working environment

A future-proof, sustainable chain also dictates the need to invest in a sustainable working environment. In 2023, much focus was placed on diversity, equality and inclusion in our internal organisation. In the spring, we prepared a plan outlining our ambitions and launched initiatives to increase diversity at Cosun and ensure an inclusive culture in which everyone feels free to express their opinions.

Knowledge sharing

In July 2022, the knowledge centre was established to replace the sugar and nutrition knowledge centre. In 2023, we worked on our visibility by sending out communications through different media, being present at conferences and organising meetings, including expert meetings. For example, we organised an expert meeting on dietary fibres, a webinar on plant-based dietary patterns and a symposium at the Nutrition Conference of the Federation of European Nutrition Societies. During these activities we share knowledge about Cosun's strategy and product innovations, engage in dialogue about new developments and identify needs for research. We will continue these activities in 2024, seeking to focus even more on international cooperation, initially in Europe.

Research

How can plant-based food provide a healthier and more sustainable dietary pattern? We have set up our knowledge centre to contribute to more scientific knowledge about this issue. That is why we fund studies in coordination with our scientific council. In 2023, these were the following:

- a study of the effect of plant-based proteins on muscle recovery (including Tendra, Cosun's protein from field beans), conducted by Radboud UMC among participants of the Nijmegen 4Days Marches
- a study of the effect of prebiotic fibres on the mental health of older people, conducted by Wageningen University & Research
- a study of the potential for optimising plant-based dietary patterns using artificial intelligence, conducted by Wageningen University & Research

Nutrition policy

The Cosun Nutrition Center continuously monitors developments in nutrition policy. What are the developments when it comes to sugar tax, Nutri-Score or ultra-processed foods, for example? We publish fact sheets and position papers containing our views and we express our opinion whenever we disagree with claims made by other organisations. In 2023, for example, we were successful in an action before the Advertising Code Committee and the Board of Appeal against air up, which provided misleading information about sugar in a YouTube video and on the air up website.

Like policy, laws and regulations are an important area of focus for us; what are the developments here in terms of nutrition, health and food sustainability? In 2024, we will continue monitoring the laws and rules that apply to Cosun, checking for compliance, and representing Cosun in external consultations on those laws and rules.

Cosun Nutrition Center

The Cosun Nutrition Center conducts research and gathers scientific information on plant-based nutrition in relation to health and sustainability. It supports the cooperative and business groups, shares knowledge and actively engages with food professionals and other stakeholders. In this way, we want to contribute to the development of a healthier and more sustainable dietary pattern.





Dilemmas

Food, feed or fuel

There is regular discussion about what is best: add value to the residual streams produced when we process our crops into food for people, feed for animals or fuel (biomass to produce green energy). It is crystal clear that, with shrinking natural resources, the world is facing an enormous challenge to feed its growing population and simultaneously make the essential transition to green energy. Who is responsible and how can we produce as efficiently and responsibly as possible? At Cosun, we constantly balance our use of the crops for food, feed and fuel.

Growth versus limited environmental impact

Cosun has growth ambitions. Expanding our capacity, however, has an impact on the environment; we want to limit that impact. We have therefore opted for the green by design principle. We carefully calculate the environmental impact of all our projects and determine how we can design them to have minimal impact.

Climate rules versus food supply

More and more fertiliser, crop protection and climate-related rules are making our growers' operations a difficult puzzle. We are taking measures to minimise nitrate leaching, improve soil management and minimise the use of environmentally harmful herbicides and pesticides. Sustainable food, however, is only possible if we have a good revenue model for our growers.

Agriculture needs a proper revenue model to remain competitive. In general, our basic food is now too cheap. An average farmer has about 75 hectares of land, earning about EUR 65,000 a year. If this farmer implements all of the European Green Deal requirements, this will cost him about EUR 700 per hectare and he earns nothing. When increasing sustainability, the burden must be shared fairly in the supply chain. We are making every effort to achieve this.

Financial performance

Cosun's consolidated turnover rose from EUR 3,047 million in 2022 to EUR 3,704 million in 2023. At EUR 248 million, the operating result was EUR 126 million higher in 2023. This means that, in a dynamic year, we stayed on track with our goal to improve results. Higher costs were passed on to the market and business groups capitalised on favourable market conditions. Moreover, the underlying results improved on the back of growth and initiatives aimed at improving results. The beet price was lifted in part by this improved result and the sugar result projected for the 2023 campaign to EUR 78.00 per tonne of standard quality.

Results

Cosun's consolidated turnover rose from EUR 3,047 million in 2022 to EUR 3,704 million in 2023. This 22% increase was driven chiefly by favourable price movements, with volume development presenting a mixed picture. However, recession and inflation did impact the demand trend, particularly in the higher ingredient segment. Price increases were necessary to counter the rise in costs at our business groups and growers in the past year. At EUR 248 million, the operating result was EUR 126 million higher in 2023. This was a strong recovery in a dynamic year.

This improvement in the operating result was driven partly by an underlying improvement and growth in activities and partly by our response to favourable market conditions. Exceptional items made a negative contribution of EUR -/- 39 million to the operating result, mainly due to a book loss related to divestments and a write-off related to the discontinuation of the development of biobased innovation Betafib. In 2022, this was a positive contribution of EUR 9 million to the result, mainly from the sale of land. The operating

result before the members' bonus rose by EUR 329 million to EUR 525 million. EBITDA before the members' bonus was EUR 670 million, equal to 18% of turnover.

Thanks to the higher result in 2023 and a positive sugar result projected for the 2023 campaign, an excellent beet price of EUR 78.00 was realised (2022: EUR 68.75); the members' bonus as a whole totalled EUR 267 million. An amount of EUR 277 million will be recognised in the 2023 financial year, taking into account the part already paid out on the beet of the previous campaign and relates to the 2023 financial year. The higher beet price will improve the return on beet farming, which is under pressure from cost increases in the fields. The EUR 78.00 paid to members for their beet was based on beet with standard sugar content of 17% and an extractability rate of 91. The price paid for beet of average quality (sugar content of 15.6% and extractability rate of 89.9) was EUR 67.09 per tonne. The average financial yield per hectare was EUR 5,891 (2022: EUR 5,483). The net profit remaining for Cosun after the members' bonus was EUR 162 million (2022: EUR 76 million).

Amounts in millions of euros (unless otherwise stated)	2023	2022	Delta
Turnover	3,704	3,047	657
EBITDA before members' bonus	670	331	339
Operating result before members' bonus (including incidental items)	564	206	358
Incidental items in operating result	- 39	9	- 48
Members' bonus (portion for the financial year) charged to operating result	- 277	- 85	- 192
Operating result	248	112	136
Net result	162	76	86
Beet price (standard quality) EUR per tonne	78.00	68.75	9.25



Sugar beet

Cosun Beet Company achieved a good result despite the turbulent year on the economic and political front. A high world market price for sugar, low stocks within Europe and higher beet costs within the sector, also due to higher prices of competing crops and sharply increased costs of cultivation, have contributed to historically high price levels within Europe. Energy prices normalised somewhat last year, but are still at higher levels than before the war in Ukraine. All this has favourably affected the sugar market for Cosun Beet Company.

Utilising co-products to generate renewable energy in the form of green gas led to a total production of 23 million m³ of green gas in the Netherlands in 2023. This means that Cosun Beet Company continues to be one of the largest producers of green energy in the Netherlands.



Potatoes

Aviko's results made a full recovery in 2023 after several difficult years of COVID-19, the outbreak of war in Ukraine and the subsequent energy crisis and scarcity of raw materials. The improvement in results was seen in all of Aviko's business units, with the Chinese activities in particular making a substantial contribution. Sales in frozen potato products developed positively, partly due to previous capacity investments.

In 2023, two parts of Aviko's business were sold: the entity in Cuijk, which produces steamed and pre-cooked potatoes, and Aviko Norden in Sweden, which produces fresh potato and root crop products. The focus on growth areas in Europe and Asia continued. Further investments in new production lines were made in Poland and China. At the Venray factory, the expansion of flake production capacity was completed.



Green and health-promoting ingredients

Sensus experienced a difficult year with lower inulin sales and poor harvesting conditions for chicory. We faced lower sales due to inflation and recession. Inventory reduction in the chain in our sales market in the United States also played a role. Although the per-hectare inulin yield was higher than last year, about 70 hectares were not harvested due to persistent rainfall. In the longer term, the outlook for Sensus is positive. Expectations for the inulin market are positive due to trends such as sugar reduction, gut health (microbiome) and immunity.

Cosun Protein put Tendra®, a plant-based protein isolate made of fava bean, into production in 2023, following its market launch in 2022. Sales are developing positively. This makes fava a good basis for a future broadening of Cosun's protein portfolio. Partly to this end, investments were also made in the scale-up Revyve, which produces protein from brewer's yeast. Further accelerating growth in plant-based protein remains a priority, with a focus on organic growth, M&A and partnerships. Cosun Biobased Experts discontinued the development of Betafib ETD due to limited economic feasibility. The strategy for Cosun Biobased will be reassessed in the first half of 2024.



Co-products

Geopolitical and economic instability worldwide affected raw material availability and prices in 2023. As a result, prices for co-products remained high. Consequently, Duynie Group achieved a good result in 2023, with all Duynie's divisions contributing positively. Based on its growth strategy, Duynie Feed started businesses in Spain, Croatia, Serbia, Bulgaria and Greece last year, which also increased sales. Significant strides have been made in innovation, including in the field of brewer's spent grain protein. Construction of a separation unit at Heineken's Mons-en-Baroeul factory in France commenced in 2023; it is expected to start up in 2025. To prepare the market for this new food-grade nutritional protein, a demo system has been built in Nijmegen, where protein can be produced from early 2024.

Financing

Cosun has flexible financing capacity of EUR 400 million in the form of a Revolving Credit Facility (RCF). The RCF was renewed for a term of five years in 2019 with the option to extend for a further two years. The option has been exercised. The maximum drawdown on the RCF in 2023 was EUR 240 million; EUR 0 had been drawn down as at year end. To finance the Unlock 25 growth plans, additional financing of EUR 205 million was raised in 2022, with sustainability goals, in the form of an EU Private Placement and Schuldschein financing with a term of 3-10 years to serve as core financing alongside the RCF. Cosun comfortably satisfies the financing covenants.

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 had lent approximately EUR 40 million at year end 2023.

The new activity in China, Hongyuan Louis, and Aviko's joint venture in Poland were financed in part locally and largely with established banking relations. There was a net debt position of approximately EUR 90 million as at year end.

Cash flow

Cosun generated a positive cash flow from operating activities of EUR 321 million in 2023 (2022: EUR 115 million).

The increase was the outcome chiefly of the improvement in the operating result, which was partially offset by higher working capital. Cash flow from investing activities was lower on balance. Higher investments in fixed assets were offset by the income from divestments made in 2023, i.e. SVZ and Aviko's fresh potato activities in Sweden and Cuijk, the Netherlands. The income from the divestment of SVZ was partly offset by a vendor loan. Cash flow from financing activities declined on 2022, and current liabilities to credit institutions were lower due to the higher operating result and divestment income.

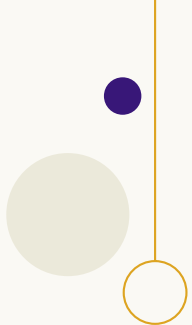
Investments

Investments in tangible and intangible assets amounted to EUR 231 million (2022: EUR 196 million). Our investment priorities are:

- maintaining the factories (replacement investments and investments aimed at our 'licence to operate');
- investments aimed at expansion and growth, including new innovative developments;
- energy-efficiency and sustainability investments;
- other investments with a positive return contribution;
- investments in new growth areas.

We are studying and implementing new technologies for the sugar factories to meet the 2030 CO₂ reduction targets. For example, we installed mechanical vapour recompression on a Sensus production line in Roosendaal, saving 3.9 million cubic metres of gas annually. Aviko Rixona has installed a heat pump at its Warffum factory that saves an amount of gas equal to the consumption of 550 households. These projects contribute to the creation of a future-proof, sustainable chain. We also invested in expanding the capacity of the electricity network at several locations with a view to future electrification.

Various strategic investments to strengthen organic growth were initiated and completed in 2023. Aviko is further expanding the fries capacity in China and Europe to meet growing demand. In China, this involves the addition of a new production line at the existing production location in Xilinhot, Inner Mongolia. The installation of a new line at the Joint Venture in Poland as part of the capacity expansion was nearing completion at the end of 2023. The expansion at Aviko Rixona of its flake capacity at the Venray factory was also completed in 2023. Aviko Rixona is thus responding to the growing demand for its products. Other investments related mainly to maintenance projects at all business groups and smaller expansion and efficiency projects.



Balance sheet

Total assets increased to EUR 2,705 million in 2023 (2022: EUR 2,601 million). The cash position was EUR 222 million higher. The profit for the year increased group equity to EUR 1,508 million (2022: EUR 1,352 million). Group equity as a percentage of total assets came to 56% as at 31 December 2023 and was thus higher than a year previously (31 December 2022: 54%). This means that the group retained its strong financial position.

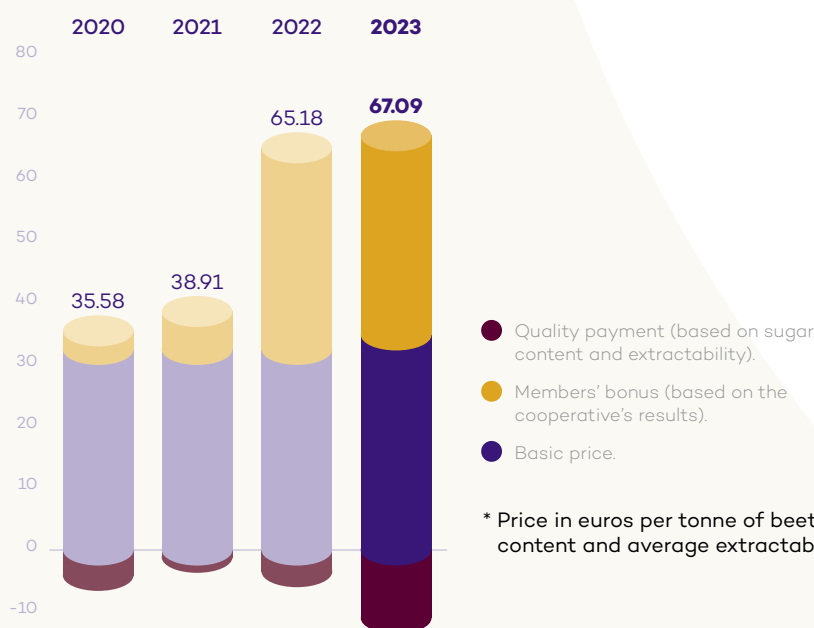
Beet price

The members' bonus for the 2023 campaign year has been set at EUR 267 million and will be paid as part of the quota beet price. A new system to calculate the members' bonus was introduced in 2022, which bases the members' bonus for the beet they supply partly on the result for the financial year just closed and partly on the sugar result projected for the next year. This improves the link between the bonus paid to members and the result actually earned on the beet supplied by the members.

The basic price for quota beet was raised from EUR 32.50 per tonne to EUR 35.00 per tonne. The members' bonus amounted to EUR 43.00 per tonne. On balance, the price paid to members for quota beet with a sugar content of 17% and an extractability rate of 91 was set at EUR 78.00. For beet with average extractability and average sugar content the members' quota beet price came to EUR 67.09. In 2022, it had been EUR 65.18. At 7.3 million tonnes, the volume of beet processed in the Netherlands was similar to the previous year. The average price paid for surplus beet in excess of the allocation was EUR 30.11. The average sugar yield per hectare was lower than in 2022 (13.5 tonnes versus 14.5 tonnes). The average financial yield for Dutch beet growers thus came to EUR 5,891 per hectare, an increase on the previous year (2022: EUR 5,483).

Quota beet price*

In EUR per tonne



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



Prospects



In 2024, the year in which we celebrate our 125th anniversary, we will stay the course plotted in the Unlock 25 strategy. We are targeting further growth in underlying results, growth in our core areas and a more future-proof, sustainable chain.

A solid revenue model for our growers calls for further improvement of our underlying operating result and further growth. Growers see their costs rise year after year. In 2023, we saw the dramatic effects of extreme weather conditions and increasingly stringent laws and regulations around nitrate reduction and nitrogen use. The fall of the cabinet delayed a lot of projects, such as the agricultural agreement, which is important for us and our growers. We hope we will soon see execution power on a national level that offers prospects and allows us to speed up the process towards, for instance, climate adaptation and nitrate reduction.

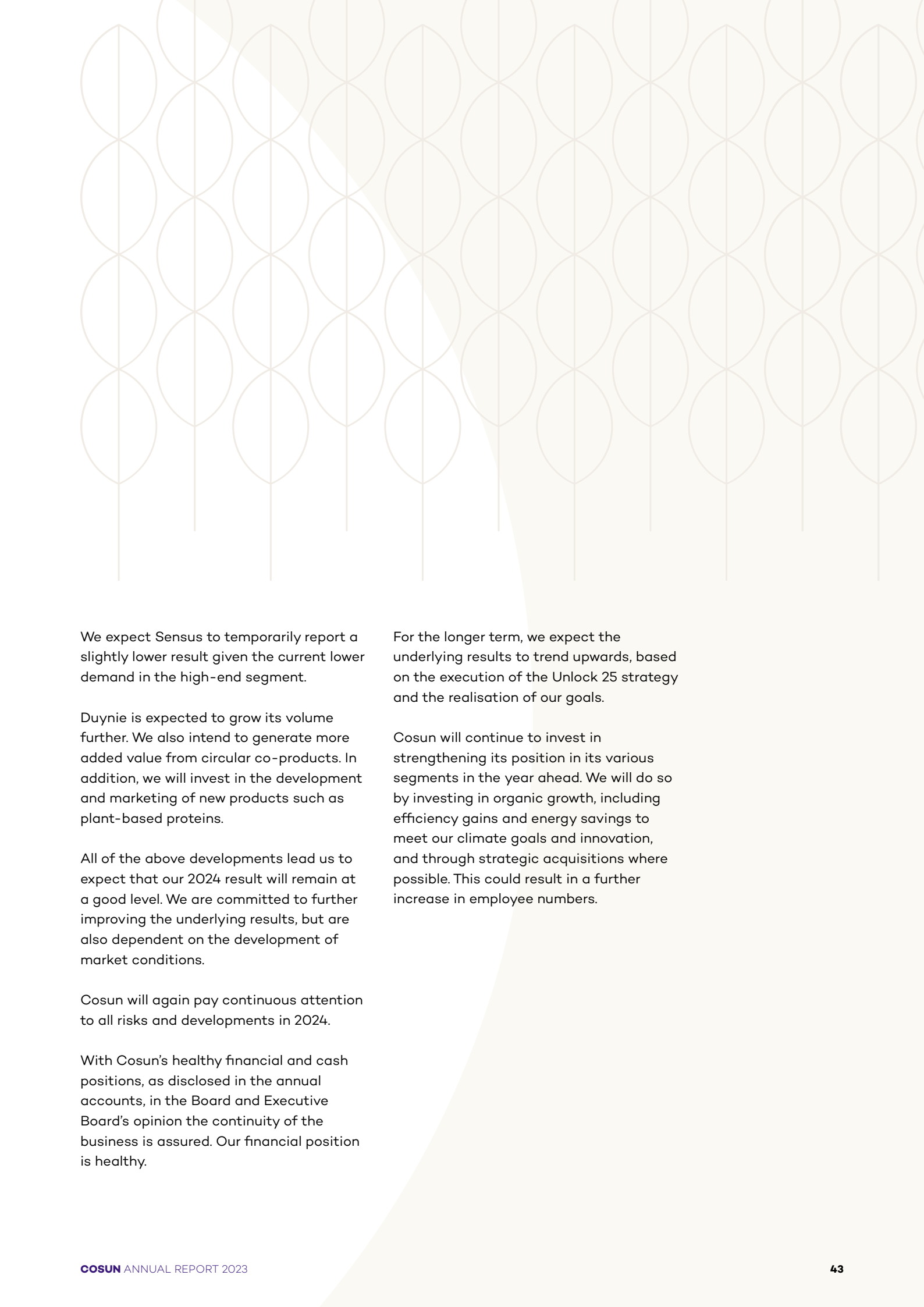
Holding on to our strategy, we stand firm in changing times and achieve sustainable growth. In 2024, the existing strategy will be reviewed with a view to looking ahead to Cosun's more distant future.

The prospects for 2024 are predominantly favourable. However, dynamics will remain substantial in 2024 too, with cautious recovery of the economy in Europe and geopolitical uncertainty. This could have economic consequences and markets may continue to be volatile for the foreseeable future. As in previous years, passing on cost inflation to the market will remain a key priority in 2024.

We are directing all our efforts towards profitable growth, maximum value from raw materials, cost control and smart position management with the right stock positions.

Sugar prices – which in Europe were significantly higher in 2023 than in previous years on account of relatively high world market prices, scarcity in the European market and cost increases in the supply chain – are currently still at a good level and seem to be normalising somewhat.

We are investing in additional production capacity at Aviko and elsewhere that will drive further profitable growth. The long-term outlook for Sensus's inulin sales market is favourable.



We expect Sensus to temporarily report a slightly lower result given the current lower demand in the high-end segment.

Duynie is expected to grow its volume further. We also intend to generate more added value from circular co-products. In addition, we will invest in the development and marketing of new products such as plant-based proteins.

All of the above developments lead us to expect that our 2024 result will remain at a good level. We are committed to further improving the underlying results, but are also dependent on the development of market conditions.

Cosun will again pay continuous attention to all risks and developments in 2024.

With Cosun's healthy financial and cash positions, as disclosed in the annual accounts, in the Board and Executive Board's opinion the continuity of the business is assured. Our financial position is healthy.

For the longer term, we expect the underlying results to trend upwards, based on the execution of the Unlock 25 strategy and the realisation of our goals.

Cosun will continue to invest in strengthening its position in its various segments in the year ahead. We will do so by investing in organic growth, including efficiency gains and energy savings to meet our climate goals and innovation, and through strategic acquisitions where possible. This could result in a further increase in employee numbers.

Report of the cooperative

2023 was a turbulent year: first and foremost for our business groups and growers due to the ongoing war in Ukraine and general political instability, the ever-increasing urgency to achieve CO₂ reductions, economic uncertainty and high inflation rates. Fortunately, in 2023 we did see a further increase in sugar prices, but also strong volatility in them. The recovery of the fries market that started in 2022 continued in 2023. The year 2023 also brought more specific concerns for our members, such as cultivation being impacted by climatic changes with droughts alternating with prolonged flooding, but also, for example, by the designation of nutrient-contaminated areas ('NV areas') leading to a further restriction in manure usage capacity. In a more general sense, they have concerns about increasing pressure in terms of water quality and with respect to the rules under the CAP.



face. We highlight the unprecedentedly wet autumn here, which meant that not all the beet could be lifted and the costs incurred to harvest the beet were much higher. We are pleased to be able to offset this with a higher beet price, but we do realise that it is not sufficient in all cases to compensate for all costs and any consequential damage (i.e. to the soil structure).

Members' Council

The Members' Council met on four occasions in 2023, in February, June, September and December. Topics discussed during these meetings included the performance of the Cosun business groups, the development of our cultivated areas, Groeikracht Cosun and the sustainability of cultivation, and of course the progress in implementing the Unlock 25 strategy.

The February two-day Members' Council's meeting in Poperinge discussed the December estimate and expressed its support for the Board's decision on the beet price for the 2022 cultivation year. Other topics of discussion were Cosun's growth areas and the activities in China with a view to strategic and financial interests.

At the annual general meeting in June, the 2022 annual accounts were explained and approved, the auditor explained the audit approach for the 2022 Annual Report, and the Executive Board reported in detail on the performance of the business groups, the investments and divestments made and how these contribute to the implementation of our Unlock25 strategy.

In spite of this turbulence, Cosun reported positive growth in its turnover and significantly better results than in 2022. The improved results laid the foundations for a members' bonus that was higher in 2023 than in 2022. The Board has set the members' bonus based on the new system at a total of EUR 266.7 million for the 2023 cultivation year, equal to EUR 43.00 per tonne (converted into sugar beet) on top of the minimum price of EUR 35 per tonne (with a sugar content of 17% and an extractability rate of 91). This brings the beet price to EUR 78.00 per tonne of standard quality, which is higher than last year's price of EUR 68.75 per tonne. This is also much needed given the significant cost increases our members continue to

At the September Members' Council's meeting, the completion of the sale of two business groups – SVZ and Aviko Cuijk – was set out in detail, the harvest forecasts were considered and the (half-year) figures were discussed. The Executive Board also presented a financial and operational update of each business group. Specifically, the plans for Sensus were outlined and debated and arrangements were made regarding the allocation for the 2024 cultivation year in relation to the preferred production volume. Groeikracht Cosun, which focuses on a future-proof, sustainable chain, was on the agenda and a group discussion on cultivation challenges was held. This meeting also approved several regulations, including the member loan programme regulations.

On 6 December, the Members' Council met in Oud Gastel and subsequently enjoyed a tour at Planet Beet, which is a new way to experience Cosun Beet Company's sugar factory. Administrative matters were discussed, including the filling of the CFO role at Cosun, with Mr Schuil's switch to the CFO role at Cosun Beet Company and Ms Philipsen taking office as Cosun's new CFO. There was also discussion of Cosun's performance, including the results of the employee satisfaction survey, and round-table discussions were held on the strategy for the period 2025-2030. The topics tabled included:

- Validation of the 2021 starting points;
- The role of the cooperative and its position in agriculture; and
- Input on the issue of sustainability and the Cosun Groeikracht programme.

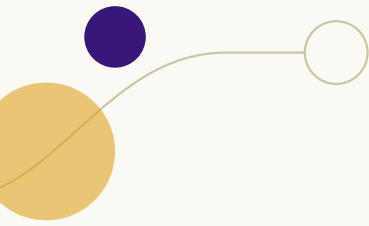
Safety is high on the agenda in all parts of the group. The last meeting of 2023 specifically considered the fatal accident that regrettably occurred at our Dinteloord factory last year. It was explained to the Members' Council how this accident could happen and what impact it had on the employees involved. This made a deep impression on all those present. The lessons to be learned from this were also discussed at length. Safety must remain a top priority to all of us.

Board matters

At the annual general meeting in June 2023, Mr Sander Wijkstra and Mr Dirk de Lugt stepped down from the Board and Mr Bert Jansen joined the Board as external member and Mr Maarten Heijne as internal member. The chairmanship of the Board was also transferred to Mr Arwin Bos at the annual general meeting. During the annual general meeting, Mr De Lugt's departure was dealt with extensively and a seminar was held on the subject of prospects for the agriculture sector. At the Members' Council meeting of September 2023, Ms Martine Hommes was elected as internal member of the Board to replace Mr Pieter de Jong, and Mr Bas Alblas was appointed external member of the Supervisory Board to replace Mr Hans Huistra. On 6 December 2023, Mr Theo Koekkoek and Mr Pieter Van Maldegem were reappointed for a second term as internal members of the Supervisory Board. The Supervisory Board also appointed Mr Koekkoek as its new Chairman. We would like to thank all those who stepped down this year.

Youth Council

The members of the Youth Council took part in the district committee meetings in 2023. The chair, the secretary and two rotating members of the Youth Council also attended some of the Members' Council's meetings and discussed a variety of matters. During the February 2023 Members' Council, the entire Youth Council was present and the Aviko factory in Poperinge was visited. The Youth Council also held a number of meetings of its own. In March, a day was organised together with the Cosun Young Board. The farm of Youth Council member Merijn Vos in Dinteloord was visited, and small groups prepared pitches on the themes of prospects for the arable farming sector, investments and safety. These pitches were the basis for a conversation with Chairmen Dirk de Lugt and Hans Meeuwis, during which the Youth Council stressed that it would like to see more involvement of young beet growers in the cooperative. Accordingly, during the summer, the Youth Council organised barn meetings in each region where a Board



member engaged in discussions with young beet growers. More than 200 young beet growers attended these events. In the autumn, the Youth Council went on a two-day field trip to the island of Texel. It visited several businesses, watched sugar beet being loaded onto a ship on the island, held a self-assessment, and took leave of Dirk de Lugt during a visit to his business.

Sustainability and the future-proof, sustainable chain

Setting great store by sustainability, the Cosun cooperative has identified sustainability as a separate pillar within its Unlock 25 strategy. The subject is raised at all levels of management. The policy for the cooperative and the business groups is prepared and refined at Executive Board level in consultation with the Board and the Supervisory Board (in its advisory role). This is a continuous process and a topic of discussion with the auditor, EY, also in view of the upcoming CSRD report. As part of the strategy for a future-proof, sustainable chain, multiple talks were held with the Members' Council and with members at the district meetings during the year. Cosun will continue to support its members in their transition towards sustainable, profitable farming. But there are no simple solutions. Groeikracht Cosun will assist the members in this transition.

Sugar system

It was decided in the summer of 2022 to set the allocation of sugar supply certificates for 2023 at 108%; this percentage has been raised to 110% for 2024. Cosun does not intend to expand its market but does intend to continue supplying its regular customers with beet sugar. This will make more optimal use of the factories and therefore boost the revenue model of our growers. The sugar market picked up even more in 2023, with higher prices. However, we do see that demand is under pressure, partly due to the reduction of portions/products containing sugar. Sugar prices are also under pressure, which is partly the result of last year's duty-free imports of sugar from Ukraine. It has now been decided at the European level that this must be capped.

The sugar business is aiming to have about 85,000 ha under sugar. Based on the seed orders, that area also seems to be assured for 2024. In the cooperative's interests, Cosun will hold its growers to the requirement to fulfil at least 85% of their supply obligation. If they are unable to do so, they must apply for an exemption in good time. If growers cannot give adequate reasons for not fulfilling their supply obligations, the Board can and will impose a sanction. Participation in the Unitip cultivation registration system 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 2023 season. Growers who do not enter all their data on time or in full risk having their final beet payment blocked.

Crop protection and the Nitrates Directive

The Netherlands is required to comply with the Water Framework Directive (WFD), which includes an instrument called the 'Nitrates Action Programme' (NAP). In the spring of 2023, under the 7th NAP, the Ministry of Agriculture, Nature and Food Quality decided to consider sugar beet as a winter crop only when harvested after 1 November. If harvested in October, the nitrogen application standard would be lowered for the next year. For the first half of October, a reduction of 5 kg N applied, and for the second half of October a reduction of 10 kg N.

On 5 December 2023, the Minister of Agriculture, Nature and Food Quality designated nutrient-contaminated areas ('NV areas'). A 5% reduction in nitrogen usage capacity applies to these areas in 2024 (including sugar beet) and 20% in 2025.

The NV areas make up a substantial proportion of the Dutch arable acreage.

Both of the above measures directly affect the manure usage capacity available to our growers and therefore could have an adverse impact on yield and quality.



Cosun believes it is important to work on better water quality and wants to help its growers do so, and therefore introduced a scheme at the end of 2023 for growers to have N-mineral sampling and analysis performed at Cosun's expense. This will give growers a better understanding of the situation on their farms and will allow them to better control fertilisation.

The European 'Farm to Fork' ambition describes the need to further reduce the use of crop protection agents. The Sustainable Use Regulation (SUR) thus drafted was intended to set clear frameworks and criteria in that regard. However, the European Parliament voted down the SUR in late 2023 and the EU Commission followed suit by taking the SUR off the table in early 2024. At this time, it is not clear what the next steps will be. Seeking to further reduce crop protection products irrespective of the SUR, Cosun has been demonstrating and testing new possibilities of mechanical weed control or a combination of chemical and mechanical weed control for several years. Nevertheless, it remains important that a minimum set of crop protection agents remains available to our growers to allow them to intervene when necessary.

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In spite of this turbulence, Cosun reported positive growth in its turnover and significantly better results than in 2022. The improved results laid the foundations for a members' bonus that was higher in 2023 than in 2022. The Board has set the members' bonus based on the new system at a total of EUR 267 million for the 2023 cultivation year, equal to EUR 43.00 per tonne (converted into sugar beet) on top of the minimum price of EUR 35 per tonne (with a sugar content of 17% and an extractability rate of 91).

This brings the beet price to EUR 78.00 per tonne of standard quality, which is higher than last year's price of EUR 68.75 per tonne. This is also much needed given the significant cost increases our members continue to face. We highlight the unprecedentedly wet autumn here, which meant that not all the beet could be lifted and the costs incurred to harvest the beet were much higher. We are pleased to be able to offset this with a higher beet price, but we do realise that it is not sufficient in all cases to compensate for all costs and any consequential damage (i.e. to the soil structure).

Members and supply certificates

DISTRICT / SECTION	As at 31 December 2023		As at 31 December 2022	
	Number of members	Number of supply certificates	Number of members	Number of supply certificates
Zeeuwsch-Vlaanderen	659	398,263	678	398,354
Zeeland-Midden	556	340,798	565	344,430
Zeeland-Noord	297	215,826	306	208,970
Goeree-Overflakkee	180	153,249	180	151,796
West-Brabant	705	444,578	710	442,315
Zuid-Hollandse Eilanden	304	231,809	310	231,226
Holland-Midden	201	146,825	204	147,241
Kop van Noord-Holland	378	293,688	384	295,954
Oostelijk Flevoland	300	339,752	305	340,536
Noordoostpolder	515	338,270	521	342,537
Zuidelijk Flevoland	122	160,559	123	164,105
Friesland	235	203,227	244	207,652
Groningen	979	995,770	982	991,873
Drenthe / Overijssel-Noord	885	1,106,184	905	1,103,650
Overijssel-Zuid / Gelderland	266	168,928	271	169,098
Maas&Meierij / Limburg-Noord	416	245,285	437	245,692
De Kempen	288	205,576	301	203,529
Limburg-Midden / De Peel	359	239,427	375	241,714
Limburg-Zuid	461	315,704	472	313,046
Netherlands	8,106	6,543,718	8,273	6,543,718



Governance report

Risk profile

Cosun is active in the agrifood sector in a variety of markets and in several countries. It has to contend with strategic and sustainability-related, operational, financial and compliance risks that are inherent in its activities. Our strategy is to 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 maximum 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. It has adopted an integrated strategy to manage risks. 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). It is an iterative process to identify, quantify and categorise risks. It 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.

In addition to risks, our strategy identifies opportunities in new plant-based products in response to trends in the market.

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 desirable and necessary to control and/or mitigate risks that are not compatible with our risk appetite.
5. Risk control 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 employees 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 employees can report cases that might conflict with the Cosun Principles, anonymously if they wish.

As well as the Executive Board, all the business groups' management teams 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 under applicable laws and regulations.














Various group departments help the management teams develop, maintain and monitor the effectiveness of the risk management process. These departments support the development of the internal control framework and policies. Periodic risk analysis and risk assessment is supported by the corporate department.

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.

2023 was the second year in which we actively worked on the implementation of our new strategy, Unlock 25. This strategy focuses on 1) improving our financial results, 2) targeted growth in plant-based solutions, in part through extracting the maximum value from our crops and further plant-based innovations, and 3) a future-proof, sustainable chain.

Risk category	Risk appetite					Note
						
	Very low	Low	Medium	High	Very high	
Strategic						<ul style="list-style-type: none"> • Medium: growth in established markets. • High: growth in new markets or with new products in new applications. <p>Both with the right balance of risk and return.</p>
Operational						<ul style="list-style-type: none"> • Low 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 employee safety and to product and food safety. Also with a view to our reputation.
Financial control						<ul style="list-style-type: none"> • Low with regard to financing, interest rate and foreign exchange risks.
Compliance	 					<ul style="list-style-type: none"> • Very low with regard to compliance with laws and regulations. • Very low (zero tolerance) with regard to fraud risks.

Our growth strategy also includes the development of new products for selected new markets. This has a higher than average risk profile. Growth in our established markets has a lower risk profile on average. All our activities take account of our impact on the climate, the sustainability of farming and processing and the interests of all our stakeholders, with whom we are in active dialogue. Our growth plans must contribute to our long-term sustainability goals. We analysed our scope 3 impact in 2023.

Our operational risk appetite varies from very low/low with regard to safety risks to low with regard to managing our buying 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 and fraud.

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 2023, we took the following additional or new measures in response to events during the year.

Category	Events or trends with impact in 2023	Additional control measures
Strategic	<p>Sharp increase in sugar price.</p> <p>High inflation and economic uncertainty put pressure on sales of high-quality ingredients.</p> <p>Attractiveness of our crops is under pressure from increased regulation, cost increases in cultivation (inflation) and the higher prices paid for alternative crops (e.g. wheat).</p>	<p>Shortages in the European market raised sugar prices to a higher level following several years of low average prices. This is a positive development. Harvests in many European markets were disappointing. We can respond to market conditions by changing the allocation.</p> <p>The aim is to broaden the product portfolio; other parts of the product portfolio (including potato products and sugar) have proven to be reasonably recession-proof.</p> <p>Our highest priority is to improve profitability through our strategy so that we can pay a better price. This is a key condition to secure our raw materials.</p> <p>Research into medium- and long-term security of our raw materials (potatoes, beet and chicory) was conducted and additional mitigating actions were determined. Groeikracht programme to help growers meet sustainability goals and limit cultivation risks.</p>
Strategic sustainability	<p>Greater importance of sustainability and sustainability reporting (CSRD).</p>	<p>Sustainability is an integral part of our strategy. We have an active sustainability agenda with associated goals. A project to comply with new regulations on a timely basis has been started. No new material topics were identified based on the double materiality analysis carried out in 2023.</p>
Operational	<p>Inflation increased sharply in 2023 as well. There was also still a risk of natural gas not being available.</p> <p>Fatal accident at one of our locations.</p>	<p>Cost increases passed on wherever possible to the market. Continued focus on the underlying improvement programme aimed at improving results.</p> <p>Factories converted wherever possible to use other fuels apart from natural gas to ensure continuity.</p> <p>In addition to the existing measures aimed at safe working practices, additional measures were taken, including external assessments.</p>
Compliance	<p>Need to report fraud risk in society's interests.</p> <p>Cyber incident at one of our foreign branches.</p>	<p>Fraud risk is an integral part of our risk management system. We have a zero tolerance policy.</p> <p>The group periodically evaluates potential fraud risks. Several generic control measures have been taken, both preventive, in the detection (including a speak-up system) and in the response. No significant fraud risks have been detected so far.</p> <p>In addition to existing measures, further restrictions have been implemented in local bank authorisations. Initiatives were also launched to raise awareness among employees.</p>

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 MEASURES
<ul style="list-style-type: none"> • Strong price fluctuations/fall in the sugar price. 	<p>Movements in sugar prices in the EU and on the world market have a major impact on Cosun's results. We follow the market in order to perform better than average.</p>	<ul style="list-style-type: none"> • 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 strengthening our cost position through the industrial scale of processing. • Continuous focus on improving the cultivation of sugar beet.
<ul style="list-style-type: none"> • Failure to achieve further growth in profitability. 	<p>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, economic growth and the biobased trend, and thus demand for our products do not sustain 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.</p>	<ul style="list-style-type: none"> • Spread of sales across different geographical markets and sales specifically targeted at growth markets. • Cooperation with partners and knowledge centres and in 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 teams of the business groups, Executive Board, Board and Supervisory Board as part of the planning & control cycle.
<ul style="list-style-type: none"> • Attractiveness of our crops to growers. 	<p>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. Inflation, pressure on the use of pesticides and herbicides and extreme weather conditions (e.g. drought necessitating irrigation) are increasing the cost of farming.</p>	<ul style="list-style-type: none"> • 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 supply of potatoes, sugar beet and chicory. • Through the Groeikracht Cosun programme, we are working on alternative farming techniques and sharing best practices.
<ul style="list-style-type: none"> • Changes in consumer food behaviour (health, sustainability). • Perception of sugar. 	<p>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 aware that the changing perception of sugar may lead to lower food sales in the future.</p>	<ul style="list-style-type: none"> • 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 Cosun Nutrition Center). • We will communicate our new positive, sustainable, plant-based and circular Cosun vision better and more widely. We have started a public campaign: "The future is plant". • We will continue to develop innovative, healthy and green ingredients. • Business development with partners with sugar replacing oil-based ingredients in non-food applications. • We take initiatives to enhance food safety in the supply chain in cooperation with customers and suppliers.

RISK CATEGORY: STRATEGIC

<ul style="list-style-type: none"> Climate change, energy transition 	<p>Government measures (e.g. the Paris Climate Agreement) can have major consequences for our activities but we recognise their importance. Significant investments are needed to meet our sustainability goals.</p> <p>A level playing field is essential if we are to achieve our goals. Distortions in the form of high energy taxes, a tariff on sustainable energy or local climate taxes that are higher than in other countries must be avoided.</p>	<ul style="list-style-type: none"> Scope 1 and scope 2 CO₂ reduction plans have been drawn up for each location. Operational plans include projects to cut energy consumption. Various plans are being implemented or have already been completed. An analysis of scope 3 emissions has been carried out in 2023. We seek an active dialogue with the government in collaboration with our stakeholders.
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RISK CATEGORY: OPERATIONAL

RISK	DESCRIPTION OF THE RISK	RISK CONTROL MEASURES
<ul style="list-style-type: none"> Employee and product safety. 	<p>Our employees run the risk of accidents.</p> <p>The risk of a major food safety incident is low but both the financial and reputational impact could be high.</p>	<ul style="list-style-type: none"> 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 rules.
<ul style="list-style-type: none"> Volatility of agricultural and other raw material prices and energy prices. 	<p>Price volatility is inherent in Cosun's campaign-related activities, especially in potato and fruit activities. Prices are highly reliant on harvesting conditions (surplus/shortage).</p> <p>Sharp rise in energy prices increases costs.</p>	<ul style="list-style-type: none"> 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.
<ul style="list-style-type: none"> Influence of the weather on availability and quality of raw materials (harvest risks). 	<p>Disappointing yields 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.</p>	<ul style="list-style-type: none"> 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).

RISK CATEGORY: OPERATIONAL

<ul style="list-style-type: none"> • Business continuity: disruption in the factory/cybercrime. 	<p>The risk of a major calamity and disruption to our business processes is limited/low but the impact could be very high.</p>	<ul style="list-style-type: none"> • 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 Cosun IT shared service centre is ISO 27001 certified and there are ongoing programmes to increase our resilience.
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RISK CATEGORY: FINANCIAL CONTROL

RISK	DESCRIPTION OF THE RISK	RISK CONTROL MEASURES
<ul style="list-style-type: none"> • Mismatch between buying and selling positions for raw materials and finished products. 	<p>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.</p>	<ul style="list-style-type: none"> • Frequent monitoring of buying and selling positions by senior managers of the business groups.
<ul style="list-style-type: none"> • Financing and interest rate risk. 	<p>It is important that we have secure long-term financing and always have a sufficient cash position.</p> <p>There is a limited risk that we are unable to meet our bank covenants. In view of our healthy balance sheet, this risk is highly improbable. Our debt position will rise as we implement our growth plans in the years ahead.</p>	<ul style="list-style-type: none"> • In 2022, Cosun raised EUR 205 million in additional financing with a term of 3-10 years. This financing is linked to sustainability goals. The term of the EUR 400 million revolving credit facility (RCF) is to March 2026. • 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 cash flow forecasts for the coming 12 months every month to reduce the risk of unforeseen liquidity shortages.
<ul style="list-style-type: none"> • Foreign exchange risk. 	<p>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.</p>	<ul style="list-style-type: none"> • 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. Forward exchange contracts concluded as at 31 December 2023 are listed in note 12 of the notes to the consolidated accounts.

RISK CATEGORY: COMPLIANCE

RISK	DESCRIPTION OF THE RISK	RISK CONTROL MEASURES
<ul style="list-style-type: none"> Laws and regulations. 	<p>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.</p>	<ul style="list-style-type: none"> 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 conducted in accordance with internal guidelines and rules arising from laws and regulations.
<ul style="list-style-type: none"> Tax risks. 	<p>Cosun is active in many countries. There is a risk of non-compliance with tax laws, for instance regarding transfer pricing in relation to corporate income tax or other taxes.</p>	<ul style="list-style-type: none"> 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 corporate income tax is coordinated centrally. Responsibility for VAT, pay-roll tax, social insurance contributions, etc. lies with the individual entities. The policy and related internal control 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 is the way in which it regulates relationships between the members of the cooperative, the Members' Council, the Board, the Supervisory Board, the Executive Board and the employees. Good entrepreneurship, 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 and manage the group. 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 is charged with overseeing the Board's policy and the general affairs of the cooperative, its business and its group. It independently advises the Board and the Members' Council on request and otherwise. The Supervisory Board examines the cooperative's annual accounts and reports on its findings. It has six members: four are members of the cooperative and two are external members.

Chief Executive Officer

The Chief Executive Officer manages the day-to-day performance of the cooperative and its business groups. The Chief Executive Officer is responsible for:

- the preparation and implementation of the group strategy adopted by the Board to achieve the operational and financial goals;
- the preparation and implementation of the internal risk management and control system in place for Cosun and the business groups;
- day-to-day management of the Executive Board and group organisation.

The Chief Executive Officer is mandated to take specific decisions.

Governance structure of the cooperative



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 from the Board, the Members' Council elects the members of the Board. On a proposal from the Supervisory Board, the Members' Council elects the members of the Supervisory Board. On a proposal from the Board, it 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 it 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

More information on these matters can be found on the website, www.cosun.com, under About Cosun (Governance). The NCR Governance Code for Cooperatives is published at www.cooperatie.nl, under 'Code for Cooperatives 2019'. Cosun complies with this Code. Although the NCR Code 2019 gave no cause to make any changes, Cosun periodically evaluates its corporate governance. In 2021, the various tiers of Cosun's governance structure carried out an intensive joint evaluation under the supervision of the NCR to examine all areas of the cooperative. The findings of that evaluation led to retention of the basic model, with adjustments to make better use of the Supervisory Board's expertise and to extend its mandate, to strengthen the Members' Council's role as an employer and to strengthen the links and cooperation among the governance tiers. The appointment of selection committees with representatives from the Members' Council for the appointment and reappointment of members of the Board and the Supervisory Board has led to a clear improvement in, and a contribution to the transparency of, the application, selection and (re-) election process. A recent evaluation of the procedures of, and the procedures followed by, the selection committees also confirmed this. The various changes in the procedures have strengthened the governance function.

Sustainability

Sustainability topics are discussed in all management tiers. Preparations for this are made at Executive Board level. The Executive Board places these topics on the agenda for the Board's meetings and discusses them with it. The Board has consequently adopted the related policy for the cooperative and the business groups and laid it down in Cosun's Unlock 25 strategy. The Board has explained this strategy and the policy to the Supervisory Board, which also approved the Unlock 25 strategy. The Board and the Supervisory Board regularly discuss the progress on sustainability and the arrangements made in that regard. The Executive Board is responsible for the implementation of this part of Cosun's strategy.

In 2023, Cosun's commitment to reducing greenhouse gas emissions in its production processes was discussed at length by the various management bodies. Another point of focus was the sustainability of Cosun's cultivation, for which purpose the Groeikracht Cosun programme has been set up. The main themes of this programme are plant health (reducing the use of crop protection agents), soil and fertilisation (water quality), and climate and energy (reducing CO₂ emissions). Last year, many initiatives were launched to make progress on these themes. Several communications to our members (including Cosun Magazine) and growers' meetings addressed water quality and reducing nitrate leaching into groundwater. An initiative was also launched to offer growers free soil sampling and corresponding advice on how to reduce nitrate leaching even more. Cosun also set up a network of inspiration farms to inform and inspire growers, including on how to reduce the use of crop protection agents, for example by using weeding robots and spot sprayers. A sustainable supply chain and cultivation challenges were also discussed with the Members' Council. It is clear that many improvements can still be made, and Cosun expressly sees a role for itself in supporting its growers in this in the years ahead as well.

On behalf of the Board,

Arwin Bos
Chairman

Ger Evenhuis
Vice-Chairman

Breda, 28 March 2024

Report of the Supervisory Board

The Supervisory Board is charged with overseeing the Board's policy and the general affairs of the cooperative, its business and its group. The Supervisory Board has an advisory role in respect of the Board and the Members' Council. It may give advice whenever it is requested, or whenever the Supervisory Board itself feels it should give advice. In fulfilling their duties, the Supervisory Board members act in the interests of all stakeholders.

For the proper performance of these duties, there is frequent contact between the Board and the Supervisory Board. Joint meetings were held four times. The Supervisory Board met independently on 11 occasions. The Supervisory Board also attended Members' Council's meetings and district meetings, and it attended the district committee meetings in May. At these meetings, the Supervisory Board explained the 2022 annual accounts.

The Chairman of the Supervisory Board participated in the discussion with the Central Works Council.

At the meetings together with the Board, the topics discussed included safety, the strategy, financial performance, the new way of reporting on sustainability ('integrated reporting'), innovation and the choices to made regarding the direction of innovation, the roll-out of Groeikracht and uncertainty about the cultivated area and our raw material position.

Safety

The safety of our employees is paramount. This has long been propagated within the organisation, but there is still room for improvement. Every meeting addresses safety, and the Supervisory Board closely monitors the efforts made in this area.

The Supervisory Board also annually discusses social safety within Cosun and, in this context, the results of the Cosun 'Speak Up' policy.

Human resources

With regard to diversity, the Social and Economic Council has also set targets that large businesses in the Netherlands must meet. The Supervisory Board discussed the policy, the current situation and the desired situation.

Cosun's remuneration policy was also discussed with the Board last year. The Supervisory Board was asked to advise on two vacancies on the Executive Board.

Composition of the Board

In 2023, the Chairman of the Board – Dirk de Lugt – left Cosun. Arwin Bos succeeded him, which created a vacancy on the Board. Pieter de Jong resigned early. In addition, Sander Wijkstra stepped down and was not eligible for re-election.

Three selection committees were established under the direction of the Supervisory Board. The Members' Council appointed Maarten Heijne and Martine Hommes to fill the member vacancies and appointed Bert Janssen to fill the external vacancy.

Composition of the Supervisory Board

The Supervisory Board was once again complete after the appointment of Liane den Besten at the end of 2022 and a procedure was followed to appoint a Chairman. The Supervisory Board elected Theo Koekkoek as Chairman. In addition, the Supervisory Board elected Pieter van Maldegem as Vice-Chairman and Edwin Michiels as Secretary.

Last year, Hans Huistra, an external member of the Supervisory Board, indicated that he could no longer combine his work with his new full-time position. The Members' Council appointed Mr Bas Alblas as Supervisory Board member to fill this vacancy. We thank Hans Huistra for his work over the past few years and welcome Bas Alblas to the Supervisory Board.

Audit committee

The Supervisory Board has an audit committee, which performs preparatory work for the Supervisory Board and which is able to discuss topics in greater depth. It is chaired by a member of the Supervisory Board. Every audit committee meeting is attended by the CFO, the group controller, the auditor and one or more representatives of the Board.

Financial performance

Cosun developed well as a group over the past year. The Supervisory Board was closely involved in the measures that resulted in the divestment of SVZ and is pleased that the divestment allows for more focus and fine-tuning. Sensus is a point of concern. It requires a lot of extra attention from those involved and the Supervisory Board is closely monitoring developments. The other business groups performed well. In most cases, higher costs could be passed on to customers and positive returns were generated.

Annual report and accounts

EY conducted the 2023 audit. The Supervisory Board had regular discussions with EY representatives about the management letter, the auditor's report for the year 2023 and the text of the audit opinion. In its capacity as group auditor, the auditor visited the Aviko fries business in Chinese Xilinhot and Shanghai and sales organisation Aviko Italia Srl.

The Supervisory Board obtained a good impression of Cosun's financial performance. It also took note of the passages on risks, including fraud risks, in the risk section of the directors' report and agrees with the content and conclusions. The Supervisory Board approved the 2023 annual accounts at its meeting of 28 March 2024.

In conclusion

The year 2023 was dominated by challenging conditions, both at our members' farms and within Cosun itself. All staff made every effort to add greater focus to our activities and introduce further improvements in the remaining business groups. They are also energetically working on new applications of our members' wonderful products. All this gives great confidence for the future. The Supervisory Board thanks all staff members for their work in 2023.

On behalf of the Supervisory Board,

Theo Koekkoek
Chairman

Edwin Michiels
Secretary

Breda, 28 March 2024

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

as at 31 december 2023

Board

Chairman	Arwin Bos	Nieuw-Vennep
Vice-Chairman	Ger Evenhuis	Schoonoord
Deputy Vice-Chairman	Ben van Doesburgh	Loenen a/d Vecht
Members	Adrie Bossers	Langeweg
	Maarten Heijne	Koewacht
	Marianne van den Hoek-Huijbregts	Dreischor
	Martine Hommes-Gesink	Lauwerzijl
	Bert Jansen	Rosmalen
	Freek Rijna	Den Dolder
Secretary	Maarten Boudesteijn	

Supervisory Board

Chairman	Theo Koekkoek	Almkerk
Vice-Chairman	Pieter van Maldegem	Vierhuizen
Secretary	Edwin Michiels	Horst
Members	Bas Alblas	Breda
	Liane den Besten	Winterswijk-Ratum
	Jacqueline Rijdsijk	Leiderdorp

Executive Board

Chairman	Hans Meeuwis	CEO
Members	Mathys Boeren	Director, Innovation
	Anton van Dam	Director, Duynie Group
	Maarten van Delst	Director, Aviko
	Suzanne Jungjohann	Director, Human Resources
	Maaïke van den Maagdenberg	Director, Corporate Development
	Paul Mesters	Director, Cosun Beet Company
	Hans Schuil	Director, Finance & Control

Central Works Council

Chairman	Fouad Ouled Ali	Cosun
Secretary	Rudi Hendriks	Cosun Innovation
Members	Irene Christiaens	Aviko
	Ayhan Kayabasi	Aviko Rixona
	Chris Kooiman	Duynie
	Henk Oostvogels	Sensus
	Elke van Uffel	Cosun Beet Company
	Meindert Visser	Aviko
	Chris Wijma	Cosun Beet Company
	Jeanet Wubs	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.



2023

Annual Accounts

Consolidated balance sheet

(after profit appropriation; in EUR million)

	Notes	31-12-2023	31-12-2022
ASSETS			
Fixed assets			
Intangible fixed assets	(1)	69.9	82.9
Tangible fixed assets	(2)	1,041.9	995.4
Financial fixed assets	(3)	66.4	24.6
		1,178.2	1,102.9
Current assets			
Inventories	(4)	813.5	838.9
Trade and other receivables	(5)	491.3	516.4
Cash and cash equivalents	(6)	222.0	141.5
		1,526.8	1,496.8
Total assets		2,705.0	2,599.7
EQUITY AND LIABILITIES			
Group equity			
Capital and reserves	(7)	1,491.1	1,334.1
Minority interests	(8)	16.4	18.2
		1,507.5	1,352.3
Provisions	(9)	41.3	48.7
Non-current liabilities	(10)	296.3	141.6
Current liabilities	(11)		
Current liabilities to credit institutions and financing debt		29.9	227.3
Other current liabilities, accruals and deferrals		830.0	829.8
		859.9	1,057.1
Total equity and liabilities		2,705.0	2,599.7

Consolidated profit and loss account

(in EUR million)

FOR THE FINANCIAL YEAR	Notes	2023	2022
Net turnover	(14)	3,704.4	3,046.9
Changes in inventories of finished products		- 10.8	158.9
Other operating income	(15)	11.4	33.2
Total operating income		3,705.0	3,239.0
Cost of raw materials and consumables	(16)	2,335.7	2,123.0
Cost of outsourced work and other external costs	(17)	579.0	529.7
Wages and salaries	(18)	282.7	255.1
Social security charges	(18)	85.6	83.8
Amortisation and depreciation on intangible and tangible fixed assets	(1 - 2)	135.4	133.7
Impairments and other changes in value of tangible and intangible assets	(1 - 2)	9.8	0.5
Other operating expenses	(19)	29.3	1.6
Total operating expenses		3,457.5	3,127.4
Operating profit		247.5	111.6
Interest receivable and similar income		8.1	1.4
Interest payable and similar charges		- 23.6	- 8.4
Financial income and expense	(20)	- 15.5	- 7.0
Result from ordinary activities before taxation		232.0	104.6
Taxation	(21)	- 67.3	- 30.1
Share in results from participating interests		1.3	4.7
Result from ordinary activities after taxation		166.0	79.2
Minority interests		- 3.7	- 3.5
Net result		162.3	75.7

Consolidated cash flow statement

(in EUR million)

FOR THE FINANCIAL YEAR	Notes	2023	2022
Operating profit		247.5	111.6
Depreciation and amortisation		135.4	133.7
Other value adjustments		9.8	0.5
Gain/(loss) on disposal of intangible, tangible and financial fixed assets		- 44.8	- 18.7
Amortisation of negative goodwill		- 2.2	- 2.3
Changes in provisions	(23)	- 2.9	- 5.9
Changes in working capital (excluding cash and cash equivalents and short-term bank overdrafts)	(23)	37.9	- 90.1
Cash flow from business operations		380.7	128.8
Interest received / (paid)		- 14.1	- 7.7
Income tax received / (paid)		- 42.5	- 9.4
Dividends received / (paid)		1.3	4.7
Other movements		- 5.0	- 1.0
		- 60.3	- 13.4
Cash flow from operating activities		320.4	115.4
Investments in (in)tangible fixed assets		- 222.4	- 194.5
Proceeds from the sale of (in)tangible fixed assets		0.6	23.9
Changes in long-term receivables		- 61.9	- 1.4
Acquisition of group companies		- 8.0	- 0.3
Acquisition of non-consolidated participating interests		- 3.5	- 0.5
Proceeds from the sale of group companies		136.9	0.3
Cash flow from investing activities		- 158.3	- 172.5
Gross distribution under sugar beet payment regulations and business termination scheme	(30)	- 1.3	- 1.2
Changes in long-term liabilities	(23)	117.1	80.8
Changes in current liabilities to credit institutions and financing debt		-197.4	28.8
Cash flow from financing activities		- 81.6	108.4
Changes in cash and cash equivalents		80.5	51.3
Cash and cash equivalents at the beginning of the year		141.5	90.2
Exchange and translation gains and losses on cash and cash equivalents		-	-
Cash and cash equivalents at the end of the year		222.0	141.5

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 residual streams into, for instance, non-food applications, animal feed and bio-energy.

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).
- Sustainable lifestyle ingredients: inulin (Sensus), protein (Cosun Protein) and biobased products (Biobased Experts).
- Co-products: animal feed and starch (Duynie Group).

Going concern

These accounts and financial statements have been prepared on a going concern basis.

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.

Use of opinions, estimates and uncertainties

In accordance with generally accepted accounting principles, preparation of the annual accounts makes use of opinions and assumptions that may determine the amounts disclosed. Actual results may differ from the estimates. A significant estimate relates to impairments in 2021 in the value of tangible fixed assets at SVZ and Duynie Ingredients B.V. (see note 2). This was not the case in 2022. There were no further significant opinions, estimates or uncertainties.

Consolidation principles

The consolidated annual accounts include the financial data of Cosun and group 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 commercial 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 potential 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 classified 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

In 2023, Cosun made the following acquisitions and disposals:

- On 13 January 2023, Martin Amberger Kartoffelverarbeitung Dolli-Werk Verwaltungs GmbH was wound up.
- On 20 March 2023, Aviko Norden AB sold 100% of the shares in Aviko Norden Fastighets AB.
- On 5 April 2023, Cosun Protein B.V. acquired 16% of the shares in FUMI Ingredients B.V.
- On 31 August 2023, Cosun Holding B.V. sold 100% of the shares in S.V.Z. Industrial Products B.V. SVZ's activities represented about 7.5% of the cooperative's turnover and 8% of its total assets in financial year 2022; in financial year 2023, SVZ still represented about 4.0% of the cooperative's turnover.
- On 10 November 2023, Aviko Holding B.V. sold 100% of the shares of 3N Produkter Aktiebolag.
- On 30 November 2023, Cosun Roosendaal Vastgoed 5 B.V., Van Gilse Kandijfabriek B.V., Cosun OG B.V. and B.V. Noord-Nederlandse Beetwortelsuikerfabriek were incorporated into Coöperatie Koninklijke Cosun U.A. by means of a merger.

On 19 December 2022, Duynie Holding B.V. sold 100% of the shares in MijnVoer.nl B.V.

In 2022, the interest in Rain Biomasse Wärmegesellschaft GmbH, Rain am Lech, Germany, was increased by 8.9% to 49%.

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 28 March 2024.

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 include 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 include 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 their 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.

Cosun documents the following:

- the general hedging strategy, how hedges contribute to risk management objectives and the expected effectiveness of those hedges;
- the hedging instruments and positions hedged by the kind of hedge.

If derivatives qualify for cost price hedge accounting, they are recognised as follows:

- if the hedged item is recognised at cost price in the balance sheet, the derivative is also recognised at cost price;
- if the hedged item is not yet recognised in the balance sheet, neither is the derivative;
- if the hedged item leads to a primary financial instrument, the related profits or losses on the derivative not yet recognised in the result are recognised in the profit and loss account. These profits or losses are recognised in the same period(s) in which the primary financial instrument influences the result;
- Cosun periodically assesses the effectiveness of hedges. If the critical characteristics of a hedge and the hedged position are not or have not been equal to each other, this is an indication that part of the cost price hedge is ineffective;
- any ineffective part is calculated by means of the dollar offset method;
- profits or losses on the ineffective part of the hedge are taken directly to the profit and loss account;
- should the expected transaction no longer take place, and the derivative consequently no longer meets the conditions of cost price hedge accounting, or is sold, the cumulative profit or the cumulative loss is taken to the profit and loss account;
- profits or losses recognised on foreign currency translation of primary financial instruments are compensated for by changes in the value of foreign exchange contracts. The value of a forward exchange contract is the difference between the rate as at balance sheet date and the forward rate;
- the value of a forward exchange contract owing to a difference between the rate on the contract conclusion date and the contractual forward rate is amortised through the profit and loss account over the term of the forward exchange contract.

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 5 and 20 years.

Other tangible fixed assets (excluding CO₂ 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 CO₂ emission allowances at zero cost. The company has not recognized its surplus CO₂ 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.

Development costs (internally generated)

Development costs are capitalised if they meet the conditions set for them regarding their technical, commercial and financial feasibility. A legal reserve is formed equal to their balance sheet valuation. Development costs incurred to design a new product are written off on a straight-line basis over five years based on estimated useful economic life.

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. Changes over time regarding the depreciation method, useful life and/or residual value are recognised as changes in accounting estimates.

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 recognised 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 potential 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 recognised in the profit and loss account.

If and to the extent that 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 that 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 recognised only if and to the extent that the accumulated share of the previously unrecognised loss has been compensated.

Following application of the net asset value method, the group determines whether an impairment loss has to be recognised 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.

Results on transactions with and between non-consolidated participating interests carried at net asset value are accounted for on a pro rata basis. Results on transactions with and between participating interests carried at cost of acquisition are accounted for in full unless they are not realised.

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 payback opportunities of assets in use are determined by comparing an asset's book value with the higher of present value of 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.

At each balance sheet date, Cosun assesses whether there are indications that a previous impairment of a fixed asset no longer exists or has declined. Where such indications are present, the recoverable value of the asset or the cash-flow generating entity is determined. A previous impairment is reversed only if the assumptions used to determine recoverable value have changed since the previous impairment.

If it is established that an impairment recognized in the past no longer exists or has declined, the increase in the carrying amount of the asset is not recognized at a higher amount than the carrying amount that would have been recognized if the asset had not been impaired. Impairments of third-party goodwill are not reversed.

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, the 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. The Board did not exercise this power in 2023 or 2022.

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.

If the time value has a material effect, provisions are carried at present value.

The discount rate applied for taxes is 3.5% (2022: 4% to 4.5%), depending on the durations and the actual market interest rates and specific risks of the obligation concerned. Movements in the provision due to the addition of interest are recognised as interest expense under financial expense.

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 employees and other commitments to employees. 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.

Cosun as lessee

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.

Non-current liabilities

On initial valuation, non-current liabilities are recognised at fair value. If non-current liabilities are subsequently not recognised at fair value with changes in value being taken to the profit and loss account, directly attributable transaction costs are deducted from the fair value of the initial valuation.

After their initial valuation, non-current liabilities are recognised at amortised cost in accordance with the effective interest method. Profits or losses are taken to the profit and loss account immediately the liability is no longer included in the balance sheet via the amortisation process.

Current liabilities

On initial valuation, current liabilities are recognised at fair value. If current liabilities are subsequently not recognised at fair value with changes in value being taken to the profit and loss account, directly attributable transaction costs are deducted from the fair value of the initial valuation.

After their initial valuation, financial obligations arising from the trading portfolio are carried at fair value after deduction of transaction costs on alienation. Profits and losses arising from changes in fair value are taken to the profit and loss account.

After their initial valuation, other current liabilities are carried at amortised cost in accordance with the effective interest method. Profits or losses are taken to the profit and loss account immediately the liability is no longer included in the balance sheet via the amortisation process.

Financial assets and obligations no longer included in the balance sheet

A financial instrument is no longer included in the balance sheet if a transaction leads to all or nearly all rights to economic benefits and all or nearly all risks arising from a position have been transferred to a third party.

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. Amounts received for own account are recognised as income. Amounts received for third parties are not recognised as income.

Transaction price

Income is recognised to the amount that Cosun expects to be entitled to in exchange for the transfer of promised goods or services. Where an agreement includes multiple performance obligations, the total transaction price is allocated to the performance obligations pro rata the value of the performance obligations.

Payments to buyers of goods and services

Payments made to buyers of goods and services are deducted from the transaction price, unless the payment to the buyer is made in exchange for a distinct good or service.

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.

Share in the results of participating interests

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.

Deferred tax assets are netted against deferred tax liabilities if and in so far as the following criteria are satisfied:

- Cosun has a reliable legal instrument to set off the tax receivable for a year against the tax payable for that year; and
- Deferred taxes relate to profit tax levied by the same tax authority on the same taxable legal person or the same tax group.

Under Pillar Two, a new tax law is to be implemented according to which multinational groups with turnover of EUR 750 million or more pay an effective tax rate of at least 15% on their profits. Pillar Two has been ratified in the Netherlands and applies with effect from 31 December 2023. Cosun is subject to the new Pillar Two legislation. Use was made of the mandatory exception regarding the recognition of deferred tax assets and liabilities relating to Pillar Two income tax (based on the amendment to Reporting Guideline 272.717 of 7 February 2024).

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 2023	282.2	52.1	334.3
Accumulated amortisation and other value adjustments as at 1 January 2023	215.3	36.1	251.4
BOOK VALUE AS AT 1 JANUARY 2023	66.9	16.0	82.9
Movements:			
- Investments	0.1	10.3	10.4
- Disposals	- 1.5	- 6.6	- 8.1
- Consolidations and deconsolidations	-	- 0.1	- 0.1
- Reclassification to tangible fixed assets	-	-	-
- Amortization	- 10.5	- 4.7	- 15.2
BOOK VALUE AS AT 31 DECEMBER 2023	55.0	14.9	69.9
At cost as at 31 December 2023	280.8	55.7	336.5
Accumulated amortisation and other value adjustments As at 31 December 2023	225.8	40.8	266.6

Goodwill

Acquired goodwill is written off in at least 5 years and at most 20 years. The term is determined for each transaction individually based on expected economic life. 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 CO₂ allowances. Software and licence fees are amortised on a straight-line basis over a period of 3 to 5 years. CO₂ allowances are charged to the profit and loss account pro rata their actual use. The present value of the CO₂ allowances, including allowances acquired for no consideration, amounts to EUR 55.1 million (2022: 63.7 million) and the book value to EUR 2.6 million (2022: 2.2 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 2023	597.7	1,783.4	146.1	76.8	29.6	2,633.6
Accumulated depreciation and impairments as at 1 January 2023	300.4	1,211.9	105.2	-	20.7	1,519.7
BOOK VALUE AS AT 1 JANUARY 2023	297.3	571.5	40.9	76.8	8.9	995.4
Movements:						
- Investments	22.9	102.5	8.5	84.5	2.1	220.5
- Disposals	- 1.8	- 5.6	- 0.4	- 0.9	-	- 8.8
- Consolidations and deconsolidations	- 25.1	- 4.4	- 0.7	- 4.3	-	- 34.5
- Transfer	7.7	32.2	1.0	- 36.4	-	-
- Reclassification to intangible fixed assets	-	-	-	-	-	-
- Depreciation	- 17.2	- 91.4	- 11.6	-	-	- 120.2
- Impairments and other value adjustments	-	- 1.5	-	- 8.3	-	- 9.8
- Exchange differences	- 1.1	- 0.5	- 0.1	1.1	-	- 0.6
BOOK VALUE AS AT 31 DECEMBER 2023	282.7	602.8	37.5	107.9	11.0	1041.9
At cost as at 31 December 2023	600.3	1,907.6	154.6	107.9	31.7	2,802.1
Accumulated depreciation and impairments as at 31 December 2023	317.6	1,304.8	117.1	-	20.7	1,760.2

	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 2022	524.8	1,536.1	131.6	228.7	28.6	2,449.8
Accumulated depreciation and impairments as at 1 January 2022	282.3	1,123.1	94.1	-	20.2	1,519.7
BOOK VALUE AS AT 1 JANUARY 2022	242.5	413.0	37.5	228.7	8.4	930.1
Movements:						
- Investments	16.4	67.2	10.0	95.6	0.5	189.7
- Disposals	- 0.1	- 1.4	- 0.3	- 0.6	-	- 2.4
- Transfer	57.9	183.0	5.0	- 246.4	0.5	-
- Reclassification to intangible fixed assets	-	- 0.6	-	-	-	-0.6
- Depreciation	- 18.1	- 88.8	- 11.1	-	-	- 118.0
- Impairments and other value adjustments	-	-	-	-	- 0.5	- 0.5
- Exchange differences	- 1.3	- 0.9	- 0.2	- 0.5	-	- 2.9
BOOK VALUE AS AT 31 DECEMBER 2022	297.3	571.5	40.9	76.8	8.9	995.4
At cost as at 31 December 2022	597.7	1,783.4	146.1	76.8	29.6	2,633.6
Accumulated depreciation and impairments as at 31 December 2022	300.4	1,211.9	105.2	-	20.7	1,638.2

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 three to five years on average for the other tangible fixed assets. The insured value of the buildings, machinery, equipment and inventories is EUR 4.3 billion (2022: EUR 4.0 billion).

The group is the beneficial, not legal, owner of buildings with a book value of EUR 5.2 million (2022: EUR 7.5 million) and machinery and equipment with a book value of EUR 6.9 million (2022: EUR 6.5 million) under financial lease contracts.

(3) Financial fixed assets

Movements in financial fixed assets were as follows:

	PARTICI- PATING INTERESTS	RECEIVABLES FROM MEMBERS	DEFERRED TAX ASSETS	OTHER RECEIVABLES	TOTAL
Balance as at 1 January 2023	8.5	2.1	9.5	4.5	24.6
Movements:					
- Additions and issuances	3.5	1.4	0.7	61.1	66.7
- Repayments and releases	-	-	-3.1	- 0.6	- 3.7
- Movements in favour of/ charged to the result	-	-	-	-	-
- Share in results of participating interests and dividend received	0.5	-	-	-	0.5
- Reclassified as short-term receivables / provisions	-	- 1.2	- 0.5	- 20.0	- 21.7
BALANCE AS AT 31 DECEMBER 2023	12.5	2.3	6.6	45.0	66.4

	PARTICI- PATING INTERESTS	RECEIVABLES FROM MEMBERS	DEFERRED TAX ASSETS	OTHER RECEIVABLES	TOTAL
Balance as at 1 January 2022	8.0	2.8	19.3	4.0	34.1
Movements:					
- Additions and issuances	0.5	1.3	-	1.2	3.0
- Repayments and releases	-	- 0.2	-	-	- 0.2
- Movements in favour of/ charged to the result	-	- 0.2	1.7	- 0.7	0.8
- Reclassified as short-term receivables / provisions	-	- 1.6	- 11.5	-	- 13.1
BOOK VALUE AS AT 31 DECEMBER 2022	8.5	2.1	9.5	4.5	24.6

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 6.5 million. In 2023, an investment was made in the start-up FUMI Ingredients B.V. As no significant influence can be exercised, the interests are recognised at cost less any impairments in value.

Receivables from members

Non-interest-bearing receivables from members (EUR 2.3 million) relates to the net present value of the long-term portion of amounts still to be deposited for issued supply certificates (2022: EUR 2.1 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 0.4 million (2022: EUR 1.6 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 6.6 million gross (2022: EUR 10.6 million). To the extent that these losses cannot be carried forward by the end of 2027, they will lapse.

Other receivables

A loan with a principal of EUR 60 million was granted to SVZ International B.V. in 2023. This loan will be provided over three years. The other 'Other receivables' include a loan and equipment placed by Cosun and being repaid by suppliers pro rata products supplied.

(4) Inventories

	31-12-2023	31-12-2022
Finished products and goods for resale	705.8	716.6
Land	6.5	6.4
Raw materials and consumables	101.2	115.9
	813.5	838.9

Of the inventories EUR 13.3 million (2022: EUR 19.9 million) is stated at lower recoverable amount. The downward valuation charged to the profit and loss account amounts to EUR 6.2 million (2022: EUR 8.1 million).

The provision for obsolete inventories amounts to EUR 4.1 million (2022: EUR 5.3 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 26 million.

Inventories with a carrying value of EUR 12.9 million (2022: EUR 3.4 million) have been pledged as security to a bank.

(5) Trade and other receivables

	31-12-2023	31-12-2022
Trade accounts receivable	357.8	395.0
Receivable from participating interests	-	8.8
Receivables from members	12	16
Income tax receivable	1.6	2.2
Other tax receivables	51.2	47.9
Other receivables, prepayments and accrued income	79.5	60.9
	491.3	516.4

Trade accounts receivable

Trade accounts receivable are carried net of a provision deemed necessary for uncollectibility. The provision for uncollectibility amounts to EUR 6.1 million (2022: EUR 4.6 million).

Other receivables, prepayments and accrued income

This item relates to amounts receivable of EUR 35.0 million (2022: EUR 47.8 million), margin calls of EUR 3.5 million (2022: EUR 0 million), the short-term portion of the loan granted to SVZ International B.V. of EUR 20.0 million (2022: EUR 0 million) and advance payments of EUR 21.0 million (2022: EUR 13.1 million).

(6) Cash and cash equivalents

An amount of EUR 2.2 million (2022: EUR 2.2 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:

	2023	2022
Net result	162.3	75.7
Translation differences on foreign participating interests	- 0.7	- 1.2
Total result recognised by Cosun	161.6	74.5

(8) Minority interests

	2023	2022
Balance as at 1 January	18.2	17.8
Movements:		
- Share in results	3.7	3.6
- Capital movements and change in consolidation	-	0.4
- Dividend paid to minority interests and liquidation distributions	- 4.7	- 3.1
- Exchange differences and other movements	- 0.8	- 0.5
BALANCE AS AT 31 DECEMBER	16.4	18.2

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 and Eemshaven Sugar Terminal C.V.

(9) Provisions

	31-12-2023	31-12-2022
Deferred tax liabilities	9.4	12.1
Environmental and soil storage provisions	13.9	14.2
Pensions and other deferred employee benefits	15.9	17.1
Onerous contracts	2.0	3.6
Other provisions	0.1	1.7
	41.3	48.7

Of the provisions an amount of EUR 33.9 million (2022: EUR 34.0 million) has an expected term of more than one year.

Movements in provisions were as follows:

	DEFERRED TAX LIABILITIES	ENVIRONMENTAL AND SOIL STORAGE PROVISION	PENSIONS AND OTHER DEFERRED EMPLOYEE BENEFITS	ONEROUS CONTRACTS	OTHER PROVISIONS	TOTAL
Balance as at 1 January 2023	12.1	14.2	17.1	3.6	1.7	48.7
Movements:						
- Reclassification	- 0.5	-	-	-	-	- 0.5
- Consolidations and deconsolidations	-	-	- 0.5	- 0.4	- 0.9	- 1.8
- Change in discount rate	-	0.1	0.8	-	-	0.9
- Additions	0.4	5.5	2.7	1.9	0.1	10.6
- Withdrawals	- 1.6	- 5.5	- 3.9	- 0.3	- 0.7	- 12.0
- Mutation to profit and loss account	- 1.0	- 0.3	- 0.4	- 2.8	- 0.1	- 4.6
BALANCE AS AT 31 DECEMBER 2023	9.4	13.9	16.0	2.0	0.1	41.3

Movements in the result relate mainly to releases from the items concerned.

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 8.3 million (2022: EUR 10.6 million) are long term in nature. The provision for deferred tax liabilities is carried at face value. No deferred tax liability was recognised for temporary differences relating to foreign group companies and joint ventures in the amount of EUR 2.1 million.

Environmental and soil storage 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 employees 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 COVERAGE AS AT 31-12-2023	BASIC FEATURES PENSION SYSTEM 31-12-2023
Pension fund Cosun	121.1	Average salary scheme

The policy funding ratio is 129.8%.

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. Every year, the pension fund board decides the extent of adjustments to the pension entitlements of active members and the pension entitlements and pension benefits of inactive members. The annual accrual is a maximum of 1.875% of the pensionable earnings and depends on the contribution payable. The target accrual rate is 1.875%. Pensionable salary is capped at the fiscal maximum applicable for the year in question.

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:

	2023	2022
Discount rate	3.5%	4.5%
Future salary increases	2.1%	2.1%

The Cosun pension fund applies the AG2022 projection table (2022: projection table AG2022), adjusted for age and income- related correction factors based on the Sprenkels & Verschuren model 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 0.1 million (2022: EUR 0.1 million).

The discount rate to calculate the future cash flows applied for is 3.5% (2022: 4.0% to 4.5% depending on the term).

(10) Non-current liabilities

	31-12-2023	EFFECTIVE INTEREST RATE	31-12-2022	EFFECTIVE INTEREST RATE
Debts to institutional investors	205.0	3.4%	80.0	4.0%
Debts to credit institutions	26.6	7.4%	12.9	5.7%
Debts to members	36.3	4.0%	16.5	2.2%
Negative goodwill	12.4	-	14.6	-
Lease obligations	13.0	6.5%	14.4	6.0%
Taxes and social insurance contributions	0.0	0.0%	0.2	0.0%
Other liabilities	3.0	0.0%	3.0	0.0%
	296.3		141.6	

Movements in non-current liabilities were as follows:

	DEBTS TO INSTITUTIONAL INVESTORS	DEBTS TO CREDIT INSTITUTIONS	DEBTS TO MEMBERS	NEGATIVE GOODWILL	LEASE OBLIGATIONS	TAXES AND SOCIAL INSURANCE CONTRI- BUTIONS	OTHER LIABILITIES	TOTAL
As at 1 January 2023	80.0	12.9	16.5	14.6	14.4	0.2	3.0	141.6
Movements:								
- Additions	125.0	20.2	19.8	-	0.1	-	0.2	165.3
- Releases	-	- 6.3	-	-	- 2.2	- 0.2	- 0.2	- 8.9
- Currency exchange rate differences	-	- 0.2	-	-	-	-	-	- 0.2
- Amortisation	-	-	-	- 2.2	0.7	-	-	- 1.5
AS AT 31 DECEMBER 2023	205.0	26.6	36.3	12.4	13.0	-	3.0	296.3

Debts to institutional investors

Debts to institutional investors consist entirely of loans contracted with Dutch, German, French, Spanish and American financial parties. As at year end 2022, loans had been contracted in the form of EU PP to an amount of EUR 60 million and Schuldschein to an amount of EUR 145 million. As at 31 December 2022, EUR 80 million of the Schuldschein loan had been deposited. The remainder of the Schuldschein loan and the EU PP will become available in 2023. The loans have terms of between 3 and 10 years. Repayments will be made on the Schuldschein loan in 2025, 2027 and 2029 and on the EU PP in 2030 and 2033. The loans are subordinated to the financing arrangement with the banking syndicate. An amount of EUR 66.5 million has a term of more than 5 years. Interest payable on the Schuldschein loan is based on Euribor plus a surcharge; interest is payable on the EU PP at a fixed rate plus a surcharge. The main condition for the provision of these loans is a leverage ratio that net debt may not amount to more than 4 times EBITDA. Aviko B.V., Aviko Belgium N.V., Duynie B.V., Duynie Ingrediënts B.V., Rixona B.V., Sensus B.V. and Cosun Beet Company GmbH & Co. KG stand guarantee for the debts arising from the Schuldschein loan and the EU PP. As at 31 December 2023, Cosun satisfied the agreed covenants.

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

Debts to members relate 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 chiefly to lease obligations in respect of a distribution centre, a groundwater treatment plant and a solar park. An amount of EUR 7.0 million has a term of more than 5 years.

Other liabilities

Other liabilities relates mainly to advance lease payments received. An amount of EUR 1.7 million has a term of more than five years.

(11) Current liabilities

	31-12-2023	31-12-2022
Debts to credit institutions	23.9	17.7
Financing debt	0.8	200.7
Debts to members	5.2	8.9
Total debts to credit institutions and financing debt	29.9	227.3
Payables to members	174.8	129.1
Payables to suppliers and trade creditors	349.7	429.0
Debts to participating interests	2.1	2.6
Corporation tax payable	50.9	27.2
Other taxes and social security charges payable	12.7	9.9
Other current liabilities and accruals	239.8	232.0
Total other current liabilities, accruals and deferrals	830.0	829.8

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 Revolving Credit Facility (RCF) with a banking syndicate amounts to EUR 400 million, with a term until March 2026. As at year end 2023, no drawdown was made under the Revolving Credit Facility (2022: EUR 201 million). Interest is based on Euribor plus a surcharge. The main condition for the provision of these loans is a leverage ratio that net debt may not amount to more than 4 times EBITDA. Aviko B.V., Aviko Belgium N.V., Duynie B.V., Duynie Ingrediënts B.V., Rixona B.V., Sensus B.V. and Cosun Beet Company GmbH & Co. KG stand guarantee for the debts arising from the Revolving Credit Facility, the Schuldschein loan and the EU PP. As at 31 December 2023, Cosun satisfied the agreed covenants.

Debts to members

Debts to members of a financing nature relates to the current portion of the members' loan programme, amounting to EUR 5.2 million (2022: EUR 8.9 million). Debts to members included under other liabilities and deferrals relates to beet supplied and debt payable in respect of the members' bonus, amounting to EUR 174.8 million (2022: EUR 129.1 million).

Other liabilities accruals and deferrals

Other liabilities and deferrals relate to interest payable to an amount of EUR 1.6 million (2022: EUR 0.2 million), leave entitlements to an amount of EUR 34.1 million (2022: EUR 34.2 million), bonuses to an amount of EUR 11.1 million (2022: EUR 5.9 million), advance payments received to an amount of EUR 3.1 million (2022: EUR 3.9 million) and other costs payable to an amount of EUR 204.2 million (2022: EUR 199,2 million).

(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 31-12-2023	BOOK VALUE 31-12-2023	FAIR MARKET VALUE 31-12-2023	CONTRACT VOLUME 31-12-2022	BOOK VALUE 31-12-2022	FAIR MARKET VALUE 31-12-2022
Forward exchange contracts and currency swaps:						
US dollar	- 103.5	0.2	1.6	- 146.9	0.7	- 0.3
Pound sterling	- 93.5	0.1	0.2	- 89.2	0.5	3.1
Polish zloty	9.6	0.1	0.4	12.1	0.2	0.4
Swedish crown	- 2.7	- 0.1	- 0.2	- 4.6	0.1	0.2
Australian dollar	- 5.5	0.2	0.3	- 12.4	0.1	0.5
Canadian dollar	-	-	-	1.3	-	- 0.1
Chinese yuan	26.4	-	- 0.1	-	-	-
Russian rouble	-	-	-	- 0.7	-	0.1
TOTAL	- 169.2	0.5	2.2	- 240.4	1.6	3.9

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 4.8 million (2022: EUR 11.0 million).

Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows from a financial instrument fluctuate as a result of movements in market interest rates. Cosun's exposure due to fluctuations in market interest rates relates chiefly to the variable interest rate payable on Cosun long-term obligations. Cosun manages its interest rate risk by means of a balanced portfolio of loans with fixed and variable rates. Cosun has set itself the goal of holding 50% to 100% of its loans at fixed interest rates. To this end, the cooperative concludes interest rate swaps.

As at year end Cosun had several outstanding interest rate swaps. The interest rate swaps serve to hedge Cosun's exposure to interest rate and cash flow risks. The swaps have terms of between 5 and 7 years. The critical characteristics of the swap do not agree with those of the loan in part because the principal, interest rate and duration are not entirely consistent with each other. An explanatory note on this loan is given in the notes to non-current liabilities.

As at year end, Cosun had a quantitative ineffectiveness measurement performed by comparing movements in the fair value of a hypothetical derivative (perfect match with the hedged position) with movements in the fair value of the derivative actually held in order to determine whether there was an ineffective part in the interest rate swap. The quantitative analysis of the hedge and the dynamic and timing of the investment forecast indicate that the hedge is effective.

Interest rate swaps have a positive fair value of EUR 34.2 million (2022: EUR 26.0 million) and a carrying value of nil (2022: nil). The fair value consists for EUR 5.3 million (2022: 9.2 million) of the ineffective part of the hedge and for EUR 28.9 million (2022: 16.8 million) of the effective part. As cost price hedging is applied and the interest rate swaps have a positive cumulative value, they are not recognised in the profit and loss account.

Price risk

	BOOK VALUE 31-12-2023	FAIR MARKET VALUE 31-12-2023	BOOK VALUE 31-12-2022	FAIR MARKET VALUE 31-12-2022
Commodity futures contracts	-	- 52.3	-	- 32.5
Listed futures contracts	-	- 0.8	-	3.8
Emission allowances	-	1.2	-	-

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 2023. Margin calls of EUR 3.1 million apply to the listed futures contracts (2022: EUR 2.7 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 arrangements and obligations

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 42.1 million (2022: EUR 71.7 million).

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 26.3 million (2022: EUR 23.4 million). The rental and lease instalments payable within one year amount to EUR 10.3 million (2022: EUR 10.5 million). Instalments payable after five years amount to EUR 1.3 million (2022: EUR 0.1 million). Contingent investment liabilities amount to EUR 57.8 million (2022: EUR 68.5 million).

(14) Net turnover

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

	2023	%	2022	%
Sugar activities	1,377.2	37.2	951.8	31.3
Potato activities	1,637.0	44.2	1,298.4	42.6
Co-products	445.0	12.0	439.1	14.4
Other activities	245.2	6.6	357.6	11.7
TOTAL	3,704.4	100.0	3,046.9	100.0

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

	2023	%	2022	%
The Netherlands	1,029.0	27.8	795.5	26.1
Rest of the EU	1,885.6	50.9	1,488.8	48.8
Rest of Europe	334.8	9.0	303.3	10.0
North and South-America	190.0	5.1	200.9	6.6
Rest of the world	265.0	7.2	258.4	8.5
TOTAL	3,704.4	100.0	3,046.9	100.0

(15) Other operating income

Other operating income includes book profits on the sale of assets to an amount of EUR 0.6 million (2022: EUR 0.6 million), reimbursements received for services to third parties, rental income and subsidies received to an aggregate amount of EUR 3.3 million (2022: EUR 3.3 million).

A significant amount of other operating income in 2022 and 2023 was non-recurrent. It related to the sale of parts of the site around the former sugar factory in Puttershoek and land at AFC Nieuw Prinsenland to an amount of EUR 0.1 million (2022: EUR 13.4 million), compensation for energy expenses in Germany and the sale of CO₂ allowances to an amount of EUR 0.0 million (2022: 9.6 million).

(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 481.9 million (2022: EUR 326.4 million). This amount includes EUR 277.1 million payable as members' bonus (2022: EUR 84.6 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 employee costs, amounted to EUR 21.2 million (2022: EUR 19.1 million).

(18) Wages and salaries and social security charges

Wages and salaries

Wages and salaries amounted to EUR 282.7 million (2022: EUR 255.1 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 2023 financial year was 4,613 (2022: 4,558). The employees were engaged in the following product groups (average number of employees):

	2023	2022
Sugar activities	967	916
Potato activities	2,542	2,415
Co-products	443	416
Other activities	661	811
TOTAL	4,613	4,558
Of whom employed outside the Netherlands	2,179	2,269

Social security charges

	2023	2022
Social security charges	50.2	45.4
Pension costs	35.4	38.4
	85.6	83.8

(19) Other operating expenses

Other operating expenses includes an amount of EUR 20.9 million that relates to the result on sales of the entities, as referred to on page 68 in the notes to the consolidated accounts. The item also includes a book result on the sale of fixed assets of EUR 6.1 million.

(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 67.3 million (2022: EUR 30.1 million) on a result of EUR 233.3 million (2022: EUR 109.3 million negative). The effective tax rate was 28.9% (2022: 27.5% negative).

The difference from the nominal tax rate can be specified as follows:

	2023	%	2022	%
Profit before taxation	233.3		109.3	
Income tax based on Dutch tax rates	60.2	25.8	28.2	25.8
Effect of foreign tax rates	- 1.9	- 0.8	- 0.9	- 0.8
Non-deductible charges / permanent differences	12.3	5.3	3.8	3.5
Effect of change in rates, change in valuation of tax losses, assets or temporarily differences	- 3.1	- 1.3	- 0.3	- 0.3
Adjustment for prior periods	-2.7	- 1.2	- 0.8	- 0.7
Other	2.5	1.1	0.1	0.0
TOTAL TAX BURDEN	67.3	28.9	30.1	27.5

The effect of change in the valuation of losses in 2023 was due largely to the losses of foreign entities not being valued. Non-deductible amounts / permanent differences relate mainly to the non-deductible part of the members' bonus, participation exemption, exempt profit components and the amortisation of goodwill.

Pillar Two legislation is also applicable in other jurisdictions in which Cosun operates and will become effective for the financial years beginning on or after 1 January 2024. We conducted an initial analysis to estimate the potential impact of Pillar Two. Based on the financial information for 2023, Pillar Two income taxes amount to approximately 3.0% of the income tax of EUR 67.3 million, as included in the 2023 consolidated profit. In 2024, Cosun will establish additional internal processes and procedures to meet the reporting requirements of the Pillar Two legislation.

(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 2023 the following fees were charged to the company:

	ERNST & YOUNG ACCOUNTANTS LLP	OTHER ERNST & YOUNG NETWORK	TOTAL ERNST & YOUNG
Audit of the financial statements	0.9	0.4	1.3
Other assurance services	0.1	-	0.1
Tax advisory services	-	0.4	0.4
Other non-audit services	0.1	-	0.1
TOTAL	1.1	0.8	1.9

In 2022, the following fees were charged to the company:

	ERNST & YOUNG ACCOUNTANTS LLP	OTHER ERNST & YOUNG NETWORK	TOTAL ERNST & YOUNG
Audit of the financial statements	0.9	0.4	1.3
Tax advisory services	-	0.3	0.3
Other non-audit services	0.1	-	0.1
TOTAL	1.0	0.7	1.7

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 2023	525.5	- 48.7	- 141.6
Balance as at 31 December 2023	474.8	- 41.3	- 296.3
Balance sheet movements	50.7	- 7.4	154.7
Adjustments for:			
- Changes in income tax	- 24.3	2.7	-
- Investments and divestments of companies	20.3	1.8	-
- Amortization of negative goodwill	-	-	2.2
- Price result	-	-	0.2
- Reclassification to current receivables from financial fixed assets	21.2	-	-
- Loan issued	- 20.0	-	- 40
- Investment creditors unpaid	- 8.5	-	-
- Interest payable	- 1.4	-	-
CASH FLOW	37.9	2.9	117.1

(24) Subsequent events

In accordance with article 42, paragraph 1 of the Articles of Association, the Board decided on 30 January 2024 to charge EUR 140 million to the 2024 financial year. This amount will be distributed to those persons who were members of the cooperative at the beginning of the financial year and to the heirs who continued an ongoing supply agreement as legal successor of a member during the financial year in question, such in accordance with the quantity of beet supplied by them on the allocated supply certificates during the allocation year concerned and in accordance with the method of payment laid down in the Sugar Beet Regulations.

Mieke Philipsen has been appointed CFO of Coöperatie Koninklijke Cosun U.A., effective January 2024, succeeding Hans Schuil. Hans Schuil is taking on a new challenge as CFO of Cosun Beet Company.

Cooperative balance sheet

(after profit appropriation; in EUR million)

	Notes	31-12-2023	31-12-2022
ASSETS			
Fixed assets			
Intangible fixed assets	(25)	18.3	25.0
Tangible fixed assets	(26)	255.9	229.4
Financial fixed assets	(27)	1,052.1	924.7
		<u>1,326.3</u>	<u>1,179.1</u>
Current assets			
Inventories	(28)	402.4	350.9
Trade and other receivables	(29)	375.2	465.1
Cash and cash equivalents		194.6	100.9
		<u>972.2</u>	<u>916.9</u>
Total assets		2,298.5	2,096.0
EQUITY AND LIABILITIES			
Shareholders' equity (30)			
Capital		36.0	36.0
Share premium		32.3	32.3
Reserve for participating interests		19.1	13.9
Reserve for exchange differences		-3.8	-3.1
Statutory reserve		5.9	8.0
Other reserves		1,403.1	1,252.4
		<u>1,492.6</u>	<u>1,339.5</u>
Provisions	(31)	19.0	21.8
Non-current liabilities	(32)	253.3	110.0
Current liabilities	(33)		
Current liabilities to credit institutions and financing debt		0.4	200.4
Other current liabilities, accruals and deferrals		533.2	424.3
		<u>533.6</u>	<u>624.7</u>
Total equity and liabilities		2,298.5	2,096.0

Cooperative profit and loss account

(in EUR million)

FOR THE FINANCIAL YEAR	2023	2022
Cooperative result after taxation	69.3	6.6
Profit of participating interests after taxation	93.0	69.1
NET RESULT	162.3	75.7
APPROPRIATION OF PROFIT IN ACCORDANCE WITH ARTICLE 1 OF THE SUGAR BEET DELIVERY PAYMENT REGULATIONS		
Result of participating interests less dividends received	49.1	40.5
Cooperative result including dividends from participating interests	113.2	35.2

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	TOTAAL
At cost as at 1 January 2023	174.5	5.4	179.9
Accumulated amortisation and other changes in value as at 1 January 2023	151.4	3.5	154.9
BOOK VALUE AS AT 1 JANUARY 2023	23.1	1.9	25.0
Movements:			
- Investments	0.1	-	0.1
- Divestments	-	- 0.6	- 0.6
- Consolidations and deconsolidations	-	- 0.8	- 0.8
- Amortisation	- 5.3	-	- 5.3
BOOK VALUE AS AT 31 DECEMBER 2023	17.8	0.5	18.3
At cost as at 31 December 2023	174.6	4.0	178.6
Accumulated amortisation and other changes in value as at 31 December 2023	156.8	3.5	160.2

(27) Financial fixed assets

	31-12-2023	31-12-2022
Participating interests in group companies	366.0	329.1
Receivables from group companies	642.1	591.3
Receivables from members	2.3	2.1
Deferred tax assets	0.5	0.8
Other receivables	41.2	1.4
	1,052.1	924.7

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 2023	329.1	591.3	2.1	0.8	1.4	924.7
Movements:						
- Share in result of participating interests	92.6	-	-	-	-	92.6
- Additions and issuances	-	51.0	1.5	1.0	60.2	113.7
- Repayments and releases	-	- 0.2	- 0.1	- 1.0	- 0.4	- 1.7
- Dividend	- 43.9	-	-	-	-	- 43.9
- Exchange results	- 0.6	-	-	-	-	- 0.6
- Other movements	-11.2	-	-	-	-	- 11.2
- Movements credited/debited to the result	-	-	-	- 0.3	-	- 0.3
- Reclassification to current	-	-	- 1.2	-	- 20.0	- 21.2
BALANCE AS AT 31 DECEMBER 2023	366.0	642.1	2.3	0.5	41.2	1,052.1

	DEELNEMINGEN IN GROEPSMAAT- SCHAPPIJEN	VORDERINGEN OP GROEPS- MAATSCHAP- PIJEN	VORDERINGEN OP LEDEN	LATENTE BELASTING- VORDERINGEN	OVERIGE VORDERINGEN	TOTAL
Balance as at 1 January 2022	294.1	530.8	2.8	5.4	1.2	834.3
Movements:						
- Share in result of participating interests	64.9	-	-	-	-	64.9
- Additions and issuances	-	90.6	1.3	0.4	0.7	93.0
- Repayments and releases	- 0.1	- 0.2	- 2.0	- 5.3	- 0.5	- 8.1
- Dividend	- 28.6	-	-	-	-	- 28.6
- Exchange results	- 1.2	-	-	-	-	- 1.2
- Reclassification to current	-	- 29.9	-	0.3	-	- 29.6
BALANCE AS AT 31 DECEMBER 2022	329.1	591.3	2.1	0.8	1.4	924.7

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 2023. 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 2023 the balance related mainly to long-term loans granted to Cosun Holding (EUR 355 million), Rixona Venray B.V. (EUR 30 million), Sensus B.V. (EUR 5 million), Duynie Holding (EUR 25 million), Aviko Holding B.V. (EUR 60 million), Aviko B.V. (EUR 55 million), Aviko Belgium N.V. (EUR 80 million), Aviko Deutschland (EUR 15 million) and to Stichting IRS (EUR 0.7 million). At the end of 2023, the loan to Cosun Strategic Ventures B.V. (EUR 6.4 million) was included as a short-term loan under receivables, given the expiry of the loan agreement in 2024.

Receivables from members

The non-interest bearing receivables from members (EUR 2.3 million) relates to the market value of the long-term portion of amounts still to be deposited for issued supply certificates (2022: EUR 2.1 million).

Other receivables

A loan with a principal of EUR 60 million was granted to SVZ International B.V. in 2023. This loan will be provided over three years. The remainder is mainly related to capitalised costs for the conclusion of a financing agreement expiring in March 2026.

(28) Inventories

	31-12-2023	31-12-2022
Finished products and goods for resale	379.6	330.4
Land	6.5	6.4
Raw materials and consumables	16.3	14.1
	402.4	350.9

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 1.7 million (2022: EUR 1.6 million). Inventory is recognised at lower market value to an amount of EUR 0.6 million (2022: EUR 0.7 million). An amount of EUR 0.2 million (2022: 1.0 million) was taken to the profit and loss account in 2023.

(29) Trade and other receivables

	31-12-2023	31-12-2022
Trade accounts receivable	130.4	125.2
Receivables from group companies	1799	293.8
Short-term portion of amount still to be paid up for issued shares	1.2	1.6
Other tax receivables	19.4	19.8
Advance payments	8.1	2.1
Amounts to be invoiced	8.5	4.4
Other receivables and accrued income	27.7	18.2
	375.2	465.1

(30) Capital and reserves

Issued capital and share premium

	SUPPLY CERTIFICATES	SHARE PREMIUM	TOTAL 2023	TOTAL 2022
Balance as at 1 January	36.0	32.3	68.3	68.3
Movements:				
- Issued supply certificates	1.4	-	1.4	1.3
- Redeemed and withdrawn supply certificates	- 1.4	-	- 1.4	- 1.3
BALANCE AS AT 31 DECEMBER	36.0	32.3	68.3	68.3

The total number of supply certificates in issue amounts to 6,543,718 (2022: 6,543,718), with a face value of EUR 5.50 per certificate. Under Reporting Guideline 620, EUR 1.5 million (2022: EUR 1.1 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 2023	TOTAL 2022
Balance as at 1 January	13.9	- 3.1	8.0	1,252.4	1,271.2	1,197.6
Movements:						
- Profit appropriation	-	-	-	162.3	162.3	75.7
- Paid to members	-	-	-	- 1.0	- 1.0	- 0.9
- Additions	-	-	-	-	-	-
- Withdrawals	-	-	- 2.1	2.1	-	-
- Other mutation	-	-	-	- 7.6	- 7.6	-
- Exchange differences	-	- 0.7	-	-	- 0.7	- 1.2
- Result of participation	5.2	-	-	- 5.2	-	-
BALANCE AS AT 31 DECEMBER	19.1	- 3.8	5.9	1,403.0	1,424.2	1,271.2

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.

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 2023 relates to the sugar beet supplied in the years to the end of 2022 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 2023, the total payment would have amounted to EUR 374 million (2022: EUR 21.0 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 2022 (EUR 75.7 million negative) has been added to other reserves in accordance with the decision of the Board 23 March 2023.

In accordance with article 42, paragraph 3 of the Articles of Association, the Board intends to propose that EUR 162.3 million be added to other reserves. The annual accounts for 2023 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.

	31-12-2023	31-12-2022
Consolidated capital and reserves	1,491.1	1,334.1
Debt capital UB (Reporting Guideline 620)	1.5	1.1
Direct movement on account of acquisitions	-	4.3
COOPERATIVE CAPITAL AND RESERVES	1,492.6	1,339.5

(31) Provisions

	31-12-2023	31-12-2022
Deferred tax liabilities	4.6	5.3
Pensions and other deferred employee benefits	7.1	8.7
Other provisions	7.3	7.8
	19.0	21.8

EUR 12.7 million (2022: EUR 12.8 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 2023	5.3	8.7	7.8	21.8
Movements:				
- Change in discount rate	-	-	-	-
- Additions	-	0.7	5.2	5.9
- Withdrawals	- 0.7	- 3.2	- 5.7	- 9.6
- Release	-	0.9	-	0.9
BALANCE AS AT 31 DECEMBER 2023	4.6	7.1	7.3	19.0

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 3.9 million (2022: EUR 4.6 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 (2022: EUR 7.2 million) and a provision for loss-making contracts to an amount of EUR 0.1 million (2022: EUR 0.3 million).

(32) Non-current liabilities

	31-12-2023	EFFECTIVE INTEREST RATE	31-12-2022	EFFECTIVE INTEREST RATE
Debts to institutional investors	205.0	3.4%	80.0	4.0%
Lease obligations	11.4	6.6%	12.7	6.1%
Debts to members	36.3	5.0%	16.5	2.2%
Other taxes payable	-	0.0%	0.2	0.0%
Other liabilities	0.6	0.0%	0.6	0.0%
TOTAL NON-CURRENT LIABILITIES	253.3		110.0	

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 7.0 million. Other liabilities do not include amounts with a term of more than five years.

Debts to institutional investors

Debts to institutional investors consist entirely of loans contracted with Dutch, German, French, Spanish and American financial parties. As at year end 2023, loans had been contracted in the form of EU-PP to an amount of EUR 60 million and Schuldschein to an amount of EUR 145 million. The loans have terms of between 3 and 10 years. Repayments will be made on the Schuldschein loan in 2025, 2027 and 2029 and on the EU-PP in 2030 and 2033. The loans are subordinated to the financing arrangement with the banking syndicate. An amount of EUR 66.5 million has a term of more than 5 years. Interest payable on the Schuldschein loan is based on Euribor plus a surcharge; interest is payable on the EU-PP at a fixed rate plus a surcharge. The main condition for the provision of these loans is a leverage ratio that net debt may not amount to more than 4 times EBITDA. Aviko B.V., Aviko Belgium N.V., Duynie B.V., Duynie Ingrediënts B.V., Rixona B.V., Sensus B.V. and Cosun Beet Company GmbH & Co. KG are guarantors for the debts arising from the Schuldschein loan and the EU-PP. As at 31 December 2023, Cosun complies with the agreed covenants.

Movements in non-current liabilities were as follows:

	DEBTS TO INSTITUTIONAL INVESTORS	LEASE OBLIGATIONS	DEBTS TO MEMBERS	OTHER TAXES PAYABLE	OTHER LIABILITIES	TOTAL
As at 1 January 2023	80.0	12.7	16.5	0.2	0.6	110.0
Movements:						
- Additions	125.0	-	19.8	-	0.2	145.0
- Releases	-	- 2.0	-	- 0.2	- 0.2	- 2.4
- Amortisation	-	0.7	-	-	-	0.7
AS AT 31 DECEMBER 2023	205.0	11.4	36.3	-	0.6	253.3

(33) Current liabilities

	31-12-2023	31-12-2022
Debts to credit institutions	0.4	200.4
Payables to group companies	155.7	84.9
Payables to members	180.0	138.1
Payables to suppliers and trade creditors	85.5	107.6
Other taxes and social security charges payable	60.0	12.6
Reserve for personnel obligations	18.7	17.7
Other current liabilities and accruals	67.1	63.4
TOTAL OTHER CURRENT LIABILITIES AND ACCRUALS	567.0	424.3

Debts to credit institutions

The Revolving Credit Facility (RCF) with a banking syndicate amounts to EUR 400 million, with a term until March 2026. As at year end 2023, no drawdown was made under the Revolving Credit Facility (2022: EUR 201 million). Interest is based on Euribor plus a surcharge. The main condition for the provision of these loans is a leverage ratio that net debt may not amount to more than 4 times EBITDA. Aviko B.V., Aviko Belgium N.V., Duynie B.V., Duynie Ingrediënts B.V., Rixona B.V., Sensus B.V. and Cosun Beet Company GmbH & Co. KG are guarantors for the debts arising from the Schuldschein loan and the EU-PP. As at 31 December 2023, Cosun complies with the agreed covenants.

Other liabilities and deferrals

Other liabilities and deferrals relate to interest payable to an amount of 67.1 million (2022: EUR 63.4 million).

(34) Off balance sheet commitments

Several liability and guarantees

Cosun has given guarantees to third parties to an amount of EUR 27.5 million (2022: EUR 71.2 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 4.3 million (2022: EUR 5.1 million). The rental and lease instalments falling due within one year amount to EUR 2.3 million (2022: EUR 2.9 million). Instalments payable after five years amount to nil (2022: nil). Contingent investment liabilities amount to EUR 5.5 million (2022: EUR 14.8 million).

(35) Other information

The remuneration of members of the Board for the financial year, including pension costs as referred to in article 2:383 paragraph 1 of the Dutch Civil Code, amounted to EUR 0.7 million (2022: EUR 0.7 million) and that of the members of the Supervisory Board to EUR 0.1 million (2022: EUR 0.1 million). The remuneration was charged to the result.

(36) Subsequent events

In accordance with article 42, paragraph 1 of the Articles of Association, the Board decided on 30 January 2024 to charge EUR 140.0 million (gross) to the 2024 financial year. This amount will be distributed to those persons who were members of the cooperative at the beginning of the financial year and to the heirs who continued an ongoing supply agreement as legal successor of a member during the financial year in question, such in accordance with the quantity of beet supplied by them on the allocated supply certificates during the allocation year concerned and in accordance with the method of payment laid down in the Sugar Beet Regulations.

Mieke Philipsen has been appointed CFO of Coöperatie Koninklijke Cosun U.A., effective January 2024, succeeding Hans Schuil. Hans Schuil is taking on a new challenge as CFO of Cosun Beet Company.

Board

Arwin Bos
Ger Evenhuis
Adrie Bossers
Ben van Doesburgh
Maarten Heijne
Marianne van den Hoek-Huijbregts
Martine Hommes-Gesink
Bert Jansen
Freek Rijna

Supervisory Board

Theo Koekkoek
Pieter van Maldegem
Bas Alblas
Liane den Besten
Edwin Michiels
Jacqueline Rijdsdijk

Breda, 28 March 2024

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 to 4) as follows.

1. Between the start of the financial year concerned and the end of the then allocation year, the Board shall determine what amount for the financial year shall be distributed to those persons who were members of the cooperative at the beginning of the financial year and to the heirs who continued an ongoing supply agreement as legal successor of a member during the financial year in question, such in accordance with the quantity of beet supplied by them on the allocated supply certificates during the allocation year concerned and in accordance with the method of payment laid down in the Sugar Beet Regulations.
2. Before adopting the cooperative's result for a financial year, the Board shall decide on the amount to be distributed to those persons who were members at the end of the financial year concerned or who had ceased to be members during or at the end of that financial year and to the heirs who continued an ongoing supply agreement as legal successor to a member during that financial year, such in proportion to the beet supplied on members' supply certificates in the allocation year that commenced during the financial year concerned and in accordance with the method of payment laid down in the Sugar Beet Regulations. Acting on a proposal by the Board, the Members' Council may decide on a different distribution.
3. The net result for the financial year remaining after application of paragraphs 1 and 2 of this article shall be added to reserves.
4. The distributions referred to in paragraphs 1 and 2 of this article shall, in accordance with a decision by the Members' Council, be made in cash or in another form. Distribution in another form shall be recorded in a register kept for that purpose.

The following is an English translation of the independent auditor's report issued 28 March 2024

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 2023 INCLUDED IN THE ANNUAL REPORT

Our opinion

We have audited the financial statements 2023 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 2023, and of its result for 2023 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 2023
- The consolidated and company profit and loss account for 2023
- 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. (hereinafter: the cooperative) 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.

Information in support of our opinion

We designed our audit procedures in the context of our audit of the financial statements as a whole and in forming our opinion thereon. The following information in support of our opinion and any findings were addressed in this context, and we do not provide a separate opinion or conclusion on these matters.

Our understanding of the company

Coöperatie Koninklijke Cosun U.A. is an international agricultural cooperative. The cooperative processes raw materials of mostly agricultural origin, such as sugar beets and potatoes, into products for the international food industry, catering industry and wholesalers or into end products for retail. In addition, the cooperative processes its agricultural residual flows. The cooperative has production locations and sales offices in the Netherlands, Belgium, Germany and China, among others.

We paid specific attention in our audit to a number of areas driven by the operations of the group and our risk assessment.

We determined materiality and identified and assessed the risks of material misstatement of the financial statements, whether due to fraud or error in order to design audit procedures responsive to those risks and to obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.

Materiality

Materiality	€32 million (2022: €25 million)
Benchmark applied	2% of the gross margin (2022: 2.2% of the gross margin) As explained in the Key figures section of the annual report, the gross margin is the net turnover plus the change in stocks of finished products minus the costs of raw materials and consumables, adjusted for the members' bonus.
Explanation	The main users of the annual accounts are the members of the cooperative. From the members point of view, the focus is mainly on the level of the members' bonus. This members' bonus is directly related to the gross margin, which is stable through the years. The way in which we determined the materiality is consistent with the previous financial year.

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 €1,600,000, 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 (group components).

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

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.

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 China. 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 by the primary team.

In total, the aforementioned procedures represent 82% of the total assets; 85% 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.

Teaming, use of specialists

We ensured that the audit teams both at group and at component levels included the appropriate skills and competences which are needed for the audit of an international agricultural cooperative. We included specialists in the areas of IT audit, forensics, treasury and income tax.

Our focus on fraud and non-compliance with laws and regulations

Our responsibility

Although we are not responsible for preventing fraud or non-compliance and we cannot be expected to detect non-compliance with all laws and regulations, it is our responsibility to obtain reasonable assurance that the financial statements, taken as a whole, are free from material misstatement, whether caused by fraud or error. 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.

Our audit response related to fraud risks

We identified and assessed the risks of material misstatements of the financial statements due to fraud. During our audit we obtained an understanding of the cooperative and its environment and the components of the system of internal control, including the risk assessment process and board's process for responding to the risks of fraud and monitoring the system of internal control and how the supervisory board exercises oversight, as well as the outcomes.

We refer to section Risk profile of the annual report for the board's (fraud) risk assessment and section Report of the Supervisory Board of the annual report for supervisory boards' reflection on this (fraud) risk assessment.

We evaluated the design and relevant aspects of the system of internal control and in particular the fraud risk assessment, as well as the code of conduct, Regulations for reporting (suspected) misconduct and incident registration. We evaluated the design and the implementation of internal controls designed to mitigate fraud risks.

As part of our process of identifying fraud risks, we evaluated fraud risk factors with respect to financial reporting fraud, misappropriation of assets and bribery and corruption in close co-operation with our forensic specialists. We evaluated whether these factors indicate that a risk of material misstatement due to fraud is present.

We incorporated elements of unpredictability in our audit. We also considered the outcome of our other audit procedures and evaluated whether any findings were indicative of fraud or non-compliance.

We addressed the risks related to management override of controls, as this risk is present in all companies. For these risks we have performed procedures among others to evaluate key accounting estimates for management bias that may represent a risk of material misstatement due to fraud, in particular relating to important judgment areas and significant accounting estimates as disclosed in Use of judgments, estimates and uncertainties in the disclosures to the consolidated financial statements. We have also used data analysis to identify and address high-risk journal entries and evaluated the business rationale (or the lack thereof) of significant extraordinary transactions, including those with related parties.

When identifying and assessing fraud risks we presumed that there are risks of fraud in revenue recognition. We see this risk specifically on manual journal entries in revenue recognition for all product groups. We designed and performed our audit procedures relating to revenue recognition responsive to this presumed fraud risk. We have paid specific attention to manual journal entries in revenues and selected these transactions with lower thresholds.

The following fraud risks identified did require significant attention during our audit.

Fraud risk valuation of inventory finished products	
Fraud risk	<p>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.</p> <p>Management of the business groups can experience pressure to meet the budget and the profit forecast, and in addition there are (partly) result-related remunerations. Management is directly involved in the determination of the allocation of cost components to inventory finished products and can manipulate the result by incorrect or incomplete allocation of costs to the production in order to manipulate the operating result.</p>
Our audit approach	<p>We refer to the key audit matter Valuation of inventory finished products in which we address this fraud risk and describe our audit approach.</p>

We considered available information and made enquiries of members of the board, executive board, legal, compliance, human resources and the supervisory board.

The fraud risks we identified, enquiries and other available information did not lead to specific indications for fraud or suspected fraud potentially materially impacting the view of the financial statements.

Our audit response related to risks of non-compliance with laws and regulations

We performed appropriate audit procedures regarding compliance with the provisions of those laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements. Furthermore, we assessed factors related to the risks of non-compliance with laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general industry experience, through discussions with the board and executive board, reading minutes and performing substantive tests of details of classes of transactions, account balances or disclosures.

We also inspected the confirmation letter of the legal department and we have been informed by the board that there has been no correspondence with regulatory authorities and remained alert to any indication of (suspected) non-compliance throughout the audit. Finally we obtained written representations that all known instances of non-compliance with laws and regulations have been disclosed to us.

Our audit response related to going concern

As disclosed in section Going concern in the disclosures to the consolidated financial statements, the financial statements have been prepared on a going concern basis. When preparing the financial statements, the board made a specific assessment of the company's ability to continue as a going concern and to continue its operations for the foreseeable future.

We discussed and evaluated the specific assessment with the board exercising professional judgment and maintaining professional skepticism. We considered whether the board going concern assessment, based on our knowledge and understanding obtained through our audit of the financial statements or otherwise, contains all relevant 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.

Based on our procedures performed, we did not identify material uncertainties about going concern. 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.

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, however the key audit matters are not a comprehensive reflection of all matters discussed.

Compared to the previous year, we have made no relevant changes to the key audit matter.

Valuation of the inventory finished products

Risk

Finished products and goods for resale is the most extensive part of the account inventories. Finished products are valued at cost of production 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 production is attributed to the cost of production. We refer to the Accounting policies for the accounting policy on inventories and the disclosure thereon in note 4 Inventories 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 also take into account the possibility that management overrides internal controls and other unauthorized ways of manipulation of the financial reporting process, as explained in section 'Our audit response related to fraud risks'.

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 Book 2 of the Dutch Civil Code and DAS220 "Inventories". We further audited 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.

As part of our audit of the valuation of finished products, we verified with a lower testing threshold 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 with a lower testing threshold.

We also verified the determination of the cost price for large stock items, by test of details on the costs used as the basis for the allocation to the inventory of finished products.

Finally, we evaluated the extent to which the realizable value of the inventory of finished products is lower.

Key observations

The other costs allocated to the production costs and other costs are 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 and we consider the accounting principles for the valuation of inventories have been adequately 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 the other information as required by Part 9 of Book 2 of the Dutch Civil Code

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 REGARDING THE FINANCIAL STATEMENTS

Description of responsibilities regarding 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. The Information in support of our opinion section above includes an informative summary of our responsibilities and the work performed as the basis for our opinion. Our audit included among others:

- Audit procedures responsive to the risks identified, and obtaining audit evidence that is sufficient and appropriate to provide a basis for our opinion
- 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
- 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

Communication

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.

Utrecht, 28 March 2024

Ernst & Young Accountants LLP

W.H. Kerst

Appendices



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Overview map

Head offices and production locations in the Netherlands, Europe and Asia.



