

Growth through professionalism

Annual Report – Coöperatie Agrico U.A.
2018/2019

Say
potato,
say



Contents

| | |
|--|-----------|
| Topic | 3 |
| Foreword | 5 |
| Key Figures | 8 |
| Group Structure* | 9 |
| Corporate Profile* | 10 |
| Report of the Supervisory Board | 11 |
| Report of the Management Board* | 13 |
| Introduction | 14 |
| Research | 17 |
| Seed Potatoes | 19 |
| Table-Stock Potatoes | 24 |
| Internal Organisation | 26 |
| Management and Control | 30 |
| Cooperative and Governance | 31 |
| Personal Details | 35 |
| Risk Profile* | 38 |
| Financial Statements – Coöperatie Agrico U.A. | 41 |
| Other Information | 65 |
| Important provisions in the Articles of Association | 65 |

The Management Report as specified in Part 9, Book 2 of the Netherlands Civil Code concerns the items indicated by an asterisk (*).

The Annual Report is published in English and Dutch. In the event of inconsistencies between the English and the Dutch version, the Dutch version shall prevail.



Topic

Focus creates quality and quality creates focus

Agrico's high quality levels are rooted in our drive to keep the wheels of innovation turning. Our company invests on an ongoing basis in improving and sharing knowledge, and we work hard every day to create a strong professional product that benefits all our stakeholders. Rather than undertaking these efforts alone, we are supported across the supply chain by everyone from breeders to growers and from product managers to logistics officers.

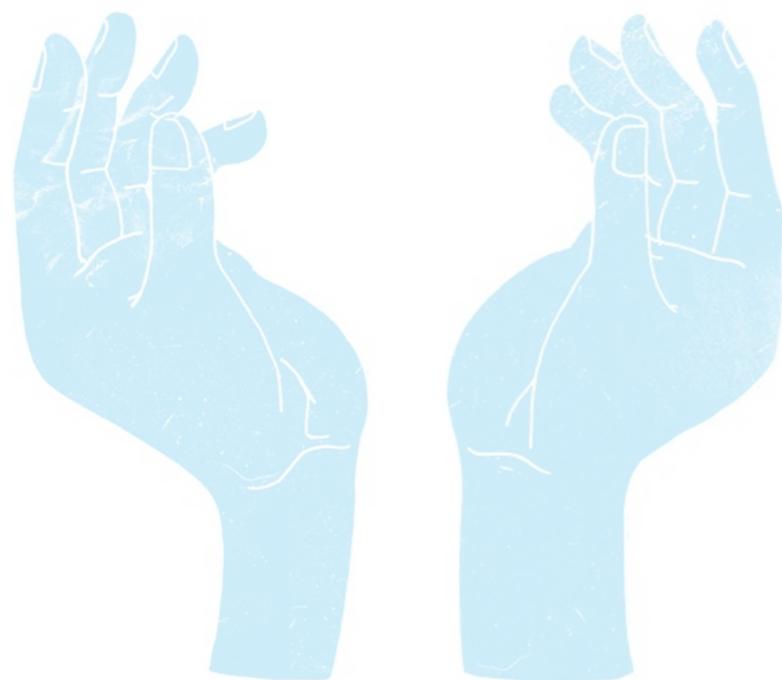
Our strategy pivots on sustainable growth, and the only way to achieve this growth is by delivering the highest quality. This quality hinges on three fundamentals:

- Agrico Research's innovative growing methods
- Agrico Quality Center's customisation
- Professionalism among all our employees, growers and stakeholders across the supply chain

This annual report is a testament to this professionalism and the underlying elements. We hope that it will inspire you, like us, to aim for the highest possible quality levels.

Growth through professionalism





Professional, personal and connected

We like to think maintaining highly professional business operations is in our DNA. This applies not only to Agrico Research and the Quality Center, but throughout the entire supply chain. It constitutes the core of our company and the values you can rely on: professional, personal and connected.

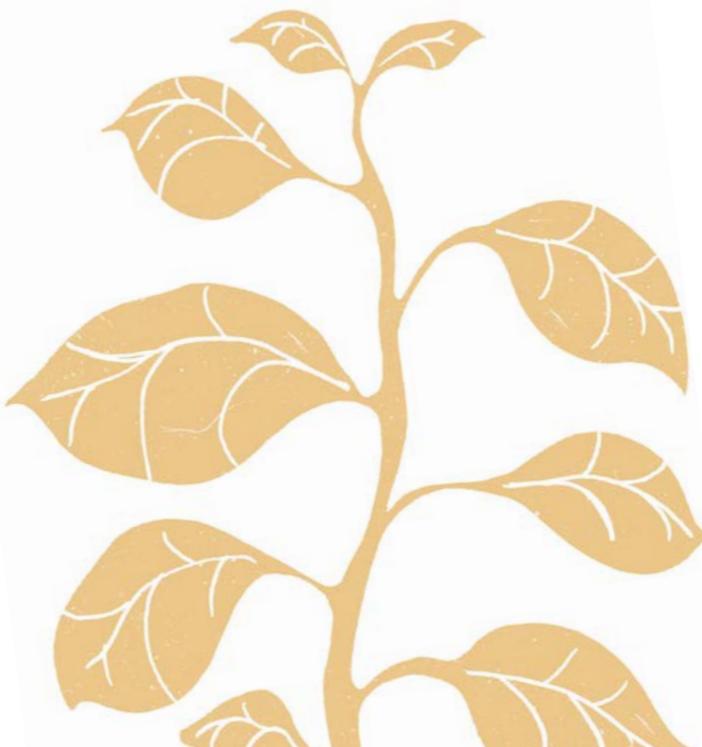
Our growers possess considerable professional expertise and facilities with a high level of automation, as well as being personally committed, dedicating themselves every season to the constant and high-quality production of our natural product. Our employees in the office and in the field and our international partners are extremely knowledgeable when it comes to providing our customers with advice on how to bring out the best in our potatoes. We regard this as both the definition of professionalism and the definition of quality.



Innovative growing methods at Agrico Research

Agrico's strong commitment to research and development is evidenced by the extension of our Agrico Research Center in 2018. A sophisticated spraying system in the greenhouse complex – which has been expanded to double its size – facilitates irrigation experiments, while fully automated systems simulate daytime and nighttime conditions and various climate types. All these new technologies enable us to grow even better varieties for the future.

In fact, we launch new varieties every year, like recently as part of the 'Next Generation' product package. The foundation for these unique potatoes with a high natural resistance to *Phytophthora infestans* (Potato late blight fungus) was laid as early as 1986, when we cross-pollinated it with wild varieties from the Andes Mountains. A strategic growing programme resulted after some decades in the Alouette, Carolus, Levante, Twinner, Twister and Nofy varieties, and similarly tough varieties will be added to the 'Next Generation' team over the next while.



Customisation at the Agrico Quality Center

Our professionalism is reflected not only in our products, but also in the way our cooperative manages transport, storage, processing and consultancy. How do the high-potential potato varieties created by Agrico Research behave in transit, in a potato-processing facility, in retail packaging that undergoes shifts in temperature, or in consumers' kitchens? We set out to find answers to all these questions in the brand-new Agrico Quality Center, which was established in 2018. In this facility, we test criteria such as the vitality and germination capacity of our potatoes by exposing them to moisture and heat in special climate-controlled units.

Another section of the Agrico Quality Center accommodates a sophisticated conveyor belt, where we subject our commercially marketed potato varieties to an in-depth inspection, since this is the only way to ensure they are market-ready. This is a multifaceted process, divided into the following stages: from brushing, washing, assessing, selecting, photographing and weighing to grading, determining the underwater weight, cutting, re-evaluating and analysing pathogens (organisms causing disease).

Foreword

The summer of 2018, when potato harvests across Europe suffered from the extreme heat and drought, will remain lodged in the potato industry's collective memory for a long time. Since this inevitably increased the price of potatoes, Agrico experienced a record season. The market – particularly chips manufacturers – feared a shortage of seedlings. Eventually, by adjusting sizes and selling off batches affected by scab, a sufficient number of potatoes were transplanted across Europe. Table-stock potatoes were scarce and expensive as well during this time. These types of conditions tend to result in lower consumption of unprocessed potatoes, a market which is already struggling to begin with.

Jan van Hoogen, Managing Director



Strategy 2030

The Board of Members approved the Agrico 2030 strategy plan in November. The process of drafting the plan took nearly two years; this was necessary in order to deliver a plan which was supported at virtually all levels of the Agrico organisation. Sustainable growth and quality in all areas are the two key elements of the new strategy. The plan, which is currently being implemented, will serve as a guideline for future decisions made within the cooperative. This will result in a number of changes within the Management Team, while several new positions will be created within the company. A single manager will now be responsible for the sales and marketing of all product groups, while the same applies to all our operational activities. In addition, an operations manager was appointed, who, together with the managing director, is responsible for managing the implementation of the strategy. Given the myriad challenges faced by the company, it was decided to appoint a Management Secretary, who is responsible for effectively liaising between the various entities of the cooperative, Management Board and Management Team.

There are also a number of changes to report in the human resources realm. During the General Meeting held in December 2018, Mr Laurens de Winter and Mr Gert de Raaff were appointed members of the Board and, consequently, as members of the Agrico B.V. Supervisory Board. Mr Bram Kemmeren and Mr Gerard Welling stepped down after serving on various supervisory bodies after twelve and nine years, respectively.

Prices reached
record levels
this year

Agrico Quality Center

Some initial potato samples were assessed for quality and vitality in the new Agrico Quality Center in August. The construction of the new center marks tremendous progress in terms of quality, raising the process of collecting data on all batches of potatoes from primitive to high level. Agrico has already begun to reap the benefits of these improvements in its sales. The Fruit Logistica fair in Berlin saw the launch of a new marketing campaign, using the following payoff: 'Agrico, professionalism in potatoes'. This campaign refers both to the strategy of sustainable growth and to the Quality Center. Quality and professionalism are the two keywords Agrico seeks to highlight. The three key elements of this quality include Agrico Research, Agrico Quality Center and support at various levels of the supply chain.

The Mayor of the town of Noordoostpolder in the Dutch province of Flevoland, Harald Bouman, opened the Agrico Quality Center in February 2019. In his speech, the Mayor stressed that cooperatives make these types of investments with long-term interests in mind. That same afternoon, that company hosted an open house for employees, former employees and members/growers. Approximately 300 people visited the new Quality Center on this day.

Subsidiaries

With our company being focused mainly on the long term, Agrico Research is an important subsidiary in which we invest a great deal of time and energy. Our objective is to remain ahead in terms of breeding. The new greenhouse complex already demonstrated its potential during its first year in operation: superior clones, and – the heat notwithstanding – excellent results in the pollination greenhouse and significantly more efficient operations.

Sustainable growth
and quality are key items
of the new strategy

At our other Dutch subsidiary, Leo De Cock, construction on a new warehouse and office got underway in May 2019. Both buildings are scheduled to be completed in the new financial year.

Ukraine potato variety show

The potato variety show focused on the Ukraine market this year. The shed facility used by Agrico Research had been transformed for the occasion to resemble the square in front of the opera house in Lviv, one of Ukraine's most stunning cities. During the extremely well-attended show, we drew attention to the addition of three high-potential varieties to the List of Dutch Varieties. All three of these breeds are what is known as 'Next Generation' varieties, i.e. varieties with a resistance to *Phytophthora*. While this is currently still somewhat rare, it is sure to become widespread in the future.

During the 2019-2020 financial year, the potato variety show will be themed around Turkey. A large regional open house had already been held in June, near Adana, which was traditionally a major potato farming area in Turkey. The event was attended by many of our Middle Eastern and North African customers, and the results of our varieties were nothing short of spectacular. A television crew from Turkish national television was present at the event, and we were interviewed in the fields about our company, Agrico, our Turkish subsidiary, AR Tarim, our partnership with a Turkish breeding company, and about the beauty of potatoes.



Opening of Agrico Quality Center



Modification of ERP system

A large new project got underway in 2018 to modify or upgrade our ERP system. ERP integrates the automatic handling of logistics, administrative and financial business processes into a single information and management system. We worked with a third-party consultant to tackle this complex and extensive process head-on. After making an inventory of all Agrico's current processes, all problems were defined and we eventually stated which ones we sought to improve. The final step in this process is finding a new system together with a supplier, who will also be responsible for implementation. We will be making a final decision in the next financial year, and expect the system to become operational at the start of the 2021 harvest.

'Since we are looking for international partners who share Agrico's commitment to quality, cooperation and professionalism, we make a point of investing in our representatives. Items such as high-quality trial fields, long-term sales plans, a new-variety launch plan and solid knowledge of breeding methods are all vital to our success.

We also spend time with our representatives each season assessing the various strengths and weaknesses. This is how we keep each other on our toes and continue to improve our professional standards in order to eventually achieve growth together. Those are the values Agrico represents!'

Edward Langwerden – Export Manager

Kenya Project

The Kenyan project to improve potato farming remains very time-consuming. The seed potatoes were approved for import this season, unlike the previous financial year. Meanwhile, we are also steadily developing the market for smallholder farmers, the project's main objective. The results with the seedlings which have been propagated in Kenya, have been positive to date. Nairobi has been seeing the emergence of several small crisp manufacturers, which are looking for high-quality potatoes to use as an ingredient. The Agrico varieties enable us to launch these types of activities more successfully and ensure continuity.

2019-2020 Harvest

We can conclude by stating that we will not soon forget the 2018-2019 financial year, as prices this year reached record heights for the cooperative. The global Agrico network worked very hard this season to achieve this result, and it remains to be seen what the new financial year will bring. As in 2018, the weather had a major impact on the harvest, while 2019 brought another dry summer (with extreme drought experienced in some parts of the country). Heat records were broken once again, which drives home the fact that extreme weather is becoming increasingly commonplace, particularly in the Northern Hemisphere.

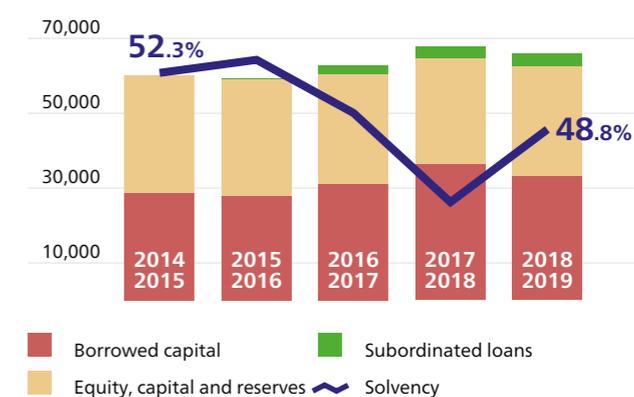
Jan van Hoogen
Managing Director



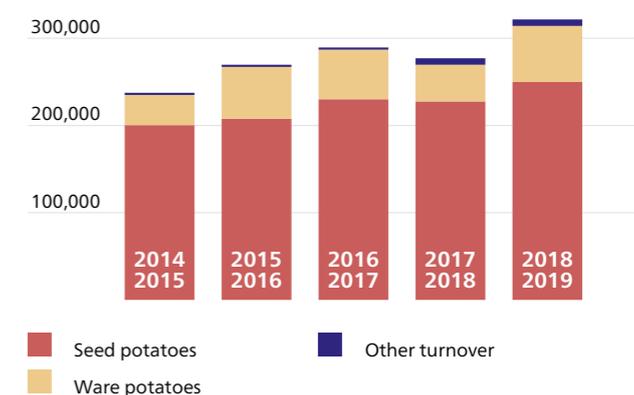
Key figures

| | 2018/19 | 2017/18 | 2016/17 | 2015/16 | 2014/15 |
|--|---------------|---------------|---------------|---------------|---------------|
| Financial | | | | | |
| Consolidated net turnover | 319,819 | 276,237 | 288,725 | 268,955 | 235,344 |
| Gross margin | 36,328 | 31,775 | 31,812 | 30,902 | 26,939 |
| Results after tax | 1,560 | 835 | 425 | 1,193 | 511 |
| Fixed assets | 23,442 | 23,755 | 21,913 | 21,473 | 20,551 |
| Current assets | 43,716 | 44,618 | 40,786 | 37,673 | 39,448 |
| Balance sheet total | 67,158 | 68,373 | 62,699 | 59,146 | 59,999 |
| Reserves | 27,668 | 26,217 | 25,974 | 26,104 | 25,603 |
| Certificate capital | 0 | 713 | 1,635 | 3,244 | 4,882 |
| Share of third parties | 1,813 | 1,532 | 1,590 | 1,255 | 920 |
| Total Group equity | 29,481 | 28,462 | 29,199 | 30,603 | 31,405 |
| Subordinated loans of members | 3,320 | 2,963 | 2,499 | 376 | – |
| Solvency | 48,8% | 46,0% | 50,6% | 52,4% | 52,3% |
| Cash flow from operating activities | 2,822 | 8,037 | 7,193 | 1,593 | 3,625 |
| Balance of cash and cash equivalents | 18,721 | 19,164 | 18,474 | 11,520 | 16,508 |
| Debts to members for produce delivered | 13,947 | 14,309 | 12,741 | 11,620 | 7,611 |
| Delivery | | | | | |
| Acreage of seed potatoes | 14,016 | 13,625 | 13,212 | 12,829 | 12,032 |
| Quantity supplied | 421,900 | 465,000 | 425,000 | 462,300 | 417,500 |
| Acreage of ware potatoes | 1,791 | 1,815 | 1,798 | 1,675 | 1,654 |
| Quantity supplied | 79,200 | 79,800 | 77,600 | 80,500 | 73,600 |
| Totals | | | | | |
| Number of members | 1,369 | 1,337 | 1,501 | 1,467 | 1,449 |
| Number of businesses | 777 | 752 | 886 | 890 | 894 |
| Number of employees (in FTEs) | 243 | 235 | 230 | 217 | 207 |

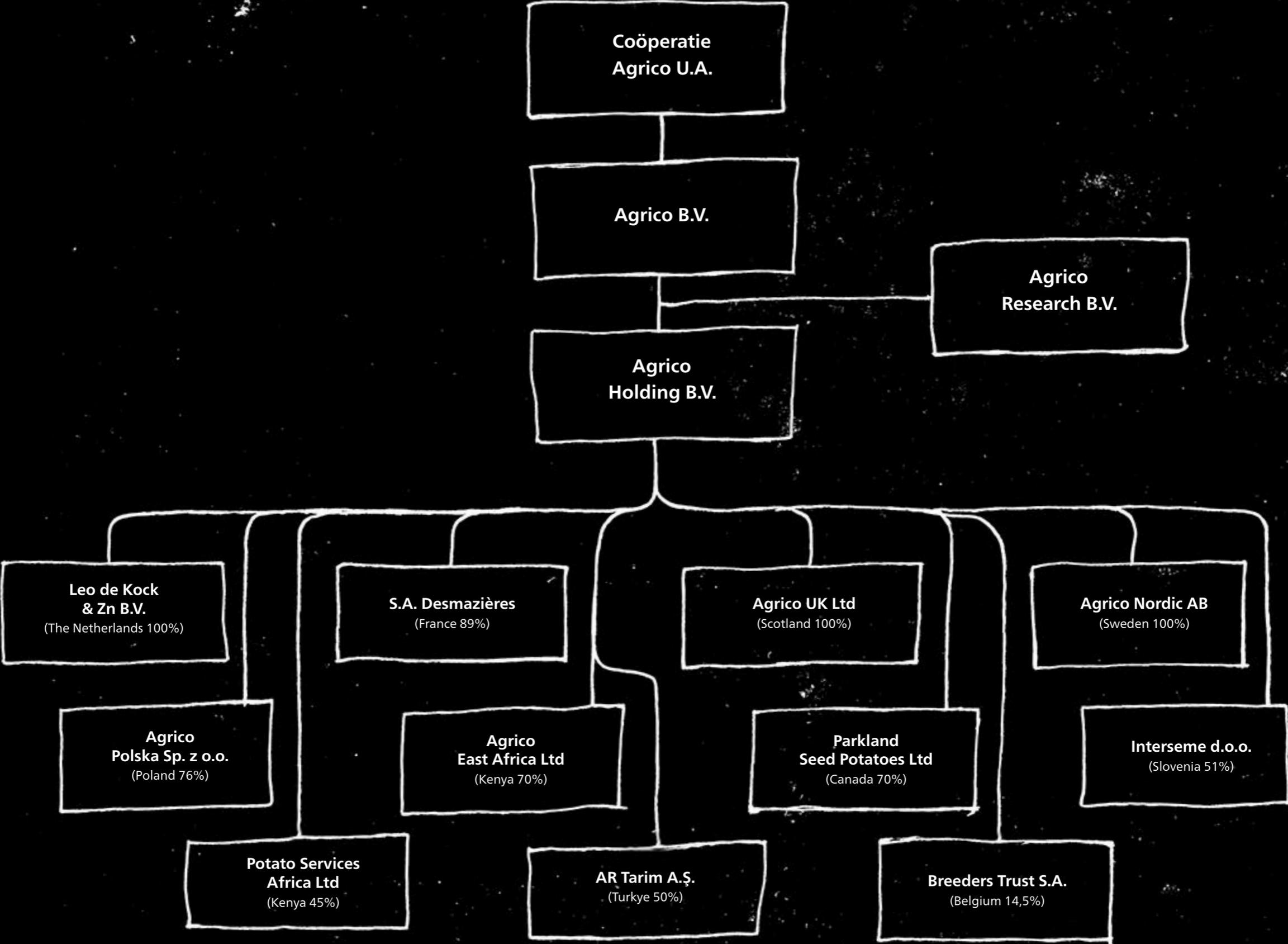
Solvency



Turnover



Group structure



Corporate profile

Agrico is a cooperative enterprise operating in the seed and ware potato markets. The core business of our enterprise lies in the marketing of protected varieties of a product, either developed by Agrico itself or acquired from third parties for whom Agrico acts as a representative. In order to be able to do this, we run our own breeding station and collaborate closely with breeders at home and abroad.

Because of our protected varieties, we want to operate in larger cultivation areas in countries where seed potatoes are certified and plant breeders' rights are recognised. We are a world player in the market-oriented development of potato varieties and in the cultivation and marketing of high-quality seed and ware potato varieties that are grown both conventionally and organically.

We aim to contribute as much as possible to the income of our members. The payment rates – either per 100kg or per hectare – in comparison with the competition serve as a benchmark. This is subject to a going-concern requirement, which is expressed in a solvency ratio of at least 40% at the balance sheet date.

The basis of our strategy is growth. We seek to grow in both quantitative and qualitative terms: quantitatively in terms of our sales of the seed and ware potatoes of our members, the income flow from licences and the financial performance of our subsidiaries. The fundamentals of qualitative growth are employee development and the strategic issues of Corporate Social Responsibility (CSR) and innovation.

Based on our mission and vision, we have defined a number of core values which guide the daily actions of our employees. These core values are:

- Professional: our employees are result-oriented professionals who influence situations and achieve goals based on current know-how.
- Connected: our employees assume responsibility for the organisation and for their own actions. By working together in an open and honest manner and sharing knowledge, our employees build on lasting relationships.
- Personal: our employees are reliable and genuinely involved, providing support and encouragement where possible.

We are convinced that an overall focus on CSR will become a prerequisite for effective business practice. In this way, we want to strengthen our brand and image, demonstrate social commitment and ask our growers in the long term to comply with the guidelines of the Sustainable Agriculture Initiative (SAI) platform.

Innovation through further digitalisation has an impact on our company's processes and on the type of relationship we have with our supply chain partners. Data collection and analysis and information sharing will be a priority in the coming years. We want to pay particular attention to market intelligence, process innovation and crop optimisation.

Mission: a passion for potatoes!

Based on our cooperative structure, we supply high-quality seed and ware potatoes worldwide, along with the required expertise. We develop varieties that are suitable for any location on earth where professional, successful and sustainable potato cultivation is possible. This is our way of contributing to food security for a growing global population. We create value for our customers and the Cooperative's members with respect for people and the environment.

Vision: Growth is our ambition!

By improving professional standards within the organisation, we ensure a better quality of potato cultivation, with a maximum focus on innovation, people and the environment. Our growth stems from the increasing demand for seed potatoes worldwide. We develop the best varieties for existing and new markets. For ware potatoes, both conventionally and organically grown, we achieve growth as a booster in the Dutch market. In an inspiring environment, we work towards achieving optimum growth for all our stakeholders.



Report of the Supervisory Board

The Agrico B.V. Supervisory Board forms a personal union with the Board of Coöperatie Agrico U.A. The Board consists of seven members, four of whom are drawn from the cooperative's membership.

Changes in composition

The composition of the Supervisory Board has changed. Mr A.N.I.M. Kemmeren and Mr G. Welling stepped down during the General Meeting of 19 December 2018. Mr G.H. de Raaff and L.D. de Winter joined the Board of the cooperative and consequently also became members of the Supervisory Board.

Committees

The Supervisory Board works with a Remuneration Committee and participates in the Cooperative's Nomination Committee.

The Remuneration Committee includes Mr G. Welling, Mr C.A.A.M. Gommeren and Mr A.H. Vermeulen, who will remain on the Committee until December 2018. As of January 2019, the Committee was comprised of Ms S.K. Hoekstra, Mr G. Ensing and Mr A.H. Vermeulen. The Remuneration Committee convened on a total of six occasions during the year to discuss the senior management structure and the performance and compensation of the CEO. Decisions on this issue were made by the full Board.

The Supervisory Board is confident that the current strategy will strengthen value creation now and in the future.

The Nomination Commission consists of two members from the Supervisory Board, two members from the Board of Members and one member of the Agrico Works Council. The Nomination Committee is tasked with advising the Board of Members on new appointments and on reappointments of members of the Supervisory Board. The Committee convened on several occasions in 2018/2019, which resulted in the nomination and reappointment of Mr G.H. de Raaff and Mr L.D. de Winter.

Once a year, a delegation of the Supervisory Board consults with the company's Works Council. This consultation also occurred in 2018/2019, with successful results. Mr A.H. Vermeulen, Mr C.A.A.M. Gommeren and Mr G. Welling attended on behalf of the Supervisory Board.

Annual report

Prior to the annual audit, the external auditor, EY, provided the Supervisory Board with detailed information on its audit plan for the 2018 harvest year. Topics discussed during this meeting included risk analysis, materiality and the scope of the group audit. In the Supervisory Board meeting of 1 November 2019, the external auditor from EY provided commentary on the audit report, which describes the main audit findings. In addition, the auditor explained the management letter issues regarding the internal control at Agrico.

The consolidated turnover of EUR 320 million is 18% higher than in 2017/2018, which was mainly due to the 20% growth at Agrico BV. Although sales of seedlings fell by 7%, this was amply offset by the higher prices. Turnover at the various investment holdings also showed solid growth (11%). The Supervisory Board approved the Agrico B.V. financial statements and granted the Management Board discharge for its management.

The Board of Members discussed the Coöperatie Agrico U.A. financial statements for the 2018/2019 financial year in the presence of the external auditor and intends to adopt and approve them in December, after discussion at the Central Assembly of Members. A total of EUR 1.6 million will be added to the assets. The financial statements were audited by EY and include an unqualified opinion.

Meetings

The Supervisory Board convened on 10 occasions in 2018/2019. Prior to these meetings, the members met without the management being present. The risk policies pursued by the company and its holdings were once again discussed in detail this year. The Supervisory Board has also taken note of the measures taken by the Management Board to limit the negative effects of various internal and external factors. The Agrico strategic plan for 2030 was discussed and approved, and in addition the Supervisory Board approved the innovation and renovation plans initiated by Leo de Kock.

The business plans to be developed for India and China were also discussed in these meetings, along with the content and progress of the ERP project. The Supervisory Board discussed the changes to the organisational structure in detail in the past financial year and decided to continue with a single managing director. The Group's financial reports were discussed every quarter.



The effectiveness of the policy model underlying the financing of the Group is evaluated annually; this evaluation did not result in any changes.

Evaluation and education

The Supervisory Board is highly committed to quality assurance, and its members regularly attend training courses and coaching programmes. They also undergo a self-evaluation once a year. This year, it was decided to conduct an internal evaluation, during which the progress of the Board's meetings was one of the topics of discussion.

The Agrico 2030 strategy sets out the company's strategic direction for the next few years. We have set a number of challenging goals together: goals which demand a great deal of commitment, dedication, leadership and resilience of our employees. The Supervisory Board is confident that the current strategy will strengthen value creation now and in the future.

We would like to take this opportunity to thank all our employees, members and customers in the countries in which we operate, who have each contributed in their own way to the excellent earnings for the financial year just completed.

On behalf of the Supervisory Board
Emmeloord, 15 November 2019

Members

On 31 July 2019, the Supervisory Board included the following members:

Mr A.H. Vermeulen (Chair)

Retiring and eligible for reappointment in 2019

Occupation: Crop grower

Other positions: General Management member of the Zuiderzeeland district water board, Year appointed: 2011

Mr G. Ensing (Deputy Chair)

Retiring and eligible for reappointment in 2019

Occupation: Independently est. director, interim manager and banking advisor

Other positions: Chairman of the Supervisory Board of Stichting InteraktContour Groep, Year appointed: 2015

Mr C.A.A.M. Gommeren

Retiring and not eligible for reappointment in 2021

Occupation: Crop grower

Other positions: Agent for industrial potatoes

Year appointed: 2013

Ms S.K. Hoekstra

Retiring and eligible for reappointment in 2020

Occupation: Executive Director of WoonFriesland

Other positions: Chair of the Supervisory Board of Univé Noord-Nederland verzekeraar N.V., member of the Board of Stichting platform wonen Leeuwarden, member of the Customer Board of BNG Bank Den Haag

Year appointed: 2016

Mr P.J. van Maldegem

Retiring and not eligible for reappointment in 2019

Occupation: Crop grower

Other positions: Member of the Rabobank Noordenveld West Groningen Members' Council

Year appointed: 2011

Mr G.H. de Raaff

Retiring and eligible for reappointment in 2022

Occupation: advisor to the group management of Royal Cosun

Other positions: member of the board of directors of BIC (Biobased Industry Consortium), chair of the Supervisory Board of Dutch Biorefinery Cluster, member of the Supervisory Board of Meatless, and member of the Supervisory Board of Photonol

Year appointed: 2018

Mr L.D. de Winter

Retiring and eligible for reappointment in 2022

Occupation: Agricultural business owner

Year appointed: 2018



Report of the Management Board



Introduction

The summer of 2018 had a large impact on the potato market across Europe. In August, yields were down significantly in all the major areas of cultivation owing to the hot and dry summer, causing potato prices to increase. However, the quality of the potatoes also suffered as a result of the conditions, and scab and damage caused during harvesting further whittled down the supply. It took a while for the overseas market to pick up again, as people were incredulous there were really fewer potatoes available. The chips industry was very concerned about its supply of ingredients, as well as about the acreage available for 2019. Overall, it was an exceptional year in terms of the sales of both seed potatoes and ware potatoes.

The 2018/2019 financial year will therefore go on record as a banner year for both seed potatoes and table-stock potatoes. Virtually all the seed potatoes produced were sold as such, although demand ultimately turned out far greater than supply. Our table-stock potatoes, both organic potatoes and potatoes grown using traditional methods, were therefore sold at excellent prices. Sales to Leo de Kock have been increasing due to more effective coordination of varieties, quantities and origins.

Revenues for organic seed and ware potatoes were slightly above the multi-year average, but not as extreme as for traditional potatoes.

The group's revenue increased from EUR 276.2 million to 319.8 million, seeing a rise in both sales of the seed potatoes product group and those of ware potatoes. Lower sales in tonnes were amply offset by significantly higher prices.

The grower's price of seed potatoes for all classes and sizes supplied was EUR 39.57 per 100 kilograms: 45% higher than in the year 2017/2018, when the grower's price was EUR 27.26. Higher prices for ware potatoes created a strong demand for seedlings, as well as generating large revenues for the larger size. These high prices resulted in the highest financial earnings per hectare ever achieved in Agrico's history. For ware potatoes, the grower's price for delivery in week 9 – on average EUR 34.21 per 100 kilograms – was well above EUR 11.87 during the 2017/2018 financial year.

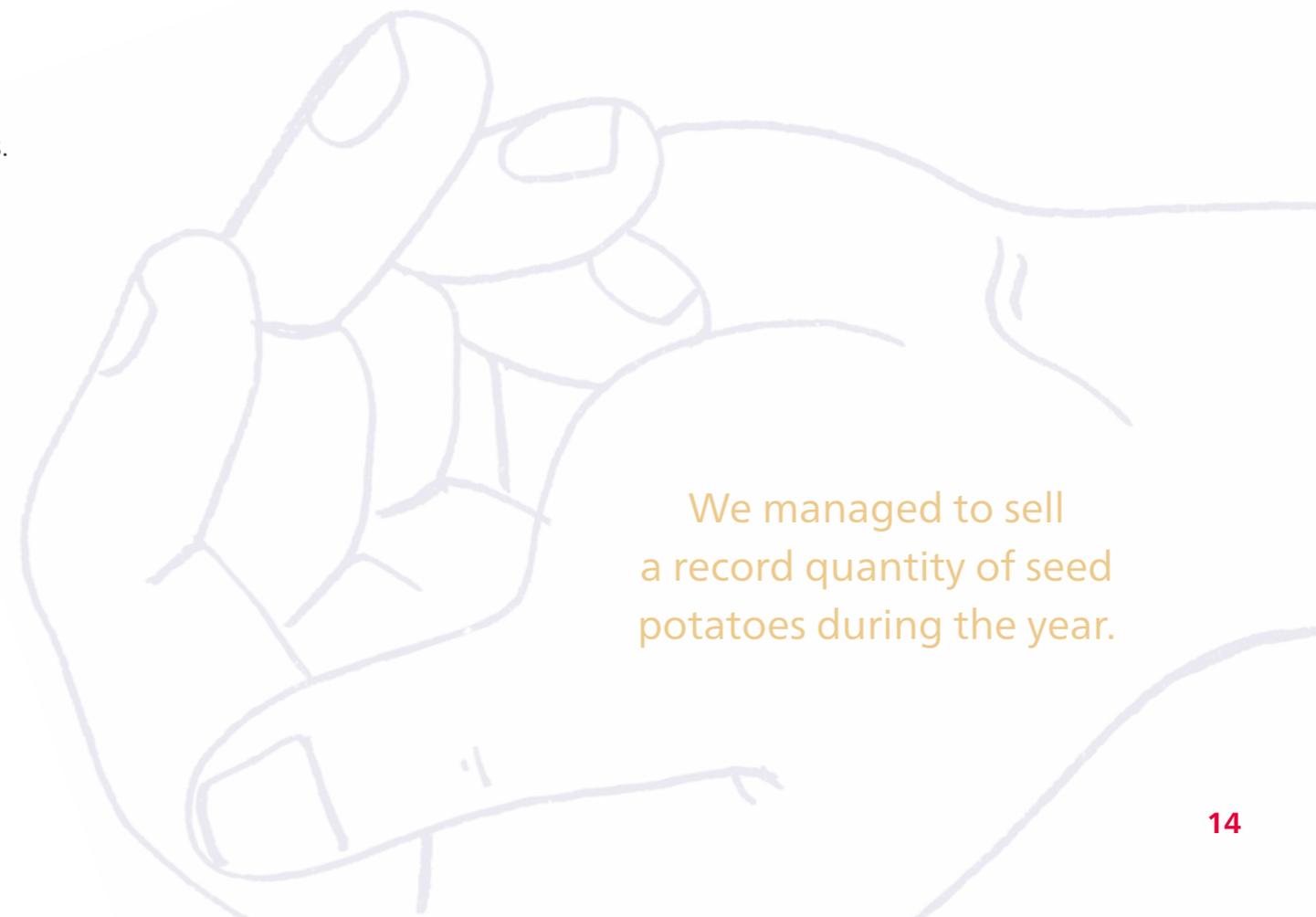
Investments

During the 2018/2019 financial year, we began building the new offices and expanding the industrial facility of our small-scale packaging company, the Purmerend-based Leo de Kock. Total investments add up to an estimated EUR 2.7 million, of which EUR 0.5 million was actually invested as of the balance sheet date. The remaining investments concerned both replacements and expansion.

Financing

The Cooperative's financing method is set out in a set of policy rules. This includes, among other things, the fact that the size of the equity in mortmain is linked to the breakdown of the assets side of the balance sheet.

The capital growth and, by extension, the operating income of the Cooperative is therefore determined arithmetically. If the operating balance exceeds the required increase, the excess, within set limits, will be included as a liability to the pools in the balance sheet and will be included in the payment for the following year.



We managed to sell a record quantity of seed potatoes during the year.



In 2017/2018, an amount of EUR 1.5 million was entered as a liability to the pools and was paid extra in the pools in 2018/2019. The operating profit for 2018/2019 reached EUR 4.0 million, while the balance after tax amounted to EUR 1.6 million. After consulting with all the departments concerned, it was decided not to take on any debt in the pool and to add the entire amount of EUR 1.6 million to the company's assets. This covers previously approved investments backed by sufficient equity for the 2019/2020 financial year.

If additional capital is required for other future investment plans or other purposes, members can join a financing programme in the form of a subordinated loan to the cooperative. In 2018/2019, this form of financing was opened twice with voluntary contributions. A total of EUR 357,000 was extended in loans to the Cooperative.

In the past, certificates were issued to the members with a term of 25 years, which was later reduced to 15 years. The certificates form part of the equity and payouts can be made on the basis of a specific resolution. In 2018/2019, the Board of Members approved the Board's resolution to pay out the 2003/2004 series F after approval of the financial statements. The amount involved is EUR 0.7 million. Series F is the last series, and due to the decision to pay out this series, Agrico no longer holds any certificates in its equity.



'In my role as a field sales representative, I deal with top performers – aka Agrico growers – every day. Some qualities that all these growers have in common include: love for their profession; making the smartest decisions at the right time, using the right resources. Don't lose your focus, stay on your toes and never aim for anything less than the best. That's what delivering quality is all about! I'm proud to be able to contribute to this through relationship management, advice and support.'

Jack Wiersma – Field Sales Representative for seedlings



Agrico-groep

Virtually all the companies in the Group achieved high to very high profits, with the exception of our Kenyan investment holdings. Our Italian holding Agrico Italia was liquidated in 2018/2019; the company ceased operations several years ago, but remained in place for a few years for tax settlement purposes.

Vooruitzichten

The summer of 2019 was another one of extreme weather conditions. While record temperatures were reached in Western Europe, the summer was less dry, on average, than summer 2018. The aftergrowth of ware potatoes in September turned out to be weak, while prices for ware potatoes are reasonable. Overseas, we are seeing customers becoming jittery about the quantities allocated, and seedlings are sold at high prices in these areas. Demand in Northern, Western and Southern Europe is likely to rise again. The market for ware potatoes will reach reasonable levels, particularly given the shortages we are seeing in certain areas. Consequently, we are expecting a comparatively good year. At the time of writing this report, large numbers of potatoes had yet to be harvested in Western Europe and the UK but for now we expect these to actually be stored in the warehouses.

Our financial position is currently solid and within the KPI targets. A new loan was contracted after the balance sheet date, as Agrico will continue to invest in the coming season as part of Strategy 2030 – this includes financial investments as well as investments in equipment and personnel. It is therefore expected that assets and our workforce will increase as a result of organic growth, innovation and strategic partnerships.

We expect the 2019/2020 season to be challenging, while still being optimistic about the results.



'As an account manager, my job is to ensure that our products are delivered to the customer in a professional manner. And I mean "professional" in every sense of the word, ranging from the quality of the potatoes to correct and on-time delivery to the customer. Effective coordination between our growers and Logistics ensures that we can guarantee the quality level expected by our customers. This is how we build long-term relationships with our buyers.'

Daniël Slegers – Account Manager, ware potatoes



Research

The Netherlands – Agrico Research B.V.

Bant, Sjefke Allefs, 29 employees

As the 'incubator' of Agrico, Agrico Research (based in Bant in the Flevoland province) operates a 4,000-square-metre greenhouse complex which is used for research activities. The breeding station also includes laboratories used to determine the quality of chips and crisps, cooking quality, resistance to various diseases and use of DNA marker technology. The company tests new varieties every year on around 20 hectares of trial fields. Agrico Research was established with the objective of improving and extending the portfolio of potato varieties with which Agrico operates in its markets.

Agrico Research was involved once again this financial year in various domestic and international projects, working with different partners each time. These projects are not exclusively aimed at improving these varieties; for example, Agrico Research participated in a research project which involved examining why in two batches of seedlings of the same variety, one batch experienced more blackleg than the other batch. Another project entailed examining substances in existing potato varieties which improve health. Agrico Research also works with third parties in the field of new pathotypes of potato cystenals and the use of resistances against *Phytophthora* in 'Next Generation' varieties.

Agrico's successful varieties

Agrico Research and its affiliated breeders start out with around 200,000 unique seedlings every year. After nine years of testing, assessment and selection, this generates an average of three commercial varieties over the years. Some successful Agrico varieties created over the past two decades include Fontane (chips), Markies (chips), Arizona (fresh, export), Rudolph (red peel, export), Riviera (fresh, early export), Arsenal (crisps), Sinora (early chips) and Manitou (fresh, export).

Plant variety rights and approval

In the past financial year, the following varieties received plant variety rights and were approved for the market: Corazon by grower Lantmännern SW Seed B.V., Lugano by grower Freek Vos, and Paradiso by growers Marco Klaver and Martin Pot. The Levante breed received plant variety rights from, and was approved by, Agrico Research. Corazon is a red-peeled and early-ripening ware variety for export purposes, while Lugano is a chip variety with a broad resistance to potato cyst nematode and Paradiso is a high-yielding yellow-peeled variety destined for traditional export markets. Levante, finally, is a ware potato for European markets and has a high resistance to *Phytophthora*.

Agrico Research operates in a competitive environment. The results of its research can only be protected in the form of plant variety rights on new varieties. For this reason, Agrico Research does not communicate openly about its activities and strategic decisions. As part of its new strategy, Agrico will be investing in the coming years in defining its growing purposes even more clearly. This allows us to provide even better services to both growers of seedlings and growers of ware potatoes, as well as other players further down the supply chain. Despite choosing not to publicly disclose information about its research and breeding activities, Agrico Research is very mindful of the interests of members/growers.

Agrico Research's approach

Agrico Research works closely with affiliated breeders. These growers are in charge of the first three to five years of the development process for new varieties, under their own management. The breeding centre provides affiliated growers with genetic reproduction material and advise, in addition to organising central testing. At a later stage, Agrico Research also organises the multiplication of the seedlings under selection.

Agrico Research uses
marker-driven breeding
methods



The selection cycle in the field takes a total of nine years; during the last three years of the cycle, the Variety Committee decides on the continuation of the testing and any registration of seedlings as new varieties. The latter then enter a two-year registration and user-value investigation process under the auspices of the Dutch Board for Plant Varieties.

In the final stages of the growing process, Agrico Research makes in-vitro stocks of all the candidate varieties, in accordance with the regulations imposed by the NAK (General Inspection Service for Agricultural Seed and Seed Potatoes). These tissue-culture plants are at the basis of an initial production of several thousands of mini-tubers by third parties. This ensures that Agrico has a limited quantity of healthy seedlings of the variety already during the commercial launch of the product. In addition, Agrico Research organises an annual transplant in the field for all the new varieties in the portfolio. This involves closely comparing the varieties of mini-tuber suppliers with traditional initial clones. In addition, at the final stage of the selection process, Agrico Research conducts a cultivation investigation into the seedlings and young varieties. This also enables us to provide effective cultivation advice to both growers of seedlings and growers of ware potatoes.

Choices in breeding techniques

Agrico Research aims to improve the efficiency of its growing programme for new varieties on an ongoing basis, and one of the ways in which it does this is by using the latest research results in the genetic regulation of key properties. This area of molecular genetics is undergoing rapid development.

In fact, there are currently so many options available that Agrico Research must decide which breeding techniques should and should not be used. These decisions were an important topic of discussion this financial year and are included in the Strategic Plan 2030. Agrico Research favours breeding techniques which are not subject to public debate, i.e. methods where there is no risk of market approval being prevented by strict regulation. In summary, we can state that Agrico Research opts for marker-driven breeding. The essence of this is that DNA properties of individual seedlings from the breeding programme are regarded as data input for selection as soon as a correlation has been established between such DNA properties and the desired properties of the variety.

New greenhouse complex

The new Agrico Research greenhouse complex was opened in April 2018. The size of the greenhouses was doubled from 2,000 to 4,000 square metres, creating more space to grow starting materials and cross-pollinate a larger number of varieties. Additionally, the options for selection using DNA markers were extended. The new complex demonstrated its potential in the first year of operation, and despite the heat the results achieved in the cross-pollination greenhouse were impressive.



Seeding at Agrico Research



Seed potatoes

The Netherlands – Agrico B.V.

Emmeloord, Jan van Hoogen, 92 employees

‘The climate is changing, the global population is growing, and purchasing power is increasing in large parts of the world. We are also seeing a change in political relations. This is the world in which we market our seedlings.’ These words – the opening words of the disbursement meetings for seedling growers for the 2018 harvest – demonstrate that Agrico can expect both plenty of opportunities and plenty of challenges.

The 2018 harvest year is an example of such a challenging year, during which yields were low on average due to the dry and hot growing season. Yields from early varieties could even be considered disastrous. Nevertheless, at 28 per cent above the recommended size, the seedlings were very coarse. The selling season began quite late, due in part to the long period of uncertainty regarding the exact stocks. The lesson we can learn from this is that, from a commercial standpoint, it is very important to assess potato stocks at the earliest possible stage. In the Netherlands, as a result of the low yields, approximately 100,000 tonnes less than usual was certified. Exports reached 711,000 tonnes, a decline of more than 80,000 tonnes compared to the 2017 harvest.

Growing market share

Agrico’s relative share in the sale of Dutch seedlings continued to increase in the past year. We further increased our share in the market for chips – driven in part by the major success of the Fontane variety – while Agrico’s varieties also performed very well abroad. Arizona, Manitou and Rudolph continue to be in high demand with our customers. The European market was excellent, due in part to the high retail prices. Yet we also faced a number of challenges: for example, more than 15,000 tonnes of seedlings had to be marketed as Class B. Thanks to the exceptional year, with low supply and large demand, we were able to achieve this with no small effort. However, this is not likely to work in years where there are surpluses, as in those years it is not possible to sell such large quantities of Class B potatoes to our customers. The market conditions eventually resulted in record prices for Agrico’s members.

Fortunately, during the 2018 harvest year we also saw a sharp reduction in the number of complaints compared to the 2017 harvest, although we are determined to bring this number down even further. We are particularly concerned about the number of complaints which could have been prevented by, for example, reading information more carefully. The introduction of the Agrico Quality Center will play an important role in improving the quality of our products. The initial experiences gained at the Quality Center have been positive where identifying hidden defects is concerned.

More acreage in France

Although there is no ‘seedling land’ available anymore in the Netherlands as such, we are seeing our market opportunities improve, and the chips industry, in particular, is expected to continue to grow over the next several years. We will be expanding our acreage in France especially for this market in the years ahead. In the Netherlands, we aim to keep the breeding for chip production in proportion to the breeding for exports approximately at the current level. We grow roughly one-third of our seedlings for the chips industry while approximately two-thirds of the seedlings are earmarked for export.

In order to make the most of the market opportunities available, we are in the process of further raising professional standards in our commercial department. We intend to support our buyers even more in launching new varieties, and we also need to improve our logistics performance, which means we need to work with our buyers to further improve the efficiency of our planning and scheduling operations.

**Sharp decline
in the number of
complaints**



Organic seedlings

At more than 24 tonnes per hectare, average yields of organic seedlings were low, while demand for organic seedlings was high, resulting in higher prices. The unpredictability of yields as a result of the growing season remains a significant challenge. The terms agreed for organic seedlings in the agreement are clear: only solid varieties should be sold in supermarket aisles. With new varieties such as Twinner, Twister and Levante we are ready for these changes, but we currently lack the varieties needed for sales to manufacturers (who are not subject to the agreement). For the processing of potatoes into chips and crisps, we therefore remain dependent on Agria for now. Still, we are hopeful this will change in the immediate future: we have high expectations for our new 'Beyonce' crisp variety.

It's all in the data

Agrico expects the new Quality Center to significantly improve the quality, reliability and reputation of our products, as we will know at an early stage how a particular potato variety will perform in a hot climate and be able to decide not to supply a seemingly healthy batch to a customer based on certain indicators, just to name a few examples. The Agrico Quality Center in Emmeloord became operational in August 2018, and during the first season a total of 20,000 samples were assessed for internal and external quality. These results allow Agrico to predict far more accurately whether a particular batch will manifest disease or whether a batch will underperform in a country with a specific type of climate. The desired result: more satisfied customers due to fewer complaints from customers and more batches finding the right destination, which means higher earnings for Agrico and its growers.

Data – including multiple photos per sample – is structured and linked automatically to the plots of land listed in the Agrico ERP system. This ensures that Agrico's operational departments are immediately updated on the latest information, which resulted in a wealth of data from the Quality Center during its very first season of operation. This input is used to review internal processes and improve them where necessary. All the data recorded also makes it possible to discuss with the grower any issues and concerns for specific companies. This means that, in the future, Agrico will be able to provide growers with superior advice at the company level.

Stress test is effective

A review of the first season and the data provided by the Quality Center highlight that we made the right choices in establishing the center. The Quality Center has proved to boost the quality of the Agrico seedlings. In the climate-controlled rooms, the stress levels of potatoes are tested for a period of eight weeks, at 22 degrees Celsius and with a 95 per cent humidity level. Crops assessed as vital will remain in good condition, and in doing so expose the poorer-quality ones. Agrico also establishes the following variables in the climate-controlled room: dormancy, germinating power, germ length, number of germs per tuber and the percentage of tubers to sprout. This stress test exposes the weaknesses of a batch of potatoes, making it a predictor of actual crop quality. This allows us to determine more accurately and at an earlier stage what the appropriate destination is for each batch, resulting in fewer rejections and complaints at a later stage. The processing line in the Quality Center has also proven to be stable and accurate. The modular structure and the laser technology used to determine the riddle size provide a reliable idea of our commercial stocks.



Opening of Agrico Quality Center



Communication with growers

A transparent way of communicating with growers about products generally results in effective cooperation, one that ultimately helps to achieve the best financial results. An investigation was recently launched at Agrico to determine how we should organise our communications in our company in order to consistently and correctly inform our growers on the results of their batches in the Quality Center. This investigation includes drafting guidelines for making the right decisions.

Crop-protection concerns

One concern in terms of quality is the fact that a growing number of crop protection products are being eliminated. We anticipate growing problems to increase due to Rhizoctonia, viruses, and so on. Haulm destruction products are another contributing factor. Coming up with the appropriate solutions to ensure we can continue to guarantee our current quality levels will prove to be challenging.

'I became the manager of our new Agrico Quality Center in August 2018. As part of my job, I check and record the data for batches of potatoes, using the latest methods. Based on this data, we then record the internal and external quality of all our batches of potatoes. This enables us to meet our customers' demand more efficiently and strategically by linking the right batch to the right customer. This is just one of the many ways in which we help raise Agrico's quality standards.'

Raimond Lubbers – Manager, Agrico Quality Center

France – Desmazières

Monchy-le-Preux, G. Fontaine, 25 employees



Desmazières performed exceptionally well this year: a higher volume, and nearly all sales within the seedling sizes resulted in record sales. The commercial margin was also exceptional, causing gross profits to rise precipitously. The quality of the potatoes was higher than last year, resulting in lower losses and fewer complaints at Desmazières than last year.

Desmazières has also managed to keep indirect expenses relatively stable. While the number of employees increased and fixed expenses rose as well, Desmazières showed strong results overall, thereby boosting Agrico's breeder prices.

United Kingdom – Agrico UK

Castleton, A. Gibson, 13 employees



The impeccable conditions found in Scotland ensured an excellent harvest in terms of both quantity and quality. Agrico UK performed very well as a result: a similar volume of seedlings compared to the 2017/2018 season, with a higher price level in the market. This spurred double-digit growth, while the trade margin was comparable to that in previous years.

On the cost side, there was an increase as a result of recruitment, but the additional margin resulted in a higher operating income. Obviously, Agrico UK will also be affected by a possible Brexit, and is currently preparing for these impending changes.



Poland – Agrico Polska

Łębork, D. Johnston, 8 employees



Agrico Polska showed a mixed picture: despite more hectares, the total volume of seedlings was lower than in 2017/2018. Earnings per hectare were weaker due to the drought. However, the lower volumes were offset by higher prices, causing gross margin to increase. The relative trade margin is comparable to 2017/2018 in terms of percentages.

Costs increased as well, particularly following the joining of three new employees during the year. Although earnings improved over last years, they remain below expectations.

Sweden – Agrico Nordic

Jönköping, H. Kolhammer, 3 employees



While Agrico Nordic managed to achieve a profit, it turned out lower than expected. Owing to the significantly lower (available) quantity of seedlings caused by a hot and dry summer and a weaker Swedish krona (thereby making the purchase of Dutch potatoes more expensive), margins were somewhat weak. These were lower than the previous year, both in an absolute and a relative sense.

In addition, costs increased and, for precautionary purposes, a provision had to be made for complaints. This caused operating income to decline.

Slovenia – Interseme

Ljubljana, P. Štuhec, 4 employees



Our Slovenian subsidiary saw a rise in both turnover and costs. Volumes were similar to last year, despite difficulties involving deliveries at the start of the season. Due to a slightly higher gross margin combined with slightly lower indirect costs, earnings improved after all.

Canada – Parkland

Edmonton, K. Sawatzky, 5 employees



The volume for Parkland was lower, but price levels were much higher. Thanks to the larger share of our Agrico varieties (among other factors), this resulted in a higher gross margin. Contrary to 2017/2018, this gross margin is not affected by the costs for the establishment/introduction of new varieties across North America. Parkland has agreed on new terms with the growers in order to mitigate this risk.

The indirect costs could remain at a similar level as in 2017/2018, which means the additional margin contributed to a recovery of operating profit, especially compared to last year.



Trial field, Sicily



Turkey – AR Tarim

Kayseri, E.S. Sadak, 19 employees



AR Tarim was again affected by the impact of the further decline and the more unfavourable exchange rate of the Turkish lira. This has driven up the prices of seedlings, not only for AR Tarim but for its buyers as well. However, the market turned out to be willing to pay more for imported seedlings, and the trade margin could even be improved.

Fixed expenses also increased as a result of the devaluation and the high inflation rate. Consequently, the additional margin was not fully reflected in the earnings, and the margin remained below expectations. Cash flow did increase substantially, partly due to improved management of the working capital.

Kenya – Agrico East Africa

Nairobi, W. Dolleman, 5 employees



Our company maintains two holdings in Kenya: Agrico East Africa (70%) is Agrico's foothold in East Africa, while Potato Services Africa is the joint venture with the local partner. Both Kenyan ventures incurred a loss during the 2018/2019 financial year. The loss of Potato Services Africa turned out larger, since this company was unable to generate sufficient turnover on account of issues with the local phytosanitary service. Although turnover has increased, due in part to hybrid cultivation (seedlings grown as ware potatoes), this has been insufficient to date to cover the overheads. A restructuring operation was completed in 2018/2019, with the sales operations having been integrated into Potato Services Africa. In 2019/2020, we intend to incorporate virtually the entire business of Agrico East Africa into Potato Services Africa.

'Part of my job is managing the introduction of new varieties. My customers and I assess the challenges involved in breeding and the market. What opportunities are there to introduce new varieties, and what is the most efficient way to use them? Through our new, strong and innovative varieties, we offer our growers and buyers a solid basis. In order to be able to breed even stronger varieties in the future, we share the practical experiences of our growers and customers with our breeding center, Agrico Research. This is how we build quality on an ongoing basis.'

Gerdien Poppe – Product Manager



Table-stock potatoes

The hot, dry summer across Europe resulted in significantly lower earnings per kilogram of table-stock potatoes from the 2018 harvest than during the past growing seasons. This helped create an upbeat mood with a favourable price level. However, the first two months of the sales season were somewhat sluggish, mainly owing to the competition of early potatoes in Germany. The market began to stabilise in October, due in part because the chips industry established itself as an active buyer in the market.

The stable and favourable market conditions resulted in an average breeder's price of EUR 34.21 per 100 kilogram. Average earnings per hectare reached EUR 15,033, with outliers for the Rosagold variety of EUR 17,524 and Gourmandine of EUR 17,846.

Planet Proof

The past financial year was the first year in which a large group of growers – 33 companies covering a total of 435 hectares – carried the PlanetProof quality label. These growers received a price of EUR 1,000 per hectares for their efforts, with the inspection costs being covered by Agrico. The 2019-2020 season saw an even larger group of growers participate in PlanetProof. This quality label will become mandatory at a large number of Dutch retailers from 1 January 2020.

Professional partner

Despite the lower yields per kilogram, Agrico was able to meet its commitments with retailers and packaging companies; this can be credited mainly to effective cooperation between growers and our field sales representatives. This made it possible to make effective decisions in a timely manner based on quality and sustainability. This is also important in terms of the relationship with packaging companies, since they must be able to trust that the quantities agreed in advance will be delivered.

Professionalism and
quality are conditions
for growth

This makes it possible to regard
the past financial year as the strongest
of the past seven years.

In the market for table-stock potatoes, Agrico has a reputation as a professional company – professional in the sense of reliable, having access to useful preliminary information about various companies, having an efficient and effective logistics system in place, and being knowledgeable about the relevant issues. Agrico aims to achieve growth in the coming years, which is also one of the main priorities of the 2030 strategy. Quality is the first step towards growth – in fact, there should be no growth without quality, which is why Agrico will be demanding an even higher level of professionalism and quality of growers, of the varieties and of employees.

While breeder prices obviously play a key role in this process, they are not the only factor. It is also by being united and sharing the same objectives that companies can achieve growth, improving both their professionalism and their quality levels. These two aspects then accelerate Agrico's growth process in an organic manner, which has become clear in recent years in the acreage used for table-stock potatoes. The growth achieved in this area would not have been realised if we did not work professionally or if we did not offer the market high-quality varieties. Although the consumption of fresh potatoes continues to decline annually, this market also provides challenges for Agrico to grow through professionalism and quality.

Pool Committee

The Pool Committee is a vital entity within Agrico, acting as a liaison between growers and the Agrico organisation. The Pool Committee has been particularly valuable this financial year in the discussion about PlanetProof. The Committee played a central role in translating market opportunities and in the demand for an acceptable scheme for the group of growers.



Organic ware potatoes

The dry hot summer had a positive effect on the growing season for organic ware potatoes. Since *Phytophthora* did not get a chance to develop, it was not necessary to intervene in the growth at an early stage. Yields per hectare were at a similar level to the previous year. Supported by a strong domestic market and export opportunities to Germany, France and Sweden, the average price reached EUR 41.97 per 100 kilograms. This resulted in an average financial yield per hectare of EUR 14,539, as a result of which the past financial year can be regarded as the strongest of the past seven years. In conjunction with Agrico, the Pool Committee applied a financial division between the various varieties.

The market growth of organic potatoes in supermarket aisles slowed down slightly due to the high prices of raw materials. While this may appear to be an incident because the overall organic market continues to grow, it does show that there are limits to the price consumers are willing to pay for organic potatoes.

60 per cent 'Next Generation' varieties

Quality remains as important as ever, not just for the consumer market but also to the processing industry. While we have seen a clear improvement in the quality of organic potatoes in recent years, this remains a point of concern, including as a result of seasonal influences. The use of 'Next Generation' varieties is becoming increasingly important, both to reduce breeding risk and to meet the commitments made to comply with the potato growers' agreement. 'Next Generation' varieties accounted for 50 per cent of all varieties during the 2018 harvest season. For 2019, this percentage will increase to 60 per cent. Developments at Agrico Research are such that this positive trend is set to continue.

The organic market has evolved into a professional market in recent years. It is professional throughout the entire supply chain, including all the intermediate links. This is also necessary in order to achieve further growth.

One example of a high-potential partnership in the supply chain is the combination of Udea and Leo de Kock. Leo de Kock packages 'Next Generation' varieties for Udea under the Puur NL label. At the Biobeurs organic trade fair, this concept won the second prize in the 'Best Organic Product of 2019' category.

The Netherlands – Leo de Kock & Zn B.V.

Purmerend, J. Bijleveld, 59 employees

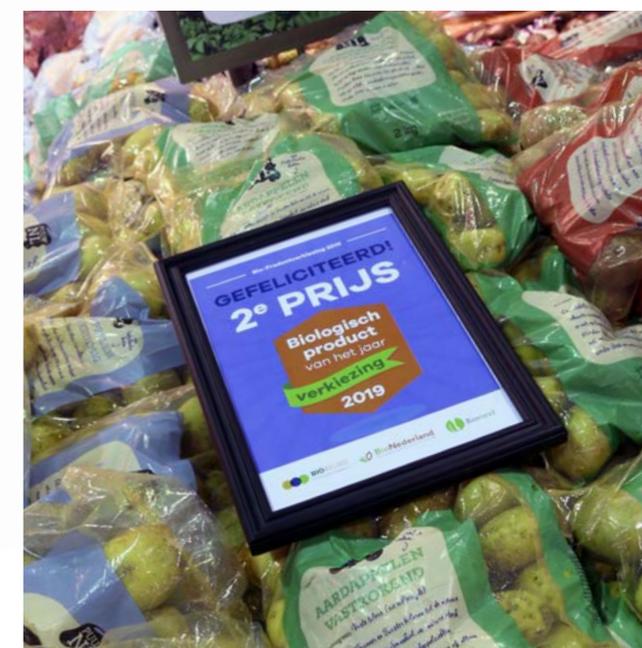


This was another strong year for Leo de Kock, despite the significantly higher purchase prices of potatoes. As a result, the trade margin generated was lower than last year, and it was partly for this reason that the promotional volume was down significantly at our key customers. Total packaged volume fell by 1,030 tonnes.

The focus of the past year has been on operational efficiency. Despite numerous staff changes, Leo de Kock managed to reduce fixed expenses. The investment in additional logistics personnel paid off due to a reduction in the number of temporary workers as a result of more efficient production planning.

Leo de Kock invests in the future, and in May it began upgrading and expanding its facilities at the Purmerend site. The construction process is proceeding steadily and is scheduled to be completed next year. In addition, a new ERP system will be implemented in 2020.

Yield per hectare
of EUR 14,539:
the highest in seven
years



Prize for innovative varieties at Biobeurs organic trade fair in 2019



Internal organisation structure

Agrico's strategy can be summarised in one word: growth. We have identified some challenges that require action, while there are also plenty of opportunities to be seized.

Agrico established several new departments this financial year in order to increase focus on specific elements of the strategy and in order to ensure that duties and responsibilities are properly fulfilled. We also checked whether the existing positions still sufficed in terms of achieving the organisation's objectives. Rather than pigeonholing people, we feel employees should have a broad skill set and be able to operate at different levels of the organisation, so we draft job descriptions in general terms. We have also looked at the workforce required to achieve our strategic goals, which also involves being mindful of succession and preserving knowledge within the organisation.

Digitalisation

Digitalisation is part of the new strategy and provides opportunities and possibilities to work more efficiently and communicate in new ways. Agrico expects its employees to be open to these new technologies and that they will make the most of their potential. However, digitalisation also has an impact on our workforce and individual positions, and it is not possible to specify the exact effects of digitalisation on those aspects. It is clear, however, that Agrico must remain flexible and must ensure that employees possess up-to-date knowledge and adequate skills to perform the new duties and roles efficiently. Agrico provides employees with the opportunity to develop in this area. It is up to our employees to assume this responsibility for development and seize the opportunities available.

Agrico has defined a number of behavioural anchors based on its strategy; these are linked to newly defined competencies and core values. These behavioural anchors are concrete and observable behavioural examples, which work out the definition of the competency in question. All of this has resulted in the drafting of new job descriptions, an update of the existing positions, and changes to the Agrico skills library.

We will continue to invest in our main capital: our employees

All the positions created were opened up at various stages during the harvest year, both internally and externally. The upshot is that some employees within the organisation have been transferred to new positions and we have been able to welcome several new hires. We expect to add more new positions in the upcoming harvest year, including in market intelligence, breeding optimisation and compliance.

Generation policy

Agrico has set up a task force to create a 'stage-of-life-aware' policy for all generations within the organisation. The policy, which was approved by our employees in autumn 2018, was implemented on 1 January 2019. A single policy applies to all generations. This is the framework required for making individual commitments with employees, making allowances for someone's position and their personal circumstances.

The four key elements of the Generation Policy include:

1. Change in working hours (elimination of ATV days)
2. Scheme to purchase and sell annual leave days
3. Senior Employee Policy
4. Other terms of employment

We are pleased to see that, ever since the policy was introduced, employees have been taking advantage of the various schemes.



Job marketing

Agrico is currently drafting a plan outlining our job marketing strategy in terms of different target demographics, resources, time and budget, all of which should be in line with Agrico's new mission, vision and core values. However, being unable and unwilling to wait until the plan is completed to start working on our job marketing strategy, we are regularly represented at job and career fairs at agricultural colleges and secondary schools in order to raise our profile among students and pupils. In addition, we also provide input to schools in order to help them to better tailor their training programmes to the needs of the field. During recruitment events, we make clear choices in how to position ourselves and reach the target demographic. While we are not able to attend all events since we need our resources and employees, when we do participate we want to be professional in our representation and have a clear objective.

Training and Education

We continue to invest in the organisation's most valuable asset: our employees. Based on personal ambitions, career opportunities within Agrico, and developments within our field, our employees attend both individual and departmental training programmes. Since we are an international organisation, it is essential that our employees keep up their language skills, and in addition to individual language courses, we also had three in-company language instructors teach German, English and French to groups of employees. We will continue to offer these courses, while attending individual coaching programmes designed to improve employees' professional skills will also remain an ongoing process going forward.

Agrico invests not only in permanent employees but also in potential new workers; for example, we consider all open applications for traineeships and final-year internships. For new projects, we also assess whether particular assignments can be entrusted to students. Several Dutch and international final-year students and interns joined us in the past year. They have been involved in several areas of research, including a study into the design and implementation of a performance management system for Agrico's growers and the short-term effect on potatoes. Agrico interns also completed job experience programmes outside the Netherlands, including Sweden and China. Several final-year students joined Agrico immediately on completing their final-year projects, including at Agrico Research and the Operations department.

Working conditions

We recorded the following sickness absence rates for the 2018-2019 financial year:

| | |
|----------------------|------|
| Agrico B.V. | 1.8% |
| Agrico Research B.V. | 5.8% |

Agrico pursues an active policy to help employees to maintain an optimum health/work balance. For example, the vitality incentive scheme remains a permanent condition of employment. All employees are allocated a vitality budget, in order to improve their vitality – within set goals – as they see fit. We also began serving fresh fruit at the office, and in the upcoming harvest year employees will be offered the opportunity to undergo a Periodic Health Checkup.



Employee Day, June 2019



ADP iHCM

Agrico formerly used an application called ADP PerMan to run its payroll and HR systems, and ADP recently launched a state-of-the-art successor to this application under the name ADP iHCM. The system consists of a number of modules, including a basic module: a digital portal including a feature to manage a payroll system and admin system based on HR data. In addition to the basic module, Agrico has also purchased a module for managing annual leave and sickness and a module to support the HR cycle. The objective is to improve the efficiency and effectiveness of HRM processes through the use of ADP iHCM operating processes. It also provides employees and managers with a digital portal to manage employee data. A reporting tool has improved capabilities for managing payroll and HR reports; the Human Resources and Payroll departments are already using the system. Employees have had access to the new system since 1 January 2019.

In my role, I am responsible for inspecting and managing the certificates of our growers and buyers as part of the supply chain assurance process. I also monitor compliance with the rules and laws and regulations, which involves explaining the need for CSR to our growers as clearly as possible and creating awareness that we are collectively responsible for maintaining our good reputation and the quality of our potatoes.

Markus Terpstra – Quality Systems Manager

CSR Policy

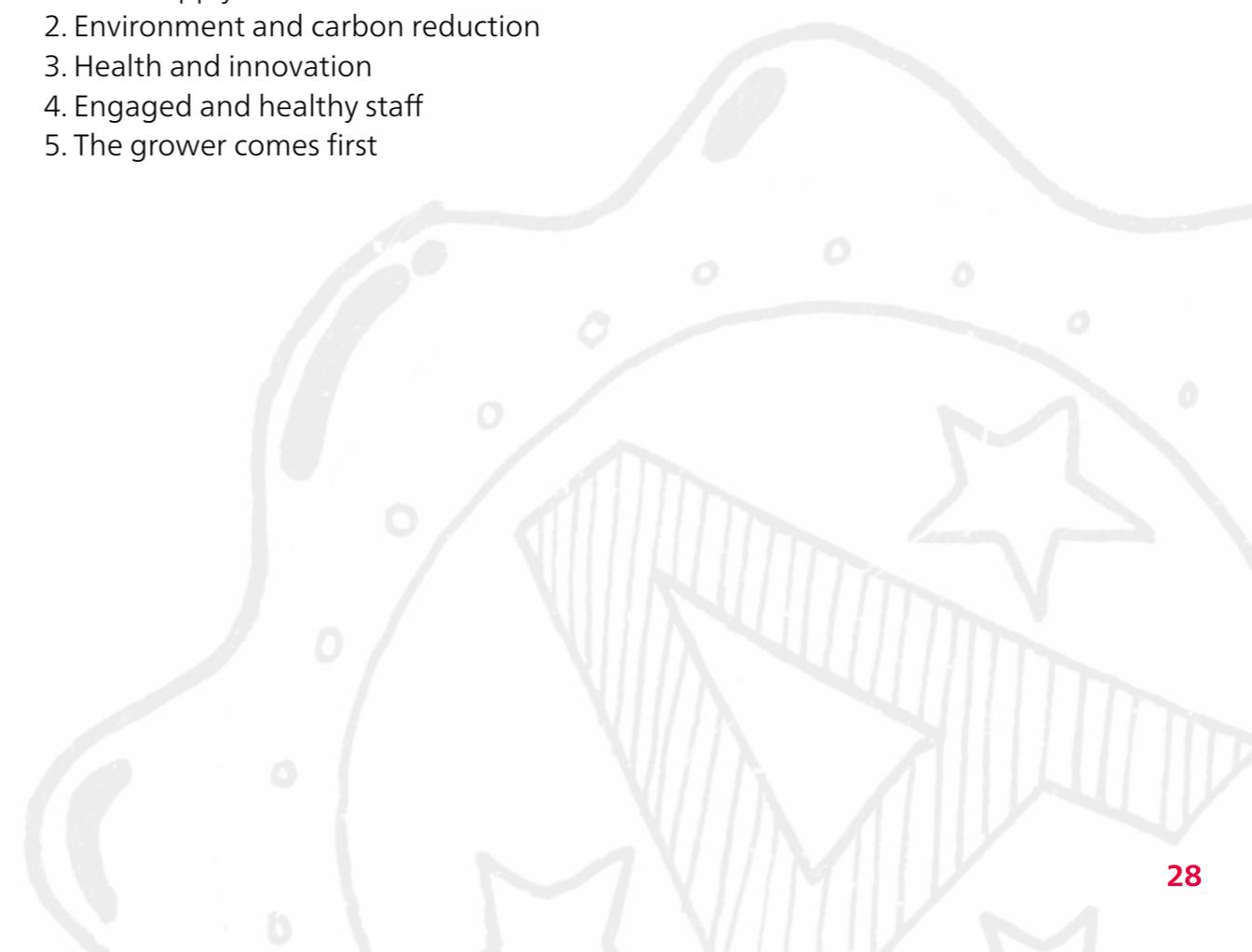
Agrico nurtures and shares its passion for potatoes worldwide by linking its core values professional, personal and involved to a solid Corporate Social Responsibility (CSR) policy. Concern about the environment (planet), social development (people) and economic development (profit) have been part of Agrico's DNA for many years. In order to support this, the CSR policy has been identified as one of the strategic business objectives of our Strategy 2030. Ter ondersteuning van onze internationale uitstraling kiezen we ervoor om voortaan het Engelse woord voor MVO te gebruiken: CSR dus.

Corporate Social Responsibility (CSR)

At Agrico, CSR is not just integrated into our day-to-day operations, but also in our strategic goals through the translation into Agrico's five sustainability objectives. These objectives are consistent with the international United Nations CSR topics and the interests of our stakeholders.

Agrico's five CSR objectives are:

1. Food supply and new markets
2. Environment and carbon reduction
3. Health and innovation
4. Engaged and healthy staff
5. The grower comes first



Agrico Compliance

In the strategy memorandum titled 'Samen werken aan goede groei' ('Creating sustainable growth together'), compliance is one of the action items identified, a licence to operate, so to speak. In addition to complying with laws and regulations (including regarding sanctions), this involves Agrico's code of conduct and ethical framework. For example, we maintain a zero-tolerance policy as far as corruption and bribery are concerned.

The roster of rules with which companies are expected to comply is changing, becoming increasingly dynamic and complex. We are seeing the introduction of new rules, including the General Data Protection Regulation (GDPR) and the Fraud Prevention Act (third-party risk management). Businesses are also required to report on their actions with increasing transparency. This combination of factors has created the need to coordinate all kinds of aspects through a single entity. At Agrico, we have decided to place the CSR department in charge of the issue of business compliance.

Besides the new rules mentioned above, compliance also involves fulfilling the various certification requirements. If we fail to meet this requirement as supply chain partners, we can be certain that we will be losing markets. This is a shared responsibility, a fact of which our suppliers and supply chain partners are fortunately aware as well. We are committed to taking positive steps together, and clear and consistent policies help us enforce and implement specific regulations. The corporate culture, a sense of responsibility and leading by example are to further support us in this process.

Sustainable growth

Agrico seeks to grow, provided this growth is sustainable for people, the environment and society. In other words, we aim to achieve this growth in a viable, sustainable manner, not only by permanently investing in our 'Next Generation' varieties, but also by allocating funds to our improved breeding center and the Quality Center, which was completed in 2018.

Agrico and its stakeholders firmly believe that, in a sustainable future, quality and quantity (i.e. growth) must go hand in hand. The Quality Center will play an important role in this more sustainable future. The arrival of the Center will provide Agrico with:

- Greater knowledge and understanding of the quality of potatoes (i.e. knowledge regarding varieties, growth and storage/preservation).
- More available data which can potentially be used to optimise growing methods and practices.
- Improved protection of our growers against complaints.
- The right guidelines to select the right batches for the right destinations.
- Optimum insight into the composition (i.e. size and quality) of our commercial stock in order to promote sales of our products for the purposes for which they were grown. This will make waste less relevant in our business operations.
- Registration and records of samples at the tuber level for future market demands.
- Added value for the Agrico Research breeding center through the storage of external trial field materials in connection with the hygiene protocol.

Agrico seeks to grow sustainably, with concern for people, the environment and society



Management and control.



Cooperative and governance

Coöperatie Agrico U.A. is a Cooperative operating under Dutch law with 1,369 Dutch members (777 businesses). The Cooperative is managed by the Management Board, which is appointed by the Board of Members. The Cooperative holds all the shares of the two-tier board company Agrico B.V. Agrico B.V. handles the trading activities for the product that the members supply to the Cooperative. Moreover, Agrico B.V. acts as the holding company of the Group companies and participating interests.

From the viewpoint of corporate governance, the following bodies are relevant for Coöperatie Agrico U.A. and Agrico B.V.:

- the Board of Members of the Cooperative;
- the Cooperative Board or as the case may be the Supervisory Board of Agrico B.V.;
- the Management Board of Agrico B.V.

The Supervisory Board of Agrico B.V. represents a personal union with the Cooperative Board.

Annually, the Cooperative organises the so-called Cooperation Day for the members of its various bodies. During this day, members can share experiences and discuss subjects that are important to everyone. In 2018/2019, we published a commentary on Agrico's 2030 strategy, and based on this strategy we focused on how this will impact Agrico B.V. and the Cooperative. The Pool Committees and the Young Members Group are also invited to this event, in addition to the entities listed above.

The Board of Members of the Cooperative

The members of the Board of Members are nominated by the Board of Members and are appointed by the Central Assembly of Members. For its recommendations, the Board of Members is assisted by a Nomination Committee, which always includes two or three members of the Board of Members and one member of the Management Board. On 31 July 2019, the Board of Members consisted of 18 members. The maximum term of office is two terms of four years.

The Cooperative Board requires the specific approval of the Board of Members for certain resolutions as defined in the Articles of Association. Approval is required for, among other things:

- amendments to the Cooperative's Articles of Association;
- providing collateral;
- starting unrelated activities;
- major investments.

The Articles of Association prescribe under what circumstances and for what amounts, resolutions – including those mentioned above – require the approval of the Board of Members. Furthermore, the Board of Members is charged with the appointment of the members of the Management Board, the approval of the financial statements, and the strategic long-term plan. Finally, resolutions which the Cooperative Board adopts in the capacity of Meeting of Shareholders of Agrico B.V. are subject to the approval of the Board of Members, which includes granting discharge to the Supervisory Board for their supervision.

The Board of Members convened on five occasions during the 2018/2019 financial year. In addition to discussing and approving the financial statements and approving the Agrico 2030 strategic plan, the Board of Members decided to purchase the land at 180 Van IJsendijkstraat in Purmerend, provided there is a Clean Soil Statement in place. Furthermore, the Board of Members also discussed a proposal to amend the Articles of Association.

A delegation from the Young Members Group attends every meeting of the Board of Members.



The composition of the Board of Members did not change during the 2018/2019 financial year. However, four members were reappointed at the Central Assembly of Members in December 2018: Mr T. Hessels, Mr H. Koopman, Mr P.C. Roose and Mr A.J. Verwer.

During the Central Assembly of Members, a commentary was given on Agrico's 2030 strategy, in addition to notes to the 2017/2018 Annual Report. The Central Assembly of Members was concluded with a performance by mentalist Timon Krause, who treated the audience to an original mix of music, magic and mystery in his 'Mind Games' theatre show.

Young Members Group

The Agrico Young Members Group organised five gatherings in 2018/2019, in addition to an extra meeting in which the F&C Manager discussed the Annual Report.

A delegation from the Young Members Group attended every meeting of the Board of Members. While they have no voting rights, they have the opportunity to learn and participate.

During the year under review, Peter Kemmeren succeeded Sierd Visser as chair, while Gerald Maters became deputy chair. The Young Members Group discussed Agrico's new strategy and complaints policy. In July 2019, Rob Blijdorp and Sander Kok left, and in August John de Bruijckere, André Hulscher and Bas Rentmeester joined the Young Members Group.

The Agrico Youth Day was held at the KNVB center in Zeist on 21 May 2019. This year's theme was 'quality', and three driven and inspiring speakers each offered their take on this subject. The Agrico Youth Day is a biannual inspiration and networking day for Agrico's young members, as well as for 'potato friends' among their friends and families.



Youth Day 2019



Pool Committees

Coöperatie Agrico U.A. maintains three Pool Committees: one for conventionally grown seed potatoes, one for conventionally grown ware potatoes and one for organically grown seed and ware potatoes. The Pool Committees regularly consult with Agrico about the growing and purchasing conditions of the pool agreements. Product group meetings are scheduled throughout the year, at which delegations from the organisation and the Pool Committees discuss with members the relationship between growers/members and the Cooperative. The appendix to the cultivation agreement for the 2019 harvest was discussed and adopted by all Pool Committees.

The Pool Committee for seed potatoes convened on eight occasions. The topics discussed by the Pool Committee included the role of the Agrico Quality Center and the modification of the preliminary selection scheme. Mr A.J.W.M. Claassen resigned, having been replaced by Mr J.G. Scholtens.

Two of the key issues discussed by the Pool Committee for conventionally-grown ware potatoes, which convened on five occasions, included the PlanetProof label and the issue of pesticide residues. Mr N.A. Flohil resigned, having been replaced by Mr J.A.A.M. Heestermans, who joined the Pool Committee for conventionally grown ware potatoes.

The Pool Committee for organically grown seed and ware potatoes convened on four occasions during the year under review. Topics on the Committee's agenda included the transition to solid varieties, while the method used to determine the prices of basic materials was also reviewed. There were no changes in the composition of the Pool Committee during the year under review.

Cooperative Board

The Cooperative Board is responsible for the Cooperative's day-to-day operations, which includes promoting the interests of the members. The Board consists of seven members, of which the majority are drawn from the membership and the remaining are external members. In the 2018/2019 financial year, this ratio was four members and three external members. The members of the Board drawn from the membership may only be appointed if they supply at least 75% of their crop area to the Cooperative.

The Chairman is elected in office. The members of the Management Board are appointed by the Board of Members on the recommendation of the Cooperative Board. The General Meeting of December 2018 was the last meeting to be attended by retiring members Mr A.N.I.M. Kemmeren and Mr G. Welling. Mr G.H. de Raaff (external member) and L.D. de Winter (member) were elected as members of the Cooperative Board.

The Cooperative Board also serves as the Supervisory Board of Agrico B.V. The maximum term of office for Board Members is two periods of four years, while the maximum term of office for the Chairman is three periods of four years. The Board of Members has the power to dismiss individual Board Members. The Board is supported by a director appointed by the Board, who also acts as the Managing Director of Agrico B.V.

The Board convened on eight occasions during the 2018/2019 financial year.

General Meeting of Shareholders of Agrico B.V.

The shares of Agrico B.V. are owned outright by the Cooperative. As such, the Cooperative has full control over the General Meeting of Shareholders of Agrico B.V. The Cooperative Board exercises its voting rights on behalf of the Cooperative at the General Meeting of Shareholders, but requires the prior approval of the Board of Members.

The Board convened
on eight occasions
during the 2018-2019
financial year.



Supervisory Board of Agrico B.V.

The Supervisory Board appoints the members of the Management Board of Agrico B.V. and supervises their performance and day-to-day operations. The Supervisory Board advises the Management Board on request or on its own initiative. The Supervisory Board has laid down rules regarding its composition and all that needs to be regulated in connection with this supervisory body. Certain decisions of the Management Board, as prescribed in the Articles of Association of Agrico B.V., require the approval of the Supervisory Board. Such decisions include:

- the strategic long-term plan
- major transactions, including entering into strategic alliances and real estate transactions
- purchase and sale of holdings in Group Companies or minority holdings
- major investments
- contracting bank loans and providing collateral

The Articles of Association of Agrico B.V. determine under what circumstances and for what amounts the above and other decisions qualify for approval by the Supervisory Board. The members of the Supervisory Board are appointed for a maximum period of two terms of four years. The members of the Supervisory Board are appointed by the General Meeting of Shareholders on the recommendation of a Nomination Committee. The Nomination Committee consists of the Chairman and one other member of the Supervisory Board, two members of the Board of Members and a member of the Works Council. As of 31 July 2019, the Supervisory Board consisted of seven members.

Management Board

The Management Board, which is responsible for Agrico's strategy, policy and operational activities, is appointed for an indefinite period of time. The terms of employment for the Management Board are determined by the Supervisory Board.

On 1 January 2019, the Agrico Management Board appointed a Management Secretary in conjunction with the Supervisory Board. The Secretary provides advice and support at the policy and strategic levels of the company to the Management Board, Supervisory Board, Management Team and, on the Cooperative end, the management and governance entities (i.e. the Board of Members, the Pool Committees and the Young Members Group). The Secretary is responsible for coordinating and monitoring good governance and decision-making processes and projects at the strategic level.

'The foundation for our success in Turkey is that we do a lot more than simply sell potato varieties: we provide comprehensive service by providing support throughout the process of selection, growing and harvesting. Our partnership with Agrico allows us to offer our customers strong varieties that suit their needs. Finally, we also ensure excellent logistics operations, which are all prerequisites for professionalism.'

Ekrem Suad Sadek – Managing Director of Agrico subsidiary AR Tarim



Personal details

Management Board

J.J. van Hoogen, Managing Director

Management Secretary

W.J. Hofstra-Middel, Management Secretary

Management Team

P.J. Dijk, Manager, Ware Potatoes and CMC (Cooperative, Marketing & Communications)

J.H. Hoogenboom, Finance & Control Manager

W.B. van der Werff, Commercial Manager Seed Potatoes

H. van der Woude, Manager Operations

Works Council

J. Wielenga, Chairman

A. Sikkema, Deputy Chair

F.F. Drijfhout, Secretary

P.N. Zee

R.J. Lindenbergh

J. te Riele

T. Rotte

Members of Merit

C.J.M. van Arendonk

Ph. van den Hoek

J.J.M. Pronk

J.J. Wolthuis

Board of Members

J.W. Bakker (2021)

W.K. den Bakker (2021)

M.C.G. Besseling (2020)*

J. Bos (2020)

H. Coolman (2019)*

P.P.J.M. Cryns (2021)

T. Hessels (2022)

J.R. Kielstra (2020)*

H. Koopman (2022)

B. Minkhorst (2020)

E.A. Noordam (2020)*

J. Poppe (2020)

P.C. Roose (2022)

R.N.G. Stokman (2020)

A.M.J.M. van Tiggelen (2019)

M.P. Toringa (2019)

A.J. Verwer (2022)

G.M. Wuestenenk (2021)

Supervisory Board/Management Board

A.H. Vermeulen, Chair (2019)*

G. Ensing, Deputy Chair of the Supervisory Board (2019)*

C.A.A.M. Gommeren, Deputy Chair of the Management Board (2021)

P.J. van Maldegem, Secretary (2019)

S.K. Hoekstra (2020)*

G.H. de Raaff (2022)*

L.D. de Winter (2022)*

Joined:

G.H. de Raaff

L.D. de Winter

Resigned:

A.N.I.M. Kemmeren

G. Welling

*Eligible for re-appointment



Young Members Group

P. Kemmeren, Chair (2021)
G. Maters, Deputy Chair (2021)
J. den Boer (2020)
J. de Bruijckere (2022)*
M. Gebbink (2022)
P. Hendriks (2021)*
J.N.B. Huisman (2021)*
A. Hulscher (2022)*
J. van der Knijff (2021)
V. Koekoek (2020)
J. Monsma (2022)
B. Rentmeester (2022)*
L. Sturm (2021)
M. Verwer (2021)*
P.M. Vogels (2022)

Joined:

J. de Bruijckere
A. Hulscher
B. Rentmeester

Resigned:

R.A. Blijdorp
S. Kok
S. Visser

Appeals Committee

M.H. van Stee, Chair (2019)*
T. Brouwer (2019)*
I.J. Meirink (2019)*
M.P.J.M. Sturm (2021)*
N.E. Wiertsema (2021)*
Vacancy

Resigned:

A.C.P.M. Nooren

Variety Committee

J.J. van Hoogen, Chair
C. Koster, Secretary
M. Vossen, Advisor
J.T.M. Dekker (2019)*
P. Konst (2021)*
F.J. Vos (2021)
M. Winters (2021)*

Pool Committee for Organically Grown Seed and Ware Potatoes

A.W. Maris, Chair (2020)*
J.M. Bokdam (2022)
P.C. Eilander (2021)*
A.E. Sulik (2022)*
W.L.C. Snippe (2023)

Pool Committee for Conventionally Grown Ware Potatoes

M.G. Scholtens, Chair (2023)
J.A.A.M. Heestermans (2023)*
J.J. van den Hoek (2021)*
J.C. Jansen (2020)
R.A.M. Zijlmans (2022)

Joined:

J.A.A.M. Heestermans

Resigned:

N.A. Flohil

*Eligible for re-appointment



Pool Committee for Conventionally Grown Seed Potatoes

Central Region

J.J. van der Velde, Chair (2023)

M.J. Bouma (2022)*

M.N. Klaver (2022)*

J.L. Vermeer (2022)

Southwest Region

A.A.M. Bartelen (2022)*

A.J. van der Wel (2023)

Northwest Region

A.J. Goudsblom (2021)

J.C. van Heerwaarden (2020)*

Northern Region

J.G. Scholtens (2023)*

W.R. Schuiling (2021)*

J.B. Smits (2020)*

G.F. Wiechers (2022)*

Joined:

J.G. Scholtens

Resigned:

A.J.W.M. Claassen

While Agrico does not use quotas for women in management positions or other specific positions, it does aim to achieve diversity in the composition of its divisions and management bodies when recruiting and selecting new members.

*Eligible for re-appointment

* Herkiesbaar

Risk profile

Our activities are subject to a wide spectrum of risks. We recognise that risk management is an important part of any business and have a risk assessment process in place which is periodically updated. The fundamental risks that threaten the Cooperative have been identified as accurately as possible in the assessment, in terms of both probability and impact. The sum total of the measures below ensures that reasonable safeguards are in place, that strategic and operational objectives are achieved, that the financial and other reporting provided by the company is reliable, and that all relevant legislation is observed.

'I have been growing organically for 20 years, and regard this as a constant quest for quality improvement. For us, the main determining factor is the soil. We engage in sustainable and innovative soil management, including by using fertilisers to nourish and sustain soil life and using soil-friendly equipment, and I have noticed that this improves not only the quality of the soil but the quality of the potatoes as well. So I firmly believe that healthy soil creates healthy crops and that healthy crops create healthy people.'

Jan Willem Bakker – Organic seedling farmer at Agrico and owner of the Bakker Bio organic farm.



Our overall risk profile is positively influenced by the fact that the activities mainly focus on a single product: the potato. Furthermore, over 80% of our purchasing consists of so-called pool agreements, which means there are hardly any high-risk buying or selling positions.

As a rule, we are cautious about taking business risks. The extent of a risk is determined by the degree of probability that the risk will materialise and its potential impact on Agrico's strategic and financial objectives.

Phytosanitary effects

Given our operating activities, the quality and availability of the product are of major importance. One important associated risk is that the sale of potatoes may be affected by phytosanitary problems. We work together with third parties to conduct quality inspections based on internationally recognised and certified methods, as well as carrying out supplementary research focused on viral and bacterial diseases. Other guarantees in this context include: our investment in a Quality Center, sufficient distribution over the various growing areas, the supervision of growers and a payment system based on quality.



Organic field day

Our breeding center, Agrico Research, annually acquires breeding material and/or seedlings from its affiliated breeders, as well as from gene banks and competing companies. The introduction of a quarantine disease represents a major threat to the continuity of the development of our varieties. Any seedlings received must satisfy the standards imposed by the NAK (General Inspection Service for Agricultural Seed and Seed Potatoes) and the NVWA (Netherlands Food & Consumer Product Safety Authority). This means, among other things, that a large number of samples are collected and examined for the presence of brown rot and ring rot. In addition, Agrico Research carries out an entry check on all breeding material and seedlings that enter the Agrico premises for further propagation.

International operations

It goes without saying that the possibility of losing important customers affects our financial results. However, this risk is significantly reduced because we sell our products worldwide. Our policy focuses on building and maintaining long-term relationships with our buyers.

We regularly deliver large quantities of potatoes to our customers at short notice. Although we consistently use safeguards such as advance payments, Letters of Credit and bank guarantees, our results are susceptible to payment risks. As a result of political instability in certain geographic areas, these risks have increased in recent years. We work with a system of internal limits for each buyer. A provision has also been formed in the balance sheet for overdue accounts from previous financial years. The credit risk on deliveries for the past financial year is based on the most recently available information on the customer's creditworthiness.

Compliance with laws and regulations

We maintain an extensive network of agents and distributors. The guidelines for fighting corruption apply internationally, and non-compliance with these guidelines can have significant financial implications. The British Bribery Act also entails consequences for companies with a subsidiary in the United Kingdom, consequently making this law applicable to us as well. We have entered into a representation agreement containing terms for services and fees with all our international partners.

We have shared our Code of Conduct, which serves as the basis of all our actions, with staff at home and abroad. The Code is also discussed in the commercial consultations and the HR interview cycle. Agrico also has a whistleblowing policy in place: a General Data Protection Regulation System to ensure compliance with privacy regulations and internal procedures.

Information provision

Well-functioning ICT systems are crucial for our company. The variety of products marketed, the management of growers and the exchange of information between buyers, suppliers and growers is a complex operation. Any non-availability of our ICT systems can threaten our continuity within a relatively short period of time, which is why we have taken far-reaching measures to minimise the risk of this happening. In the event of a contingency, we can change over to a recovery site within a few hours, ensuring that the business processes can continue. Moreover, a copy of all data is also stored at a third location. The performance of our ICT systems is continuously monitored by an external party. Outside-in security and security from within are part and parcel of this.



Financial risks

In funding our activities, we depend only to a limited extent on interest-bearing loans. The Cooperative is able to make use of committed banking credit facilities, allowing it to meet its borrowing requirements with some degree of flexibility. To cover the cyclical borrowing requirements of the Cooperation, we have concluded a customised financing arrangement geared to these changing needs.

Marketing potatoes worldwide entails currency risks. However, over 95% of our purchasing and sales transactions are paid in the corresponding currency. The risks focus on the US dollar and the British pound. The currency risks ensuing from operational and financing activities are hedged by forward exchange contracts.

Our holdings in Sweden, Canada, Poland, Kenya, Turkey and the United Kingdom are valued in the local currencies. Even though the size of these companies within the group is relatively limited, fluctuations in these currencies do impact our assets.

Our policy focuses on building and maintaining long-term relationships with our business partners.

Our policy focuses on building and maintaining long-term relationships with our business partners.

Contingencies

Agrico also recognises the danger of a contingency such as a fire or an explosion resulting in a significant disruption of business continuity. In that sense the process of marketing potatoes leans on the measures described under information provision. Staff members can work with the system at the recovery site from any location over the internet.

In the event of a contingency at our breeding center, depending on the extent of the calamity, clones or first-year and second-year seedlings will be lost (i.e. two breeding generations). This causes delays in the process of variety development over the long term. A limited quantity of replacement material from third-year seedlings is available in a building quite separate from that where the corresponding material is stored. Fall-back material from all older seedlings is also stored at trial field locations. From the seventh field year onwards, in-vitro stocks are kept of all seedlings which are then further multiplied at third-party companies. All in all, 8 of the 11 generations are genetically safeguarded to a greater or lesser extent.

'In my role, I am responsible for maintaining the quality of our products and procedures at Leo de Kock. We have a number of different ways of doing this, including by complying with internationally recognised standards such as the BRC (British Retail Consortium) standard and a number of customer-specific standards. This is how we prove to our buyers that the quality has been checked and assured.'

Alex Oldénhof – Quality Assurance Manager at Leo de Kock





Financial statements

Financial Statements Coöperatie Agrico U.A 2018/2019

| | |
|--|----|
| Consolidated balance sheet | 42 |
| Consolidated profit and loss account | 43 |
| Consolidated cash flow statement | 44 |
| Accounting policies in the consolidated financial statements | 46 |
| Notes to the consolidated balance sheet | 52 |
| Notes to the consolidated profit and loss account | 57 |
| Unconsolidated balance sheet | 59 |
| Unconsolidated profit and loss account | 60 |
| Accounting policies in the unconsolidated financial statements | 60 |
| Notes to the unconsolidated financial statements | 61 |



Consolidated balance sheet

x EUR 1,000 (after proposed appropriation of net result)

| Assets | 31 July 2019 | 31 July 2018 |
|---------------------------------------|---------------|---------------|
| Fixed assets | | |
| Intangible fixed assets (1) | 330 | 134 |
| Tangible fixed assets (2) | | |
| Land and buildings | 14,998 | 15,353 |
| Machinery and plant | 1,732 | 2,390 |
| Other fixed operating assets | 2,322 | 2,082 |
| Fixed assets under construction | 461 | – |
| Unproductive assets | 586 | 586 |
| | 20,099 | 20,411 |
| Financial fixed assets (3) | | |
| Holdings | 1,188 | 1,347 |
| Other securities | 9 | 5 |
| Loans provided | 104 | 154 |
| Receivables from holdings | 786 | 786 |
| Other receivables | 926 | 918 |
| | 3,013 | 3,210 |
| Current assets | | |
| Stocks | | |
| Raw materials and production supplies | 2,195 | 2,338 |
| Receivables (4) | | |
| Trade receivables | 12,764 | 14,265 |
| Receivables from holdings | – | 237 |
| Members | 879 | 705 |
| Other receivables | 7,283 | 5,714 |
| Accrued income | 1,874 | 2,195 |
| | 22,800 | 23,116 |
| Cash and cash equivalents (5) | 18,721 | 19,164 |
| Total assets | 67,158 | 68,373 |

| Shareholders' equity & liabilities | 31 July 2019 | 31 July 2018 |
|---|---------------|---------------|
| Group equity | | |
| Equity, capital and reserves (6) | 27,668 | 26,930 |
| Third-party interests in Group equity (7) | 1,813 | 1,532 |
| | 29,481 | 28,462 |
| Provisions (8) | | |
| Pensions | 213 | 298 |
| Other provisions | 309 | 344 |
| | 522 | 642 |
| Long-term debts (9) | | |
| Members' accounts* | 3,320 | 2,963 |
| Credit institutions | 2,976 | 3,249 |
| | 6,296 | 6,212 |
| Current liabilities | | |
| Trade creditors | 5,925 | 8,373 |
| Taxes, contributions and social insurance schemes | 1,055 | 360 |
| Members (10) | 15,554 | 17,407 |
| Accrued liabilities (11) | 8,325 | 6,917 |
| | 30,859 | 33,057 |
| Total liabilities | 67,158 | 68,373 |

*concerns subordinated loans forming part of the Cooperative's guarantee capital



Consolidated profit and loss account

x EUR 1,000

| | 2018/2019 | 2017/2018 |
|--|---------------|---------------|
| Gross margin | | |
| Net turnover of products sold to third parties (12) | 319,819 | 276,237 |
| Direct costs (13) | 33,940 | 44,100 |
| Purchase of products (14) | 250,115 | 200,895 |
| <i>Subtotal</i> | 284,055 | 244,995 |
| Other operating income (15) | 35,764 | 31,242 |
| | 564 | 533 |
| Gross margin | 36,328 | 31,775 |
| Expenses | | |
| Wages, salaries and social security contributions (16) | 16,910 | 15,454 |
| Depreciation and amortisation on intangible and tangible fixed assets (17) | 2,289 | 2,387 |
| Other operating expenses (18) | 12,572 | 11,110 |
| | 31,771 | 28,951 |
| Operating results | 4,557 | 2,824 |
| Overall income and expenditure | | |
| Earnings from holdings | -77 | 87 |
| Movement in value of financial fixed assets | 143 | 52 |
| Interest and similar income received | 91 | 185 |
| Interest and similar charges payable (19) | -184 | -164 |
| | -27 | 160 |
| Pre-tax operating results | 4,530 | 2,984 |
| Taxes (20) | -2,420 | -1,863 |
| Operating results after tax | 2,110 | 1,121 |
| Third-party interests in operating results | -550 | -286 |
| Net result after taxes | 1,560 | 835 |



Geconsolideerd kasstroomoverzicht

x € 1.000

| | 2018/2019 | 2017/2018 |
|--|---------------|---------------|
| Cash flow from operating activities | | |
| Operating results | 4,557 | 2,824 |
| Adjustments for: | | |
| Depreciation and amortisation | 2,289 | 2,407 |
| Movement in provisions | -92 | -205 |
| Changes to working capital (excluding cash and cash equivalents, and bank debts) | -2,030 | 5,323 |
| | 167 | 7,525 |
| Cash flow from operating activities | 4,724 | 10,349 |
| Interest paid | -184 | -164 |
| Interest received | 91 | 185 |
| Tax on profits | -1,809 | -2,333 |
| | -1,902 | -2,312 |
| Cash flow from operating activities | 2,822 | 8,037 |
| Used for investment | -2,138 | -5,046 |
| Used for financing activities | -1,163 | -2,207 |
| Net cash flow | -479 | 784 |
| Exchange rate and translation differences | 36 | -94 |
| Changes in cash and cash equivalents | -443 | 690 |



Geconsolideerd kasstroomoverzicht

x € 1.000

2018/2019

2017/2018

Used for investment

| | | |
|---------------------------------------|---------------|---------------|
| Investment in intangible fixed assets | -280 | -6 |
| Investment in tangible fixed assets | -1,993 | -5,058 |
| Disposal of tangible fixed assets | 102 | 37 |
| Repayments on loans provided | 50 | 50 |
| Loans provided | -8 | -57 |
| Non-consolidated holdings | -9 | -12 |
| Used for investment | -2,138 | -5,046 |

Used for financing activities

| | | |
|--|---------------|---------------|
| Repayment of certificate capital | -963 | -1,564 |
| Dividend paid to minority shareholders | -284 | -333 |
| Loan repayments | -808 | -808 |
| Loans received | 892 | 498 |
| | 84 | -310 |
| Used for financing activities | -1,163 | -2,207 |



Accounting policies in the consolidated financial statements

Introduction and notes

These are the financial statements of Coöperatie Agrico U.A., established on 2 April 1973 with registered office in Emmeloord, the Netherlands, and registered with the Chamber of Commerce under number 39025632. The Group's main activities are the development of potato varieties and the sale of seed and ware potatoes, primarily those produced by the members of the Cooperative. The Cooperative has drawn up both a consolidated and an unconsolidated balance sheet in accordance with the statutory provisions of Part 9 of Book 2 of the Dutch Civil Code and with other stipulations relating to the principles for financial reporting that are customary in the Netherlands. These financial statements were drawn up on 15 November 2019.

Changes in presentation

A number of changes were made to the presentation of the financial statements since last year. Both the 'Current receivables' and 'Current liabilities' items account for a 'Member' balance, while in previous years the 'Member' balance was presented netted under Current liabilities. The consolidated profit and loss account presents the licensing revenues of EUR 6 million (versus EUR 5.1 million last year) as net-turnover products to third parties instead of as other operating income, since generating licensing revenues is one of the Cooperative's primary activities. Neither of these changes in presentation will affect the results after tax or equity, capital and reserves.

General details

The accounting principles used are based on historical costs. Except where deviations are explained in the notes, all assets and liabilities are stated at nominal value. Assets are included in the balance sheet if it is probable that economic benefit will accrue to the company in the future and the value can be reliably determined. Liabilities are included in the balance sheet if it is probable that the settlement of that liability will be accompanied by an outflow of resources and the value of that outflow can be reliably determined. Income and expenses are allocated to the period to which they relate.

Opinions, estimates, assumptions and uncertainties

In order to be able to apply the principles and rules for drafting the financial statements, it is necessary that the Board of Coöperatie Agrico U.A. should form an opinion about various matters, and that the Board makes estimates which can be crucial to the amounts included in the financial statements. The principal opinions and estimates, including the associated assumptions, are the test of any provisions (including the provision for bad debts). Where this was necessary for the insight required by the provisions of Section 362.1 of Book 2 of the Dutch Civil Code, the nature of those opinions and estimates – including the associated assumptions – has been included in the notes to the relevant items in the financial statements.

Consolidation principles

The consolidated financial statements for the year ending 31 July 2019 include the financial data of Coöperatie Agrico U.A. and its Group companies (referred to collectively below as 'Agrico'). Unless otherwise specified, the Group companies are included in the consolidated financial statements as a totality, and all underlying balance sheet items, income and expenditure within Agrico have been eliminated. The financial statements of the Group companies are drawn up for the same financial year as that of the parent company and consistent valuation principles have been applied. The initial consolidation and deconsolidation is effected at the time when controlling influence is transferred to Agrico or, respectively, when such controlling influence is transferred to a third party. The investment holdings of third parties in Group companies (minority holdings) are shown separately in the balance sheet and the profit and loss account. Any shares Agrico holds in joint ventures whereby there is no such controlling influence are recognised as investment holdings under Financial Assets.

Holdings in Group companies and minority holdings

These holdings are held by Agrico B.V. and are fully consolidated. Unless otherwise specified, these concern 100% holdings and the stake remains unchanged from the previous financial year.



The holdings of Coöperatie Agrico U.A. (an excluded liability cooperative) based in Emmeloord are:

Agrico B.V., Emmeloord, which in turn includes:

- Kweek- en Researchbedrijf Agrico B.V., Emmeloord
- Agrico Holding B.V., Emmeloord, which includes:
 - Leo de Kock & Zn. B.V., Purmerend
 - S.A. Desmazières (89.12%), Monchy-le-Preux, France
 - Agrico UK Ltd., Castleton, Scotland
 - Agrico Polska Sp. z.o.o. (76%), Lębork, Poland
 - Interseme d.o.o. (51%), Ljubljana, Slovenia
 - Agrico Nordic AB, Jönköping, Sweden
 - Parkland Seed Potatoes Ltd (70%), Edmonton, Canada
 - Agrico East Africa Ltd (70%), Nairobi, Kenya

Not consolidated

- AR Tarim Tohumculuk ve Sanayi Ticaret A.Ş. (50%), Izmir, Turkey
- Potato Services Africa Ltd (45%), Nairobi, Kenya
- Breeders Trust S.A. (14.5%), Brussels, Belgium

The Bologna-based investment holding Agrico Italia s.r.l. was liquidated in the past financial year.

Netting

An asset and an item of borrowed capital are netted in the financial statements only if and to the extent that:

- a sound legal instrument is available to facilitate the netting and simultaneous settlement of the asset and the item of borrowed capital; and
- there is a resolute intention to settle the balance itself or both items simultaneously.

Principles for the translation of foreign currencies

The consolidated financial statements are shown in euros, which is the Cooperative's functional and presentation currency. Each entity within the group determines its own functional currency, and the items shown in the financial statements of each entity are valued based on that functional currency.

Transactions in foreign currencies are valued during the first processing run against the rate of exchange for the functional currency on the transaction date. Monetary balance sheet items in foreign currencies are converted into the value in the functional currency at the balance sheet date. Non-monetary balance sheet items in foreign currencies, which are valued based on historical costs, are converted into the value of the functional currency at the balance sheet date.

Exchange rate differences occurring on the settlement or translation of monetary items in foreign currencies are included in the profit and loss account, with the exception of exchange rate differences that ensue from the net investment in business operations outside the Netherlands or to loans which were contracted in order to finance or effectively hedge the net investment in business operations outside the Netherlands. These exchange rate differences are included directly in the statutory reserve for exchange rate differences.

The assets and liabilities of business operations outside the Netherlands are converted into the presentation currency (the euro) at the balance sheet date at the then prevailing rate; the income and expenditure in the profit and loss account are translated at the approximated average exchange rate applicable during the financial year. The ensuing exchange rate differences are included directly in the statutory reserve for exchange rate differences. In the event of disposal of business operations outside the Netherlands, the relevant cumulative value of the translation differences – which is included under equity, capital and



reserves – is accounted for in the profit and loss account as a component of the returns on sales.

Financial instruments

Financial instruments included in the balance sheet are valued at amortised cost unless otherwise indicated. Off-balance sheet financial instruments, or derivatives concluded to hedge currency and risks, are valued in accordance with the value of the hedge position. The results on derivatives are accounted for together with the results of the hedge position. The Cooperative does not hold derivatives for speculative or trading purposes.

Intangible fixed assets

Intangible fixed assets are included in the balance sheet if:

- it is likely that the inherent future economic benefit of the asset will accrue to the Group; and
- the costs of the asset can be reliably determined.

Expenditure for intangible fixed assets that does not satisfy the conditions for capitalisation (e.g. expenditure on research, and varieties and logos developed in-house) is accounted for directly in the profit and loss account. Intangible fixed assets are valued at the purchase price or production price less cumulative amortisation and, if applicable, cumulative extraordinary impairment losses. Amortisation of intangible fixed assets is carried out systematically based on estimated economic life, subject to a maximum of twenty years. The economic life and the amortisation method used are appraised at the end of each financial year. If the estimated economic life is greater than twenty years, an extraordinary impairment test will be carried out from the time of processing at the end of each financial year.

Research costs

Agrico carries out research into new varieties and into the adaptation of existing varieties. This research is primarily conducted within the Agrico Research B.V. subsidiary. These activities focus primarily on research, rather than on development which would be eligible for capitalisation as defined in the Dutch Annual Reporting Guidelines. For this reason, the expenditure concerned is taken to the profit and loss account.

Tangible fixed assets

Land and buildings, machinery, plant and other fixed operating assets are valued at purchase price or production price, less cumulative depreciation and other impairment. Subsidies and investment premiums are deducted from the purchase price of the asset or assets to which they relate. Tangible assets are derecognised after disposal or when no future performance units are expected to accrue from its use or disposal. The cost or benefit that ensues from the disinvestment is recognised in the profit and loss account.

Depreciation is calculated as a percentage of the purchase price or production price according to the straight-line method based on economic life. No depreciation is effected against land and tangible fixed operating assets funded in advance but not yet completed. The cost of major maintenance work is added to the cost price as soon as such costs occur and the criteria for capitalisation are fulfilled. The carrying amount of components to be replaced is then deemed to be a disposal and taken to the profit and loss account as a lump sum. All other maintenance costs are accounted for directly in the profit and loss account.



Demo field for table-stock potatoes



Financial fixed assets

Holdings in which significant control can be exercised on the business and financial policies are valued based on net asset value. Holdings in which no significant control can be exercised are valued at acquisition price or at their lower economic value. The valuation of the holdings makes no allowance for deferred obligations in respect of tax levied at source. A provision is formed, where necessary, if a participation has a negative net asset value.

Deferred tax liabilities, including those related to deductible tax losses, are recognised at fair value on initial recognition. If it is deemed probable that they can be realised in the future, deferred tax assets are valued at the tax rate applicable at the time of estimated realisation.

Other receivables are valued at amortised cost less any provision deemed necessary for bad debts.

Depreciation or appreciation in value of fixed assets

Agrico recognises intangible, tangible and financial fixed assets in accordance with principles for financial reporting that are generally accepted in the Netherlands. Based on these principles, fixed assets with a long economic life need to be assessed for impairments when changes or circumstances occur that give rise to a suspicion that the carrying amount of an asset will not be recouped. The payback possibility of assets that are in use is determined by comparing the carrying amount of that asset with the present value of the future net cash flow that said asset is expected to generate. If the carrying amount is higher, the difference is written off against the results. Assets available for sale are valued at the carrying amount, or market value if lower, after deducting sales costs.

Current assets

Stocks

Stocks of raw materials and production supplies (i.e. packaging and spare parts) are valued at their purchase price, or market value if lower, less a provision for obsolescence.

Receivables

Receivables are valued at amortised cost less a provision for bad debts. Where amortisation is not possible, the amortised cost matches the nominal value.

Cash and cash equivalents

Cash and cash equivalents include cash, bank balances and balances on deposit accounts with a term of less than twelve months. Cash and cash equivalents are carried at nominal value.

Group equity

Third-party interests in Group equity

A third party's minority interest is valued in accordance with the share of that third party in the net asset value.



Open house at Agrico Quality Center



Provisions

Provisions are reported at their nominal value with the exception of provisions for pensions and similar obligations which are calculated by actuarial methods, and deferred tax obligations which are reported at their cash value. Provisions are formed for legally enforceable or constructive obligations which exist at the balance sheet date but whose actual value is uncertain; a reasonable estimate is then made of the value if it is probable that the obligation will ultimately need to be settled.

Pensions

Operational subsidiaries of the Cooperative offer various pension schemes, in accordance with local conditions and customs in the countries in which they operate. The majority of these schemes are defined-contribution plans administered by an insurance company. The schemes are generally funded from the premium payments made to the insurance companies concerned. The actuarial risk is borne entirely by the insurance company. The contributions payable are reported directly in the profit and loss account. Any outstanding payments or refunds are included under the Current Liabilities or Receivables item.

A provision will be formed for any obligations in addition to the premiums payable to the pension provider if, at the balance sheet date, there is a legally enforceable or constructive obligation to the pension provider and/or the employee, it is probable that settlement of the obligation will lead to an outflow of resources, and a reliable estimate can be made of the total value of the obligation. The provision for additional obligations to the pension provider and/or employee has been valued based on the best estimate of the amounts that would be necessary to settle the obligations in question at the balance sheet date.

Deferred taxes

To the extent that fiscal valuations vary from the reported valuation principles, and deferred tax obligations ensue, a provision will be formed for such obligations based on the tax rate applicable at the estimated time of payment.

Anniversary liabilities

The anniversary provision concerns a provision for future anniversary bonuses. The provision represents a present value of anniversary bonuses payable in the future. The calculation is based on commitments made, the likelihood of the employee remaining with the company, and age.

Long-term liabilities

Interest-bearing liabilities are reported on initial recognition at fair value and subsequently carried at amortised cost, plus any directly attributable transaction costs. The interest payable is reported in the periods to which it relates.

Current liabilities

Trade creditors and other liabilities are initially reported at fair value and subsequently carried at amortised cost. Trade creditors and other liabilities concern debts with a maturity of less than one year.

Amortised cost

Amortised cost is the amount for which a financial asset or financial obligation is initially recognised in the balance sheet, less any repayments on the principal, increased or reduced by the cumulative amortisation of the difference between the first amount and the repayment amount calculated using the effective interest method, and reduced by any write-off (direct, or by creating a provision) due to impairment or irrecoverability.

Leasing

The appraisal of whether or not an agreement contains a lease is made based on economic reality at the time the contract is entered into. The contract is deemed to be a lease agreement if performance of the agreement depends on the use of a specific asset or the agreement includes the right to use a specific asset. Payments for operational leasing are recognised in the profit and loss account as straight-line amounts spread over the period of the lease.



Determination of results

The net result shown in the profit and loss account has only a limited significance in the context of an appraisal of the financial results. The prices received by members for their products through the Cooperative are a better indicator of the financial results.

General details

Costs are determined with due consideration of the accounting principles mentioned above and are allocated to the financial year to which they relate.

Net turnover

Net turnover concerns the proceeds from goods and services provided to third parties, less the discount allowed to customers and excluding value-added tax (VAT). Turnover is only reported if there is a reasonable degree of certainty that future benefit will accrue to the enterprise and that benefit can be reliably estimated. Turnover is specified according to the destination market. Proceeds are reported when the significant risks and the ownership rights have been transferred to the buyer, when receipt of consideration is probable, and when the costs and the likelihood of return of the goods can be reliably estimated. Licences received from third parties are accounted for with deduction of continued payments to the entitled party, since the company is not exposed to credit risk for this portion of the licences.

Purchase of products

Payments to members for the products they have delivered are determined at the end of the financial year based on information known on that date, taking into account any deductions necessary to cover the costs of the Group.

Staff costs

The amounts payable to employees and the tax authorities by way of wages, salaries and social security contributions are incorporated into the profit and loss account based on the applicable employment package.

Interest income and expenses

Interest income and expenses are accounted for in the period to which they relate, taking into account the interest rate applicable to the assets and liabilities concerned.

Taxes

Taxes and levies are calculated on the recognised operating result, taking into account tax exemptions and expenses that are wholly or partially non-deductible. The Cooperative and its Dutch Group companies form a fiscal entity. Taxes within this entity are netted as if each company were subject to taxation on its own account. A provision has been formed for possible deferred tax liability arising from taxable temporary differences. If it is probable that taxable profit will be available for settlement, a deferred tax asset has been formed for all deductible temporary differences and unused tax losses carried forward.

Cash flow statement

The cash flow statement has prepared based on the indirect method. Cash flows in foreign currencies are translated at the average rate of exchange. The purchase price of Group companies acquired and the sale price of Group companies sold are reported under 'Cash flow from investments'.



Notes to the consolidated balance sheet

x EUR 1,000

Intangible fixed assets (1)

The breakdown and the movements of the intangible fixed assets can be summarised as follows:

| | Software | Total 2018/2019 | Total 2017/2018 |
|------------------------------------|------------|--------------------|--------------------|
| Balance sheet as at 01 August | 134 | 134 | 612 |
| Investments | 280 | 280 | 6 |
| Depreciation and amortisation | -84 | -84 | -484 |
| Balance sheet as at 31 July | 330 | 330 | 134 |
| Purchase price | 2,302 | 2,302 | 4,833 |
| Cumulative depreciation | -1,972 | -1,972 | -4,699 |
| Balance sheet as at 31 July | 330 | 330 | 134 |

The software included under intangible fixed assets is amortised over a period of between three and five years. This item includes an amount of EUR 148,000 relating to a new ERP system currently being developed.

Tangible fixed assets (2)

The breakdown and the movements of the tangible fixed assets can be summarised as follows:

| | Land and buildings | Machinery and plant | Other fixed operating assets | Fixed operating assets under construction | Unproductive assets | Total 2018/2019 | Total 2017/2018 |
|------------------------------------|--------------------------|------------------------|---------------------------------|--|------------------------|--------------------|--------------------|
| Balance sheet as at 01 August | 15,353 | 2,390 | 2,082 | – | 586 | 20,411 | 17,328 |
| Investments | 465 | 213 | 854 | 461 | – | 1,993 | 5,058 |
| Transfers | -38 | -239 | 277 | – | – | – | – |
| Disposals | – | – | -102 | – | – | -102 | -37 |
| Depreciation and amortisation | -790 | -632 | -783 | – | – | -2,205 | -1,923 |
| Exchange rate differences | 8 | – | -6 | – | – | 2 | -15 |
| Balance sheet as at 31 July | 14,998 | 1,732 | 2,322 | 461 | 586 | 20,099 | 20,411 |
| Purchase price | 25,445 | 9,538 | 10,120 | 461 | 2,974 | 48,538 | 47,216 |
| Cumulative depreciation | -10,447 | -7,806 | -7,798 | – | -2,388 | -28,439 | -26,805 |
| Balance sheet as at 31 July | 14,998 | 1,732 | 2,322 | 461 | 586 | 20,099 | 20,411 |

The estimated economic life, and the associated depreciation period, is 20 to 40 years for buildings, 5 to 10 years for machinery and installations and 5 to 10 years for other fixed operating assets. Unproductive assets include houses and immovable property destined for sale. 'Fixed operating assets under construction' refers to investments in upgrading/renovating the office and the construction of a warehouse facility at the Purmerend site.



x EUR 1,000

Financial fixed assets (3)

The breakdown of and movements in the financial fixed assets can be summarised as follows:

| | Holdings | Other securities | Loans provided | Receivables on holdings | Other receivables | Total 2018/2019 | Total 2017/2018 |
|--|--------------|------------------|----------------|-------------------------|-------------------|-----------------|-----------------|
| Balance sheet as at 01 August | 1,347 | 5 | 154 | 786 | 918 | 3,210 | 3,973 |
| Repayments | – | – | -193 | – | -79 | -272 | -462 |
| Loans provided | – | 4 | – | – | 87 | 91 | 289 |
| Share in results for this financial year | -68 | – | – | – | – | -68 | -157 |
| Exchange rate differences | -91 | – | – | – | – | -91 | -485 |
| Movement in provisions | – | – | 143 | – | – | 143 | 52 |
| Balance sheet as at 31 July | 1,188 | 9 | 104 | 786 | 926 | 3,013 | 3,210 |

The 'Holdings' item includes the 50% share in AR Tarim Tohumculuk ve Sanayi Ticaret A.Ş. in Izmir, Turkey; the 45% share in Potato Services Africa Ltd in Nairobi, Kenya; and the 14.5% share in Breeders Trust S.A. in Belgium.

The 'Other securities' item concerns claims on cooperative associations in the form of shares destined to be held for a longer period of time. In addition, Agrico participates in various Private Sector Investments Programme (PSI) projects. The value of these interests (MABA Retail 25% and Agrico Algeria 25%) has been reported as nil.

EUR 0.9 million of the sum outstanding under 'Loans provided' is repayable within one year. Loans provided are recognised less a provision of EUR 2.6 million (31 July 2018: EUR 2.7 million). The average interest rate for these loans is 0.6%. Receivables from holdings concern loans with a term of more than one year; they are included after deduction of a provision in the sum of EUR 360,000 (31 July 2018: EUR 360,000).

Other receivables concern an investment account with the leasing company in connection with Agrico's financing of its leased vehicles.

Receivables (4)

Trade debtors are included after deduction of a provision for bad debts. As of 31 July 2019, said provision is valued at EUR 3.8 million (31 July 2018: EUR 3.5 million). The value of this provision is based on deliveries from the 2017 harvest and before that have not yet been paid, plus the provision deemed necessary for risks identified in relation to the 2018 harvest. Receivables from holdings concern short-term receivables (less than one year) and do not bear interest. The other receivables and accrued income have a term of less than one year and primarily concern value-added tax, corporation tax, goods and field inventories.

Cash and cash equivalents (5)

All cash and cash equivalents are at the disposal of the company.

Equity, capital and reserves (6)

The consolidated operating results accruing to the company (operating results including results directly accruing to the Cooperative via equity, capital and reserves) mount to EUR 1,495,600. Details on the movements in equity, capital and reserves can be found under the Notes to the Unconsolidated Balance Sheet of Coöperatie Agrico U.A.



x EUR 1,000

Third-party interests in Group equity (7)

The movements of third-party interests can be summarised as follows:

| | Total 2018/2019 | Total 2017/2018 |
|--|--------------------|--------------------|
| Balance sheet as at 01 August | 1,532 | 1,590 |
| Share in results for this financial year | 550 | 286 |
| Dividend | -284 | -333 |
| Exchange rate differences | 15 | -11 |
| Balance sheet as at 31 July | 1,813 | 1,532 |

Provisions (8)

The breakdown of and movements in provisions can be summarised as follows:

| | Pensions provision | Deferred tax liabilities | Anniversary payments provisions | Total 2018/2019 | Total 2017/2018 |
|------------------------------------|-----------------------|--------------------------------|---------------------------------------|--------------------|--------------------|
| Balance sheet as at 01 August | 298 | 127 | 217 | 642 | 875 |
| Deductions | -112 | -28 | -29 | -169 | -291 |
| Additions | 27 | – | 22 | 49 | 58 |
| Balance sheet as at 31 July | 213 | 99 | 210 | 522 | 642 |

The provision for pensions is calculated based on a discount rate of 2% and concerns the funding of pension entitlements accrued at the pension insurance provider up to 1 January 2000. This scheme includes an unconditional 1.5% indexation and applies to employees who remain in the Company's service until the retirement date. Provisions are, for the most part, long-term.



x EUR 1,000

Long-term debts (9)

The breakdown of and movements in long-term debts can be summarised as follows:

| | Members' accounts | Credit institution | Total 2018/2019 | Total 2017/2018 |
|---|-------------------|--------------------|-----------------|-----------------|
| Balance sheet as at 01 August | 2,963 | 3,249 | 6,212 | 6,522 |
| Repayments | – | -808 | -808 | -808 |
| Loans provided | 357 | 535 | 892 | 498 |
| Balance sheet as at 31 July | 3,320 | 2,976 | 6,296 | 6,212 |
| Repayment obligations can be summarised as follows: | | | | |
| Within 1 year | – | 808 | 808 | 849 |
| From 1 to 5 years | 3,320 | 2,168 | 5,488 | 5,363 |
| Balance sheet as at 31 July | 3,320 | 2,976 | 6,296 | 6,212 |

Members' accounts concern subordinated loans that form part of the Cooperative's guarantee capital. The average interest rate payable is 2.0% on members' accounts, and 1.25% on credit institution loans.

Members (10)

| | 31 Julv 2019 | 31 Julv 2018 |
|----------------------------------|---------------|---------------|
| Members for produce delivered | 14,826 | 15,014 |
| Debt to the pool | – | 1,460 |
| Repayment of certificate capital | 728 | 933 |
| | 15,554 | 17,407 |

For the most part, 'Members for produce delivered' relates to the balance that members leave in credit on their current account with the Cooperative. The average interest rate for these credit balances is 0.5%. The 'Debt to the pool' is an undivided remainder from the potato pools for that financial year, which will be added to the potato pools for the following financial year.



x EUR 1,000

Accrued liabilities (11)

The accrued liabilities have a term of less than one year and consist primarily of obligations towards staff and invoices to be received.

Risk recognised by Agrico:

- Strategic risks: Potential risks relating to further growth and acquisitions are managed by means of a strategic plan and objectives for growth and funding.
- Operational risks: Default risk are managed by means of an active credit control procedure and security is obtained where possible.
- Financial risks: Funding and currency risks are hedged by means of forward currency contracts and by preparing periodic liquidity forecasts. These activities, and the management of liquid funds, takes place mainly within Agrico B.V.
- Compliance risks: The risk of noncompliance with laws and regulations is managed through the use of codes of conduct, horizontal supervision and internal procedures.

Liabilities and assets not included in the balance sheet

Obligations with respect to operational lease liabilities amount to EUR 1.0 million. Of this amount, EUR 0.4 million has a maturity of less than one year. The remainder concerns obligations with maturities of less than five years.

At the end of the financial year, total investment obligations amounted to EUR 2.2 million.

Coöperatie Agrico U.A., Agrico B.V., Agrico Holding B.V., Agrico Research B.V. and Leo de Kock & Zn. B.V. form a fiscal entity for the purpose of corporation tax and VAT, and are consequently jointly and severally liable for obligations arising from the fiscal entity.

During the financial year 2015/2016, Agrico delivered seed potatoes to a customer in Jordan. A complaint was submitted about a portion of this delivery and payment for the entire delivery remains outstanding. Agrico believes the complaint is unfounded and this view was confirmed by the District Court of Rotterdam during legal proceedings in April 2018. A provision has been included in the financial statements for the entire sum. In response, the Jordanian customer instituted legal proceedings in Jordan against Agrico and several individuals. The case is still pending and – after the balance sheet date – the demands were increased with a civil claim. No provisions have been created for this claim. Partly on the basis of the favourable ruling of the Dutch Court, the Management does not expect any outflow of resources to ensue. The amount of the claim is, as yet, unknown.

Surety

Coöperatie Agrico U.A. maintains credit facilities with several Dutch banks, and the value of these facilities is adjusted in tandem with seasonal trends. The following surety has been put up for the credit facilities provided to Coöperatie Agrico U.A. by bankers:

- Joint and several liability obligations for the account of Coöperatie Agrico U.A., Agrico B.V., Agrico Holding B.V., Agrico Research B.V., and Leo de Kock & Zn. B.V.
- Assets declaration: 40% at the balance sheet date (the proportion of consolidated risk-bearing equity less intangible fixed assets in the consolidated balance sheet total).

Agrico B.V. is acting as guarantor for a credit facility for Canadian-based company Parkland Seed Potatoes Ltd in the sum of CAD 1.0 million.

Agrico Polska Sp. Z o.o. is acting as guarantor for a credit facility for a local partner in the sum of PLN 1.6 million.

Coöperatie Agrico U.A. has issued a '403 Declaration' for the holdings Agrico B.V. and Agrico Research B.V. Agrico Holding B.V. has issued a '403 Declaration' for the holding Leo de Kock & Zn. B.V.



Notes to the consolidated profit and loss account

x EUR 1,000

Net turnover of products sold to third parties (12)

This concerns the invoiced turnover for seed and ware potatoes and suchlike from the 2018 harvest, after deduction of discounts, etc.

| | 2018/2019 | 2017/2018 |
|---|----------------|----------------|
| Net turnover can be specified as follows: | 248,320 | 226,701 |
| Seed potatoes | 63,986 | 42,984 |
| Ware potatoes | 5,977 | 5,088 |
| Licences | 1,536 | 1,464 |
| Other turnover | 319,819 | 276,237 |
| Market share of potato sales: | % | % |
| Netherlands | 31.8 | 27.6 |
| France | 12.5 | 13.3 |
| Belgium | 11.9 | 10.8 |
| Other EU | 22.1 | 22.6 |
| Non-EU | 21.7 | 25.7 |
| | 100.0 | 100.0 |

Direct costs (13)

This figure includes expenses with a direct link to sales, including transport, commissions, packaging, etc.

Purchase of products (14)

This figure includes the payments made to members for potatoes they have delivered (pooled or otherwise), storage allowances paid to members, purchases from third parties, and the costs involved in the hive-off of the ware potato department. The share of members in this respect is valued at EUR 186.4 million (2017/2018: EUR 145.2 million).

Other operating income (15)

This figure includes payments received by way of subsidies, among other things.

Wages, salaries and social security contributions (16)

| | 2018/2019 | 2017/2018 |
|---|---------------|---------------|
| Salaries | 12,997 | 12,063 |
| Social security contributions | 2,307 | 2,125 |
| Pension costs, including changes in the pension provision | 1,606 | 1,266 |
| | 16,910 | 15,454 |
| Average number of employees in the Agrico Group: | | |
| Netherlands | 180 | 169 |
| Foreign Group companies | 63 | 66 |
| | 243 | 235 |



x EUR 1,000

Depreciation and amortisation on intangible and tangible fixed assets (17)

| | 2018/2019 | 2017/2018 |
|---|--------------|--------------|
| Intangible fixed assets | 84 | 484 |
| Land and buildings | 790 | 792 |
| Machinery and plant | 632 | 639 |
| Other fixed operating assets | 783 | 491 |
| | 2,289 | 2,406 |
| Net result of the disposal of assets (profit or loss) | – | -19 |
| | 2,289 | 2,387 |

Other operating expenses (18)

| | 2018/2019 | 2017/2018 |
|-------------------------------------|---------------|---------------|
| Other staff costs | 2,657 | 2,643 |
| Office expenses | 2,284 | 1,316 |
| Organisational costs | 1,507 | 1,238 |
| Sales costs | 2,695 | 2,833 |
| Accommodation and operational costs | 1,905 | 1,849 |
| Miscellaneous costs | 1,524 | 1,231 |
| | 12,572 | 11,110 |

Interest and similar charges payable (19)

The 'Interest and similar charges payable' item includes a provision of EUR 41,600 (previous year: EUR 16,500) for exchange rate differences.

Taxes (20)

Of the total tax levied on the results, EUR 3.1 million (2017/2018: EUR 2.5 million) concerns a loss incurred in the Netherlands, while EUR 7.6 million (2017/2018: EUR 5.5 million) concerns profit on operations outside the Netherlands. The effective tax burden (53%) varies from the nominal rate for the Netherlands (25%) on account of:

- application of the holding exemption on earnings from holdings.
- varying rates in other countries.
- uncertainty as to the receipt of tax refunds for certain losses and valuation differences, as a result of which no provision has been formed.
- other permanent differences between fiscal and commercial accounting principles.

At the end of the financial year, the deductible tax losses for the Dutch fiscal entity amount to approx. EUR 14.6 million. The off-settable tax on this amount, calculated at the nominal rate of 25.0%, is EUR 3.7 million. This amount has not been included in the balance sheet.



Unconsolidated balance sheet

x EUR 1,000 (after proposed appropriation of net result)

| Assets | 31 July 2019 | 31 July 2018 |
|-----------------------------------|---------------|---------------|
| Fixed assets | | |
| Tangible fixed assets (1) | | |
| Land and buildings | 1,830 | 1,694 |
| Unproductive assets | 446 | 446 |
| | 2,276 | 2,140 |
| Financial fixed assets (2) | | |
| Holdings in Group companies | 37,942 | 35,476 |
| | 37,942 | 35,476 |
| Current assets | | |
| Receivables | | |
| Group companies | 7,743 | 12,088 |
| Members | 879 | 705 |
| | 8,622 | 12,793 |
| Cash and cash equivalents | 254 | 182 |
| Total assets | 49,094 | 50,591 |

| Shareholders' equity & liabilities | 31 July 2019 | 31 July 2018 |
|---|---------------|---------------|
| Equity, capital and reserves (3) | | |
| Statutory reserves | 29,714 | 28,132 |
| Certificate capital | – | 713 |
| Statutory reserve for holdings | 499 | 566 |
| Statutory reserve for exchange rate differences | -2,545 | -2,481 |
| | 27,668 | 26,930 |
| Long-term debts (4) | | |
| Members' accounts* | 3,320 | 2,963 |
| Credit institutions | 2,400 | 3,200 |
| | 5,720 | 6,163 |
| Current liabilities | 15,554 | 17,407 |
| Members (5) | 152 | 91 |
| Other debts | 15,706 | 17,498 |
| Total liabilities | 49,094 | 50,591 |

*concerns subordinated loans forming part of the Cooperative's guarantee capital



Unconsolidated profit and loss account

x EUR 1,000

| | 2018/2019 | 2017/2018 |
|---|--------------|------------|
| Income from ordinary activities after tax | -970 | -1,797 |
| Earnings from holdings (6) | 2,530 | 2,632 |
| Net result after taxes | 1,560 | 835 |

Accounting policies in the unconsolidated financial statements

Introduction and notes

These are the unconsolidated financial statements of the Coöperatie Agrico U.A., established on 2 April 1973 with registered office in Emmeloord, the Netherlands, and registered with the Chamber of Commerce under number 39025632. These financial statements have been compiled in accordance with the laws and regulations for financial reporting prevailing in the Netherlands. Advantage has been taken of the facility provided under Section 362.8 of Part 9 of Book 2 of the Dutch Civil Code to apply the same principles in the unconsolidated financial statements as have been applied in the consolidated accounts. With respect to the principles for the valuation of the assets and liabilities, and for the compilation of the profit and loss account, reference is made to the notes to the consolidated financial statements, insofar as items are included in the unconsolidated accounts without further explanation.

Applicability of Section 402 of Book 2 of the Dutch Civil Code

Since the profit and loss account for 2018/2019 for Coöperatie Agrico U.A. has been incorporated into the consolidated financial statements, the company accounts include only a summarised profit and loss account in accordance with Section 402 of Book 2 of the Dutch Civil Code.



Notes to the unconsolidated financial statements

x EUR 1,000

Tangible fixed assets (1)

The breakdown and the movements of the tangible fixed assets can be summarised as follows:

| | Land and buildings | Unproductive assets | Total 2018/2019 | Total 2017/2018 |
|------------------------------------|--------------------|---------------------|-----------------|-----------------|
| Balance sheet as at 01 August | 1,694 | 446 | 2,140 | 2,177 |
| Investments | 226 | – | 226 | 42 |
| Depreciation and amortisation | -90 | – | -90 | -79 |
| Balance sheet as at 31 July | 1,830 | 446 | 2,276 | 2,140 |
| Purchase price | 2,661 | 2,777 | 5,438 | 5,212 |
| Cumulative depreciation | -831 | -2,331 | -3,162 | -3,072 |
| Balance sheet as at 31 July | 1,830 | 446 | 2,276 | 2,140 |

The estimated economic life, and the associated depreciation period, is 20 to 40 years for buildings. Unproductive assets include immovable properties destined for sale.

Financial fixed assets (2)

The breakdown of and movements in the financial fixed assets can be summarised as follows:

| | Holdings in Group companies | Total 2018/2019 | Total 2017/2018 |
|------------------------------------|-----------------------------|-----------------|-----------------|
| Balance sheet as at 01 August | 35,476 | 35,476 | 33,421 |
| Results for this financial year | 2,530 | 2,530 | 2,632 |
| Exchange rate differences | -64 | -64 | -577 |
| Balance sheet as at 31 July | 37,942 | 37,942 | 35,476 |



x EUR 1,000

Equity, capital and reserves (3)

The breakdown of and movements in equity, capital and reserves can be summarised as follows:

| | Reserves pursuant to Article 19,2 of the Articles of Association | Certificate capital | Statutory reserve, holdings | Statutory reserve for exchange rate differences | Total 2018/2019 | Total 2017/2018 |
|------------------------------------|--|---------------------|-----------------------------|---|-----------------|-----------------|
| Balance sheet as at 01 August | 28,132 | 713 | 566 | -2,481 | 26,930 | 27,609 |
| Balance for the financial year | 1,560 | – | – | – | 1,560 | 835 |
| Repayments | – | -30 | – | – | -30 | -21 |
| Repayment, Series F | – | -728 | – | – | -728 | -916 |
| Other changes | 22 | 45 | -67 | -64 | -64 | -577 |
| Balance sheet as at 31 July | 29,714 | – | 499 | -2,545 | 27,668 | 26,930 |

The reserves held pursuant to Article 19.2 of the Articles of Association are equal to the withheld balances of the Cooperative. No disbursement may be made from the statutory reserve for exchange rate differences beyond the level of the negative balance of said reserve.

The statutory reserve for holdings has been created for results and direct increases in the capital, equity and reserves of the holdings since the initial valuation in accordance with the equity method because the value of those holdings cannot easily be enforced or realised.

Proposed appropriation of net operating results

Pursuant to Article 19.2 of the Articles of Association, it is proposed by the Management Board that the positive operating result 2018/2019 (EUR 1,560,000) be divided and appropriated as follows:

| | 2018/2019 | 2017/2018 |
|---|--------------|------------|
| Interest credited to certificate capital | – | 15 |
| Addition to Cooperative's reserve pursuant to Article 19,2 of the Articles of Association | 1,560 | 820 |
| | 1,560 | 835 |

This proposal has been incorporated into the balance sheet dated 31 July 2019.



x EUR 1,000

Long-term debts (4)

The breakdown of and movements in long-term debts can be summarised as follows:

| | Members' accounts | Credit institutions | Total 2018/2019 | Total 2017/2018 |
|---|-------------------|---------------------|-----------------|-----------------|
| Balance sheet as at 01 August | 2,963 | 3,200 | 6,163 | 6,499 |
| Repayments | – | -800 | -800 | -800 |
| Loans provided | 357 | – | 357 | 464 |
| Balance sheet as at 31 July | 3,320 | 2,400 | 5,720 | 6,163 |
| Repayment obligations can be summarised as follows: | | | | |
| Within 1 year | – | 800 | 800 | 800 |
| From 1 to 5 years | 3,320 | 1,600 | 4,920 | 5,363 |
| Balance sheet as at 31 July | 3,320 | 2,400 | 5,720 | 6,163 |

The average interest rate payable is 2.0% on members' accounts, and 1.25% on credit institution loans.

Members (5)

| | 2018/2019 | 2017/2018 |
|----------------------------------|---------------|---------------|
| Members for produce delivered | 14,826 | 15,014 |
| Debt to the pool | – | 1,460 |
| Repayment of certificate capital | 728 | 933 |
| | 15,554 | 17,407 |

For the most part, 'Members for produce delivered' concerns the balance that members leave in credit on their current account with the Cooperative. The average interest rate for these credit balances is 0.5%. The 'Debt to the pool' is an undivided remainder from the potato pools for that financial year, which will be added to the potato pools for the following financial year.

Earnings from holdings (6)

This concerns the share of the enterprises in the earnings of its holdings, where an amount of EUR 2,597,200 (2017/2018: EUR 2,789,200) relates to group companies. The remaining portion concerns earnings from minority interests in the amount of EUR -67,100 (2017/2018: EUR -157,600).

External auditor's fee (pursuant to Section 382a of Book 2 of the Dutch Civil Code)

The auditing costs included under 'Organisational costs' relate to the following services from Ernst & Young Accounts LLP:

| | 2018/2019 | 2017/2018 |
|-----------------------------------|------------|------------|
| Audit of the financial statements | 250 | 160 |
| Tax advisory services | 10 | 25 |
| Other non-auditing activities | 8 | 7 |
| | 268 | 192 |



x EUR 1,000

Remuneration of Directors and Supervisory Directors

In accordance with Section 383.1 of Part 9, Book 2 of the Dutch Civil Code, the figures for the Directors of Coöperatie Agrico U.A. (who also act as Supervisory Directors of Agrico B.V.) are: EUR 150,700 (last year: EUR 141,600).

Liabilities and assets not included in the balance sheet

Agrico U.A. is jointly and severally liable for obligations arising from the fiscal entity, in terms of both corporation tax and VAT levies in connection with turnover with Group members in the Netherlands.

Coöperatie Agrico U.A., Agrico B.V., Agrico Holding B.V., Agrico Research B.V., and Leo de Kock & Zn. B.V. form a fiscal entity for the purpose of corporation tax and VAT, and are consequently jointly and severally liable for obligations arising from the fiscal entity.

Surety

Coöperatie Agrico U.A. maintains credit facilities with several Dutch banks, and the value of these facilities is adjusted in tandem with seasonal trends. The following surety has been put up for the credit facilities provided to Coöperatie Agrico U.A. by bankers:

- Joint and several liability obligations for the account of Coöperatie Agrico U.A., Agrico B.V., Agrico Holding B.V., Agrico Research B.V. and Leo de Kock & Zn. B.V.
 - Assets declaration: 40% at the balance sheet date (the proportion of consolidated risk-bearing equity less intangible fixed assets in the consolidated balance sheet total).
- Coöperatie Agrico U.A. has issued a '403 Declaration' for the holdings Agrico B.V. and Agrico Research B.V.

Emmeloord, 15 November 2019

J.J. van Hoogen
Managing Director

P.J. van Maldegem
Member of the Board

A.H. Vermeulen
Member of the Board

S.K. Hoekstra
Member of the Board

C.A.A.M. Gommeren
Member of the Board

L.D. de Winter
Member of the Board

G. Ensing
Member of the Board

G.H. de Raaff
Member of the Board



The background is a solid red color. On the left side, there are several stylized leaves drawn with black outlines. The leaves are of various sizes and orientations, some overlapping. The text 'Other information.' is positioned on the right side of the image. 'Other' is in a bold, black, sans-serif font, and 'information.' is in a white, sans-serif font with a slightly distressed or textured appearance. The text is slanted upwards to the right.

Other
information.



Important provisions in the Articles of Association

Inzake verdeling saldo (Artikel 15.2 lid 6)

With regard to the apportionment of the balance (Article 15.2, subsection 6)

- a. The Board of Members decides with regard to the apportionment of any positive balance on the profit and loss account after hearing a proposal from the Cooperative Board.
- b. Any negative balance on the profit and loss account is deducted from the equity, capital and reserves of the Cooperative, specifically from those components as determined by the Board of Members after hearing a proposal from the Cooperative Board.

With regard to the apportionment of a positive balance after winding-up (Article 17.3)

1. If a positive balance proves to exist after winding-up and if any member certificates are still outstanding, this balance will first be used to disburse the amount subscribed to said certificates, including any appreciation on those certificates. If the balance is insufficient for this disbursement, the balance will be apportioned according to the ratio described in the previous sentence. If a balance remains after these payments have been made, it will be disbursed to those who were Members of the Cooperative on the date the Cooperative was dissolved. The remaining balance will be apportioned according to the ratio of the total of all disbursements made by the Cooperative to each of the Members in respect of products for which a delivery obligation applied or had applied during the five (5) full financial years prior to dissolution, or during the entire period of membership if that had lasted less than five (5) years.
2. In the event of dissolution because of the total lack of Members, any positive balance will be disbursed to those who had ceased to be Members during the five (5) years immediately preceding the dissolution. If there are no such Members, the balance will be disbursed to those who had ceased to be Members during the seven (7) years immediately preceding the dissolution, and so on. The principle on which apportionment will be based corresponds to the principle described in the previous subsection.



Agrico

PO Box 70, 8300 AB Emmeloord

Duit 15, 8305 BB Emmeloord

T +31 (0)527 639911 / E info@agrigo.nl

I www.agrigo.nl

