Annual Report 2024

Koninklijke A-ware Food Group B.V.

Driven by taste

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About Royal A-ware

As an international family business, Koninklijke A-ware Food Group (Royal A-ware) produces high-quality dairy and food products and is a logistics partner in agri and food transport. With a clear vision and strategy, we create and direct efficient, sustainable chains from consumer to cow.

Royal A-ware | Key figures

€ 3.8 billion
in revenue

€ 228 million
EBITDA

4,845
employees

1,500+
own dairy farmers

2,8 billion
kilogram of milk

1,800+
trucks

Locations

Royal A-ware is an international company with 51 sales offices and production locations in various European countries and two sales offices outside Europe.

27

Royal A-ware

22

AB Texel

4

Royal A-ware sales offices (including US and Singapore, not on the map)

Foreword by our CEO

Dear reader,

I am pleased to present our Annual Report 2024, which provides a comprehensive overview of our financial performance, strategic ambitions, and sustainability achievements over the past year. In 2024, we took significant steps in both sustainability and financial reporting. We transitioned from Dutch Generally Accepted Accounting Principles (Dutch GAAP) to International Financial Reporting Standards (IFRS) to enhance transparency and comparability on an international scale. Furthermore, we are now reporting in accordance with the Corporate Sustainability Reporting Directive (CSRD), underpinning our commitment to transparency on environmental, social, and governance (ESG) topics.

The world is changing at an unprecedented pace, presenting both challenges and opportunities. Businesses must navigate increasing pressures related to carbon emissions, biodiversity, and labour market constraints, while geopolitical developments continue to shape both strategic and operational decisions. However, within these challenges lie significant opportunities to drive positive change and contribute to a more sustainable future.

Dairy products, as a source of essential nutrients, will remain an important food worldwide, as part of a sustainable and healthy diet. Given its favourable climatic conditions, Northwest Europe remains one of the most suitable regions for responsible dairy production. Our ambition is to produce nutrient-rich dairy products while minimising the impact on people, animals, and the environment.

At Royal A-ware, we acknowledge our role and responsibility in fostering a more sustainable food chain. In 2024, we implemented key initiatives to enhance the sustainability of our supply chains. A milestone in this journey was the approval of our climate targets by the Science Based Targets initiative (SBTi), confirming that our efforts align with global greenhouse gas reduction goals. We are proud to be the first Dutch family-owned dairy company to receive this approval — an important validation of our commitment to sustainability, both for ourselves and our stakeholders.

This report has been prepared in accordance with IFRS and the European Sustainability Reporting Standards (ESRS). It integrates financial and non-financial information, offering a holistic perspective on our economic performance, environmental impact, and social responsibility. Our actions are guided by a commitment to long-term value creation, ensuring that dairy farmers can continue their operations, customers maintain confidence in our products and services, and employees thrive in a workplace where they feel valued and supported.

I am proud of the progress we have made in 2024—from reducing CO_2 emissions to expanding opportunities for our employees. Our achievements and initiatives are outlined in detail in this report. However, we recognise that there is still work to be done, and we remain committed to continuous improvement.

Finally, I would like to express my sincere appreciation to everyone who has contributed to our progress. Our employees, dairy farmers, customers, and partners all play an essential role in achieving our shared goals. Their dedication and collaboration are fundamental to our continued success.

Jan Anker
CEO Royal A-ware Food Group

About Royal A-ware | Profile

Royal A-ware is an international family-owned company with over 130 years of experience in food and 100 years of experience in logistics. In several countries, we produce cheese, daily fresh dairy, cream, milk powder and tapas entirely according to our customer's wishes. We produce dairy products with the highest possible nutritional value and the lowest possible impact on people, animals and the environment. We process and package dairy products for customers worldwide.

We are also a logistics partner in agri-, food- and special transport. For instance, we transport potatoes and other agricultural products, chilled food products, animal feed, flour and liquid dairy.

Royal A-ware is characterised by a no-nonsense attitude, entrepreneurship, flexibility and with a special focus on respectul collaborations. With our craftsmanship, smart use of technology and knowledge of current trends, we are constantly seeking for the best and most sustainable solution for our customers. We believe it is important to take the burden off the customer as much as possible.

Together with dairy farmers and other partners in agri and food, we create and orchestrate efficient, sustainable chains. We always aim for the shortest route from consumer to cow, ensuring that all stakeholder in the chain enjoy long-term benefits. Every day, nearly 5,000 employees are committed to this worldwide. To create and orchestrate efficient sustainable chains, Royal A-ware is divided into several divisions. Each with its own activities and management teams. This allows us to be flexible and fast.

History

Our history goes back more than 130 years. At the cradle of Royal A-ware are the Anker and Bouter families. The businesses of these entrepreneurs developed rapidly, expanding their operations over the years.

Anker family

Arie Anker moved into the first cheese warehouse in Bodegraven and started selling cheese at local market places in 1962. Business went profitable and as a result, additional warehouses were built to store all the cheese. Cheese was also matured for other companies. In the 1990s, two daughters and son Jan joined Anker Cheese. In 2001, Jan Anker became co-owner. Under his leadership, Anker Cheese grew into a company that matured, transported an traded cheese.

Bouter family

Peter Bouter started his own grain and cheese business in 1898. He supplied fodder to farmers, some of whom repaid him with cheese. In 1956, son Peet, a born trader, joined the family business. Not only did the cheese business develop at a rapid pace, but customers' needs also changed. For instance, they wanted pre-packaged pieces of cheese to which Peet responded.

In 1973, the cattle feed business was sold, while the cheese business continued to grow. In 1983, Albert Heijn decided to choose Bouter Kaas as its supplier. Since then, Bouter Cheese has been Albert Heijn's cheese partner.

Royal A-ware Food Group

In 2010, the Anker and Bouter families decided to join forces: Anker Cheese and Bouter Cheese became A-ware Food Group.

2015 marked A-ware Food Group's 125th anniversary, and the company received the designation 'Royal'. Since then, the company has gone by the name Royal A-ware Food Group. Briefly, Royal A-ware.

Over time, acquisitions have taken place in all divisions, the portfolio of products and services has expanded significantly worldwide and the number of sales and production locations grew.

Director's Report

Mission & Vision

The shortest route from consumer to cow

To create the most efficient and responsible supply chain, ensuring the shortest route from consumer to cow. By maintaining full control over our value chain, we can optimise processes, enhance efficiency, and align production with evolving sustainability requirements. This enables us to produce and transport goods effectively while managing milk streams in accordance with the diverse sustainability expectations of our customers.

We continue to witness growing demand for products that combine high nutritional value with minimal environmental impact. By prioritising customer needs and sustainability, we strengthen our market position and ensure long-term resilience.

To further enhance our sustainability impact, we are intensifying our focus on responsible sourcing, efficient processing, and close collaboration with dairy farmers. Our agility and innovative capabilities allow us to respond swiftly to developments across our cheese production, dairy products, and milk powder divisions. Moreover, we maintain a flexible approach in addressing customer requirements, sustainability challenges, and quality assurance across the entire value.

Strategy

We firmly believe in dairy as a source of essential nutrients and are committed to meet the growing global demand for dairy as a fundamental component of a sustainable and healthy diet. With a practical, result-driven approach and a strong passion for excellence, we deliver high-quality products to our clients in an efficient and sustainable manner. To uphold this commitment, we continuously take strategic steps to enhance the sustainability of our supply chains, ensuring long-term benefits for all our stakeholders.

"We are practical and result-driven professionals with a hands-on mentality who provide our customers with the highest quality in an efficient and sustainable way."

By maintaining full control over the entire value chain —from consumer to cow— we optimise efficiency and sustainability. As orchestrators of the supply chain, we embrace our responsibility to drive sustainable progress. This commitment extends beyond our own operations; we actively engage suppliers and customers in advancing sustainability efforts. Through this collaborative approach, we enable dairy farmers to sustain their businesses, empower customers to choose more sustainable products and services, and foster a work environment where employees can develop and thrive.

Our overall strategy has a number of key elements:

- We are growing thanks to long-term partnerships: we are building the future with strategic partners who share the same goals.
- We manage efficient, sustainable agri-food chains: in recent years, we have invested in the development and management of the entire chain, from consumer to cow. This strengthens our independent position and flexibility.
- We have a demand-driven portfolio of products and services: customer needs are paramount in the development of our products.
- We manage our risks by offering and utilising different milk flows, products and sales channels.
- We combine sustainability and profitability: sustainability and profitability go hand in hand and ensure that we build a stable and financially healthy company for future generations.
- We constantly strive for improvement: going forward, we will continue to perform at the level that our customers have come to expect.
- We foster our entrepreneurial and flexible culture: this allows us to respond quickly to developments and customer requests.

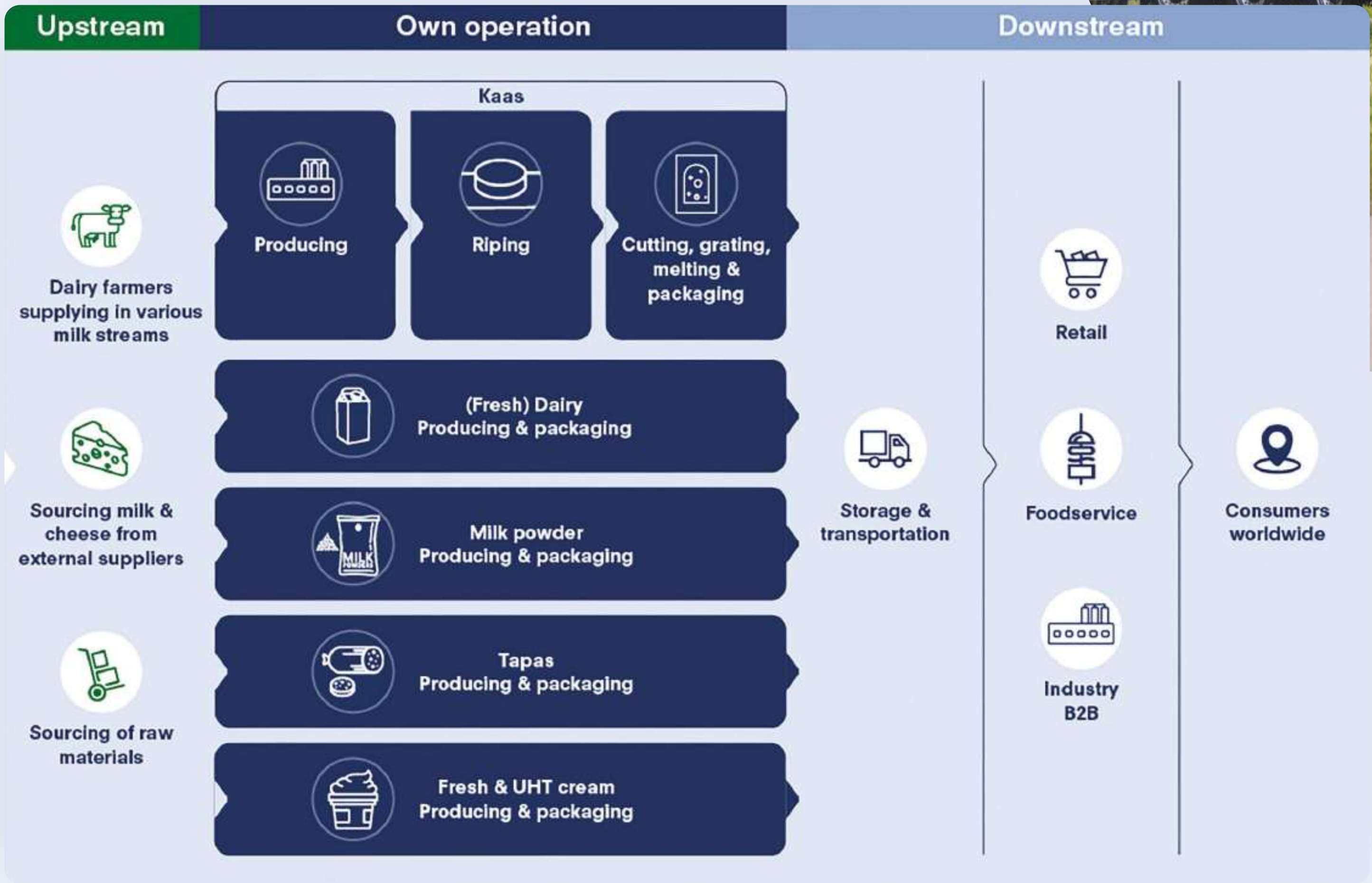
This strategy enables us to properly address the identified risks (see risk section) and to utilise opportunities.

Value creation model

Through our strategy, we aim to create meaningful value for society and the environment. Our value creation model provides a structured representation of our current and future impact. The model begins by outlining the resources deployed by Royal A-ware, followed by an illustration of how these resources enable us to deliver high-quality products and services. It concludes by highlighting our strategic ambitions and long-term commitments.

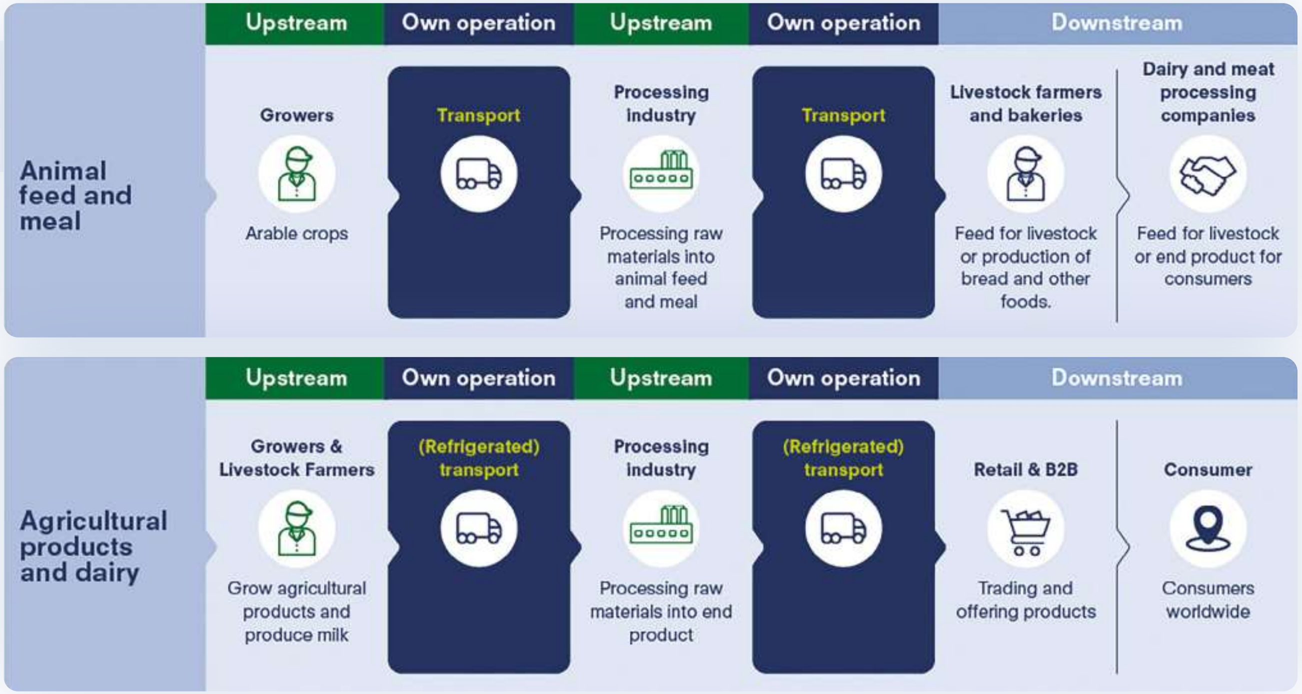
Business model & value chain

Value chain dairy activities



These visuals show the main characteristics of the upstream and downstream value chain and the company's position in the dairy and transport value chains.

Value chain transport activities



Our products and services

Our inputs: milk, cheese and other raw materials

Besides milk and cheese, the main resources are transport equipment and fuel. Milk is mainly supplied by dairy farmers under contract to Royal A-ware. Thanks to our personal contact with dairy farmers and our no-nonsense approach, we continue to see growth in the number of dairy farmers supplying milk to us. Next to milk supplied by dairy farmers, we also buy externally available milk. By combining these two, we can continue to purchase enough milk to produce our dairy products.

Our outputs: dairy products

We make various milk and cheese products: milk, yoghurt, mozzarella, whipped cream, different types of cheese, as well as grated and melted cheese. Royal A-ware produces mainly private label products and supplies the food industry, retail and food service customers. The main market for us is Europe, but we have customers worldwide. With our transport company, we are also specialist in transporting agricultural products, animal feed, chilled food products, dry and liquid food products. The main markets for our transport activities are in north-western Europe.

Overview of sustainability-related targets in terms of significant groups of products and services, customer categories, geographical areas and stakeholders:

Type		Target
Significant products:	Dairy products	Nutritional value i.r.t. environmental impact
		Greenhouse gas reduction targets
		Targets in respect of dairy farming
Significant services:	Road transport	Greenhouse gas reduction targets
Significant customers:	Specific to A-ware Dairy: retail, food service, food industry	Nutritional value i.r.t. environmental impact
		Greenhouse gas reduction targets
		Targets in respect of dairy farming
	Specific to AB Texel: Producers and/or processors of agricultural products, dairy products, animal feed and building materials.	Greenhouse gas reduction targets
Geographical areas:	No targets have been set on specific geographical areas	
Stakeholders (other than customers):	Dairy farmers	Target resilient dairy farming

What are the risks and opportunities?

Royal A-ware has identified the following risks and opportunities:

Risk	Description	Time horizon	Risk development	Value chain	Possible impact	Mitigating measures
Laws and regulations	Laws and regulations aimed at reducing emissions, improving animal welfare and biodiversity, and increasing supply chain transparency. This impacts the conditions under which Royal A-ware and its supply chain partners (including dairy farmers) can operate.				• Higher production costs • Could lead to lower milk availability • Affordability of milk	• Implementing greenhouse gas reduction measures in own operations and supply chains • Providing knowledge through Dairy Academy
Changing consumer behavior	The assumption that dairy is an integral part of Western food culture is decreasing. Consumers might consider to reduce the consumption of dairy replacing it with plant-based alternatives due to health, animal welfare, or climate concerns.				• Dairy is not valued appropriately. • Preassure on sales if insufficiently adapted to changing behavior.	• Develop and roll out vision • Develop plant-based or hybrid products when there is sufficient market demand, ensuring they score positively in terms of nutritional value relative to environmental impact.
Climate & Biodiversity	Natural resources are needed to produce food. Without the right amount of land, water, and sunlight, food production would not be possible. On the other hand, food production impacts people, animals, and the environment. The challenge is to ensure that food is produced within the ecological limits of the planet.				• Higher production costs • Affordability and availability of milk and other raw materials • Changes in the logistics network due to shifting cultivation areas	• Gas, electricity, and diesel consumption: - Reduce - Green and/or self-produce - Compensate • Recycle-ready packaging • Minimize loss in supply chains
Agriculture in balance with the environment	Dairy is a staple product that provides people with valuable nutrients. However, the production of dairy (and also tapas) has an impact on the environment and animals. The challenge is to minimize the impact of the dairy and tapas supply chains in which Royal A-ware is active. This reduces the negative impact on the environment (such as climate, water, biodiversity) and prevents waste of resources				• Reputation damage • Could lead to lower milk availability • Affordability of milk	• Encourage and reward through premiums and milk streams • Work with dairy farmers to reduce the milk footprint • Improve animal welfare and health through AWQM-derived tools • Provide knowledge through the Dairy Academy
Transparent and fact-based	An increasing number of customers, governments, and financiers demand insights according to internationally recognized standards. Additionally, it is becoming increasingly important to identify and effectively mitigate risks related to human rights and the environment within the supply chain in a timely manner.				• Government intervention if not in compliance • Loss of sales if customer demands are not adequately addressed	• Due diligence policy, including conducting risk assessments and complaint mechanisms • Implementation of CSRD (Corporate Sustainability Reporting Directive)
Tight labor market	The labor market is expected to remain tight in the coming years.				• More difficult to fill vacancies • Additional efforts required to retain and recruit employees	• Attractive employer • Health and safety of employees • Diversity and inclusivity • Automation

Time horizon
Potential: emerging topic · Current: daily operations.

Risk development
Increase · Stable · Decrease

Value chain
Upstream · Own operations · Downstream

Interaction between risks and opportunities in relation to strategy

Royal A-ware has conducted this analysis on impacts risks and opportunities in relation to ESG-topics for the first time. As a result, no changes of material impacts, risks and opportunities from the previous reporting period can be reported.

How do we engage our stakeholders?

By structuring our organisation around customers and markets, we seek common ground to address societal challenges and foster partnerships. Our stakeholder engagement is deeply aligned with the company's purpose and strategy. We strive for open, meaningful and effective dialogue with both our internal and external stakeholders about not only our activities, but also about their needs and expectations. This approach enables mutual learning and ensures that diverse perspectives are taken into account and embedded in our ESG strategy. For further details, refer to the 'Processes' column in the table.

We carefully evaluate stakeholder input while upholding our responsibility to safeguard the long-term continuity of Royal A-ware. In doing so, we emphasise the creation of long-term sustainable value. We acknowledge that stakeholders may have diverse and sometimes conflicting perspectives and interests. Insights regarding sustainability-related matters are regularly communicated by the ESG director to the Sustainability Steering Group and the Management Board.

Stakeholder engagement overview (non-exhaustive)

Stakeholders		Processes	purpose
Employees	Individual employees	Regular meetings, employee development process, regular video updates by CEO, Speakap and AB Connect.	consultation
	Work councils		inform, consult
Suppliers	Through collaboration with partners	Regular meetings	consultation
	Individual suppliers		
Government	At different levels with representatives in all the countries where we operate.	Theme meetings, multi-stakeholder projects, through membership of industry associations	inform, consult
Financial institutions	Financial institutions	Bilateral meetings	inform, consult
Industry associations / NGOs	NZO, BCZ, ZuivelNL, Gemzu, VNO-NCW, EDA, TLN,	Through direct or indirect membership	inform, consult
Customers	· Retail · Food industry · Food service · Agriculture · Animal feed producers	Bilateral meetings	consultation
Dairy farmers	Individual farmers in the Netherlands, Belgium, Italy and Spain. Focus groups in the Netherlands and Belgium	Meetings	inform, consult
Strategic partners	Various companies	Bilateral meetings	consultation

Governance

Management Board

The Management Board consists of three executive members (0% women): CEO Jan Anker, CFO Antonio Rodriguez and COO Klaas de Jong. The Management Board is responsible for the overall management of Royal A-ware including all sustainability-related matters. The Management Board, chaired by the CEO, sets Royal A-ware's strategic agenda ensuring business continuity and long-term sustainable value creation.

Jan Anker (CEO) grew up in the cheese business and took over part of his father's business in 2001. In the following years, Anker Cheese experienced significant growth under his leadership and eventually merged with the family-owned Bouter Cheese to form Royal A-ware.

Antonio Rodriguez (CFO) has been CFO of Royal A- ware since January 2015. Before joining Royal A-ware, Antonio worked for more than 20 years in various financial management positions at larger Dutch (family) companies. Besides managing the financial disciplines, Antonio is also responsible for strategy, IT, HR, Legal and Procurement, among others.

Klaas de Jong (COO) is an expert when it comes to the dairy market and has been responsible for all operational activities within the Royal A-ware management since 2012. He is also responsible for the relationship with dairy farmers.

Supervisory Board

The Supervisory Board consists of five non-executive members (40% female) acting both as supervisor of and sounding board for Royal A-ware's Management Board. The Supervisory Board has a diverse composition with broad experience across a wide range of matters, including sustainability. The Supervisory Board is briefed on sustainability related matters at least once a year.

About the Supervisory Board

The Supervisory Board consisted of supervisory board members mentioned below. In September, Jan Brouwer stepped down as member. In the same month, Carolina Wielinga joined and the chairmanship transitioned to Piet van Schijndel.

- Mr. Van Schijndel (Chairman) - Former member of the Executive Board of Rabobank
- Mr. Alblas - Former CEO of Lamb Weston/ Meijer
- Mr. Bouter - Former owner of Bouter Group
- Mrs. Pon - Chair Supervisory Board of Pon and URUS and organic farmer
- Mrs. Wielinga - (President) Member Supervisory Board of NX Filtration and Gasunie, former CFO of various companies

Sustainability Steering Group

The Sustainability Steering Group consists of ten executive members (30% female) and is responsible for implementing Royal A-ware's sustainability strategy and all other matters related to sustainability. The Sustainability Steering Group consists of the CFO, COO, all divisional directors, staff directors HR, Legal and ESG and the director of marketing, NPD & sustainability A-ware Cheese. In these roles, all individuals have long-standing experience in various topics relevant to sustainability.

The Sustainability Steering Group meets every four weeks. The ESG director is responsible for agenda setting and meeting preparation. All senior levels are involved and have expertise and skills related to the various topics relevant to sustainability. This applies to agricultural knowledge, legal expertise, ESG, financial, operational and strategic knowledge and HR. Due to its comprehensive expertise, the Steering Group ensures all material sustainability topics are covered.

The Sustainability Steering Group reports to the Management Board. While existing monitoring reports already provide the Management Board with insights on ESG risks, impacts and opportunities and progress towards targets on ESG topics, a more comprehensive monitoring mechanism is set to be introduced in 2025. Current monitoring reports cover specific topics such as Scope 1, 2 and 3, HR and Health & Safety.

The Sustainability Steering Group is supported by the ESG team. The ESG team, comprised of employees within Royal A-ware with the necessary skills and knowledge of various ESG domains, is responsible for the overall coordination of the sustainability strategy. Where necessary, employees keep their knowledge up to date through training and courses.

Management competences

At management level, the necessary expertise and competencies are outlined in the role profiles for various positions. Individuals continuously develop their skills – including through vocational education - to fulfil their roles effectively and stay informed on sustainability advancements. At supervisory level, different members gained expertise and knowledge on sustainability topics during their career as executives.

Employee representation

Employee representation is structured through the Central Works Council (COR) which includes a delegation from the AB Texel Works Council and a the Joint Works Council (GOR) of A-ware Dairy. Works councils are closely involved in sustainability developments. The level of involvement of works councils is determined by national legislation in the countries where Royal A-ware operates. Royal A-ware ensured full compliance with these legal frameworks.

Reporting

At the Royal A-ware Group level, several material sustainability topics are already incorporated into regular reports submitted to the Management Board and Supervisory Board. Departments such as Human Resources (HR) and Quality, Safety, Health, and Environment (QSHE) provide periodic updates, ensuring that these sustainability topics are an integral part of internal reporting procedures.

In 2023 and 2024, Royal A-ware developed Greenhouse Gas Reports for the Management Board, the Sustainability Steering Group, and the Supervisory Board. By 2025, all other material topics will also be fully integrated into standard reporting processes, becoming a fundamental component of internal management procedures.

In 2024, Royal A-ware initiated the development of specific controls and procedures, including data validation and segregation of duties, aligned with best practices in financial reporting. Further enhancements to these processes will be implemented in 2025.

At present, Royal A-ware does not have a remuneration policy linked to the achievement of sustainability targets.

The Management Board is responsible for overall monitoring of sustainability impacts, risks and opportunities, including target setting.

The CEO is frequently informed on sustainability related matters by the ESG Director of Royal A-ware. The Management Board has delegated the implementation of the sustainability strategy to the Sustainability Steering Group. The Management Board receives quarterly updates, as well as ad hoc when necessary, on sustainability progress via structured monitoring reports.

Financial Performance | Financial year 2024

Our financial year 2024 is characterised by several important developments and events:

- The volatility of dairy product prices in 2024 has again impacted our margins and operations. Prices for milk and other dairy products increased significantly throughout the year after having decreased significantly in 2023. Increasing prices will have an impact on higher cost levels affecting, amongst others, working capital. As sales prices are increasing in line with the volatility of milk and other dairy products, we have been able to achieve quite stable margins. However we note that not all cost increases could be passed through towards our customers.
- We further note a (significant) increase in labour costs throughout 2024 (mainly due to CLA increases). The impact of these increasing labour costs is directly impacting our operational expenses for the year.
- In 2023 we acquired a dairy factory in Spain (Asturias) in order to further continue our growth ambitions. Currently we are rebuilding and renovating the acquired factory and expect to start operations in the third quarter of financial year 2025.
- In 2024, further expansion and efficiency improvements took place in both Belgium and the Netherlands. When expanding our activities in Belgium, we are able to gain further access to the Belgian milk pool and further diversify our activities and product portfolio.
- Additionally, in 2024, the construction of a cheese factory in Ireland, that we constructed together with a large Irish dairy company through a joint venture, was completed and became operational. After an extended ramp-up phase, the factory is now operating in line with the plan.
- In the second half of 2023, we successfully relocated and continued the cheese melting and ‘processing’ activities to our newly equipped and renovated melt and ‘processing’ factory. This has enabled us to carry out these activities from one single location, allowing us to grow efficiently and optimise this part of our business process. In 2024, this new factory became operational and is considered as a ramp-up year. Start-up results are in line with expectations.
- On 9 July 2024, Royal A-ware and Dairy Food Group announced the acquisition of the Dairy Food Group, a Belgian dairy company actively involved in manufacturing and sale of fresh dairy products in Europe. We expect the closing of this acquisition to take place in the first half year of 2025 and are currently awaiting approval from the European Commission as competition authority for this acquisition. With this acquisition we continue our growth in Belgium, our second home country, and diversify our (fresh) dairy product portfolio.
- In 2024 a new financing agreement was signed to refinance the majority of Royal A-ware’s existing debt. With this new funding, we are able to execute growth plans and follow up on potential volatility in future working capital.
- In 2024 we transitioned from accounting and reporting standards, under Dutch GAAP, to International Financial Reporting Standards (IFRS). We believe this will result in more transparent reporting on an international level.

Financial performance 2024

The net result of Royal A-ware in 2024 amounts to € 64.7 million (2023: € 82.1 million). Decrease in net result is mainly attributable to the earlier mentioned start-up costs for newly started and/or acquired business and projects in 2024, some negative results within our business unit 'special transport' and increasing dairy raw material prices for which we were not able to charge these costs to our customers (mainly a timing effect). In 2023 we noted decreasing dairy raw material prices resulting in increasing margins and therefore significant differences compared with 2024.

The negative results in our business unit 'special transport' is in line with market circumstances.

Revenues in 2024 amount to € 3,813 million (2023: € 3,276 million), an increase of 16% in comparison to financial year 2023. Despite the increasing dairy and raw material prices, as well as the development of diesel surcharges, we have been able to grow revenue. The sales volume slightly grew within the B2B, retail, and export sales channels.

Revenues generated from the 'core' activities Dairy and Transport amounts to € 3,751 million (2023: € 3,199 million). Additionally, € 62 million (2023: € 77 million) in revenue was generated from the Automotive activities. Throughout the financial year, no activities were discontinued.

The total balance sheet grew from € 1,515 million in 2023 to € 1,983 million at the end of 2024. This is primarily the result of increased working capital and investments in tangible and financial assets. The solvency ratio stands at 24.1% (2023: 29.9%), based on Royal A-ware's equity, including subordinated loans, adjusted for goodwill on the balance sheet. Bank covenants as agreed per the senior facility agreement with lenders are all met per balance sheet date 2024.

Inventory value amount increased significantly in comparison to 2023. Inventory volumes has slightly increased compared to 2023. The value per kilo is therefore higher compared to the previous year. This is in line with the price development of dairy products.

Receivables and other assets increased in line with the increase in milk and other dairy prices and in accordance with the revenue development. Movements in other receivables relate to the timing of receipts of receivables in comparison to prior year.

The investments in tangible fixed assets (excluding right of use) in 2024 amounted to € 108 million (2023: € 86 million). The main investments comprises expansions and new packing lines in the packaging facilities in Culemborg and Almere, investments in Spain, to rebuild the acquired dairy factory, investments in Heerenveen (cheese factory) and investments in fresh dairy production sites in Belgium and in Coevorden (NL).

The average number of FTEs in 2024 amounts to 4,492 FTEs (2023: 4,358 FTEs). Majority of these FTEs are based in Almere and Culemborg (cheese packaging facilities) and transport entities.

The cash flow from operating activities is positive, amounting to € 107.6 million. The cash flow from investing and financing activities has been explained above when describing the investments in tangible fixed assets, receivables, inventories and refinancing the existing debt.

Antonio Rodriguez - CFO

Outlook

Strategically, we will continue on the path we have set: to permanently enhance and improve our position in the food and agri sector. The focus will be on value-added products, innovative concepts, and a strong international market position. The expected growth in exports outside the EU will also continuously being monitored.

Continuity: The financial statements have been prepared based on the going concern assumption, which assumes that Royal A-ware will continue its activities as a going concern. The management of Royal A-ware has considered both operational and financial aspects in the so-called 'going concern' assessment and has developed a multi-year plan that allows for close monitoring of business processes and their continuity. Based on these projections, the Management Board expects that Royal A-ware will continue to meet its covenant requirements and generate sufficient cash flows to meet its obligations. Based on this, the management believes that the continuity of Royal A-ware is assured.

The number of FTEs in 2025 is expected to be in line with 2024.

The investments in 2025 will include investments planned in Spain, acquisition of the Dairy Food Group, the expansion and modernisation of fresh dairy factories in Belgium and the Netherlands, and investments in trucks and trailers for AB Texel.

A portion of the investments is expected to be financed from operating cash flow, and a portion will be financed through loans.

We are closely monitoring developments in the Ukraine and Israel. Royal A-ware is not active in the countries involved in the conflict.

Information on Codes of Conduct

The company voluntarily adheres to various codes of conduct.

In February 2021, the employers' organisation VNO-NCW announced in its Agenda 2030 "Entrepreneurship for broad prosperity" that the business community would develop a Code of Tax Governance. In May 2022, this Tax Governance Code was presented with the aim of increasing transparency regarding the tax position of Dutch (listed) companies. More than 40 large Dutch internationally operating companies have adopted this new Tax Governance Code. Royal A-ware is one of them and complies with the code.

Statement Regarding Research and Development Activities

The company conducts only a limited amount of R&D activities.


“We combine sustainability
and profitability to build a
financially healthy company
for future generations.”

Sustainability statement

By doing business sustainably, we create value for society. Our sustainability statement shows how we are making progress on our six sustainability pillars: Greenhouse Gases, Product, Raw Materials, Dairy farming, Employees and Respectful Collaboration.

Introduction

Sustainability with accountability

In 2023, we initiated a process to gradually enhance our transparency regarding our sustainability activities. In this 2024 annual report, we voluntarily meet the reporting requirements of the European Sustainability Reporting Standards (ESRS). With the ESRS the European Commission wants companies' ESG information to match their financial information. This allows stakeholders to review companies' activities on an equal basis and better assess the extent to which they create sustainable financial and non-financial value.

This sustainability statement has not been prepared in accordance with the reporting requirements provided for in Article 8 of Regulation (EU) 2020/852 (Taxonomy Regulation) as this is not yet mandatory for Royal A-ware.

From consumer to cow

Royal A-ware has structured this annual report in alignment with our value chain approach, which emphasises the shortest route from consumer to cow. This approach is built upon several key sustainability pillars: Greenhouse gas emissions, Product, Raw materials, Dairy farming, Employees, and Respectful collaboration. The various European Sustainability Reporting Standards (ESRS) are integrated within these pillars.

This report also includes the process of our double materiality assessment, conducted in accordance with the general requirements of ESRS 1. This assessment evaluates not only the impact of our activities on people and the environment—both positive and negative—but also how these factors financially affect our organisation, including the associated risks and opportunities.

The Corporate Sustainability Reporting Directive (CSRD) presents an opportunity for us to further strengthen our engagement with stakeholders and industry partners, ensuring that sustainability becomes even more deeply embedded in our operations.

Double Materiality Assessment (1/2)

To comply with Environmental, Social and Governance (ESG) standards, Royal A-ware assessed its impact using a double materiality assessment. The results of this analysis served as the foundation for the identification and establishment of our strategic pillars. In 2023/2024, we conducted the double materiality assessment (DMA), looking at the importance of different sustainability themes from two perspectives. Firstly, the 'inside-out' perspective, which deals with the impact of Royal A-ware's activities on people and the environment. Secondly, the 'outside-in' perspective, where we evaluate the impact and opportunities of sustainability developments on the organisation. The Double Materiality Assessment and due diligence are on-going practices that responds to and may trigger changes in the company's strategy, business model, activities, business relationships, operating, sourcing and selling contexts.

The sustainability statement may not include every impact, risk and opportunity or additional entity-specific disclosure that each individual stakeholder (group) may consider important in its own particular assessment.

Stakeholders

The primary objective of our double materiality assessment was to gain insight into how our key stakeholders perceive the sustainability impacts, risks, and opportunities associated with our organisation. We identified and engaged with stakeholders who are directly affected by our business activities or who rely on information from our annual report.

These stakeholders include employees, dairy farmers, customers, suppliers, non-governmental organisations (NGOs), and governments, among others. Additionally, input from the Sustainability Steering Group was incorporated into the assessment. Dairy farmers were represented through a focus group in the Netherlands, while employees were represented by the established works councils.

Sustainability topics

Our objective is to address relevant sustainability topics across our value chain. Sustainability issues are assessed in terms of their impacts, risks, and opportunities, which may be positive or negative, actual or potential, and often interconnected. These effects can manifest in the short, medium, or long term and can influence various activities within the value chain. Identifying relevant sustainability issues and their associated impacts, risks, and opportunities also requires analysing where they occur within the value chain.

Based on an environmental analysis, including an inventory of trends and developments, Royal A-ware has compiled a comprehensive list of relevant sustainability matters—our material topics. In this process, qualitative materiality thresholds were applied to assess whether a specific European Sustainability Reporting Standard (ESRS) topic, sub-topic, or sub-sub-topic is relevant to Royal A-ware or its value chain. If a topic was deemed non-relevant, it was classified as below the materiality threshold.

The ESG team, in collaboration with the Sustainability Steering Group, further refined this list into a prioritised shortlist.

"Sustainability guides us - balancing our impact on the world with the world's impact on us."

Double Materiality Assessment (2/2)

Shortlist

The refined shortlist was then distributed to our stakeholders via a digital questionnaire, requesting them to prioritise the material issues. To assess whether the impact of each issue is positive or negative, we posed the following question: "If Royal A-ware does not alter its operations, what will be the long-term impact on people and the environment?"

In addition to stakeholder input, further insights were obtained through discussions with the Ministry of Agriculture, Fisheries, Food Security, and Nature, as well as desk research on sustainability topics derived from sector-specific international standards, peer benchmarks, and expert analysis from the ESG team. Sustainability themes outlined in the Corporate Sustainability Reporting Directive (CSRD) were also incorporated.

Stakeholders identified 'greenhouse gases' and 'employee health and safety' as top priorities for Royal A-ware. Additionally, within dairy operations, 'more sustainable packaging' was highlighted as an important focus area.

The stakeholder consultations confirmed that the identified material topics align with Royal A-ware's strategic direction, eliminating the need for modifications to our business model. An updated double materiality assessment is scheduled for 2025.

We calculated an average impact score for each material topic based on the following factors:

- Scope: how widespread is the impact of this issue?
- Scale: how serious/favourable is Royal A-ware's impact on people and/or the environment if nothing changes in the operation?
- Irremediability: can Royal A-ware recover the impact?
- Likelihood: is the impact potential or actual?

Financial opportunities and risks

The stakeholder dialogue and environmental analysis provided a comprehensive understanding of how our activities affect people and the environment. The identified opportunities and risks identified directly correlate with these impacts.

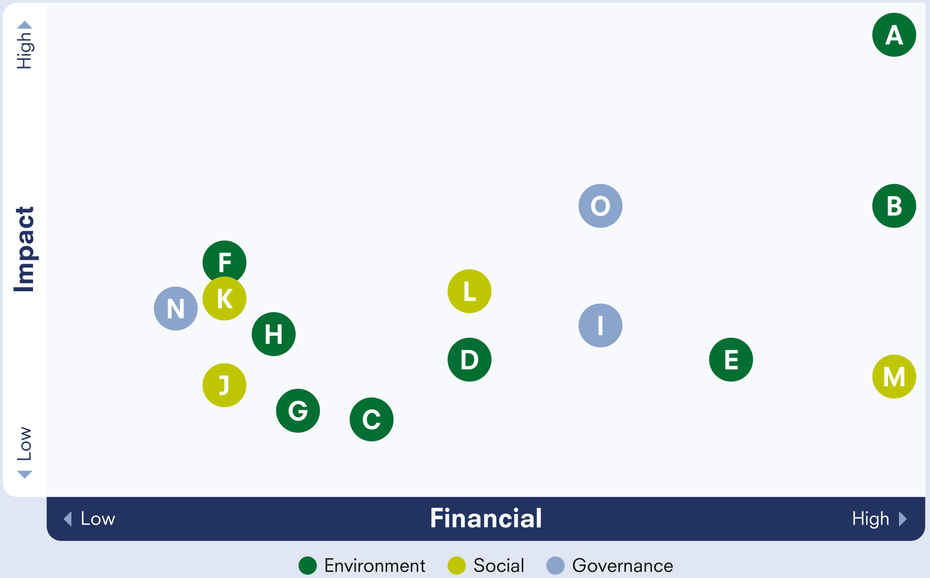
The qualitative thresholds used to assess risks and opportunities are not necessarily identical to those applied in our overall risk assessment. Each risk and opportunity was evaluated based on its likelihood of occurrence and its potential financial impact on our organisation. Only financial effects that were not already reflected in the financial statements were considered. The financial impact assessment consisted of the following elements:

- Likelihood: how likely is it that the opportunity or risk will occur?
- Magnitude: the severity of the (potential) impact on Royal A-ware.

Double materiality assessment results

This figure shows the priority given to each material topic. Based on the materiality analysis, the Sustainability Steering Group identified the pillars of the sustainability strategy: Greenhouse gases, Product, Raw materials, Dairy farming, Employees and Respectful collaboration. Our sustainability strategy is based on these pillars. This strategy, including material topics and targets, was discussed with the Sustainability Steering Group, which also includes the CFO and COO, and was subsequently adopted by the Management Board.

Materiality matrix



Greenhouse gases

- A Greenhouse gas emissions Royal A-ware
- B Greenhouse gas emissions dairy farming

Product

- C Nutritional value in relation to footprint

Raw materials

- D Waste management & circularity
- E More sustainable packaging
- F Water management dairy production

Dairy farming

- G Soil
- H Biodiversity
- I Animal welfare and health
- J Resilient dairy farming

Employees

- K Diversity & inclusion
- L Employee development / Attractive employer
- M Safety and health employees

Respectful Collaboration

- N Transparency and integrity
- O Valuable collaborations

Material themes leading to pillars

The table on the right shows how the material themes are reflected in the different sustainability pillars.

Material theme	Pillar	ESRS	Dairy (D) or/and Transport (T) activities
Attractive employer	Employees	S1	D and T
Waste management & circularity	Raw Materials	E5	D
Biodiversity	Dairy Farming	E4	D
Soil	Dairy Farming	E4	D
Dairy Farm greenhouse gas emissions	Greenhouse gases	E1	D
Royal A-ware greenhouse gas emissions	Greenhouse gases	E1	D and T
Animal welfare and health	Dairy Farming	G1	D
Diversity and inclusion	Employees	S1	D
Sustainable packaging	Raw materials	E5	D
Employee development	Employee	S1	D and T
Transparency and integrity	Respectful collaboration	G1	D and T
Resilient dairy farming	Dairy Farming	S2	D
Employee Health and Safety	Employees	S1	D and T
Nutritional value in relation to environmental impact	Product	Entity-specific	D
Valuable collaboration partners	Respectful collaboration	G1	D and T
Water management	Raw materials	E3	D

Based on the outcomes of the double materiality assessment, each material topic is reported in accordance with the disclosure requirements per standard. Royal A-ware has evaluated at data point level if these were material.

For Royal A-ware, climate change is a material topic and therefore we will report on ESRS-2. As this is the first double materiality assessment for Royal A-ware, no changes can be reported from the previous period.

The risk and opportunity assessment for the purpose of establishing double materiality is also taken into account when assessing risk management measures at strategic level.

List of Disclosure Requirements and related Data Points (1/4)

In the table below, we present the implementation of the disclosure requirements from the European Sustainability Reporting Standards.

#	Description	Reference	Page
ESRS 2: General disclosures			
BP-1	General basis for preparation of the sustainability statements	Sustainability statement: General disclosures - basis for preparation	36
BP-2	Disclosures in relation to specific circumstances	Sustainability statement: changes in preparation or presentation of sustainability information	36
GOV-1	The role of the administrative, management and supervisory bodies	Governance: Management team, Supervisory body, Sustainability steering group	19
GOV-2	Information provided to and sustainability matters addressed by the undertaking's administrative, management and supervisory bodies	Governance: Reporting	21
GOV-3	Integration of sustainability-related performance in incentive schemes	Governance: Reporting	21
GOV-4	Statement on due diligence	Pillar respectful colaboration: The due diligence process & supporting measures	147
GOV-5	Risk management and internal controls over sustainability reporting	Risk Management	164
SBM-1	Strategy, business model and value chain (value-creation process)	Mission & vision, Value creation model, Business model & value chain	13
SBM-2	Interests and views of stakeholders	Business model & value chain - How do we engage our stakeholders?	17
SBM-3	Material impacts, risks and opportunities and their interaction with strategy and business model	Business model & value chain - What are the risks and opportunities?, Material issues leading to pillars, Greenhouse gases, Dairy Farming, Employees, Respectful collaboration	14, 31, 42, 90, 100 107, 115, 122, 132, 134, 135, 145, 168
IRO-1	Description of the processes to identify and assess material impacts, risks and opportunities	Business model & value chain, Sustainability statement: Double materiality	14, 28
IRO-2	Disclosure requirements in ESRS covered by the undertaking's sustainability statement	Business model & value chain - other information (reference table)	32
MDR-P	Policies adopted to manage material sustainability matters	Our pillars: Greenhouse gases (approach and policy, objectives and achievements), Raw materials (material flows, how do we engage our stakeholders), water (approach and policy), Dairy Farming (approach and policy), Employee (Approach and policy), Valuable collaborations (due diligence)	43, 46, 69, 76, 72, 76, 84, 86, 84, 92, 100, 108, 116, 123, 132, 135, 146, 158
MDR-A	Actions and resources in relation to material sustainability matters	Our pillars: Greenhouse gases (Measures and actions: how we achieve our goals), Raw materials (Measures and actions: how we achieve our goals), Dairy Farming (Measures and actions: how we achieve our goals), Employee (Measures and actions: how we achieve our goals), Valuable collaborations (our actions)	50, 75, 97 103, 109, 117, 124, 133, 137, 156, 162
MDR-M	Metrics in relation to material sustainability matters	Our pillars: objectives and achievements, principles	see table on the next page
MDR-T	Tracking effectiveness of policies and actions through targets	Our pillars: objectives and achievements, principles	see table on the next page
ESRS E1: Climate change			

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#	Description	Reference	Page
ESRS E1: Climate change			
ESRS 2 GOV-3	Integration of sustainability-related performance in incentive schemes	Governance: Reporting	21
S: E1-1	Transition plan for climate change mitigation	Our pillars: Greenhouse gases, approach and policy - Climate transition plan	43
ESRS 2 SBM-3	Material impacts, risks and opportunities and their interaction with strategy and business model	Sustainability statement: material themes leading to pillars; Greenhouse gases- what are the risks and opportunities	31, 38
ESRS 2 IRO-1	Description of the processes to identify and assess material climate-related impacts, risks and opportunities	Business model & value chain, Sustainability statement: Double materiality; Greenhouse gases - approach and policy	28, 43
IRO: E1-2	Policies related to climate change mitigation and adaptation	Business model & value chain, Sustainability statement: Double materiality; Greenhouse gases - approach and policy	14, 28, 43
IRO: E1-3	Actions and resources in relation to climate change policies	Our pillars: Greenhouse gases - measures and actions	43, 50
M: E1-4	Targets related to climate change mitigation and adaptation	Our pillars: Greenhouse gases - objectives and achievements	46
M: E1-5	Energy consumption and mix	Our pillars: Greenhouse gases - other information	56
M: E1-5	Energy consumption and mix – Energy intensity based on net revenue	Our pillars: Greenhouse gases - other information	56
M: E1-6	Gross scopes 1, 2, 3 and total GHG emissions	Our pillars: Greenhouse gases - other information	54
M: E1-6	GHG Intensity based on net revenue	Our pillars: Greenhouse gases - other information	56
ESRS E3: Water			
ESRS 2 IRO-1	Description of the processes to identify and assess material water and marine related impacts, risks and opportunities	Business model & value chain, Sustainability statement: Double materiality; Greenhouse gases - approach and policy	14, 28, 43, 84
IRO: E3-1	Policies related to water and marine resources	Our pillars: Raw materials, Reduction of water - approach and policy	84
IRO: E3-2	Actions and resources in relation to water policies	Our pillars: Raw materials, Reduction of water - Measures and actions: how we achieve our goals	87
M: E3-3	Targets related to water and marine resources	Our pillars: Raw materials, Reduction of water - objectives and achievements	87
M: E3-4	Total water metrics	Our pillars: Raw materials, Reduction of water - objectives and achievements	87
ESRS E4: Biodiversity			
ESRS 2 SBM-3	Material impacts, risks and opportunities and their interaction with strategy and business model	Sustainability statement: material themes leading to pillars; Dairy farming, Biodiversity - what are the risks and opportunities?	31, 90, 100, 107
ESRS 2 IRO-1	Description of the processes to identify and assess material biodiversity related impacts, risks and opportunities	Business model & value chain, Sustainability statement: Double materiality; Dairy Farming - approach and policy	14, 28, 92, 100, 108
E4-2	Policies related to biodiversity and ecosystems	Our pillar: Dairy Farming, biodiversity - approach and policy	92

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#	Description	Reference	Page
E4-3	Actions and resources related to biodiversity and ecosystems	Our pillar: Dairy Farming, biodiversity - measures and actions	97
M: E4-4	Targets related to biodiversity and ecosystems	Our pillar: Dairy Farming, biodiversity - objectives and achievements	95
M: E4-5	Impact metrics related to biodiversity and ecosystems change.	Our pillar: Dairy Farming, biodiversity - Why is this important to us?	93
ESRS E5: Circular economy			
ESRS 2 IRO-1	Description of the processes to identify and assess material resource use and circular economy and marine related impacts, risks and opportunities	Business model & value chain, Sustainability statement: Double materiality; Raw material - what are the risks and opportunities	14, 28, 68
E5-1:	Policies related to resource use and circular economy	Our pillar: Raw materials, Approach and policy	69
E5-2	Actions and resources related to resource use and circular economy	Our pillar: Raw materials, Actions	76
M: E5-3	Targets related to resource use and circular economy	Our pillar: Raw materials, Objectives and achievements	73
M: E5-4	Resource inflows	Our pillar: Raw materials, Approach and policy	69
M: E5-5	Resource outflows	Our pillar: Raw materials, Approach and policy	69
ESRS S1: Own workforce			
ESRS 2 SBM-2	Interests and views of stakeholders	Business model & value chain - How do we engage our stakeholders?	14, 17
ESRS 2 SBM-3	Material impacts, risks and opportunities and their interaction with strategy and business model	Sustainability statement: material themes leading to pillars; Employees -what are the risks and opportunities	31, 115, 122, 132, 143
IRO: S1-1	Policies related to own workforce	Our pillars: Employees: Attractive employment, Approach and policy	116
IRO: S1-2	Processes for engaging with own workers and workers' representatives about impacts	Our pillars: Employees: Attractive employment, Approach and policy, How do we engage with our employees	118
IRO: S1-3	Processes to remediate negative impacts and channels for own workers to raise concerns	Our pillars: Respectful collaboration, due dilgence, step 6 complaints mechnism	145, 152
IRO: S1-4	Taking action on material impacts on own workforce, and approaches to managing material risks and pursuing material opportunities related to own workforce, and effectiveness of those actions	Our pillar: Employees, Attractive employment, Measures and actions: how we achieve our goals	117
M: S1-5	Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities	Our pillar: Employees, Attractive employment	117
M: S1-6	Characteristics of the undertaking's employees	Our pillar: Employees, Attractive employment, other information	126
M: S1-9	Diversity metrics	Our pillar: Employees, Diversity and inclusion - objectives and achievements	133
M: S1-14	Health and safety metrics	Our pillar: Employees, Attractive employment, Safety	117, 126, 134, 139
M: S1-17	Incidents, complaints and severe human rights impacts	Our pillar: Respectful collaboration, Transparency and integrity	158
ESRS S2: Workers in the value chain			

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#	Description	Reference	Page
ESRS 2 SBM-2	Interests and views of stakeholders	About Royal A-ware: Business model & value chain - How do we engage our stakeholders?	17
ESRS 2 SBM-3	Material impacts, risks and opportunities and their interaction with strategy and business model	About Royal A-ware: material themes leading to pillars; Dairy farming, Resilient dairy farming - what are the risks and opportunities; Respectful collaboration - due diligence	31, 100, 145
S2-1	Policies related to value chain workers	Our pillar: Respectful collaboration, due diligence - approach and policy	146
S2-2	Processes for engaging with value chain workers about impacts	Our pillar: Respectful collaboration, due diligence - how do we engage our stakeholders	157
S2-3	Processes to remediate negative impacts and channels for value chain workers to raise concerns	Our pillar: Respectful collaboration, due diligence	148
S2-4	Taking action on material impacts on value chain workers, and approaches to managing material risks and pursuing material opportunities related to value chain workers, and effectiveness of those actions	Our pillar: Respectful collaboration, due diligence	147
S2-5	Targets related to managing material negative impacts, advancing positive impacts and managing material risks and opportunities	Our pillar: Respectful collaboration, due diligence	147
ESRS G1: Business conduct			
ESRS 2 GOV-1	The role of the administrative, supervisory and management bodies	Governance: Management team, Supervisory body, Sustainability steering group	19, 20
ESRS 2 IRO-1	Description of the processes to identify and assess material impacts, risks and opportunities	Sustainability statement: material themes leading to pillars; Respectful collaboration - Transparency and integrity	31, 158
G1-1	Business conduct policies and corporate culture	Our pillars; Respectful collaboration - Transparency and integrity	158
G1-2	Management of relationships with suppliers	Our pillar: Respectful collaboration - due diligence	147
G1-3	Prevention and detection of corruption and bribery	Our pillars; Respectful collaboration - Transparency and integrity, Corruption and bribery	160
G1-4	Incidents of corruption or bribery	Our pillars; Respectful collaboration - Transparency and integrity, Corruption and bribery	160
G1-5	Political influence and lobbying activities	Our pillars; Respectful collaboration - Transparency and integrity, Lobbying activities	161

General disclosures – Basis for preparation

The consolidated sustainability statements:

- are prepared in accordance with the Corporate Sustainability Reporting Directive (CSRD) and the European Sustainability Reporting Standards (ESRS) as adopted by the European Commission.
- are prepared in accordance with the GHG protocol, OECD, UNGP and ILO.
- are prepared based on supplemental reporting criteria specific to Royal A-ware for entity-specific reporting elements which are not covered by the reporting standards above.
- are prepared on a consolidated basis and the scope of this consolidated sustainability statement is the same as the scope of consolidation in our financial statements. Unless stated otherwise, environmental, social and governance (ESG) information covers Royal A-ware including its subsidiaries.
- Limited assurance has been obtained from an independent auditor for the section Sustainability Statement of the accompanying Director's report including the information incorporated in the sustainability statement by reference.

When preparing our sustainability statement, the short-term time horizon is defined as the same period as the short-term reporting period in our consolidated financial statements(less than one year). The medium-term time horizon is defined as between one and and five years, and the long-term time horizon as more than five years. These time horizons are used in all the information presented here, unless stated otherwise.

For the Climate Risk Assessment the time lines are defined as follows:

- Short-term risk: Potential and actual risks that effectuate within one year (by 2025).
- Medium term risk: Potential and actual risks that effectuate within five years (between 2025 and 2030).
- Long term risk: Potential and actual risks that effectuate between 2030 and 2025.

Changes in preparation or presentation of sustainability information

- 2024 is the first reporting year for sustainability information, therefore no changes are identified compared to prior year reporting.
- Disclosure of a list of data points arising from other EU legislation and information on their location in the sustainability statement is not applicable.
- Identifying, assessing and managing opportunities is part of the process of periodically reviewing Royal A-ware's overall business strategy. The strategy is prepared by the Management Board in close cooperation with the senior leadership team and the Supervisory Board. The renewed strategy for the period to 2028 was adopted this year.
- Based on the Double materiality assessment (including the IROs), the ESRSs relevant to Royal A-ware have been determined. Finance and the ESG team then determined. The material topic 'Nutritional value in relation to environmental impact' does not follow the structure of an ESRS and has been added as its own focus area within Royal A-ware's sustainability strategy.

Pillar
Greenhouse gases

Royal A-ware strives to minimise its environmental footprint and impact on surrounding communities. Both within our organisation and in the supply chain.

Greenhouse gas reduction

We recognise that greenhouse gases are emitted throughout our entire supply chain, from consumer to cow. In line with our SBTi-approval, we aim to achieve a net-zero value chain by 2050. This requires reduction measures not only within our own organisation, but also across our supply chain, including dairy farmers, transport companies and customers.

Why is this important to us?

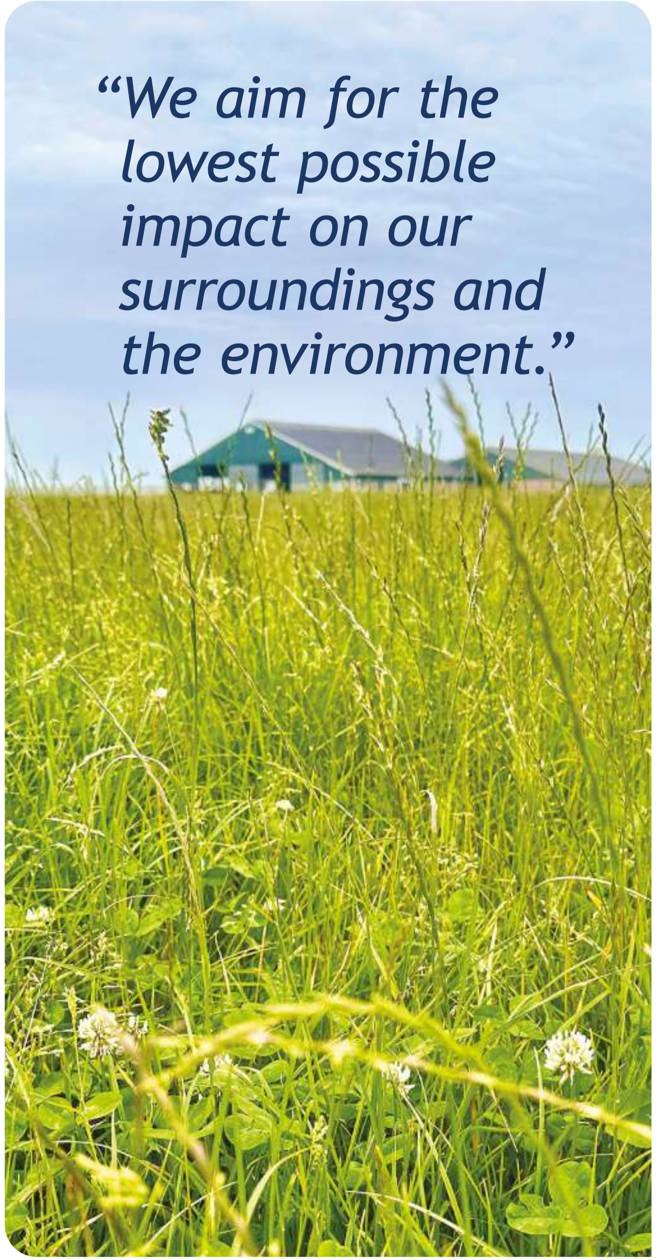
Royal A-ware is committed to enhancing the sustainability of its operations. A key priority is the reduction of greenhouse gas emissions, as we strive to minimise our environmental footprint and impact on surrounding communities. To achieve this, we focus on developing short, efficient, and sustainable supply chains. We are dedicated to assessing our climate impact, establishing clear reduction targets, and implementing concrete measures to mitigate our environmental footprint. This includes aligning our efforts with the Science Based Targets initiative (SBTi) to ensure measurable and impactful progress.

What are the risks and opportunities?

Climate risk assessment

Royal A-ware acknowledges the importance of identifying, assessing and mitigating climate- related risks and their potential impact on the continuity and resilience of our organisation. Through our double materiality assessment and scenario analysis, we have identified our climate-related risks and opportunities in 2024. Both our Management Board and the Sustainability Steering Group are involved in these studies. They assess climate risks once every two years.

Firstly, physical and transition climate risks were identified for Royal A-ware. These are the risks in the table on the next page.



Physical climate risks

Our business activities are primarily divided into dairy production and transport operations. The vulnerability of dairy farms and agricultural enterprises to climate change is largely driven by their reliance on natural processes. Within our food processing value chain, dairy farming is the most susceptible to climate-related disruptions, given that raw milk is a critical resource for our operations. In contrast, our production facilities and transport activities exhibit greater resilience to the effects of climate change. While maintaining a refrigerated supply chain may become more costly due to rising temperatures, the overall impact remains relatively limited.

We also face indirect climate-related vulnerabilities, particularly in arable farming. As our transport operations primarily involve agricultural products, any climate-induced changes in crop yields could impact our logistics and supply chain efficiency.

Climate research predominantly focuses on long-term projections (2050 and beyond). As a result, there is currently insufficient scientific evidence to accurately assess short- and medium-term physical climate risks for dairy, transport, and arable activities. Therefore, Royal A-ware prioritises the evaluation of long-term climate impacts to ensure sustainable business operations.

Type	Time horizon	Risk (R) or Opportunity (O)	Impact on our operations	Impact on value chain
Transition	Short- and medium-term Long-term can't be assessed because of current lack of clarity about laws and regulations.	(R) Laws and regulations to reduce greenhouse gas emissions from dairy production, transport and agriculture.	Increase in cost price	Increase in Royal A-ware product and service prices.
		(R) Rising cost of raw materials	Change in climate zones may lead to increased transport distances.	Lower efficiency and/or yields.
		(R) Changing consumer behaviour	If national dietary guidelines were to recommend lowering consumption of animal products to reduce the carbon footprint, this could lead to decreasing demand for dairy products. However, this may not adequately take into account the nutritional value of dairy products.	Change in plant and animal protein ratio in diet.
		(O) The increase in CO_2 concentration in the air has a beneficial effect on crops.	As farmers and growers change their business practices, Royal A-ware can expand its logistics business by transporting these crops.	Increased CO_2 levels can improve photosynthesis and water use of certain crops, which can increase crop yields.
				Climate change may prompt arable farmers to grow other crops. This gives them the opportunity to develop new business models.
Physical	Long-term Short- and medium-term forecasting isn't possible due to insufficient available scientific research	(R) Extreme weather conditions (Heat stress, heat waves, water stress)	Geographical changes for the cultivation arable crops could affect Royal A-ware's logistics network.	Changing conditions may result in less efficient milk production which could lower milk production and/ or raise costs.
		(R) Salinisation		Changing growing conditions may lead to lower yields and/or higher costs.

Our climate risk assessment enables us to identify and understand the risks and opportunities associated with climate change. It serves as a strategic tool to guide our adaptation measures while supporting our climate mitigation efforts. This assessment provides a qualitative analysis of potential climate-related risks and opportunities, ensuring that we proactively address the challenges and uncertainties posed by a changing climate.

Transition risks

Royal A-ware mapped transition events, by screening our assets and business activities for potential exposure over the short-, medium- and long-term. This assessment considered factors such as probability, magnitude and duration.

Legislative changes are expected across all our operating markets, with some already announced and others still under development. These may include CO_2 emissions taxes, restrictions on land use or agricultural activities, and mandatory climate or nutritional labelling on food products.

The long-term regulatory landscape remains uncertain, making it challenging to predict which policies will ultimately come into effect. Given this uncertainty, we consider it impractical to estimate the probability and potential impact of transition risks in the medium and long term, as such estimations would not provide meaningful insights for our climate risk analysis or strategic planning.

Instead, we are conducting a qualitative assessment of expected regulatory transitions in the short term to ensure adaptability and compliance. Additionally, we have not identified any specific climate-related opportunities arising from anticipated climate legislation at this time. The above assessment has resulted in a qualitative assessment of potential climate-related impacts, risks and opportunities.

Climate and emissions scenarios

Following the identification of both physical and transition-related climate risks, we conducted a comprehensive analysis using multiple climate scenarios[1] to further assess potential impacts and risks. These scenarios, developed by the Royal Netherlands Meteorological Institute (KNMI), the Flanders Environment Agency (VMM), and various academic studies, have been classified into high and low emission pathways.

For this risk assessment, we utilise these high and low emission scenarios to evaluate the variation in risks under global warming scenarios of 1.5°C and 4°C[2]. These assessments consider changes in weather patterns, such as droughts, as well as broader societal developments. In evaluating societal factors, we have taken into account shifts in consumer dietary preferences and evolving regulatory frameworks, including legislation affecting specific agricultural activities. This approach is aligned with the Corporate Sustainability Reporting Directive (CSRD) and reflects our commitment to the Science Based Targets initiative (SBTi).

The climate scenarios have been analysed across short-, medium-, and long-term horizons[3]. Short-term climate risks refer to those materialising within one year (by 2025), medium-term risks within five years (by 2030), and long-term risks within the period between 2030 and 2050. Royal A-ware has systematically assessed its business activities for potential exposure to these risks, with climate scenarios serving as the foundation for identifying and evaluating climate-related hazards.

Our assessment has not identified any assets or business activities that are incompatible with, or would require significant modifications to align with, the transition to a climate-neutral economy. Specifically, we have not identified activities that would lead to substantial locked-in greenhouse gas emissions or that would be misaligned with the requirements of Commission Delegated Regulation (EU) 2021/2139 concerning the EU Taxonomy.

Furthermore, the aforementioned climate scenarios are consistent with the key climate-related assumptions underpinning our financial statements. In the preparation of the consolidated financial statements, management has carefully considered the potential financial impact of climate-related risks.

[1] These are defined as Shared Socioeconomic Pathways (SSP) as part of IPCC AR6, namely SSP1-1.9 and SSP5-8.5
[2] This is in line with IPPC's SSP scenarios
[3] According to CSRD guidelines

Impacts, risks and opportunites

After analysing the climate risk assessment and testing against the various climate and emission scenarios, the impacts and risks for Royal A-ware have been identified. These are limited to our own operations and our value chain. Due to the small size of the tapas chain, we expect limited impact and little risk.

Impacts and risks of own operations

- Dairy production: Covers all activities from the transport of raw milk to the production of various dairy products.
- Facilities: Dairies, packing plants and warehouses.
- Transport: Covers all transport activities of mainly agricultural products (such as potatoes, sugar beet, wheat, feed, raw milk, dairy products, flour). These products are transported from their production site, such as an arable farm or feed mill, to their next processing destination, such as dairy processing plants or dairy farmers.
- Transport facilities: Trucks.

Impacts and risks of value chain

- Dairy farming: Keeping dairy cows to produce milk and producing their own (rough) feed.
- Facilities of dairy farming: Barns, arable land and pastures.
- Arable farming: Growing crops on land.
- Facilities of arable farm: Barns and arable land.

Opportunities

- Royal A-ware has state-of-the-art production sites. This allows us to use energy efficiently which helps reduce greenhouse gas emissions.
- Organising the value chains efficiently and sustainably helps reduce greenhouse gas emissions in the chain.
- Reducing greenhouse gas emissions in the supply chain contributes to achieving our climate ambitions and those of our customers.

Approach and policy

We aim to continuously improve the sustainability of our operations, particularly by reducing greenhouse gas emissions. As climate change is one of our material topics, we have prepared a Climate Transition Plan. In this, we identified our impact, risks and opportunities, our climate ambitions and the action plan to reduce emissions in scope 1, 2 and 3.

In addition, we have established an ambitious sustainability strategy for both our dairy and transport operations. Part of this is the validation of climate targets by SBTi. The targets set by companies through the SBTi are directly linked to the global goals of the Paris Climate Agreement. By having these targets validated by the SBTi, Royal A-ware is demonstrating that it is actively taking climate mitigation measures in line with the Paris Climate Agreement's goal of achieving net-zero by 2050. In this, we follow the regulations and protocols of the GHG Protocol and SBTi. If we deviate from this, it is explicitly stated.

Climate Transition Plan

Through our Climate Transition Plan, we aim to significantly reduce greenhouse gas emissions. The targets set by Royal A-ware for Scope 1, 2, and 3 emissions—covering both our operations and supply chain—are partially based on scientific research.

The Climate Transition Plan has been formally adopted by the Management Board, with the Sustainability Steering Group responsible for its implementation. Integrating the plan within the Sustainability Steering Group ensures that it is embedded in our regular business planning cycle. This approach encompasses the key drivers of our low-carbon transition, as well as our strategy for addressing climate-related risks.

In the coming years, we will closely monitor and evaluate the effectiveness of our approach in achieving our objectives. Based on these evaluations, we may refine our plans or adjust our strategic direction as necessary.

As 2024 marks Royal A-ware's first year of reporting on this topic, it is not yet possible to assess the impact of portfolio adjustments or the introduction of new technologies within our operations and value chain. However, progress in implementing the Climate Transition Plan will be reflected in our ability to achieve our greenhouse gas reduction targets.

Scope 1, 2 and 3

Our mitigation policy focuses on medium-term scope 1, 2 and 3 emission targets, with a target year of 2030. This way, we have the greatest potential to make a substantial contribution to reducing our emissions and have the most representative data to monitor our performance. Based on the calculated CO_2 footprint of our operations, we have identified key areas that can support the decarbonisation of our facilities, transport and operations.

- Scope 1 and 2 emissions: energy and fuel consumption
- Scope 3 emissions: milk (cheese), packaging and waste management

With this focus, we address both direct and indirect climate impacts. After all, scope 3 of Royal A-ware is the largest and are largely determined by the CO_2 footprint of milk. Our policy, besides mitigation policies, also focuses on energy efficiency and renewable energy rollout. We do not actively pursue climate adaptation policies ourselves.

Reducing locked-in emissions for sustainability

Locked-in greenhouse gas emissions

Locked-in emissions refer to greenhouse gas emissions resulting from existing infrastructure and operational processes. Regarding our Scope 1 and 2 reduction targets, we foresee no significant barriers to achieving our short-term objectives.

In our pursuit of a net-zero supply chain by 2050 for Scope 3 emissions, we have identified several sources of locked-in emissions, including emissions generated by consumers when using our products. These encompass activities such as transportation to and from supermarkets, refrigeration, and dishwashing. While these consumer behaviours fall outside our direct control, we actively seek to mitigate emissions through product and packaging innovations that enhance sustainability.

Nevertheless, for our short-term Scope 3 reduction target, emissions associated with consumer behaviour do not present a material risk to achieving our objectives, as they account for only three percent of total Scope 3 emissions in 2021.

Methane emissions from cows constitute an unavoidable category of greenhouse gas emissions. The bovine digestive system enables cows to process food sources that are indigestible to humans, such as grass, converting them into milk and other valuable outputs. Biogenic methane emissions are an inherent byproduct of this natural digestion process and cannot be entirely eliminated. However, these emissions exist within a closed-loop system. For additional details, please refer to the infographic Biogenic Methane on page 46.

Dairy farming

The emissions generated by the dairy farmers who supply us are classified under Scope 3. These emissions, associated with milk production, represent the largest share of Royal A- ware's Scope 3 emissions. Therefore, we highly value the continuous efforts of our dairy farmers to enhance the sustainability of their farms. To support these efforts, we introduced the A-ware Duurzaam programme back in 2015.

Through this programme, we provide a premium of €0.50 per 100 liters of milk to dairy farmers who implement measures that exceed regulatory requirements in areas such as animal welfare, animal health, and biodiversity. Additionally, we recognise and appreciate dairy farmers who engage with their communities by, for example, hosting school visits, maintaining their own informative website, or organising open farm days.

The A-ware Duurzaam programme is continuously evolving to support sustainable dairy farming. All our dairy farmers in the Netherlands and Belgium actively participate in this programme (see Resilient Dairy Farming).

Footprint premium

In 2023, we introduced an additional premium in the Netherlands: the footprint premium. This premium incentives dairy farmers to reduce their own greenhouse gas emissions Our dairy farmers inform us about the sustainability measures they have already implemented and those they plan to take. To qualify for the premium, participating dairy farmers must adopt at least one measure in feed, manure management, or energy. In 2024, the footprint premium was also introduced in Belgium.

Carbon sequestration

In 2018, in collaboration with Albert Heijn, we launched the 'Beter voor Natuur & Boer' programme, establishing long-term commitments to climate, nature conservation, and animal welfare. Within this programme, participating dairy farmers actively work to reduce greenhouse gas emissions, including through carbon sequestration. Additionally, we have established a carbon pool with dairy farmers across various milk streams. Dairy farmers within the 'Beter voor Natuur & Boer' milk stream refrain from cultivating their land to enhance carbon sequestration.

We believe that directly measuring carbon sequestration provides a more reliable approach than relying solely on model-based calculations. As a result, we have opted for large-scale direct measurements at different soil depths to obtain a more precise understanding of carbon sequestration. This data-driven approach enables us to develop and implement more effective carbon sequestration strategies.

Globally, research often focuses on the top 30 centimeters of soil; however, our measurements indicate that a significant amount of carbon is also stored in deeper soil layers, between 30 and 60 centimeters. These findings result from a unique large-scale pilot project in which we measured and analysed carbon levels at both depths (0–30 cm and 30–60 cm) across 20,000 hectares of our dairy farms. The methodology used in this pilot is regarded as scientifically robust by Stichting Nationale Koolstofmarkt, the Dutch government's preferred organisation for validating carbon storage initiatives.

The baseline measurement of these projects has already taken place, but the follow-up measurements are scheduled for 2025 and so CO_2eq removed and/or stored cannot yet be reported.

Objectives and achievements

Due to the different nature, Royal A-ware has set specific targets for its transport activities. Therefore, in the coming paragraphs, the GHG reduction targets for dairy production and the targets for transport activities are presented separately. The targets for our dairy production have been validated by Science Based Targets initiative (SBTi) and are in line to meet the ambitious emissions scenario of 1.5°C emission scenario. We are committed to developing these objectives for our transport activities as well. For this, we are awaiting specific guidelines for the transport sector SBTi.

Objectives

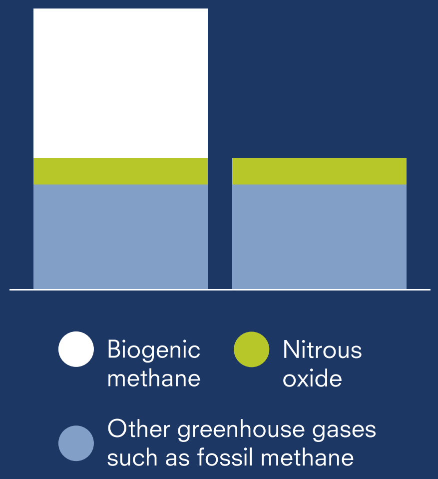
For our dairy operations, we aim to achieve a 'net zero supply chain' by 2050. This means reducing greenhouse gas emissions in the chain from cow to packaged product by at least 90 percent (compared to 2021).

Biogenic methane

Just like the International Climate Panel (IPCC), Royal A-ware believes that the calculation models used to determine methane emissions do not provide a realistic picture. There are two types of methane: fossil and biogenic. Fossil methane is released from fossil fuels, while biogenic methane is emitted when a cow converts grass into milk. This process forms a closed cycle: a cow eats grass, produces manure, which helps the grass grow. As long as the number of cows remains stable and conditions do not change, no additional greenhouse gases are introduced. In contrast, fossil methane contributes to new greenhouse gases in the atmosphere.

In the calculation models, both internationally and nationally, fossil and biogenic methane are considered almost equivalent. As a result, milk production appears to contribute more to greenhouse gas emissions on paper than it actually does in reality. Royal A-ware therefore believes that the calculation models should be adjusted.

Carbon footprint
of measured milk



Greenhouse gas emissions of dairy activities in scope 1 and 2

We measure our carbon footprint in scope 1 and 2 in absolute form (tonnes of CO_2 equivalents) and for scope 3 in intensity form (tonnes of CO_2 equivalents per tonne of product). For Royal A-ware, the year 2021 serves as the baseline year at which progress is measured, as 2021 is the base year of the SBTi commitment we entered into for our dairy operations.

This increase is mainly due to the rise in the number of production sites since 2021. However, when comparing 2021 and 2024 on a like-for-like basis, there is a 14% decrease.

Scope 3

Scope 3 often presents the greatest challenge, and this is also true for Royal A-ware, as we have no direct influence over it. Nevertheless, we are making significant progress thanks to investments in A-ware Duurzaam and the efforts of our dairy farmers, achieving a substantial 38% reduction within Scope 3. With this reduction compared to 2021, we are well on track to meet our 2030 target.

Greenhouse gas emissions from transport

In 2024, we made several major acquisitions, expanding our transport activities and leading to an increase in emissions across all scopes.

Greenhouse gas emissions from transport

B | ESRS: Climate change (E1)

Our targets

2021-2030: At least a **40% reduction** in greenhouse gas emissions across **scope 1, 2, and 3**.

Due to the **expansion of our transport activities**, emissions increased in 2024.

Our performance in 2024

Progress
An increase in emissions

+22.5%

Renewable electricity (dairy and transport activities)

In 2024, electricity consumption at six of our locations has been fully transitioned to renewable energy, achieved through a combination of purchasing green electricity and acquiring Guarantees of Origin (GVOs). Additionally, preparations have been made to further electrify production processes and procure additional GVOs, ensuring we remain on track to achieve our 2025 sustainability targets.

Greenhouse gas emissions

B | ESRS: Climate change (E1)

Our targets

2025: Royal A-ware will use at least **80% renewable electricity** at all branches.

Our performance in 2024

Progress

19.0%

GVOs serve as official certificates verifying that the electricity consumed originates from renewable sources. These certificates enable companies to demonstrate their commitment to decarbonising the energy grid by sourcing energy from wind, solar, or biomass.

In addition to utilising GVOs, we will enter into Corporate Power Purchase Agreements (CPPAs) to secure long-term access to renewable electricity, further supporting our sustainability objectives in this area.

By 2050, we intend to offset any remaining emissions, where feasible, through carbon sequestration in soil by dairy farmers. For any residual emissions that cannot be mitigated through current measures, we anticipate that future innovations and technological advancements will provide viable solutions, which we will actively explore and implement as they become available.

Measures and actions: how we achieve our goals (1/2)

For our current climate impact, efforts and emissions reductions achieved, please refer to the table below. The actions are detailed in the “Emission reduction achieved to date” column in the table below by decarbonisation lever type.

Hotspot		Type of mitigation measure article	Progress (2024 vs 2021)	Emission reduction achieved to date 2023/2024 (tCO_2e)
Scope 1 and 2 emissions (dairy and transport)	Energy efficiency and renewable energy	▪ Energy-efficient ▪ Switching to renewable energy ▪ Electrification	A-ware Dairy has an energy strategy aimed at achieving its climate goals. This will include: ▪ Reducing energy consumption ▪ Reusing energy ▪ Upgrading energy ▪ Use of renewable energy and compensation through, for example, purchase of GVOs, - Investing in reducing energy use: - The (partial) electrification of gas-driven processes is essential to achieve our goals. A-ware Dairy has two large gas sites in Heerenveen and Aalter (BE). Technical studies have been carried out in recent years to identify different options. One of these is the hybrid approach (ability to use gas and renewable energy). A contract was therefore signed in 2024 for our Heerenveen plant to invest in a cable so that this site can have sufficient electricity. - In addition, steps such as investing in energy-efficient technologies, optimising production processes and promoting energy-efficient working among employees are being taken. - We invest in the use, generation and storage of (renewable) energy - Installation of nearly 30 thousand solar panels at our production sites. - We installed our first battery system at our Almere production site. In 2024, we signed a cPPA for the supply of solar energy (and associated GVOs) from 1 July 2025. - In December 2023, we purchased the first GVOs. -Our supplier of district heating annually improves the share of renewable energy in the mix, leading to lower greenhouse gas emissions from the use of district heating	10,000 tCO_2 by reducing gas consumption in Heerenveen 40,000 tCO_2 by increasing use of renewable energy

Hotspot		Type of mitigation measure article	Progress (2024 vs 2021)	Emission reduction achieved to date 2023/2024 (tCO_2e)
	Refrigerant leaks within A-ware Dairy	Prevention	By properly maintaining our technical installations, we minimise refrigerant leakage.	
	Transport fuel consumption	▪ Efficiency of fuel consumption ▪ Alternative fuels ▪ Optimising supply chain	▪ A modern and well-maintained fleet. Training drivers, exploring alternative fuels. ▪ We are exploring opportunities to work with customers and others to reduce empty miles.	
	Other		▪ Leasing policy: Royal A-ware encourages the use of electric and hybrid vehicles. ▪ Applying new techniques and innovations.	
Scope 3 emissions	Purchased goods: Milk	Reducing	▪ Together with our dairy farmers, we are working to reduce the carbon footprint of milk. This includes offering knowledge through our Dairy Academy and encouraging and valuing greenhouse gas reductions through the footprint premium. The footprint premium was introduced in the Netherlands in 2023 and in Belgium in 2024. ▪ Working on carbon sequestration.	
	Purchased goods: Packaging	Reducing Making procurement more sustainable	Packaging: Explore options for reducing material use and investigate alternative materials. Also see raw materials chapter.	
	Logistics	Optimising supply chain	AB Texel's efforts to reduce greenhouse gas emissions also contribute to reducing A-ware Dairy's scope 3 emissions.	
	Waste streams	▪ Reducing ▪ Upcycling	▪ Reduce waste by, among other things, optimising production processes, employee training, product design and upgrading cheese residues.	

Hotspot		Type of mitigation measure article	Progress (2024 vs 2021)	Emission reduction achieved to date 2023/2024 (tCO_2e)
			▪ By separating waste better, upcycling is possible, leading to lower greenhouse gas emissions. Together with our waste partner, 2024 analysed opportunities to better separate waste at sites. Based on this analysis, several activities were initiated.	
	Use of our products by consumers	n/a	Beyond our control.	
	Purchased goods: Transport	Optimising	Modern fleet, maintenance trucks & trailers, correct tyre pressure and reduce wear and tear	
	Use of goods sold: trucks	Optimising	Leases run for 3-6 years. After that, trucks go back to the leasing company.	

Our actions in 2024

- Installing almost thirty thousand solar panels at our production sites.
- Start laying new power cable at our cheese factory in Heerenveen.
- Procurement of Guarantees of Origin (GvO).
- Promotion of knowledge among dairy farmers.
- Financial incentives for further sustainability measures on dairy farms supplying to Royal A-ware.
- Carbon storage in soil grassland of our dairy farmers (carbon pool).
- Optimisation of our drivers' driving style.

How do we engage our stakeholders?

- The Sustainability Steering Group is informed via monthly meetings about the progress and findings surrounding Royal A-ware's sustainability policy, with opportunities for adjustment. This steering group identified 'hotspots' based on the baseline (zero measurement) and discussed the climate risk assessment and the Climate Transition Plan. This was established by the management.
- The Procurement department and the ESG team are responsible for the rollout of the energy strategy and the realisation of energy targets in cooperation with external parties.
- With the Livestock Affairs department (Netherlands) and the Dairy Affairs team (Belgium), there is frequent consultation on reduction plans and possible measures on dairy farms.
- With dairy farmers who supply us, regular consultation takes place through the focus group (also see Working together in the chain).
- Discussions are ongoing with Farmdesk on the rollout of the tool that calculates the milk footprint among our (Belgian) dairy farmers.

Other information

The reduction targets align with the scope of reporting CO_2 emissions in accordance with ESRS E1.

Targets and subscopes:

- A-ware Dairy's net zero target covers all the sub scopes reported in this report.
- Royal A-ware's target on renewable electricity relates to sub scope 2.1.
- A-ware Dairy's target reduction in scope 1 and 2 relates to sub scopes 1.1, 1.2, 1.3, 2.1 and 2.3
- A-ware Dairy's scope 3 target covers all sub scopes in scope 3 reported in this report.
- AB Texel's target relates to the sub scopes on which AB Texel reports.
- In 2024, Royal A-ware made several acquisitions. These acquisitions have been included as if they had been part of Royal A-ware for the full calendar year. Royal A-ware also closed sites in 2024, which are not included in the calculations.
- Royal A-ware is not excluded from the EU benchmark (EU) 2020/1818 agreed in the Paris Climate Agreement.

Royal A-ware greenhouse gas emissions

Dairy activities	Retrospective		Milestones and target years			
	Base year 2021	N (2024)	2025	2030 (SBTI target)	2050 (SBTI target)	Annual % target/ Base year
Scope 1 GHG emissions						
Gross Scope 1 GHG emissions (tCO2eq)	18,519	47,178		-80%	-90%	
Scope 1 GHG emissions from regulated emission trading schemes (%)	66%	72%				
Scope 2 GHG emissions						
Gross location-based Scope 2 GHG emissions (tCO2eq)	52,919	52,439				
Gross market-based Scope 2 GHG emissions (tCO2eq)	52,919	31,646		-80%	-90%	
Significant scope 3 GHG emissions						
Total Gross indirect Scope3 GHG emissions (tCO2eq)	**5,774,796**	**5,781,435**		**-51%**	**-97%**	
1 Purchased goods and services	5,605,146	5,470,047				
3 Fuel and energy-related activities (not included in Scope1 or Scope 2)	10,738	14,842				
4 Upstream transportation and distribution	25,800	38,947				
5 Waste generated in operations	16,695	42,902				
6 Business travelng	1,320	101				
7 Employee commuting	1,812	2,540				
9 Downstream transportation	17,614	35,949				
11 Use of sold products	81,795	153,363				
12 End-of-life treatment of sold products	4,403	3,530				
15 Investments	-	19,213				
Total GHG emissions (location-based) (tCO2eq)	**5,846,235**	**5,881,053**				
Total GHG emissions (market-based) (tCO2eq)	**5,846,235**	**5,860,259**				

Royal A-ware greenhouse gas emissions

Transport activities	Retrospective		Milestones and target years			
	Base year 2021	N (2024)	2025	2030	2050	Annual % target/ Base year
Scope 1 GHG emissions						
Gross Scope 1 GHG emissions (tCO2eq)	129,930	139,310		40% (including scope 2&3)		
Scope 1 GHG emissions from regulated emission trading schemes (%)	0%	0%				
Scope 2 GHG emissions						
Gross location-based Scope 2 GHG emissions (tCO2eq)	1,323	1,033		40% (including scope 1&3)		
Gross market-based Scope 2 GHG emissions (tCO2eq)	1,323	1,033				
Significant scope 3 GHG emissions						
Total Gross indirect (Scope 3) GHG emissions (tCO2eq)	60,274	96,090		40% (including scope 1&2)		
1 Purchased goods and services	15,051	18,345				
3 Fuel and energy-related activities (not included in Scope1 or Scope 2)	23,384	47,441				
4 downstream transportation						
5 Waste generated in operations	1	1				
6 Business travelng	1	1				
7 Employee commuting	641	956				
9 Downstream transportation	21,195	29,346				
11 use of sold product	-	-				
12 end of life of sold products	-	-				
15 Investments	-	-				
Total GHG emissions						
Total GHG emissions (location-based) (tCO2eq)	**191,527**	**236,433**				
Total GHG emissions (market-based) (tCO2eq)	**191,527**	**236,433**				

Royal A-ware greenhouse gas emissions

Energy consumption and mix	Comparative	Year
(1) Fuel consumption from coal and coal products (MWh)		372
(2) Fuel consumption from crude oil and petroleum products (MWh)		506,414
(3) Fuel consumption from natural gas (MWh)		260,802
(4) Fuel consumption from other fossil sources (MWh)		4
(5) Consumption of purchased or acquired electricity, heat, steam, and cooling from fossil sources (MWh)		109,512
(6) Total fossil energy consumption (MWh) (calculated as the sum of lines 1 to 5)		877,104
Share of fossil sources in total energy consumption (%)		92%
(7) Consumption from nuclear sources (MWh)		406
Share of consumption from nuclear sources in total energy consumption (%)		0%
(8) Fuel consumption for renewable sources, including biomass (also comprising industrial and municipal waste of biologic origin, biogas, renewable hydrogen, etc.) (MWh)		52,740
(9) Consumption of purchased or acquired electricity, heat, steam, and cooling from renewable sources (MWh)		25,779
(10) The consumption of self-generated non-fuel renewable energy (MWh)		
(11) Total renewable energy consumption (MWh) (calculated as the sum of lines 8 to 10)		78,518
Share of renewable sources in total energy consumption (%)		8%
Total energy consumption (MWh) (calculated as the sum of lines 6, and 11)		956,029

Intensity			
Energy intensity per net revenue	Comparative	N	% N / N-1
Total energy consumption from activities in high climate impact sectors per net revenue from activities in high climate impact sectors (MWh/Monetary unit)		251	
GHG intensity per net revenue	Comparative	N	% N / N-1
Total GHG emissions (location-based) per net revenue (tCO2eq/Monetary unit)		1,604	
Total GHG emissions (market-based) per net revenue (tCO2eq/Monetary unit)		1,598	
Net revenue used to calculate GHG intensity (Millions)	3,813		

Accounting Policies

Scope (1/2)

CO_2 equivalents are classified into three scopes in accordance with the Greenhouse Gas Protocol Corporate Standard (GHG Protocol) methodology. For own operations, only entities responsible for more than 0,1% of scope 1 and 2 emissions are included.

To track progress towards our emission reduction targets, we calculate and report our greenhouse gas emissions annually in carbon dioxide equivalents (CO_2e). These emissions are categorised into three scopes, based on the guidelines of the Greenhouse Gas Protocol. This classification helps us categorise emissions based on the level of control we have within different stages of our value chain.

Calculation of CO_2 equivalents
Greenhouse gases contribute to global warming by trapping heat in the atmosphere. The primary greenhouse gases included in our calculations are carbon dioxide (CO_2), methane (CH_2) and nitrous oxide (N_2O). In order to compare the overall impact of these gases on global warming, they are converted into carbon dioxide equivalents (CO_2e), reflecting their combined contribution.

The conversion of gases to CO_2 equivalents is determined by their relative impact on global warming, following the latest data from the IPCC's Sixth Assessment Report (2021). The conversions are as follows:

- 1 kg of carbon dioxide (CO_2) is equivalent to 1 kg of CO_2e
- 1 kg of methane (CH_4) is equivalent to 28 kg of CO_2e
- 1 kg of nitric oxide (N_2O) is equivalent to 265 kg of CO_2e

These factors allow us to uniformly assess the impact of the different gases and effectively monitor and report their impact on global warming.

The Global Warming Potential (GWP) measures the impact of various greenhouse gases based on their heat-trapping ability over a specific time period (typically 100 years), taking CO as a reference point with a GWP of 1.

The GWP consists of three components, namely:

- GWP-f: Emissions fossil fuel use, such as gasoline
- GWP-b: Biogenic emissions from biological processes, such as methane production from livestock digestion.
- GWP-luluc: Emissions form land use and land use change., such as deforestation for grazing or crops.
- GWP-total: The total greenhouse gas emissions expressed in kilograms of CO_2 equivalents.

Internal Monitoring is based on GWP total.

Scope (2/2)

Scope 1 – All direct emissions
Scope 1 emissions cover all direct emissions within our own operations that are fully under control of Royal A-ware. This includes emissions from our vehicle fleet, operational processes in our production facilities and other direct business activities.

Scope 2 – Indirect emissions from energy use
Scope 2 emissions refer to indirect emissions generated by purchased electricity, heat, gas or steam. These emissions can be reported using different approaches, depending on how Royal A-ware procures energy and the contracts and certificates that are used. Reducing these emissions is possible through a transition to renewable energy sources.

Scope 3 – All other indirect emissions
Scope 3 emissions include all other indirect emissions that occur outside our direct control but are linked to our business activities. These include emissions from the production and transport of purchased goods and services, as well as waste processing. These emissions are calculated using emission factors based on data from suppliers, partners and websites like emmissiefactoren.nl and emisiefactoren.be.

Emission Calculation: Emissions across our value chain are calculated based on standardised emission factors, which may be updated annually based on the latest data. For some of our products, calculations are conducting using Ecochain. These calculations are tailored to our specific situation, considering production methods, the raw material sourcing and the energy used.

Energy consumption and mix: Our energy mix plays a crucial role in reducing carbon emissions. The share of renewable energy sources may vary depending on policy decisions and the availability of renewable energy. By investing in energy efficiency and renewable energy, we can lower both our energy costs and carbon emissions. This approach enables us to gain clear understanding of our climate impact and systematically track progress toward our emission reduction targets in a transparent manner.

Uncertainties and estimates

There may be uncertainties in emission calculations, especially when data is sourced from external suppliers or based on self-reported figures. Regular analyses and validations are conducted to verify data accuracy and improve the reliability of our calculations. Emissions for scopes 1.3, 3.6, 3.7 and 3.1, 3.4, 3.9, 3.11 and 3.12 are based on the actual emissions for 13 periods. The emissions for the other scopes are calculated based on actual data for 12 periods with an extrapolation for period 13.

"Bio-LNG fits perfectly with circular enterprise."

Piet Bakker - Sustainability Manager

Case

From Bio-LNG to hydrogen, from HVO to electric. All possible alternative fuels are tested for our transport activities. The goal: a CO_2 reduction of at least 40 per cent by 2030*. 'As a large organisation, we take responsibility and want to lead the way,' says Piet Bakker, Sustainability Manager.

'Demand for sustainability is increasing,' Piet Bakker observes. 'The speed at which it happens is determined by the customer. Everyone wants to become more sustainable, some faster than others. We need and want to be part of this.'

The ideal truck

And so we are looking into what the ideal truck should look like. Is it electric? Or does it run on HVO, a diesel made from frying fat and waste animal fats? Or on hydrogen? Or Bio-LNG, made from gas derived from organic material? Piet: 'Because it is difficult to assess now what the best solution will be in the future, we are spreading our bets and looking at all options.'

For example, five trucks running on hydrogen are being tested. The same will happen with HVO. Electric trucks are being used to see which products they are best suited for. Piet: 'An RMO drives a round of dairy farms. If he charges the battery before leaving and does so again when he returns, it works well. But for trucks crossing all over Europe, it's more difficult.'

Circular with Bio-LNG

Until the ideal solution is found, Bio-LNG is increasingly being used as a transition fuel. The number of Bio-LNG trucks has therefore increased sharply last year. In 2024, 50 Bio-LNG trucks were on the road, with 75 more coming in 2025. 'Using Bio-LNG fits perfectly with the circular idea,' Piet said. 'For example, we transport feed to livestock farmers, after which the manure from their animals goes to a digester. The biogas produced is then converted into fuel for our LNG trucks. The same applies to fruit and vegetable waste. That successfully brings the process full circle.'

Ultimately, the future will reveal which alternative fuel proves to be ideal. 'Hydrogen and electric will continue to co-exist,' Piet believes. 'But it will take some time before both options are established, especially in view of current high costs. Until then, we are doing all we can to get emissions down as far as possible. So that is now happening with Bio-LNG, and also by smarter planning, avoiding empty loads and educating drivers on their driving style. There are still many gains to be made, but we are on our way.'

*Per tonne/kilometre transported, relative to 2021

"Everyone wants to become more sustainable, some faster than others. We need and want to be part of this."

Piet Bakker - Sustainability Manager

“More sustainable production with solar energy.”

Berry Vrijhoef - Project Engineer

Case

Solar energy generation is one of the key initiatives through which Royal A-ware contributes to reducing greenhouse gas emissions. However, beyond emission reduction, energy storage enables us to strategically utilise solar power during peak demand periods, enhancing overall efficiency.

Since 2024, a state-of-the-art solar installation has been in operation at Royal A-ware’s packaging facility in Almere. This system comprises 4,458 solar panels powering seven high-capacity batteries. ‘By converting sunlight into electricity, we demonstrate Royal A-ware’s commitment to sustainability,’ says Berry Vrijhoef, project engineer. ‘Additionally, it enables us to operate within the limits of our contracted energy capacity.’

Energy buffering

The first use of generated solar energy is for charging batteries. Berry: ‘By buffering the energy, we can use it later at peak times. In summer, for example, we use a lot of electricity for the cooling systems. Another peak demand time can occur when doors are open for longer periods loading trucks in hot weather. The warm outside air flowing in must then be cooled. We are trying to optimise this truck-loading process so that we are as energy-efficient as possible.’

Once the batteries are charged, the remaining solar energy generated goes to the equipment, reducing the need to draw on electricity from the power supplier. Berry: ‘Think of cooling systems, equipment for cutting and packaging cheese, compressed air systems and vacuum systems. Solar energy can also be fed back to the grid.’

Figures

Number of solar panels: 4,458 units

Total capacity: 1.9 MWp (megawatt peak)

Energy storage: 7 batteries of 50 kWh

Expected annual yield: 1,624 MWh (megawatt hours)

CO_2 savings: 500 tonnes per year

Innovative

Ultimately, how much does a solar installation yield? 'Theoretically, with favourable weather conditions, we could generate about 11 per cent of our annual energy consumption each year ourselves. 'Although the generation profile of solar panels over a calendar year is erratic and therefore difficult to predict,' Berry said. 'Of course, we're dependent on the weather. Between April and September, the generation rate was estimated at 78 percent of total consumption. This is precisely during the period when we need extra energy for the cooling units, for example.'

Royal A-ware is proud to contribute to sustainability in this innovative way. We reduce CO_2 emissions and energy costs, while at the same time increase the reliability of a stable energy supply.

"By converting sunlight into electricity, we make it clear that Royal A-ware stands for sustainability."

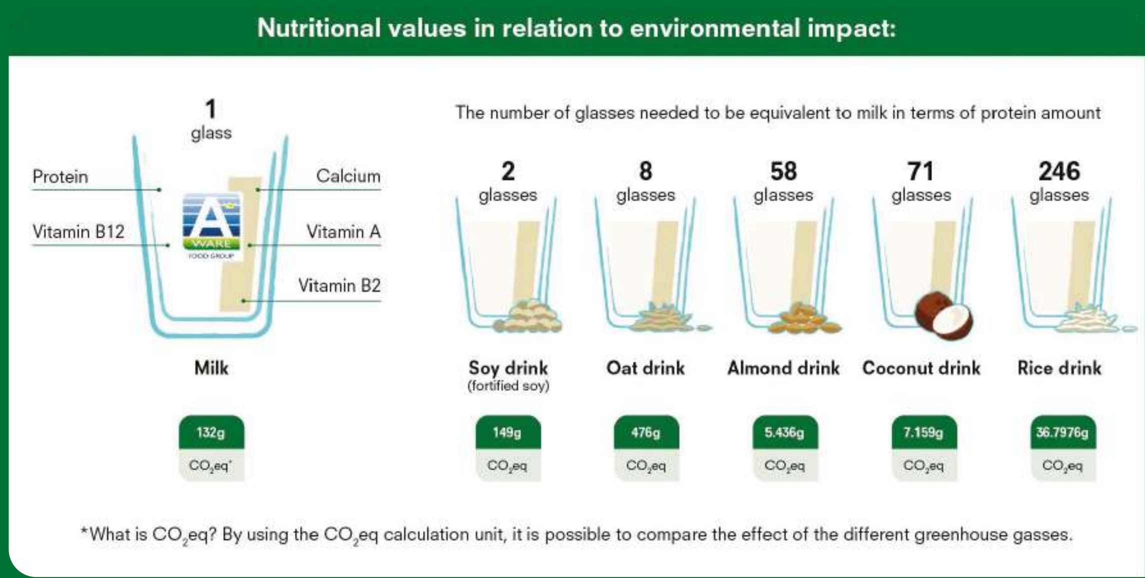
Berry Vrijhoef - Project Engineer

Pillar Product

Dairy is a source of essential nutrients and plays an important role in a healthy diet. With this in mind, Royal A-ware calls for increased awareness of the nutritional value of dairy in relation to its impact on the environment. The standard ESRS structure has not been followed in this chapter.

Nutritional value in relation to footprint

Royal A-ware strives for products with the highest possible nutritional value and the lowest possible impact on people, animals and the environment. We have developed a vision that relates environmental impact to the nutritional value of dairy products. We do this because we believe the social debate on protein transition ignores an important aspect: the nutritional value of dairy products.



Protein transition

Protein transition is now a familiar concept in the climate change debate. The environmental impact of dairy production is often linked to milk and cows. Less milk would be better for people, animals and the environment. We believe the nutritional value of dairy products, such an important consideration in our opinion, is not sufficiently taken into account when determining the environmental impact.

Nutritional value

Various animal products provide high-quality proteins, important fatty acids and various vitamins and minerals that contribute to a healthy diet. Dairy is one of the main dietary sources of protein, calcium, zinc and vitamins B2, B12 and D. A variety of international studies confirm this. When a product with high CO_2 emissions per kilogram of product is replaced by another (plant-based) product with lower emissions, the climate impact per kilogram of product might decrease. But this ignores the nutritional value. If a substitute has lower nutritional value or is less well digested, a one-to-one comparison based on kg volume isn't equivalent.

The right information for consumers

Royal A-ware believes that the nutritional value of food products is currently not sufficiently taken into account when determining environmental impact. Expressing environmental impact per kilogram of product, without taking into account nutritional value, misleads consumers when choosing healthy and sustainable food. It is therefore important that this information is included in the labels on the packaging of all foods as soon as possible so that consumers can make an informed choice.

Dairy in all dietary guidelines

Royal A-ware, like the Food and Agriculture Organisation (FAO) of the United Nations, sees dairy continuing to have an important role to play, even as diets become more plant-based. Dairy products remain important because they provide a good and affordable way to get protein, calcium and vitamins. If a consumer replaces dairy with plant-based products, the risk of nutrient deficiencies increases, while the environmental impact remains nearly the same. Because more vegetable products must be consumed to take in the same level of vitamins and minerals. We therefore beleive it is important for dairy to continue to hold a special position in all dietary guidelines.

Pillar Raw materials

Royal A-ware is committed to the transition to a circular economy. This allows us to reduce the use of natural resources. We are committed to reusing and recycling packaging and reducing water consumption.

More sustainable packaging, waste management and circularity

The 'Resource use and circular economy' topic is material for Royal A-ware through the topics of 'More sustainable packaging' and 'Circularity and waste management'. These are topics that play a role in the day-to-day operations of our dairy business. This chapter therefore focuses only on dairy activities. Royal A-ware strives to use natural raw materials as efficiently as possible and waste as little as possible in the production process. We also work to reduce the use of packaging materials and their recyclability.

Why is this important to us?

We consider the transition to the fullest possible circular economy important because it lays the foundation for a more sustainable use of raw materials. We want to preserve the value of raw materials for as long as possible. We do this by:

- Using raw materials as efficiently as possible
- Avoiding waste
- Using renewable raw materials
- Upcycling waste streams

This also contributes to reducing the impact of our activities on the environment and to the long-term availability of our raw materials.

"Maximizing resources, minimising waste."

What are the risks and opportunities?

Impacts and risks

Our production sites face the following challenges associated with material use, waste disposal and circularity:

- The availability and affordability of raw materials, such as packaging materials, may come under pressure.
- Rising costs due to disposal of waste streams and procurement of more sustainable packaging materials, among others.
- Not every circular solution is possible because food safety is paramount and we do not compromise on it. This applies, for example, to the processing of residual and side streams of cheese into new products and to the packaging that is essential to ensure food safety, as well as taste.
- We have to contend with laws and regulations that are not uniform in different European countries. Packaging that is recyclable in one country might be non-recyclable in another.

Opportunities

Royal A-ware has the following opportunities associated with material use, waste disposal and circularity:

- Royal A-ware has state-of-the-art production sites. We use raw materials as efficiently as possible, resulting in fewer losses, less waste and cost savings. As we work with the latest packaging lines, we can use more sustainable and/or recyclable packaging materials.
- By separating waste better, upcycling becomes possible. This way, we can more effectively valorise waste.
- Both reducing losses and upcycling of waste contribute to reducing GHG emissions in scope 3.

Approach and policy

Material flows

The main material flows at Royal A-ware's production sites can be divided into inflows and outflows.

Inflow:

- Milk
- Cheese
- High-risk raw materials

Outflow:

- End products: cheese and dairy products destined for our retail, industrial and food service customers.
- Whey: a by-product released during cheese production. Whey has several uses, depending on its quality:

  - Food: raw material for baby food and sports nutrition, among others.
  - Feed: feed for animals.
  - If an application as food or feed is not possible, the whey is fermented for energy production.

- Packaging materials: wherever possible, packaging is made of recycle-ready material to enable recycling.
- Waste: by separating waste, it can be upcycled where possible. If this is not possible, it will be burnt.

Determining substantive material flows

To identify and assess substantive material flows, we followed a structured step-by-step approach:

1. Identification of High-Priority Commodities

The process began with an evaluation based on the high priority commodity list developed by the Circular Transition Indicators (CTI). This list includes key categories such as animal products, crops, and rare earth elements. As a result of this assessment, milk, cheese, and plastic were identified as substantive material streams. This determination was subsequently reviewed and validated by the Sustainability Steering Group and the ESG team.

Additionally, due diligence under the IMVO Food Covenant highlighted a number of high-risk raw materials, including soy, palm oil, cocoa, coconut, citrus, hazelnuts, cane sugar, rice, and spices.

2. Economic Value Assessment

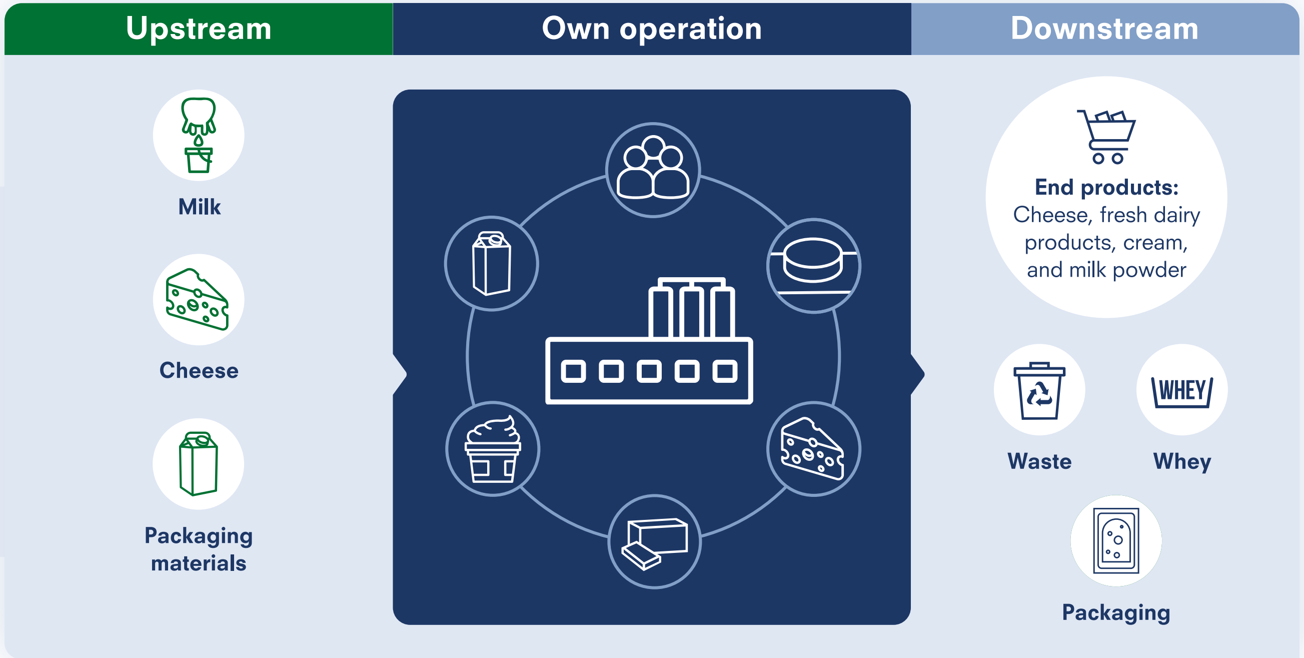
In the next phase, we quantified the economic significance of each material stream by analysing total procurement expenditure by category. We then calculated the percentage of total procurement expenditure attributable to each material stream. This analysis reaffirmed that milk, cheese, and plastic constitute substantive material flows. While high-risk raw materials represent a relatively small share of procurement expenditure, they remain an integral part of our due diligence processes.

3. Carbon Footprint Contribution Analysis

To validate our findings, we further assessed the contribution of each material stream to our overall carbon footprint. These calculations are based on previously established emissions data, which formed the foundation of our Science Based Targets initiative (SBTi) commitment, validated in September 2024 for our dairy operations. This analysis further confirmed that cheese, milk, and packaging are the most substantive material streams within our supply chain.

Material flows

Substantive material inflows and outflows (and the associated risks and negative impacts) are concentrated in the upstream and downstream value chain.



Use of raw materials

Our policy on the use of raw materials and waste has three components:

- **Prevention:** We use raw materials to the maximum to avoid waste and minimise waste.
- **Reduction:** We reduce the use of raw materials by adjusting recipes and using thinner packaging materials, for example.
- **More sustainable sources/materials:** We choose more sustainable alternatives where possible and depending on customer choice. This may also mean using fewer materials not previously used (virgin) and more recycled materials. When it comes to waste, we try to upcycle as much as possible.

This policy applies to all production sites where Royal A-ware has operational control and has been formally adopted by management following preparation by the Sustainability Steering Group. While significant progress has already been made at certain locations, the raw materials and waste policy for the organisation as a whole remains in its early stages. The 2024 inventory will primarily serve as a foundation for further developing policies, defining objectives, and establishing potential measures in the near future.

In 2024, we formulated policies regarding the sourcing of high-risk raw materials (see Upstream Activities) and have conducted an initial risk analysis for selected key raw materials. Specifically concerning soy, one of the identified high-risk commodities used as a component in cattle feed, the Dutch dairy farming sector collectively committed in 2015 to sourcing sustainable soy through the Round Table on Responsible Soy (RTRS). In Belgium, only sustainable soy is used in animal feed.

For further details, please refer to the Due Diligence chapter.

How we promote circularity (1/2)

As indicated earlier, the transition to as fully circular an economy as possible is important because it allows us to minimise the use of natural resources and reuse materials. Although the broader policy is only in its infancy, Royal A-ware is already well advanced when it comes to circularity.

Countering food waste

A great example of circularity is the maximum use of side streams in cheese production. Cheese rinds are not considered waste, but valuable material for other food products, such as processed cheese. Only the remaining coating is eventually considered waste and thus disposed of. This method of production contributes to better use of the materials milk and cheese, it minimises food waste and helps reduce the impact of our activities on the environment.

As the example shows, we consider all products that we cannot dispose as feed for humans or animals as losses. This is in line with the European definition of food waste. To stay focused on minimising food waste, Royal A-ware has also set an objective for this. (see objectives and achievements)

We distinguish between biological and technical materials. This distinction is based on the Ellen MacArthur Foundation’s model (the butterfly model). It was further refined by the World Business Council for Sustainable Development (WBCSD) while developing the Circular Transition Indicators (CTI). This model makes an additional distinction within biological materials: edible and non-edible streams. This makes it more suitable for food businesses. The classification allows us to categorise the various (waste) streams within the company, thus increasing the degree of circularity.

How we promote circularity (2/2)

Recycling waste

Another way to promote circularity is to reuse as many residual streams and waste as possible.

Based on the definition from the European Waste Directive, we use the following approach to define the scope of waste:

- It is not considered waste as long as a product remains in some form within Royal A-ware's operations.
- Any product leaving our organisation that is not a finished product but has an application as food or feed material is not considered waste.
- Waste must be classified according to the national BAL codes or Eural codes. It is important to understand what happens to the waste and how it is processed. This final step is crucial in determining the extent to which Royal A-ware's waste products are circular.

Renewable packaging

Royal A-ware is committed to using renewable packaging materials for consumer packaging. This means that packaging must be recyclable.

Recycling does not stand alone but is part of a chain approach. Currently, there is insufficient capacity at waste processors to collect recyclable materials. As a result, it is not yet possible for us to move towards 100 percent recyclability. Our focus is to offer only recycle-ready solutions.

Objectives and achievements

The objective on recycle-ready packaging aligns with the material outflow of packaging and increases the share of use of circular materials. The objective regarding losses is in line with the substantive material inflows of cheese and milk. An objective on loss has been set for material outflow of waste. It is thus part of the recent policy to upcycle waste as much as possible or find new uses for waste and side streams. In doing so, our objectives contribute to better waste management. Recycle-ready packaging can be recycled into useful applications. And by reducing shrinkage, less waste needs to be collected, transported and processed.

"Driving circularity by reducing waste and embracing recycle-ready packaging."

For the year 2024, we are not yet able to report on the percentage of recyclable packaging. This is due to lack of clarity around dates and differences in applicable laws and regulations in European countries.

More sustainable dairy packaging

E | ESRS: Material use and circular economy (E5)

Our targets

2025: 100% of packaging lines will be validated for **recycle-ready plastic** consumer packaging.

Our performance in 2024

Progress

67%

The use of recycle-ready packaging is essential to improve the circularity of raw materials and materials. Of our more than 80 packaging lines, a large portion is already capable of handling recycle-ready packaging. This makes achieving the 2025 target realistic.

The above purposes are voluntary and not prescribed by law. The objective on the material inflow high-risk raw materials (see due diligence) is, however, prescribed by law (EU regulation against deforestation).

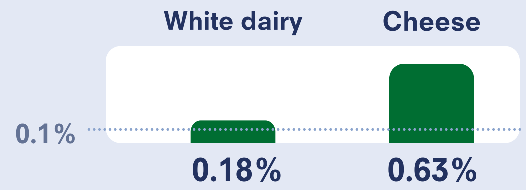
Waste management & circularity in dairy production

D | ESRS: Material use and circular economy (E5)

Our targets

A **maximum of 0.1% waste** of cheese and white dairy raw materials in our production annually.

Our performance in 2024



We place great importance on reducing waste in the production process. Thanks to our efficient approach, our waste rate is low. While we have not yet reached our self-imposed target, it remains within reach.

How did our waste streams look in 2024?

Total amount of waste diverted from disposal (in kg)	
Hazardous waste	
i. Preparation for reuse	0
ii. Recycling	1,963
iii. Other recovery operations	10,032
Total	**11,995**
non-hazardous waste	
i. Preparation for reuse	8,948
ii. Recycling	4,196,033
iii. Other recovery operations	25,545
Total	**4,230,526**

Total amount of waste directed to disposal	
Hazardous waste:	
i.a Combustion for energy	2,897
i.b Incineration	4,243
ii. Landfill	0
iii. Other disposal operations	0
Total	**7,140**
non-hazardous waste:	
i.a Combustion for energy	21,261,015
i.b Incineration	1,940,826
ii. Landfill	0
iii. Other disposal operations	0
Total	23,201,841

Total amount of waste	**27,451,502**

Radioactive waste	0
Non-recycled waste	23,244,557
Percentage of non-recycled waste	85%
Total amount of hazardous waste	19,135

Measures and actions: how we achieve our goals

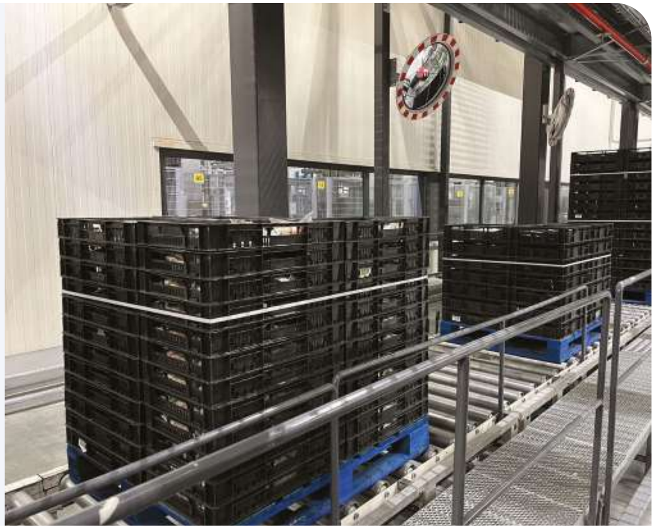
General measures

To optimise the use of raw materials and minimise waste, we have taken the following measures:

- We are working to reduce and upcycle our waste streams. We want to separate waste better and work with waste service providers to see how waste can be upcycled. In doing so, we contribute to maximum resource utilisation. Also, upcycling waste streams can lead to a lower carbon footprint of waste streams, reducing our scope 3 greenhouse gas emissions.
- To use as little packaging material as possible, packaging is made smaller and foils thinner wherever possible. Or different packaging is chosen. For example, some packaging for slices of cheese has been replaced by a thinner film or by another type of packaging that requires less film.
- For decades, we have been striving to reduce food waste. We use as many side streams as possible to make a new product. This includes cheese left over after slicing and dicing, for example. All these side streams are checked manually to see if they meet the strict food safety requirements. These side streams are used for grated or melted cheese.

Actions in 2024

- We have accurately mapped our waste streams. This way, we have better insight and can take further steps to minimise and/or upcycle waste streams (e.g. chickpea moisture no longer burned, but disposed of as raw material for animal feed).
- By 2024, the first packaging lines have been validated where consumer products are packaged with recycle-ready packaging.
- We applied a new method of keeping crates on pallets together. Previously, pallets were wrapped in wrapping film that was discarded after use. In 2024 we introduced an alternative in a thin plastic strap.
- We are working on a system that will give us a more detailed insight into loss of our cheese and white dairy.



How do we engage our stakeholders?

Employees from different divisions with knowledge of packaging were consulted for setting up the policy around packaging. The Sustainability Steering Group was also involved.

Environmental coordinators, waste service providers, the Procurement department and plant managers were involved in understanding the waste streams and the first steps towards a group-level policy.

For high-risk raw materials, see Due Diligence chapter.

Other information

- Consultation of (potentially) affected communities involved in raw material sourcing (upstream value chain) is part of the due diligence policy. (Potentially) affected communities in the downstream value chain were not consulted. The views of NGOs in this have been used as outcomes of the consultation.
- There is no overlap between reuse and recycled. Substantiation to avoid double counting is therefore not necessary.

Resource inflows

	Milk	Cheese	High risk materials	Total
Total weight (tonnes)	**2,173,653**	**194,994**	**685**	**2,369,332**
% of biological materials that is sustainably sourced	23%	2%		

Accounting Policies (1/3)

Scope

Data pertains to all operational production sites and storage facilities under operational control during the reporting period.

This standard consists of three sub-sub topics:
1. Resource inflow
2. Resource outflow
3. Waste

1. Resource inflow

Resource inflow includes purchased milk and cheese as a material resource inflow. In accordance with our due diligence policy, raw materials with a high risk for human rights and environmental impact were additionally identified as a material resource inflow. The identification of high-risk raw materials follows the covenant between government and food industry of high-risk materials.

The following data is reporting for material resource inflow:

- The overall total weight of products and technical and biological materials used during the reporting period;
- The percentage of biological materials purchased during the reporting period that is sustainably sourced, with the information on the certification scheme used and on the application of the cascading principle.

2. Resource outflow

The material resource outflow concerns the validation of packaging lines as suitable for plastic recycle-ready consumer packaging.

3. Waste

The reposted data on waste is divided into “Diverted from disposal” and “directed to disposal”.

Diverted from disposal

The total amount by weight diverted from disposal, is reported with a breakdown between hazardous waste and non- hazardous waste and a breakdown by the following recovery operation types: i) preparation for re-use ii) recycling iii) other recovery operations

Directed to disposal

The amount by weight directed to disposal by waste, is reported with a breakdown between hazardous waste and non-hazardous waste. And a breakdown by the following disposal types: i) incineration ii) landfill iii) other disposal operations

Calculation method

1. Resource inflows

Material inflow includes all purchased kilograms of milk and cheese, as recorded in the purchase ledger. For high-risk raw materials, as identified in our due diligence policy, reporting is based on kilogram of purchased raw materials.

For sustainable purchased milk and cheese the reported certification schemes used include: ‘Beter voor Natuur en Boer’, ‘Koe Bewust’ and ‘Organic’.

2. Resource outflows

The classification of packaging lines as suitable for plastic recycle-ready consumer packaging is based on:

- The current processing of recycle-ready materials on the packaging lines.
- Validation of the packaging line for processing recycle-ready material.

The determination of recycle-ready packaging follows the KIDV guidelines. The Knowledge Institute for Sustainable Packaging (Kennisinstituut Duurzaam Verpakken, KIDV) has developed a tool to assess the recyclability of different material types. The KIDV recycle checks help companies evaluate packaging recyclability based on the current sorting and recycling infrastructure in the Netherlands.

3. Waste

1. Preparation for reuse
2. Recycling
3. Other recovery operations

Waste is defined as materials discarded by Royal A-ware outside the company, where the final destination is not related to a food for humans or feed for animals.

Classification of Waste Streams

- Directed: Waste sent for incineration, landfilling or other forms of waste disposal.
- Diverted: Waste that is recycled, reused or allocated to other disposal operations for useful purposes.

Accounting Policies (2/3)

4. Losses
Losses in the production process is calculated as the percentage of total organic waste relative to the sales volume of cheese and daily fresh dairy products during the reporting period. The losses of the cheese and daily fresh dairy will be reported separately.

Estimates and uncertainties

Waste data is periodically obtained from waste processors through direct export of the registration reports form the waste processors administration. If no registration report is available, data is sourced from invoices of other supporting documents. The identification of all waste processors Royal A-ware cooperates with, is periodically reviewed based on waste processing cost in the financial administration. Royal A-ware relies on manual data entry by individual locations, increasing the risk of errors. To mitigate this risk, control measures have been implemented to ensure data accuracy and reliability.

Total kilograms of waste are calculated based on actual data for 12 periods with an extrapolation for period 13.

The waste classification is based on the waste hierarchy. For waste weight calculations, primary data sources are used. If kilogram data is not recorded in the waste processor's records, estimates are made based on standard weight volumes as published by Foundation ('stichting') Stimular.

The KIDV's recycle-ready checks are based solely on the current recycling infrastructure in the Netherlands. As a result, packaging may not be recyclable in other markets due to differences in waste collection and processing infrastructure.

Definitions

At various stages in the production process, a material may become waste and/or subsequently be reintroduced into society (the economy) as a non-waste resource.

Waste is defined as materials discarded by Royal A-ware outside the organisation, where the final destination is not related to food for humans or feed for animals.

Waste is ranked according to the waste hierarchy, which prioritises waste management methods in the following order: prevention, reuse, recycling, incineration and landfill.

By structuring the reporting in line with this waste hierarchy, the organisation can assess and reduce the environmental impact, while also contributing to a more circular and sustainable economy.

Waste: Materials classified as waste are subject to the specific waste regulations, as outlined in the European Waste Framework Directive (WFD). The term 'waste' has been defined in the European waste framework directive (Europese kaderrichtilijn afvalstoffen) since 1975 as "any substance or object which the holder discards, intends to discard or is required to discard". Even if a material is not transferred to a third party, it can still be considered waste if the holder discards it.

The Dutch Ministry of Infrastructure and Water Management (IenW) provides further guidance on when a material qualifies as waste.

Indicators (non-exhaustive) to asses waste classification include:

- The material is or has been placed in a waste bin or container.
- The material is or has been collected by a waste processor without a predefined waste treatment.
- The material was left unattended, dumped or discharged.

Diverted from disposal: Any operation of which the principal result is waste serving a useful purpose.

Directed to disposal: Any operation which is not recovery even where the operation has as a secondary consequence such as the reclamation of substances or energy.

Re-use: Any operation by which products and components that are not waste are used again for the same purpose for which they were conceived. This may involve cleaning or small adjustments so it is ready for the next use without significant modification.

Accounting Policies (3/3)

Recycling: Any recovery operation by which waste materials are reprocessed into products, materials or substances whether for the original or other purposes. It includes the reprocessing of organic material but does not include energy recovery and the reprocessing into materials that are to be used as fuels or for backfilling operations.

Recycle-ready: Packaging designed to be easily and effectively recycled within existing recycling infrastructures in the Netherlands.

Incineration (with and without energy recovery): The controlled burning of waste at high temperature with or without energy recovery.

Landfill: A waste disposal site for the deposit of the waste onto or into land.

Other types of waste disposal: Other types of waste disposal include calcination, energy, evaporation, drying, spreading or deep injection.

Hazardous waste: Waste which displays one or more of the hazardous properties listed in Annex III of Directive 2008/98/EC of the European Parliament and of the Council on waste.

Non-hazardous waste: Non-hazardous waste means waste that is not classified as hazardous waste.

Biological materials: Materials of biological origin, such as plants or animals.

Single High risk materials: Means that a product is included only if it consists entirely of a high-risk raw material and is not supplied in a composite or blended form and appears on the list of priority raw materials established by FNLI in the IMVO covenant on food.

“We are progressive in reducing plastic packaging.”

Pieter-Jan Bogerd - Technical innovation manager

Case

Together with Albert Heijn, Royal A-ware is aiming for a substantial reduction in plastic packaging. The target of 25 percent reduction by 2025* has already been met comfortably. Replacing plastic containers with bags, the biggest project in 2024, played a big part in this.

‘Zaanse pride’. Under that banner, Royal A-ware carried out its biggest 2024 packaging project. ‘We developed new packaging for Albert Heijn where all the trays with slices and pieces of cheese were replaced by bags that can be recycled, or are recycle-ready,’ says Pieter-Jan Bogerd, Technical innovation manager. ‘This has enabled us to reduce the amount of plastic by as much as 60 percent. That adds up to over four hundred thousand kilos of plastic a year.’

The project was a major operation. We replaced four packaging lines, which together make tens of millions packs a year. ‘Our colleagues had been working with the same technology for 15 years. The commissioning of four new packaging lines with 43 new and upgraded machines has had a huge impact on the organisation. We wanted to implement it quickly so that the consumer in the supermarket was as little affected by this transition as possible. Managing that in only a few months is quite unique. It really is a team effort.’

* as compared to 2018

All packaging recycle-ready

'Zaanse pride' is part of the target set by Royal A-ware together with Albert Heijn in 2018: to reduce plastic by 25 percent by 2025. 'We already reached that target in 2023,' said Pieter- Jan. 'But of course we will continue with this. Not only are we reducing packaging weight, but we also want all our packaging to be recycle-ready.'

Therefore that is the target for 2025. All Albert Heijn packaging will be recycle-ready by the end of 2025.

Pieter-Jan: 'The packaging of grated cheese and sliced cheese is already recyclable. For next year, the last three projects are on the agenda: imported cheeses, freshly packaged pieces of cheese and unrefrigerated pieces of cheese. It's important that we take maximum sustainability steps while maintaining taste, safety and quality'.

Progressive

Apart from making plastic packaging more sustainable, labelling is also an issue. 'The label must be made of the same material as the packaging, otherwise it cannot be recycled. In today's market, not all labels are available in the material we want. Because we want to be progressive in this, we are trying to get suppliers to develop these labels for us.'

Making packaging more sustainable is a process that is never finished. Pieter-Jan: 'There is always room for improvement! And if it can't get any better, there are bound to be gains on ease of use. This is how we keep improving our packaging continuously.'

Figures

From tray to bag: 13.5 grams (tray) to 5.5 grams (bag)

Total 'From tray to bag': 400,000 kilos of plastic reduction per year

"We reduce the amount of plastic by as much as four hundred thousand kilos a year."

Pieter-Jan Bogerd
Technical innovation manager

Reduction of water

Royal A-ware wants to use as little water as possible and reuse as much as possible. We do this at our production site in Heerenveen, among other places, by extracting water from the whey released during cheese production. We also try to keep water consumption as low as possible in other ways.

Why is this important to us?

Based on the double materiality assessment, the availability of high-quality water has been put on Royal A-ware's sustainability agenda. By this, we mean the availability of clean and safe drinking water for human use, suitable for food processing, and supportive of biodiversity and aquatic ecosystems, either from water purchased from external suppliers or from groundwater.

In particular, external factors, such as population growth and climate change (drought), have put increasing pressure on water availability. Water is an essential resource for our production processes. Therefore, responsible water consumption within our organisation has been moved higher up the agenda.

What are the risks and opportunities? (1/2)

Royal A-ware has screened its properties and activities to identify impacts, risks and opportunities when it comes to water and marine resources. We have done the same for our value chain (see Policy, scope). To achieve this, we used the LEAP approach: Locate, Evaluate, Assess and Prepare. We also conducted desk research and several consultations:

- Desk Research: inventory of water withdrawal at production sites; government policies including the Water Framework Directive; flood risk assessment tools; Aqueduct Water Risk Atlas (a World Resources Institute (WRI) tool to locate sites in water-scarce areas); fact sheets from organisations such as European Dairy Association (EDA)
- Consultations: discussions with people in key functions at our production sites, including the Operations Support team, the environmental coordinator and the members of the Sustainability Steering Group.
- Consultation with plant employees who play a key role in the development and implementation of water policy.

What are the risks and opportunities? (2/2)

Water availability

To meet food safety standards, we depend on the availability of high-quality water. When water quality does not meet the standards, it impacts our operations. High-quality water must then be supplied from another source, which - without additional investment - may not be readily available.

Floods

The southern regions of the Netherlands and Belgium face an increased risk of flooding. If the sites, and the surrounding areas, do not have an effective drainage system to take away rainwater quickly, there is a significant risk of flooding. Water-related disruptions, such as impassable roads (resulting in delays) and water that gets into a factory, can impact operations.

Availability and price of water

In addition to the possibility of clean, high-quality tapwater becoming more expensive due to scarcity, there is also a conceivable scenario in which large-scale users face rising costs driven by government pricing or taxation strategies.

Water discharge

Most of our extracted water, which is chemically, microbiologically or physically altered, is discharged after being used in our production processes. This is done on-site using our own water treatment plant, or it is cleaned elsewhere, or discharged into the sewerage system. Contaminated water that cannot be treated at the water treatment plant or discharged into the sewer system is collected by third-party waste management specialists. Non-compliance with environmental requirements related to water drainage, may result in permit revocation. In addition, the ecological impact on water systems outside our organisation should not be underestimated either.

Opportunities

Added value

Building a strong water policy and achieving its intended objectives add value to stakeholders, such as our customers. It contributes to Royal A-ware's ambition to produce dairy products with high nutritional value and low environmental impact.

Efficiency improvement and cost reduction

Opportunities exist to reduce water consumption through enhanced efficiency and water reuse, thereby minimizing dependency on water resources and lowering operational costs. In addition, measures that contribute to increasing the quality of discharge water ('cleaner waste water') can lead to lower costs for its disposal.

European and local water policy

With the government's focus on investing in knowledge and research around water conservation in business, the implementation of our goals can be accelerated.

A more resilient business

By reusing water, we are less dependent on water purchased from external suppliers, more flexible and better able to stay operational.

Approach and policy

Upstream and downstream activities are not part of the assessed materiality. Water use within our value chain, especially on dairy farms, is regulated by national and regional regulations and is included in our milk-related risk assessments. These assessments classify water use as 'controlled', allowing us to prioritise water management within our production processes.

The impact of water use at our office sites is so minimal, relative to water use at our production sites, that we exclude it from the scope.

The ESRS E3 reporting requirements cover water and marine resources. The definition of marine resources mainly refers to the extraction of biological and non-biological resources found in seas and oceans. Based on initial analysis, we conclude that our production processes have little or no impact on marine resources. However, we do see a risk in the production of tapas products that use fish. As the overall share of these products is still very limited and handled through one supplier, we will mitigate the potential impact on marine resources through our due diligence policy.

The above explanation shows that the scope of our policy is limited to water purchased from external suppliers that Royal A-ware uses at its production sites and storage facilities.

Time frame

Royal A-ware's current water policy consists of two phases:

- 2024 - 2026: We identify potential opportunities by mapping specific water pathways at each production site. We are exploring options and innovations to reduce water consumption at each production site by improving efficiency and reuse.
- 2026 - 2035: We will implement actions and projects at our sites based on the previous findings.

The phases may overlap. Once a plan has been developed for a production site, we can move on to the implementation phase. In this way, the experience gained can be used to roll out measures to other production sites.

Water policy

Royal A-ware's water policy, which is implemented under the responsibility of the various managing directors, is focused on sustainable water withdrawal and management within our production facilities. Water reuse initiatives can provide resilience against the risk of water scarcity. Water policy consists of the following components:

Reduce water consumption by increasing efficiency

Royal A-ware aims to reduce water withdrawal within its production facilities by using water more efficiently. Therefore, we first examine where we can take those efficiency steps. Reduction contributes to lower overall water withdrawal and supports the long-term availability of water resources. It also prevents the extraction of aquatic ecosystems, which are also protected as a result.

Reduce water consumption through reuse

We are exploring further opportunities to reuse water within our production facilities without compromising hygiene or product safety. Consider water recirculation, reuse and recycling.

- **Recirculation:** water or reused water is retained in a closed circuit for the same processing operation (e.g. chilled water) condenser cooling water in circulation or pasteurised cooling water in circulation.
- **Reuse:** water derived from food (e.g. as a component of food, water removed from food during a process step, or water that has been in contact with food) is reused in further processes. For example, permeate from a reverse osmosis plant or condensate from milk evaporators.
- **Recycling:** water obtained from a food processing process, other than first-use or reuse water, is first treated, cleaned or reconditioned for use, often outside its original context such as CIP final rinse water.

Wastewater management

We are also exploring ways to increase the quality of wastewater so that it is as clean as possible. First of all, we focus on process-integrated measures that ensure the reduction of water withdrawal (minimising the concentration of specific contaminants) and the reuse of water in production. We will also explore more end-of-pipe wastewater treatment techniques to further reduce the environmental impact of wastewater discharges. In doing so, we proactively prepare for potentially stricter regulations and higher costs due to wastewater discharge.

Site-specific strategy

Our focus is not exclusively on the situation in the Netherlands, where most production sites are located. We are also thoroughly evaluating Belgian sites, as a number of them are in water risk areas.

Our water policy adopts a site-specific strategy, prioritising facilities in water-scarce areas. After that, water systems at sites classified as 'major users' will be prioritised, followed by the smaller sites.

Before drafting the water policy, the situation at sites in areas of water stress was investigated. This showed that water filtration in particular is a major cause of water stress. For the locations in Belgium and the Netherlands where water stress is an issue, we are therefore investigating additional measures to capture, treat and reuse excess rainwater. Thus, we not only reduce dependence on surface and piped water, but also the risk of flooding.

Other

- Currently, water policy does not address the design of products and services intended to address water-related problems and marine resource conservation. If measures can be taken to reduce water use, we will address them in the first phase of our policy: reducing water consumption. However, we consider it unlikely that impactful changes can be made in terms of product and service design.
- Water policy is not based on standards or norms of external organisations.

Objectives and achievements

Royal A-ware's target will align with the Dutch government's policy around reducing the use of water. The National Action Plan for Drinking Water Conservation stipulates that wholesale business users must reduce water consumption by 20 percent by 2035 compared to the 2016-2019 baseline period. This amounts to an average reduction of one percent per year.

In 2024, we are reporting on our water usage for the first time. These figures will serve as a benchmark for achieving the 1% reduction target in 2025.

Figures

- Total water consumption at our production sites in 2024 was 1,943,448 (m^3), of which 252,005 (m^3) was used at production sites in water-stressed areas.
- Water use in our dairy operations relative to our net income (per million EUR), also known as the water-intensity ratio, was 510.

Water management in dairy production C | ESRS: Water and marine resources

Our targets

A **1% reduction** in water usage per existing production site compared to the previous year.

Our performance in 2024

2024 is our base year.

Measures and actions: how we achieve our goals

Actions in 2024

By the end of 2024 a baseline measurement was carried out at all production sites. Based on this, a target was set and policy developed that will be implemented in 2025.

How do we engage our stakeholders?

At Royal A-ware, stakeholders such as QSHE officers and the Operational support team are consulted along with operational managers and directors. In addition, water policy is set by the Sustainability Steering Group.

Accounting Policies

Scope

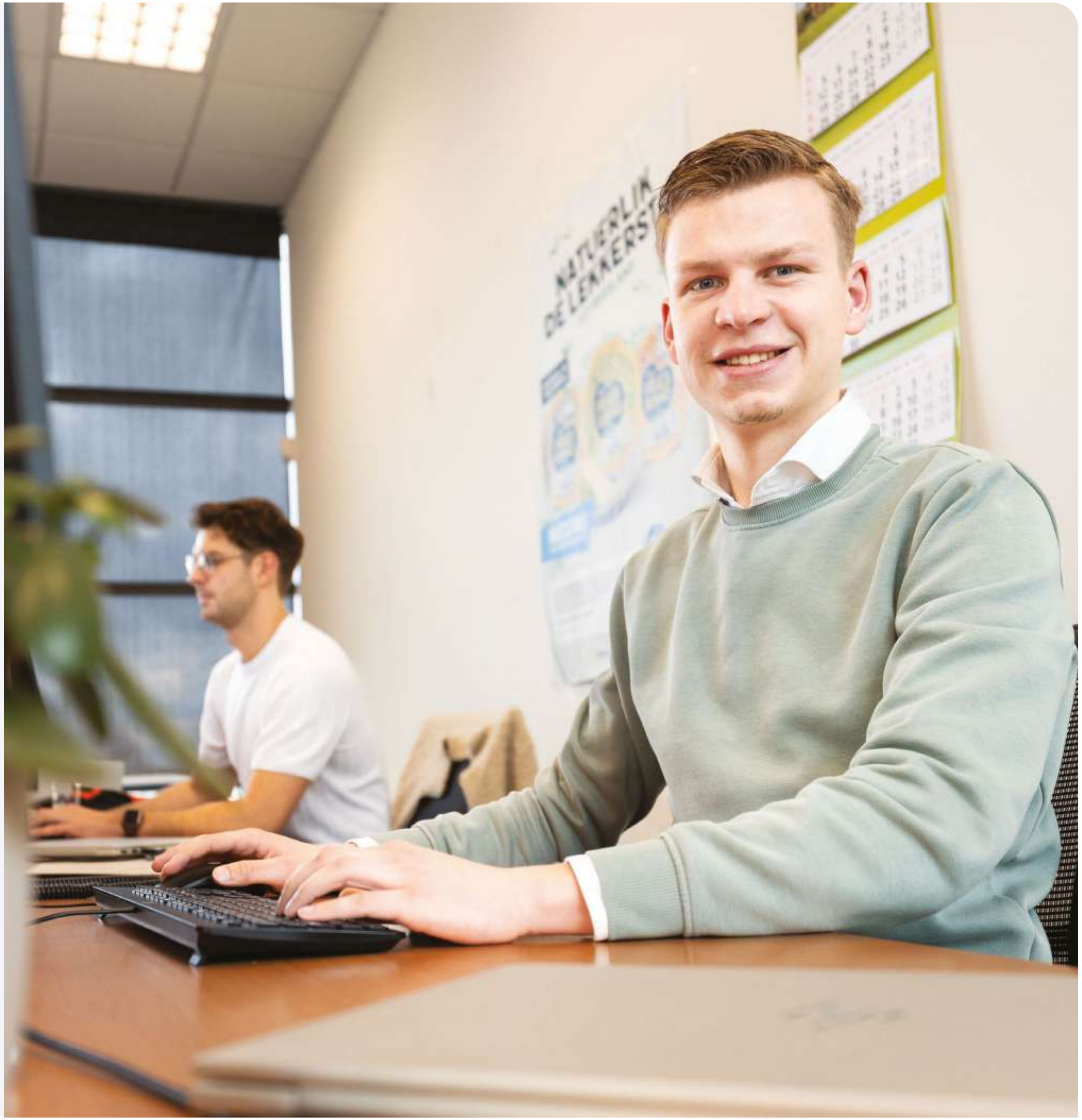
The data on water pertains to all operational production sites and storage facilities under operational control during the reporting period.

Estimates and uncertainties

For the production and storage facilities, water withdrawal data is periodically reported based on invoices from external water suppliers. Where data on the invoice does not cover the entire reporting period from January to December, water withdrawal is measured using internal water meters, with manual on-site readings recorded and reported. To minimise the risk of manual errors, a thorough internal verification process is conducted ensuring data reliability and accuracy.

Definitions

Water withdrawal: water withdrawal includes all water used at production and storage facilities. It refers specifically to water purchased from external suppliers.



Pillar Dairy farming

Royal A-ware is committed to resilient dairy farming, with an emphasis on family farms. Where there is a focus not only on animal welfare, but also on biodiversity and the lowest possible footprint.

Biodiversity

Biodiversity is essential for sustainable food production. Genetic diversity, both among and within species, serves as the foundation for resilient and sustainable food systems. It is crucial for ensuring the production of sufficient high-quality food, both now and in the future.

Why is this important to us?

The raw materials we utilise originate from natural ecosystems. For example, the grass consumed by cows contributes to milk production, which serves as the foundation for our high-quality dairy products. This process is dependent on healthy and resilient soil. Additionally, natural ecosystems provide essential services, such as carbon sequestration and climate regulation.

A higher level of biodiversity positively impacts the availability of raw materials necessary for our production processes, enhancing the resilience of our supply chain. Moreover, increased biodiversity improves soil quality, promoting better grass growth and, consequently, higher- quality feed for cows.

To ensure a long-term supply of high-quality milk, biodiversity plays a crucial role. Therefore, we have integrated biodiversity considerations into our strategy and business model. This principle also applies to the other raw materials we source. The specific dependencies and implications will be outlined in the transition plan, which is scheduled for development in 2025.

What are the risks and opportunities?

Biodiversity is a material topic for Royal A-ware. It impacts not only our production facilities but also the operations of the dairy farmers who supply us with milk, as well as the broader value chain. We have identified the material impacts, risks, and opportunities associated with biodiversity from each of these perspectives.

Risks and impacts

Own production locations

If the activities of our production sites impact local biodiversity, additional costs may arise due to necessary mitigation measures. To asses the potential effects on local biodiversity, the proximity of the sites to biodiversity-sensitive areas has been examined. We define biodiversity-sensitive areas as Natura 2000 sites designated under the Birds and Habitats Directives. Both European directives are important tools to safeguard European biodiversity.

On and around dairy farms

- The adoption of sustainable agricultural practices is essential to minimizing the environmental impact of dairy farming. Especially, climate resilience, soil health, and biodiversity conservation can help protect native species and prevent the spread of invasive species.
- These pressure factors, listed under the first bullet point, are based on an analysis made on the basis of a publication by the Louis Bolk institute. The factors show how dairy farming affects biodiversity. The loss of biodiversity on dairy farms can result in reduced feed yields, which in turn may lead to lower milk production.

Elsewhere in the chain

- The loss of biodiversity can threaten the security of milk and raw material supplies (physical risk), potentially leading to higher prices for certain food products and causing social impact.
- Commodity sourcing may be linked to deforestation. These risks are identified as part of the due diligence policy which includes environmental risks. Deforestation, a key environmental concern, can lead to biodiversity loss and disrupt the balance of natural ecosystems. Therefore, it has our full attention when sourcing raw materials.
- There are also transition risks to consider, such as the impact of national and European legislation, including Natura 2000 areas in the Netherlands and the European Deforestation Regulation.
- Systemic risks can occur due to climate change (see the Climate Risk chapter). The impact of systemic risks on society are not included in the risk analysis.

Opportunities

On and around dairy farms

- We actively engage with dairy farmers on biodiversity conservation and restoration.
- Promoting biodiversity contributes to ecosystem services, such as carbon sequestration.
- Activities in our value chain may affect endangered species. The population of farmland birds in Europe is under pressure. Reducing pressure factors on biodiversity from dairy farming, as we are already doing in various milk streams such as Beter voor Natuur en Boer, have a positive contribution to farmland bird conservation.

Ecosystem services

An ecosystem service refers to the benefits people receive from nature or ecosystems. Dairy grasslands ecosystems provide services that contribute to food production and climate regulation, for example. For example, good agricultural practices, such as avoiding ploughing on dairy farms, have a positive impact through carbon sequestration. In addition, by sourcing raw materials that have no or less negative impact on biodiversity, we can contribute to soil restoration and soil protection.

Approach and policy

Biodiversity is key to producing enough good-quality food, for now and in the future. The farms of the dairy farmers we work with have an impact on biodiversity. Just like our own locations. The raw materials we use come from natural ecosystems. Both biodiversity and ecosystems can be affected by climate change and unsustainable farming and forestry practices.

Our challenge is to minimise the negative impact and increase the positive impact. This contributes to short- and long-term resource availability and affordability.

Our biodiversity policy covers all dairy activities, including the upstream value chain. This policy applies to all our production sites and covers both operational processes and the impact of our suppliers. In doing so, we take into account different stakeholders, such as employees and dairy farmers. The aim is to preserve and enhance biodiversity.

The biodiversity policy has three perspectives: own operations, on and around dairy farms and the chain.

Own operations

Royal A-ware does not have an additional policy for biodiversity on and around its business sites, as it has no production sites located in biodiversity-sensitive areas. In addition to mapping the negative impact of all business locations on biodiversity-sensitive areas (see the 'Impacts and risks' section), in 2025 we will explore whether we take additional measures that contribute to biodiversity conservation and restoration. We also do not operate in areas where desertification is a problem.

> *"To preserve or restore biodiversity, we have started developing biodiversity bundles."*

On and around dairy farms

We promote biodiversity by working with dairy farmers to reduce the pressure factors of dairy farming on biodiversity (see Risks and impacts section). In our biodiversity strategy, we aim to encourage dairy farmers to reduce pressure factors and, in doing so, create more habitat, among other things. For this purpose, a science-based methodology was set up aimed at rewarding efforts of dairy farmers. This is done through biodiversity bundles that contain measures with proven positive impact on biodiversity. They are based on the conceptual framework that also underlies the Biodiversity Monitor (Erisman, van Eeckeren, Cuijpers, & de Wit, 2014). Pressure factors of dairy farming on biodiversity, among others, are described in this report. We have five biodiversity bundles in the Netherlands, and four in Belgium.

Our quality systems ensure that we can trace the milk delivered to us by dairy farmers. The biodiversity policy ensures that it is clear for each dairy farmer what measures they are taking to preserve and restore biodiversity.

Carbon sequestration

Complementary to biodiversity bundles, carbon sequestration is being targeted. Capturing carbon in the soil is one way to reduce greenhouse gas emissions on a dairy farm. Because when a dairy farmer does not plough his grassland, CO_2 is stored in the soil in the form of carbon. In addition, extra carbon in the soil improves soil fertility, water retention capacity and workability, among other things.

In the supply chain

The biodiversity policy also addresses potential risks resulting from sourcing raw materials. These issues are part of conversations with our suppliers, especially when it comes to high-risk commodities as defined in the due diligence policy. In this way, we remain transparent and promote improvement of biodiversity in our shared supply chains.

Deforestation

We are committed to addressing human rights and environmental risks. We do this according to the six due diligence steps, as introduced by the OECD. One such environmental risk is deforestation. We want to prevent deforestation and aim for our chains to be deforestation-free in 2025. To this end, we follow the European deforestation law (EUDR). This legislation prohibits European companies from importing, exporting or marketing goods or products that contribute to deforestation worldwide. In addition, we require all Dutch and Belgian dairy farmers with whom we collaborate to use 100 percent responsibly certified RTRS soy or equivalent. RTRS stands for Round Table of Responsible Soy, an international partnership that, among other things, combats deforestation by certifying soy production.

Scope

The three perspectives each have their own scope.

- ‘Own operations’ focuses on our production locations in the Netherlands and Belgium.
- ‘On and around dairy farms’ focuses on the dairy farmers in the Netherlands and Belgium that Royal A-ware works directly with.
- The supply chain involves the countries where we source our raw materials from.

Transition plan

Royal A-ware plans to prepare the transition plan in 2025. In 2024, the focus was on elaborating policies and associated actions and targets.

Responsibilities

- The Sustainability Steering Group is responsible for setting the biodiversity policy.
- The Steering Group has delegated mapping the negative impact of business locations on biodiversity-sensitive areas to the ESG team.
- In the Netherlands, the COO, together with the Livestock Affairs manager, is responsible for establishing biodiversity bundles. In Belgium, this responsibility lies with the Dairy Affairs manager.
- The focus group of dairy farmers in the Netherlands and Belgium is actively involved in the elaboration of the biodiversity bundles to find the right balance between 'ecologically effective' and 'feasibility and affordability on the farm'.
- Activities aimed at increasing carbon sequestration are set up under the responsibility of the COO and Livestock Affairs manager in the Netherlands and the Dairy Affairs manager in Belgium.
- In line with the due diligence policy and the biodiversity policy, the aim is to achieve a deforestation-free chain. The Management Board is ultimately responsible for the due diligence policy. They have delegated this rollout to the due diligence coordinators. More on stakeholder engagement is included in our due diligence policy.

Objectives and achievements

Link to policy pillar	Target	Scope	Low in the mitigation hierarchy
Own operations	No target: there are no production sites in biodiversity-sensitive areas		
On and around dairy farms	2025: Dairy farmers comply with at least 1 diversity bundle 2030: Dairy farmers comply with at least 2 diversity bundles	Netherlands and Belgium (own operation)	Minimise and restore
	A-ware Dairy aims to maximise carbon capture for the benefit of its chains	Netherlands and Belgium (upstream value chain)	Restore
In the supply chain	A-ware Dairy a deforestation-free chain by 2025	World (upstream value chain)	Avoidance

Biodiversity conservation and restoration is high on the political and societal agenda, and is part of national and EU legislation. Our objectives:

Biodiversity bundles

Together with our dairy farmers, we work to preserve and restore biodiversity. We do this through biodiversity bundles, each containing a number of measures that contribute to this. In developing the biodiversity bundles, where possible, policies such as those laid down in ANLb (Agricultural Nature and Landscape Management) and eco-schemes, among others, have been aligned. The objectives do not build on or align with the Kunming-Montréal Global Biodiversity Framework (GBF).

Carbon sequestration

By actively encouraging carbon sequestration in soils, we are working to improve soil fertility. In addition, storing CO_2 in the soil, in the form of carbon, reduces the footprint of a dairy farm.

Deforestation

Our ambition is for our chains to be deforestation-free in 2025.

Although we only started implementing biodiversity bundles for our dairy farmers in both the Netherlands and Belgium in 2024, the results are promising. 88 percent of our dairy farmers already meet the 2025 objective. We are well on track to reach our target in 2025.

Biodiversity H | ESRS: Biodiversity and ecosystems (E4)

Our targets

Our dairy farmers are committed to preserving and restoring biodiversity:

2025: 100% of our dairy farmers comply with at least **one biodiversity bundle**

Our performance in 2024

Progress

88%

Other

- Biodiversity offsets were not used in setting the objectives.
- We have no business sites in a biodiversity-sensitive area. Reporting on number and area is therefore not necessary.
- The activities of Royal A-ware at its business sites have no direct impact on reducing the land use pressure factor. Impact on freshwater use may play out at locations in water stress areas. This will be investigated further in 2025. In the value chain, there may be impacts on the pressure factors of land use and freshwater use. This is why Royal A-ware is taking action through the introduction of biodiversity bundles and combating deforestation in its chains. Royal A-ware does not report any measures to indicate the scope of the changes.
- Ecological thresholds are the point at which a relatively small change in external conditions causes rapid change in an ecosystem. No ecological thresholds and allocations of impact were applied in setting the objectives. However, pressure factors of dairy farming on biodiversity have been used (as a kind of derivative of ecological thresholds) in the development of policies to work with dairy farmers on biodiversity conservation and restoration.
- Royal A-ware has not conducted regular monitoring on biodiversity status and biodiversity gain or loss because we only started in 2024.

Measures and actions: how we achieve our goals

Own operations

- Mitigation measures are not necessary as we do not have any business sites in a biodiversity-sensitive area.
- In 2025, the Sustainability Steering Group will decide whether additional measures will be taken at the production sites for biodiversity conservation and restoration.

"Fostering biodiversity through sustainable dairy farming."

On and around the dairy farm

- Through the Dairy Academy knowledge platform, we organise annual workshops on soil health. In doing so, we offer dairy farmers tools to work on soil health and carbon sequestration.
- Together with Albert Heijn, we set up the Beter voor Natuur & Boer milk stream. In this programme, we made long-term agreements on soil carbon sequestration, among other things.
- In 2024 we set up a carbon pool within which dairy farmers take measures to store carbon in their soils.
- Through the biodiversity bundles, we work with our dairy farmers to conserve and restore biodiversity on and around dairy farms. This is also positive for dairy farmers because they use ecosystem services, among other things. Using premiums, we encourage dairy farmers to comply with these biodiversity bundles. Dairy farmers receive points within A-ware Duurzaam if they comply with one or more biodiversity bundles. The more points a dairy farmer achieves within A-ware Duurzaam, the higher the sustainability premium the farmer receives. The content of A-ware Duurzaam is determined annually.
- We develop milk streams tailored to specific customer requirements. Dairy farmers can choose whether to participate in these. When participating, it is mandatory to comply with conditions related to business operations. If a milk stream contains requirements related to biodiversity, with a corresponding premium, this contributes to biodiversity conservation and restoration. This measure has no specific time horizon.
- Within the Beter voor Natuur & Boer milk stream, nature and biodiversity are important, permanent components. The Dutch Centre for Agriculture and the Environment (Centrum voor Landbouw en Milieu, CLM) found that 91 percent of dairy farmers within this milk stream operate nature-inclusively. This means doing business in balance with nature. For the extra efforts that dairy farmers make for this, for example by sowing herbs or no longer ploughing grassland, Albert Heijn has been paying them an extra fee on top of the price of pasture milk for years. Nature-based solutions (NbS) are integrated into the conditions for the Beter voor Natuur & Boer milk stream.

In the supply chain

- Countering deforestation also improves the conditions of communities that are harmed by deforestation.
- We have conducted risk assessments for the high-risk materials, including impacts on communities, as identified in the IMVO Food Covenant by 2024. We will include the results of the risk analyses in the 2025 update of the double materiality assessment (DMA).
- For the realisation of our ambition to achieve a deforestation-free chain, we are not taking any additional measures. In this, we follow the implementation of the EUDR from 2025.
- All Dutch and Belgian dairy farmers with whom we cooperate have been using one hundred percent responsibly certified RTRS soy or equivalent for several years now. RTRS stands for Round Table of Responsible Soy, an international partnership that, among other things, combats deforestation by certifying soy production. Such a certificate indicates that the soy has been grown in an environmentally friendly way. Dutch dairy farmers are only allowed to buy feed from feed suppliers that have sufficient certificates for RTRS soy. In Belgium, the Belgian Feed Association (BFA) has been buying certificates for the soy its members put on the Belgian market since 2009.

Other

- We have no policies or activities aimed at sustainable ocean and marine management.
- There is no quantitative and qualitative information on the progress of measures or action plans because 2024 is the first year reported.

How do we engage our stakeholders?

Stakeholders are involved through the materiality analysis. In addition:

- Besides the Steering Group, no other stakeholders are involved in the development of policies aimed at biodiversity on and around business sites. No stakeholders were involved in setting the targets around deforestation and soil.
- Neighbors of business sites are not involved because no sites are in Natura 2000 areas.
- Dairy farmers are involved in setting up actions that contribute to biodiversity conservation and restoration on and around dairy farms.
- Stakeholders in the value chain are involved as part of the due diligence policy. Royal A-ware did not speak to local communities, but their interests were considered based on literature and through surveys.
- If the Steering Group decides to take additional measures in 2025, it will explore whether and how stakeholders will be involved in setting targets and/or defining actions.
- The Dutch Livestock Affairs team and the focus group of dairy farmers in the Netherlands are actively involved in the elaboration of the biodiversity bundles and associated target in order to find the right balance between ‘ecologically effective’ and ‘feasibility and affordability on the farm’. The biodiversity bundles were adjusted following this review. They were then translated to the Flemish and Walloon context. The focus group with Belgian dairy farmers and the Belgian Dairy Affairs team have actively contributed to this. Throughout this process, experts from the Natuurverdubbelaars agency have been involved to ensure that the biodiversity bundles are sufficiently ecologically effective.
- Stakeholder involvement in due diligence is elaborated in the due diligence paragraph.

Accounting Policies

Scope

Data pertains to all dairy farmers in the Netherlands and Belgium. The biodiversity bundles were developed in the winter of 2023/2024. Dairy farmers can complete a questionnaire from autumn 2024 that will provide insight into the number of biodiversity bundles a dairy farmer meets. The questionnaire will be administered via Z-net.

Calculation method

The percentage of participants meeting the requirement of one or more biodiversity bundles is determined by dividing the number of unique participants in one or more biodiversity bundles by the number of unique dairy farmers. The number of participants is determined by taking the sum of:

1. For the Netherlands: The number of participants based on UBN (Uniek BedrijfsNummer) in one or more biodiversity bundles.

2. For Belgium: The number of participants based on unique address to one or more biodiversity bundles.

The number of unique dairy farmers is determined by taking the sum of:

1. For the Netherlands: The total number of unique UBN.

2. For Belgium: The total number of unique addresses.

Estimates and uncertainties

Data collection is based on a questionnaire. Dairy farmers fill these in via Z-net. It is assumed that dairy farmers completed the questionnaire truthfully ('self-declaration'). In 2024, besides to the self-declaration, no additional checks have taken place whether dairy farmers have taken the measures.

The total population of dairy farmers and their compliance with biodiversity bundles per unique farm are assessed annually, using December 31 as the reference date.

Definitions

ANLb: The Dutch Agricultural Nature and Landscape Management (Agrarisch Natuur- en Landschapsbeheer, ANLb) is a subsidy for agricultural collectives from provinces, water boards and the Dutch Common Agricultural Policy (Gemeenschappelijk landbouwbeleid, GLB).

Biodiversity bundle: A set of concrete and science-based measures that, in context, promote biodiversity.

Total population of dairy farmers: All dairy farmers with a cooperation agreement with Royal A-ware who delivered milk to Royal A-ware at any time during the reporting year. This is a sum of the unique UBN numbers in the Netherlands and the unique company addresses in Belgium.

Z-net: Company registration system used by dairy companies to administer data on, among other things, milk deliveries, quality, workshop and biodiversity bundles registration and data from external sources (e.g. in NL KoeKompas/PBB+ participation).

Resilient dairy farming

With the rapid developments in society, including in dairy farming, we believe it is important for our dairy farmers to be able to keep moving with the times and keep their farms future-proof. That is why we invest in sharing knowledge.

Why is this important to us?

We believe it is important for dairy farming to be a healthy and resilient sector. We do this by keeping our dairy farmers informed and optimising our collaboration with them. The world is constantly changing, including in the dairy sector. As a result, our dairy farmers must stay informed of all relevant developments so that they can adjust their operations where necessary. This allows them to optimise their short- and long-term returns. A stable return is needed not only to generate a family income, but also to invest. This will future-proof the dairy farm and allow it to be passed on to the next generation.

What are the risks and opportunities?

The continuity of dairy farms is under pressure due to social and political developments. For Royal A-ware, it is important to have sufficient milk now and in the future. A number of factors play a role in this, such as farm succession, legislation, cost price development relative to milk price and profitability. Only a limited number of factors are directly influenced by us as a company.

Approach and policy

As a family business, we don't think in years, but rather in generations. This is also the starting point for our sustainability strategy. For us, sustainability means creating value across the entire supply chain, benefiting all parties, including independent dairy farmers who supply milk to Royal A-ware.

Working with dairy farmers

We work together with over 1,500 dairy farmers in the Netherlands and Belgium and believe it is important that we are aligned with them, and do business together. We therefore value personal contact. Together, we are working towards more sustainable dairy farms, in terms of greenhouse gas reduction, animal welfare and biodiversity.

Based on customer requirements, we have developed different milk streams. Dairy farmers choose the milk stream that best suits their operations. This is how we connect customers to dairy farmers and build efficient and sustainable chains.

We enter into long-term partnerships with dairy farmers and set out agreements in an individual cooperation agreement. Thus, not only are dairy farmers guaranteed that their milk will be purchased by Royal A-ware for a longer period, but there is also security for ourselves. A cooperation agreement also ensures that it is clear what conditions must be met.

Dairy Academy

As the world is constantly evolving, it is essential for our dairy farmers to keep up with all these developments. To support them, we have established the Dairy Academy in the Netherlands and Belgium. Whether online or on-farm, dairy farmers can attend workshops and webinars, or participate in field trips and knowledge days on a variety of topics related to running a dairy farm. This gives them tools to optimise their business operations and expand in a future-proof manner.

Participation in Dairy Academy activities is voluntary and free of charge for all dairy farmers with whom Royal A-ware collaborates. Attending workshops may be a requirement within a milk stream. In addition, through participation in activities, dairy farmers can earn points for the A-ware Duurzaam sustainability premium. This, encourages their participation in activities. Dairy farmers receive updates on the programme through digital newsletters, our biannual meetings, websites and an annual magazine.

A-ware Duurzaam

A-ware Duurzaam (started in 2015) is a programme that values dairy farmers for their efforts to make their farms more sustainable. Dairy farmers who take measures on animal welfare, animal health and biodiversity that go beyond legislation, will receive a premium of 50 euro cents per 100 litres of milk.

We also appreciate dairy farmers who are open to supporting the community, for example by hosting a school class, maintaining a website or organising an open day. A-ware Sustainable is continuously being developed. All our dairy farmers in the Netherlands and Belgium participate in this.

Knowledge partners

In order to provide as much up-to-date knowledge and as many tools as possible, Dairy Academy cooperates with relevant knowledge partners. These are companies that are experts in their field. Each company focuses on a specific aspect of dairy farming, such as ration composition, financial management or animal health and welfare. The Dutch and Belgian Dairy Academies have different partners to ensure that the knowledge, language and tools are tailored to the respective country.

A list of partners is available on the websites below:
Dairy Academy Netherlands
Dairy Academy Belgium

Responsibilities

Both the Dutch and Belgian Dairy Academy are managed by a manager who is responsible for the contact with knowledge partners and the organisation of the various activities in cooperation with the Dairy Academy team. Royal A-ware and the knowledge partners provide the financial resources to ensure free participation for our dairy farmers.

Objectives and achievements

Our goal is for the dairy farming sector to be future-proof, so that financially-sound farms can be passed on to future generations.

We aim for at least 75% of all dairy farmers we work with in the Netherlands and Belgium to participate in at least one Dairy Academy substantive activity each year. By this we mean workshops, webinars and knowledge sessions (the latter are currently available only in the Netherlands). This does not include the annual Dairy Academy Event.

As 2024 is the first report year, there is no comparison with previous years yet. The target was drawn up in cooperation with the Livestock Affairs Division Netherlands and Dairy Affairs team Belgium. Dairy farmers have not been actively involved in formulating the target themselves.

Most of our dairy farmers keep their expertise up to date through our Dairy Academy. Knowledge transfer is crucial for their entrepreneurship and professional skills, which is reflected in the high participation rate. Since the Dairy Academy has only recently been introduced in Belgium, along with its associated workshops and meetings, the target has not yet been fully achieved.

Resilient dairy farming J | ESRS: Workers in the value chain (S2)

Our targets

At least 75% of our **dairy farmers** participate annually in at least one **content-related activity** of Dairy Academy.

Our performance in 2024

Progress

73%

Measures and actions: how we achieve our goals

General measures

The Dairy Academy for our dairy farmers was launched in the Netherlands in 2014. A roll-out in Belgium followed at the end of 2022, as a direct result of the expansion of business activities into Belgium and the active recruitment of Belgian dairy farmers. Like the Dutch version of the Dairy Academy, the Belgian counterpart is focused on responding to the specific situation and needs of Belgian dairy farmers.

Programme Evaluation

Input for Dairy Academy's programme of activities comes from dairy farmers (e.g. through the focus group of dairy farmers), the Livestock Affairs Division Netherlands, Dairy Affairs team Belgium, Dairy Academy knowledge partners, Dairy Academy management and the ESG team. Each workshop is assessed by the participating dairy farmers through an evaluation form, on which they can indicate which topic they would like to see included in the programme. We adapt the programme annually by responding not only to the needs of dairy farmers but also to current challenges. We do this together with our knowledge partners, the focus group of dairy farmers, the Livestock Affairs Division Netherlands and Dairy Affairs team Belgium. We also focus on issues that are important for the realisation of our sustainability strategy.

Mutual cooperation

To give dairy farmers the opportunity to build relationships and network, Dairy Academy organises an annual event in an informal setting. This strengthens cooperation during regular workshops, promoting mutual sharing of personal experiences and seeking advice from each other.

Dairy Academy as a prerequisite in milk streams

We have different milk streams. In doing so, we respond to specific customer requirements. Dairy farmers choose whether to participate in a particular milk stream. Each milk stream has its own conditions in areas such as animal welfare and climate. Mandatory participation in one or more Dairy Academy activities may also be a condition. Because, like ourselves, customers appreciate that dairy farmers keep their knowledge and skills up-to-date. This contributes to resilient dairy farming and also supports customers' ambitions to reduce their carbon footprint or improve animal welfare. Dairy farmers who participate in a milk stream receive an extra premium for efforts required of them, which always go beyond the requirements of legislation.

Sharing information

Twice a year, we organise a meeting for dairy farmers. During this meeting, we will inform dairy farmers about Royal A-ware's performance and market developments, among other things. A regular agenda item during these meetings is an explanation of the Dairy Academy's activities. About three-quarters of our dairy farmers attend these meetings. In addition, the activities are mentioned in digital newsletters and magazines/brochures, such as the Workshop Special in Belgium and the Dairy Academy Magazine in the Netherlands. Special websites allow dairy farmers to log in themselves: www.mijnroyal-aware.nl and www.mijnroyal-aware.be.

Our actions in 2024

- In the Netherlands, we have organised almost 90 activities for dairy farmers through our Dairy Academy. Activities ranged from knowledge days and webinars to workshops on topics such as herb-rich pastures, udder health, soil and crop, high-base ration, and robotic milking.
- In Belgium, through the Dairy Academy, we organised 30 activities for dairy farmers, including workshops on animal health, calf rearing and the introduction of the Footprint premium.

How do we engage our stakeholders?

Focus group

To gain insight into the views and practical experiences of dairy farmers, we set up a focus group in both the Netherlands and Belgium. A group of dairy farmers who meet regularly with management and the Livestock Affairs department to discuss developments, give input and advice on decisions to be taken. This could include current events in the sector, changes in supply conditions or developments in milk streams. For example, we think it is important to hear whether the conditions we set for a milk stream are workable for the dairy farmer.

The focus group meets online at least once a month. Physical meetings take place as often as necessary, but at least four times a year. The participants in the focus group are a reflection of the total group of dairy farmers in both size, milk stream, business operations and region. Because every region is represented, we stay close to what is going on at the regional level.

Interest groups

We are affiliated to several industry organisations, such as BCZ, NZO and ZuivelNL. Through these organisations, as well as directly, we are in dialogue with various interest groups of dairy farmers.

Other information

We have not defined any specific vulnerable groups in our value chain. The terms of delivery for dairy farmers include where they can report complaints. In addition, the external complaints scheme is also open to dairy farmers.

Responsibilities

In the Netherlands, the COO is responsible for organising the meetings with the focus group and preparing their content. In Belgium, this is the Dairy Affairs Manager. They should also ensure that the focus group is involved at appropriate times to seek advice and input. The Manager Livestock Affairs Netherlands and the Dairy Affairs manager Belgium are responsible for evaluating the impact of Dairy Academy activities.

Accounting Policies

Scope

All dairy farmers with whom Royal A-ware has a cooperation agreement, and who have delivered to the Dutch and Belgian legal entities.

Calculation method

The percentage of dairy farmers who participated in one or more workshops or webinars is determined by dividing the number of unique participants in one or more workshops or webinars by the number of unique dairy farmers. The number of participants is determined by taking the sum of:

1. For the Netherlands: The number of participants based on UBN in one or more workshops or webinars.

2. For Belgium: The number of participants, based on unique address, in one or more workshops or webinars.

The number of unique dairy farmers is determined by taking the sum of:

1. For the Netherlands: The total number of unique UBN.

2. For Belgium: The total number of unique addresses.

Estimates and uncertainties

Dairy Academy uses Z-net as its workshop management system. Dairy farmers can register via Z-net and attendance will be recorded after the workshops based on attendance lists. These attendance lists are archived. For Belgium, they will start using the workshop module in Z-net from 2024. In 2023, they still registered attendence via Excel.

The determination of the total population of dairy farmers and the number of workshops attended per unique dairy farm is done annually with reference date 31 December.

Definitions

Dairy Academy: Part of Royal A-ware responsible for knowledge transfer to dairy farmers.

Total population of dairy farmers: All dairy farmers with a cooperation agreement with Royal A-ware who delivered to Royal A-ware at any time during the reporting year. This is a sum of the unique UBN numbers in the Netherlands and the unique company addresses in Belgium.

Z-net: Company registration system used by dairy companies to administer data on, among other things, milk deliveries, quality, workshop and biodiversity bundles registration and data from external sources (e.g. in NL KoeKompas/PBB+ participation).

Animal welfare and health

Royal A-ware and its dairy farmers believe it is important to take good care of cows. Animal health and welfare is therefore a material topic for us. Our dairy farmers show maximum commitment to ensuring and improving the welfare and health of their animals.

Why is this important to us?

Most of our products require milk from cows. We consider welfare and health of dairy cows very important. Cows should be treated with respect. Ensuring that cows feel comfortable and well-cared for is a priority for us. We also notice that society and stakeholders, such as customers and NGOs, want more and more information on how dairy cows are kept. They ask us to take responsibility. Together with our dairy farmers and other partners, we take that responsibility to ensure and continuously improve animal health and welfare.

What are the risks and opportunities?

Risks

Failure to ensure animal welfare and health in the value chain can lead to transition risks, such as reputational damage and customers no longer wanting to work with Royal A-ware. Potential physical risks include violation of animal integrity. This is undesirable from an ethical point of view.

Opportunities

Working on animal welfare and health is also an opportunity. Not only is it positive for animal welfare, but it is also a business opportunity. We have developed different milk streams based on customer requirements. Each milk stream has different requirements. An example are above-legal animal welfare and animal health requirements, such as cow brushes, fans and soft bedding. The milk streams Boerderijmelk, Koe Bewust and Beter voor Natuur & Boer already have these kinds of requirements.

In the future, new milk streams may be developed and/or the number of dairy farmers who can participate in a milk stream will increase. So more cows live on a farm that takes extra steps in the areas of health and welfare.

Business continuity
In addition to benefiting the cows, the customer, the dairy farmer, and Royal A-ware all derive advantages from this arrangement, as all milk flows are governed by long-term agreements, which contribute to the business continuity of all parties involved. Customers pay a premium for the additional measures implemented within a milk stream, which positively impacts Royal A-ware's business continuity. Furthermore, dairy farmers participating in a milk stream also benefit, as they receive a guaranteed premium in addition to the standard milk price.

Approach and policy

Royal A-ware considers ensuring the physical and mental health of animals to be a basic requirement for keeping cows. It is important to us that cows are comfortable in their own skin. We also base this on scientific research.

Scientific research

We use the Five Domains Model as a guideline. According to this model, animals' mental states are directly influenced by their health, environment, nutrition and behaviour. International animal welfare organisations, united in the Eurogroup for Animals, also use the Five Domains Model as a basis for defining animal welfare.

Tools to monitor animal welfare

Royal A-ware recognises the importance of ensuring cow welfare and believes it is essential for dairy farmers to continue taking steps to further enhance this welfare.

European welfare specialists have developed the Animal Welfare Quality Management (QM) system, which provides a standardised method for scoring animal welfare on dairy farms. However, as the assessments conducted by trained observers require a full day to complete, the QM system can be challenging to implement practically on dairy farms. As such, Royal A-ware also accepts equivalent tools for measuring cow welfare, including KoeKompas, PBB+, and the Cattle Check-up, which is based on PBB+.

KoeKompas

KoeKompas is a practical tool designed for dairy farmers and veterinarians to assess and improve animal health and welfare. It evaluates key areas such as milking, feeding and water provision, housing, overall animal welfare, work routines, animal diseases, and the rearing of youngstock. The assessment is carried out by a certified veterinarian in collaboration with the dairy farmer. Annually, they review whether the implemented improvements have been effective and identify areas requiring further attention.

Upon completing the KoeKompas evaluation, the dairy farmer receives a report from the Welfare Monitor. Research confirms that this monitor serves as a practical implementation of the QM® standard, which is why Royal A-ware accepts KoeKompas as an equivalent to QM.

Periodiek Bedrijfsbezoek Plus

Another tool accepted by Royal A-ware is the Periodiek Bedrijfsbezoek Plus (PBB+), which involves a veterinarian performing a health check on individual cows four times per year. The veterinarian reports any discrepancies to the dairy farmer. These quarterly visits are also a legal requirement to ensure that milk is sourced from healthy cows. Additionally, dairy farmers are required to participate in an annual e-learning session to maintain their skills in identifying "attention cows" (those with abnormalities in general health).

In the Netherlands, the independent certification body Qlip oversees the KetenKwaliteitMelk (KMM) protocol, which ensures that dairy farmers comply with safety and responsibility standards. Animal welfare and animal health are central components of this protocol. The KMM protocol recognises both KoeKompas and PBB+ as methods for ensuring animal welfare is periodically monitored by a veterinarian according to a prescribed protocol and reporting format. Therefore, Royal A-ware regards PBB+ as an equivalent to KoeKompas, considering it a tool derived from the QM system.

Cattle check-up

In Belgium, where KoeKompas is limited and PBB+ is not available, Royal A-ware developed the Cattle Check-up as an alternative. This tool, which serves as an equivalent to PBB+, is specifically designed for Belgian dairy farmers.

At least three times a year, a veterinarian checks the health of the cows and provides a report through the 'Cattle Farm Visit Report'. Additionally, dairy farmers are required to participate annually in a Dairy Academy webinar focused on recognising "cows for attention."

Responsibilities

In the Netherlands, the COO is responsible for implementing this policy, in Belgium the Dairy Affairs manager is responsible.

Scope

The scope covers dairy farmers in the Netherlands and Belgium with whom Royal A-ware has a direct cooperation agreement.

Objectives and achievements

By 2025, 100 percent of the dairy farmers with whom we work directly are working with a tool derived from Animal Welfare Quality Management. This is how we ensure continuous attention and improvement of animal health and welfare.

In the Netherlands, we have been working with tools like PBB+ or KoeKompas for quite some time. All dairy farmers supplying us in the Netherlands already meet this objective. In Belgium, we introduced a similar process in 2024. We will take further steps to achieve the objective together with dairy farmers in Belgium by 2025.

Animal welfare and health (I) | ESRS: Good governance (G1)

Our targets

2025: 100% of our dairy farmers use an AWQM-derived instrument for continuous monitoring and **improvement of animal welfare and health**.

Our performance in 2024

Progress

76%

Measures and actions: how we achieve our goals

General measures

In order to safeguard and improve animal welfare and animal health, we work in the Netherlands with KoeKompas and PBB+ (requirement in the quality assurance system KKM) and in Belgium with KoeKompas and the Cattle Check-up. KoeKompas is integrated as a mandatory condition for dairy farmers delivering in the KoeBewust and Beter voor milk streams (see Approach and policy) in the Netherlands. Annually, we evaluate the result of these measures to adjust them if necessary or introduce new actions.

Our actions in 2024

- In 2024, usage of Cattle Check-up was incentivised in Belgium through A-ware Duurzaam.
- In 2024, usage of KoeKompas was assessed in the Netherlands in 2024 through A-ware Duurzaam.

How do we engage our stakeholders?

We use the Plan Do Check Act (PDCA) to monitor and continuously adjust the action plan to ensure the objectives are met. Every year around summer, we evaluate whether we are on track and what, if any, new insights need to be included in the action plan. If adjustments are needed, a team of staff from the ESG team and the teams from Dairy Affairs in Belgium and Livestock Affairs in the Netherlands will make a proposal. This could include adjustments to premiums or delivery terms, for example. The proposals will be discussed with the focus group of dairy farmers.

Royal A-ware has two focus groups, one in Belgium and one in the Netherlands. The feedback from these panels is very valuable. For example, we can check whether the proposed changes are practical and add value. After this evaluation, the managers Livestock Affairs in the Netherlands and Dairy Affairs in Belgium will determine any actions. We will present these to dairy farmers at the autumn meeting in October.

We use the last quarter of a calendar year for other preparations needed to carry out the implementation plan for the coming year. Think of the adaptation of supply conditions or interpretation of the Dairy Academy's workshop programme.

The objective was drawn up by team Livestock Affairs, in collaboration with the Sustainability Steering Group.

- The focus group of Belgian dairy farmers was informed about the chosen policy around animal welfare and health in 2023 and agreed to the Cattle Check-up.
- The focus group of Dutch dairy farmers was informed about the chosen policy around animal welfare and health in 2023.
- The Livestock Affairs Division Netherlands and Team Dairy Affairs Belgium have agreed to a tool derived from Animal Welfare Quality Management for continuous attention and improvement of animal health and welfare in 2023.
- All dairy farmers supplying us in the Netherlands and Belgium were informed about the policy on animal welfare and health during the 2023 spring and autumn meetings.

Accounting Policies

Scope

All dairy farmers with whom Royal A-ware has a cooperation agreement and who have delivered milk to the Dutch and Belgian legal entities. Data are collected and recorded in external sector-wide databases. Figures of Royal A- ware suppliers are uploaded via Z-net.

Calculation method

The percentage of AWQM system participants is determined by dividing the number of AWQM system users by the number of unique dairy farmers. The number of participants is determined by taking the sum of:

1. For the Netherlands: The number of users, based on unique address (UBN), of KoeKompas or PBB+.

2. For Belgium: the number of users, based on unique address, of the Cattle Check-up.

The number of unique dairy farmers is determined by taking the sum of:

1. For the Netherlands: The total number of unique UBN.

2. For Belgium: The total number of unique addresses.

Estimates and uncertainties

The determination of total population of dairy farmers is done annually with reference date December 31. Whether a tool derived from AWQM is used is checked periodically on a quarterly basis and within 6 weeks of the end of that quarter. For Koemonitor and PBB+, a recovery period of 4 weeks applies. If a supplier is found not to have complied by December 31, they will be given 4 weeks to comply. Once met, the status is updated. 6 weeks after the end of Q4, all data can be viewed in Z-net.

Definitions

Animal Welfare Quality Management (AWQM): AWQM is a European standardised method for measuring animal welfare, based largely on animal characteristics and measurements. Equivalent to Animal Welfare Quality Management Royal A-ware also allows systems equivalent to AWQM. The following are defined as equivalent:

- KoeKompas
- Periodiek Bedrijfsbezoek Plus (PBB+)

Cattle Check-up: An alternative developed by Royal A-ware (derived from PPB+) consisting of a herd health vet check at least thrice a year and annual participation in a Dairy Academy webinar on recognising and dealing with ‘attentie koeien’ (attention cows). The Cattle Check-up was rolled out in November 2024. The number of unique addresses complying with the Cattle Check-up will be determined for 2024 by the number of participants in the webinar.

Total population of dairy farmers: All dairy farmers with a cooperation agreement with Royal A-ware who delivered milk to Royal A-ware at any time during the reporting year. This is a sum of the unique UBN numbers in the Netherlands and the unique company addresses in Belgium.

Z-net: Company registration system used by dairy companies to administer data on, among other things, milk deliveries, quality, workshop and biodiversity bundles registration and data from external sources (e.g. in NL KoeKompas/PBB+ participation).

"The 'Koe Bewust' milk stream is a perfect fit for our operations."

Willian Tol - Dairy farmer

Case

As the world changes, you change with it, according to dairy farmer Willian Tol, who runs a farm with 290 dairy cows in Zeewolde. That is why he chose to join the new milk stream 'Koe Bewust (Cow Aware)' in 2024. Sustainability and animal welfare are paramount here.

'Our first conversation with Royal A-ware in 2019 was an immediate success. The short lines of communication, flat organisation and efficient way of working appealed to us immediately. We decided to team up. The company's positive attitude and ambitions are inspiring. It is well known that there is a big responsibility on the agricultural sector. Royal A-ware puts a positive spin on this by seeing it as a challenge. They exude that too. That attitude fits ours perfectly.

In 2024, Royal A-ware launched the 'Koe Bewust' milk stream. I was quickly convinced that this suited our company. Society wants more focus on sustainability, so we must embrace it. The conditions to deliver in 'Koe Bewust' align well with our operations.

We were already partly prepared. In doing so, improving animal welfare fits well with our business philosophy. That means attention to thick mattresses, hoof care, medication recording and the KPI related to calf health. The biggest changes were in breaking open the back wall of the barn, modifying the water supply to provide more drinking stations for the cows and increasing the number of cow brushes. Although the ventilation already met requirements, we are enhancing it still further.

Animal welfare has always been a high priority, but 'Koe Bewust' embeds this. We had to invest and it also takes more time in terms of registration, but in return we get a premium of four cents per liter of milk. I think it is important that this is a real performance bonus, decoupled from the milk price. This way, as an industry, we can show that we take good care of our animals and the land.'

Koe Bewust

Within the Koe Bewust programme, the cow's welfare is central. Key points at a glance:

- Good care for cows: clean drinking water, good feed, fresh air and clean bedding.
- Health: animal health requirements are monitored with Koemonitor and the KalfOK score.
- Housing: a climate-controlled cowshed, free-range cowshed or grazing (at least 120 days per year).
- Cow comfort: soft loungers and brushes for scratching.
- Good feed: the basis is home-grown grass, supplemented by other products that meet the VLOG standard (GMO-free feed).
- Craftsmanship: dairy farmers attend workshops at the Dairy Academy to keep their knowledge up-to-date.

Pillar Employees

Royal A-ware values being an attractive employer. The focus is on personal development, safety and diversity. This allows our employees to get the best out of themselves.

Attractive employment

As an employer, we aim to be attractive, differentiate ourselves from others, and invest in the development of our employees. We strive for a culture of appreciation, recognition and commitment where successes are celebrated. We contribute to the well-being of employees and safety is key. All this contributes to an environment where our employees feel valued and motivated to do their best work.

Why is this important to us?

Royal A-ware has ambitious growth targets, both nationally and internationally, in a complex and dynamic environment. We face challenges when it comes to labour market constraints, talent retention, intergenerational diversity and rapid technological developments. Therefore, we focus on a safe working environment and finding, engaging and retaining employees who can grow with our organisation.

What are the risks and opportunities?

Risks

- Labour market constraints.
- Retaining talent can be difficult.
- High absenteeism.

Opportunities

- As an employer, we aim to be attractive, to distinguish ourselves from others, and retain and attract employees.
- We create a safe working environment, both physically and mentally.
- Being an attractive employer leads to lower absenteeism.

"We believe in the power of autonomy and encourage employees to reach their full potential."

Approach and policy

Our HR strategy is drawn up in collaboration with and approved by the Management Board. In addition to the board, all HR staff, staff directors, Managing Directors and other managers are responsible for implementing our HR strategy.

Pleasant working environment

In a positive and supportive work environment, employees experience reduced stress and fewer health-related issues, leading to lower absenteeism and an improved overall workplace atmosphere. Employee sick leave serves as a key indicator of both well-being and job satisfaction.

We are dedicated to fostering a workplace where employees feel safe, valued, and motivated to perform at their best. To support this commitment, we conduct FIT-conversations, among other initiatives, where managers and employees engage in discussions regarding performance, personal and professional development, employability, and workload management.

View on absenteeism

Royal A-ware takes a proactive and positive approach to absenteeism, focusing on what employees can still do rather than what they cannot. This philosophy requires active participation from both employees and managers. When needed, they receive support from qualified and registered occupational physicians and experts in physical and psychological well-being. Our core belief: work promotes health. Therefore, we emphasise the importance of a swift recovery and a smooth return to work for sick employees. This policy applies to all Royal A-ware employees.

Giving employees a voice

It is important to us that all our locations have a safe and pleasant atmosphere. Sometimes that does not work and situations may arise that an employee wants to share in confidence. Confidential counsellors are then on hand to offer a listening ear. Together with an internal complaints mechanism and transparent communication, we ensure that employees are actively involved in shaping and improving our policies. In addition, we have established processes to provide fast and effective recovery.

We also involve employees and managers by asking for their feedback at various times and incorporating it into our initiatives (see approach and policy FIT-conversations). In addition to individual interviews, consultations take place with works councils (see under stakeholders, consultations with works councils).

The Works Council is involved in the topics of sick leave, FIT-conversations, diversity and risk notifications. Among other things, it is informed about the progress when it comes to, for instance, the rate of absenteeism and the number of risk reports. During these discussions, the Works Council can suggest areas for improvement. Employees can make any areas for improvement known to Royal A-ware through various channels, such as via their manager or Works Council members. The Works Council was not involved in setting the targets around sickness absence, FIT-conversations, diversity and the number of risk reports.

The scope of the policies and actions presented in this chapter covers all employees of Royal A-ware. There is no policy targeting specific groups of employees.

Objectives and achievements

For both dairy and transport activities, our absenteeism rate is higher than our benchmark (based on CBS figures). It is partly because the Dutch figures from the CBS also serve as a benchmark for the total figures of Royal A-ware, including those from locations abroad; partly, the absenteeism rate is also higher due to the relatively large number of employees who work extensively in cold storage facilities.

Attractive employment L | ESRS: Own employees (S1)

Our targets

An annual absenteeism rate **equal to or lower** than the sector average.

Our performance in 2024

Dairy activities

7.35%

5.80% (sector average)

Transport activities

6.71%

6.10% (sector average)

Measures and actions: how we achieve our goals

This chapter has outlined the risks, dependencies and opportunities around attractive employment. The measures below aim to mitigate material risks and dependencies and monitor their effectiveness. Also included are measures that can exploit material opportunities for the company.

General:

- The HR department analyses absence data to raise awareness, advise management and, if necessary, implement targeted interventions at local level.
- We invest in the development of our employees and promote a culture of appreciation and recognition. Essential to this is leadership at all levels within our organisation. Managers bear the responsibility not only to inspire, guide and support employees in their development, but also in taking direction and achieving results.
- We hold annual FIT-conversations.
- We provide a safe working environment.
- Employees who want to tell their story can contact confidential counsellors.
- Royal A-ware evaluates the effectiveness of dialogue with employees through the Works Councils. Works Councils are the link between employees and employers. The Works Council consults with management on behalf of the employees and it defends their interests. This allows employees to influence the ins and outs of the company.
- In 2024 A-ware Dairy's HR department organised several workshops for managers, with a focus on absenteeism and prevention.
- The HR department implements this policy and has the financial resources to do so.

How do we engage our employees?

We actively engage employees and managers by seeking their feedback and integrating their insights into our initiatives. As part of this approach, we have introduced a 100-day interview, conducted 100 days after an employee's hire date, to mutually assess their integration and overall experience within the company.

Additionally, we conduct FIT-conversations twice a year to support ongoing development and well-being. For employees departing the organisation, we hold exit interviews to gather valuable insights into their experiences.

Within our transport operations, we facilitate focus groups to encourage dialogue and collaboration. Key information from these discussions is shared and communicated transparently through our internal app, AB Connect.

Works Councils

Employee participation is organised through a Central Works Council (CWC), a Works Council for AB Texel and a Joint Works Council for A-ware Dairy (JWC). The works councils meet regularly to discuss issues that come on the agenda for consultation with the board. These might include proposed changes in working conditions or the relocation of a branch. The Works Council must be informed in a timely and complete manner. If necessary, the director asks the relevant works council for advice and/or consent. Each of these three consultative bodies meets at least five times a year.

Royal A-ware aims for an annual absenteeism rate equal to or lower than the CBS sector report. We did not consult with the Works Council or employees in setting this target. The Works Council is informed about absenteeism and can name any insights and improvements. All employees can communicate any insights or improvements to Royal A-ware through various channels, for example through the supervisor or members of the Works Council. They can read about progress in the sustainability report.

"We actively engage employees and managers by seeking their feedback and integrating their insights into our initiatives."

Other information

- Royal A-ware is committed to implementing the due diligence process as described in the OECD Guidelines for Multinational Enterprises on Responsible Business Conduct. Part of this is the Employee Code of Conduct, which stipulates, among other things, that the fundamental rights of our staff are respected, with a particular focus on safe working conditions, labour rights, equal treatment and non-discrimination. In doing so, we are in line with the UN Human Rights Convention.
- All employees who could be materially impacted by the company are included in the scope of this report.
- Royal A-ware has not entered into any Global Framework Agreement (GFA) or other agreements.
- We organise our chains such that we continue to be both a healthy family business and committed to reducing our impact on the environment. Therefore, we have an ambitious climate strategy that is not expected to have any material, negative or positive impact on our employees.
- Based on the risk assessment, there are no types of activities within our organisation that are at significant risk of incidents of forced or compulsory labour in the countries assessed.
- The due diligence risk assessment indicates that all countries of operation pose a low risk of forced labour incidents.
- Based on the risk assessment, in the assessed countries, there are no types of operations within our organisation that are at significant risk of incidents of child labour. According to the due diligence risk assessment, all the countries in which we operate show a low risk of child labour incidents.
- It follows from the materiality analysis that there are no groups of employees within our organisation that are at greater risk of harm.
- Royal A-ware has indicated that there are no specific groups of employees within the organisation that are at greater risk of harm. It therefore does not report material risks and opportunities applicable to specific groups of individuals.
- There are no widespread or systematic negative impacts on its own employees within Royal A-ware's own operations. Potential widespread or systematic negative impacts on employees in the value chain are addressed through due diligence (see Due Diligence section).

“We want to keep our employees healthy.”

Johanna Brandsma - HR manager

Case

Starting from January 2025, the time when most Dutch people make new resolutions, employees will be able to complete the Periodic Medical Examination (PME) online. During 2024, the HR department was busy preparing for this. Starting from January 2025, employee health will be monitored using this validated tool.

‘We strive to be a good employer,’ says Johanna Brandsma, HR manager. ‘That’s why we want to stay informed about our colleagues’ well-being. We support them as best we can when they are ill, but ultimately, our goal is to prevent illness altogether. We also want to ensure that no warning signs go unnoticed.’

“We want to know how our colleagues are doing. We look after them as best we can when they’re ill, but ultimately we don’t want them to get sick at all.”

Johanna Brandsma - HR manager

Follow-up research

Employees, just in the Netherlands for now, can voluntarily fill in the online questionnaire that addresses a variety of health issues. From smoking and drinking to sleeping, from bullying and stress to physical strain. The result is a colour code: green, orange or red. Johanna: ‘If a colleague is in an at-risk group (orange/red), they will be offered a follow-up examination by the provider of this test, who specialises in sustainable employability. They may be able to make a referral to a General Practitioner or to recommend other interventions. Of course, colleagues can also ask for support themselves.’

At the same time, the PME is linked to the Transport and Logistics Foundation (STL), which offers a variety of interventions ranging from quitting smoking to lifestyle counselling. ‘So if someone wants something, after getting their results, they have the opportunity to take action,’ Johanna said. ‘The colleague remains anonymous. We remain completely on the outside, we don’t get anything about individuals reported back to us.’

Targeted interventions

Not only does the employee get information about his or her health through the PME, the HR department gets insight into the state of its employees’ health as a group. ‘Because we will have access to the health of our people for the first time in 2025, we will know which knobs to turn. Instead of a scattergun approach, we can use more targeted interventions. Suppose we see that sleep is a problem among many respondents, we will see what we can do to address that issue.’

Ultimately, the PME is also a tool to reduce absenteeism. ‘We need to move from an approach focused on cure to one based on prevention, so that our colleagues stay healthy for as long as possible.’

Employee development

We are committed to investing in the professional and personal development of our employees. Through regular discussions and **individual development plans**, we actively support them in defining and achieving their career goals. Our aim is to provide employees with the necessary resources and guidance, enabling them to reach their full potential within our organisation.

Why is this important to us?

We have ambitious growth objectives at both the national and international levels, operating within a complex and dynamic environment. Key challenges include labor market constraints, talent retention, intergenerational diversity, and rapid technological advancements.

To address these challenges, we prioritise attracting, retaining, and engaging employees who can develop and evolve alongside our organisation.

What are the risks and opportunities?

Impacts and risks

- Labour market shortages may have a negative impact, making it more challenging to fill vacancies. This can lead to an increased workload for existing employees, potentially resulting in reduced job satisfaction.
- Staff turnover can lead to the loss of valuable knowledge and experience, which may hinder Royal A-ware's growth and ongoing development.
- Rapid technological advancements require continuous adaptation and innovation to remain competitive.

Opportunities

- By fostering a positive work environment and providing opportunities for career advancement, we enhance employee retention, preserving their valuable knowledge, skills, and experience within the organisation.
- Favourable working conditions contribute to increased motivation and overall well-being among employees.
- Our talent development strategy, including the implementation of learning initiatives, positively impacts the growth and professional development of our employees. This approach not only attracts new talent but also ensures that current employees remain motivated and engaged with the organisation.
- By investing in employee development, we cultivate a culture of appreciation and recognition, with a strong emphasis on safety in the workplace.

Approach and policy

Royal A-ware is committed to attracting, retaining, and engaging employees who can grow alongside the organisation. To achieve this, we strive to be a highly attractive employer by differentiating ourselves from competitors, investing in employee development, and fostering a culture of appreciation and recognition.

A key element in this strategy is strong leadership at all levels of the organisation. Managers play a crucial role not only in inspiring, guiding, and supporting employees in their professional growth but also in setting strategic direction and driving results.

Through this approach, we position ourselves as an employer of choice, enhancing our competitiveness in the labour market. This, in turn, establishes a solid foundation for achieving our long-term growth objectives.

This policy applies to all employees and has been formally approved by management.

FIT-conversations

To support our employees in reaching their full potential, we conduct FIT-conversations. In Dutch, FIT stands for Functioning, Employability, and Future. During these interviews, managers and employees engage in structured discussions on performance, personal and professional development, employability, and workload. This process also serves to identify training needs.

By asking the right questions, both parties gain insight into what is working well and what areas can be improved. The employee and manager then take concrete actions to fulfill the agreements made during the discussion, ensuring that everyone contributes to the organisation's success. FIT-conversations are conducted annually.

The HR director is responsible for overseeing the implementation of these conversations and ensuring they are periodically evaluated for effectiveness. In practice, these conversations take place between the supervisor and the employee, with the potential involvement of an HR officer for additional support.

For our transport operations, we are introducing annual work meetings starting in 2025. The HR manager and Divisional Director of AB Texel are leading this initiative, in consultation with the Works Council.

Objectives and achievements

Royal A-ware has set the objective that a FIT-conversation will be held annually with all employees (100%), including discussions on development goals. Preparations for this have been made in the past period. From 2025 onwards, we will start reporting on this.

Measures and actions: how we achieve our goals

This chapter has outlined the risks, dependencies and opportunities around employee development. The measures below aim to mitigate material risks and dependencies and monitor their effectiveness. Measures have also been included that will allow material opportunities for the company to be exploited.

Our actions in 2024

Dairy operations

- From January 2025, we will support personal growth and team development with a revamped HR platform: A-Talent. In it, HR processes such as the FIT-conversation, the Check-in and the POP interview are digitalised and brought together in one place. In 2024, A-Talent was developed and announced.
- The HR Guide for Executives details instructions on how executives conduct efficient FIT-conversations. Where necessary, HR business partners support managers in preparing and conducting these conversations. In addition, a format is available in which an employee and supervisor jointly make a record of the FIT-conversation.
- We are working on a cycle where all employees get a FIT-conversation.
- We offer online training courses through GoodHabitz.
- There are group-wide programmes for trainees (specialists and future managers).
- Mandatory training takes place in areas such as food safety. These will be provided by team QSHE.
- The staff magazine i-Ware highlights the importance and added value of FIT-conversations.
- With the A-ware Academy, we invest in the development of our employees, both professionally and personally. A-ware Academy develops and organises training courses and provides advice on training issues and is accessible to every employee.

Transport operations

- In 2024, a proposal was presented to move towards a form of work consultation between employer and employee by 2025, similar to the FIT-conversations.
- We developed the Move on Academy in 2023. Drivers can follow mandatory and voluntary sections tailored to different types of transport - from dairy to feed - and to different types of trailers via a menu. These customised training courses teach drivers exactly what they need. Both online and on-site. Every employee has a training budget.
- Each driver receives one or more driving style coaching sessions during which he or she is coached on sustainable driving behaviour.

HR departments implement these policies and have the financial resources to do so.

How do we involve our employees?

The Royal A-ware management sets the targets proposed by the Sustainability Steering Group. The Works Council is informed about progress towards achieving the targets. Also, the Works Council can suggest any insights or improvements. Other employees can read about progress in our sustainability report. All employees can communicate insights or improvements to Royal A-ware through various channels, e.g. via their supervisor or Works Council members.

Other information

Number of employees (head count) by gender		
Gender	**Head Count As per 31-12-2024**	**Measurement unit**
Male	4,038	Head count
Female	807	Head count
Other	-	Head count
Not reported	-	Head count
Total Number of employees (head count)	**4,845**	**Head count**

Number of employees in countries with 50 or more employees representing at least 10% of total number of employees (Country Level)		
	Average Number of employees (head count)	**Measurement unit**
Country		
Nederland	3,547.5	Head count
Belgium	341.5	Head count
Germany	498.5	Head count
France	91	Head count
UK	169.5	Head count
Total Number of Employees	**4,648**	

Information on employees (Full Time Equivalent/FTE) by contract type and gender				
Data as per 31-12-2024	**Male**	**Female**	**Other**	**Unit**
Contract type				
Permanent employees	3,226	599	0	FTE
Temporary employees	514	114	0	FTE
Non-guaranteed hours employees	-	-	-	FTE
Total Number of Employees	3,740	713	0	
Full-time or part-time employees				
Number of full-time employees	3,487	491	0	FTE
Number of part-time employees	253	222	0	FTE
Total Number of Employees	**3,740**	**713**	**0**	

51. Type of contract per region						
Data as **per 31-12-2024**	Netherlands FTE	Belgium FTE	Germany FTE	France FTE	UK FTE	Unit
Contract type						
Permanent employees	2,779	321	432	111	182	FTE
Temporary employees	539	5	78	6	-	FTE
Non-guaranteed hours employees	-	-	-	-	-	FTE
Total Number of Employees	3,318	326	510	117	182	
Full-time or part-time employees						
Number of full-time employees	2,890	287	506	116	180	FTE
Number of part-time employees	428	39	4	2	2	FTE
Total Number of Employees	**3,318**	**326**	**510**	**117**	**182**	

Reason for leave	P1 to 13-2024	Measurement unit
Voluntary	464	Head count
Dismissal	286	Head count
Retirement	54	Head count
Death	12	Head count
Cause unknown	21	Head count
Total	**837**	**Head count**
Head Count Beginning of period P1-2024	4,447	
Head Count end of period P13-2024	4,845	
Average Head count	4,648	
Turnover Rate	**18%**	

Number of employees (head count) at top management level

Gender	Senior Management	Supervisory Board	Measurement type
Male	18	3	*Head count*
Female	4	2	*Head count*
Other *	0	0	*Head count*
Not reported by Employee	0	0	*Head count*
Total (head count)	**22**	**5**	***Head count/ percentage***
Percentage women	**18%**	**40%**	

The distribution of employees by age group

Age employees	Head Count 31-12-2024	Percentage	Measurement type
under 30 years old	611	13%	*Head count*
30-50 years old	2,387	49%	*Head count*
over 50 years old	1,847	38%	*Head count*
Total	**4,845**	**100%**	***Head count/ percentage***

Accounting Policies (1/2)

Scope

Data pertains to all legal entities in countries with more than 50 headcount or more than 10% of total employees.

Calculation method

Full time equivalents (FTE): FTEs are calculated based on the ratio between standard working hours (e.g. 32 hours) and contracted hours (e.g. 40 hours). The FTE calculation follows regional standards and these FTEs are aggregated to determine the total count for Royal A-ware. The FTE figure includes all employees, regardless of contract type (permanent or temporary, excluding On-call workers/0-hour contracts).

Head count: The head count of employees is determined based on HR registration systems, which may vary within Royal A-ware. The headcount is measured as the number of employees under contract with Royal A-ware as the end of the reporting period. This figure includes all employees, regardless of whether they have permanent or temporary contracts. This is different from the figure in the financial statement that is based on FTE.

Average number of employees: The average head count of employees is calculated by the total head count at the beginning and the end of the reporting period and computing the average. This is different from the figure in the financial statement that is based on FTE

Gender: Data is provided by employees on their onboarding form.

Staff turnover: Staff turnover is calculated by dividing the total number employees who left the company during a given period (numerator) by the average number of employees in the same period (denominator). The moment of departure is recorded as the last contractual working day with the organisation. Staff turnover includes voluntary departures, dismissals, retirement or death during employment.

Employee distribution by age group: The age distribution is calculated based on difference between the employee's date of birth and the balance sheet date.

Accounting Policies (2/2)

Discrepancies between countries: Definitions of permanent, temporary, on-call, full-time and part-time employees vary by country. If the company operates in multiple countries, national definitions are applied at the country level. These country-specific figures are then aggregated into total own workforce count, without adjusting for definitional difference in national labour laws.

Senior management: Royal A-ware defines senior management as all individuals one level below the Management Board, excluding secretarial and support staff. This definition aligns with the exception permitted under ESRS S1- TV71. The measurement reference date is balance sheet date.

Estimates and uncertainties

None.

Definitions

Own workforce includes:

1. People who are in an employment relationship with the undertaking ("employees").

2. Non-employees who are: a) either people with contracts with the undertaking to supply labour ("self-employed people") or b) people provided by undertakings primarily engaged in "employment activities" (NACE Code N78).

Temporary contracts: This includes work under a fixed-term contract, as opposed to permanent contracts that has no end-date. A job may be considered temporary employment (and its holder a temporary employee) if both employer and employee agree that its end is decided by objective rules (usually written down in a work contract of limited duration). These rules can be a specific date, the end of a task, or the return of another employee who has been temporarily replaced.

Permanent contract: An employee with an employment contract or employment relationship for an indefinite period, in the same establishment, performing the same or similar work or performing the same or similar function, taking into account qualifications/skills.

On-call workers/0-hour contracts: On-call workers are workers without a guaranteed minimum or fixed number of working hours. While they may be required to be available for work as needed, the company is not contractually obliged to offer them a minimum or fixed number of working hours per day, week or month.

“We’ve made giant strides during our training programme.”

Jorrit Biemolt and Niels Meijer - Management trainees

Case

Royal A-ware offers opportunities to develop young talent through two training programmes: management and professional. Trainees are given direct responsibility while working on their personal development. Jorrit Biemolt (22) and Niels Meijer (22) are second-year management trainees and both work as Logistics team leaders at A-ware Ripening in Zeewolde.

Why did you choose a training programme at Royal A-ware?
Jorrit: ‘After completing my studies, I wasn’t entirely sure what I wanted to do, so I sought out a training programme opportunity. Royal A-ware is a large company with many opportunities for trainees, and I was particularly drawn to its strong focus on entrepreneurship.’

Niels: ‘For me, the food sector was particularly interesting with everything moving at a fast pace because of best-before dates.’

What will the training programme offer you?
Jorrit: ‘During training days, you get to work on your own development. What I’m good at and what I’m not so good at. In day-to-day work, I don’t get to do that so easily. What I learn about myself during those training days, I can directly put into practice.’

Niels: ‘This is also discussed during coaching interviews. What do I wish to develop? Whenever you need more support from a coach, they’re always there to ask. In addition, of course, your supervisor is another kind of coach.’

What did you learn about yourself that you didn't already know?
Jorrit: 'I always want people to like me, but of course, as a team leader, sometimes you have to make decisions that people aren't happy about. I sort of understood that this is me, but after taking a personality test, it became crystal clear. I've discussed this during my coaching interviews and I'm now different in my work. I need to say what's on my mind more often instead of avoiding confrontation.'

Niels: 'I tend to take a wait-and-see approach. I prefer to have all the information before making myself known, so I stay in the background. However, I realise that I can still contribute even if I don't have all the details yet. I now understand that this is related to perfectionism'.

Your group consists of six trainees. How valuable is that peer group?
Niels: 'We exchange experiences, and debate possible solutions to situations we encounter. Often, these are the same kinds of situations that some can handle better than others. And it's nice to know you're not the only one.'

Jorrit: 'In Royal A-ware, you also have a buddy with whom you have closer contact. The buddy is at a different branch so you get to see a different perspective.'

What is the added value of the training programme?
Niels: 'The training programme provides opportunities to interact with a diverse range of people and exchange experiences. You learn about different approaches to handling situations, which helps you discover your own leadership style more quickly.

Jorrit: 'Debate within Royal A-ware is really valuable. For me, the coach is also a stimulus to develop myself. Otherwise, I lose focus on myself during the confusion of the day. Training days give an extra impetus to re-focus on my own development. If I had started in this job without a training programme, I would not be where I am today.'

Training Programme

A training programme at Royal A-ware consists of three blocks of eight months each:

- Master yourself
- Master your impact
- Master your leadership

Trainees meet for two days every block. The programme then includes training sessions such as 'Persuasive Influencing', workshops, role-plays and peer discussions. In addition, trainees have coaching interviews, look-ahead days and 360-degree development interviews, during which they actively seek feedback from colleagues, team leaders or other people in the organisation.

Diversity and inclusion

A diverse group of employees brings different experiences, perspectives and ideas. When addressing challenges, these different perspectives yield more creativity and innovation.

Why is this important to us?

We not only consider it important to find, engage and fascinate employees, but also value having a diverse workplace. A diversity of talent means a wider range of skills among employees and a variety of experiences and perspectives. This contributes to Royal A-ware's productivity and employees' job satisfaction.

What are the risks and opportunities?

Impacts and risks

- A less diverse organisation has more difficulty in finding suitable employees for vacancies created by business growth. Possible consequences are lower productivity and less revenue growth.

Opportunities

- Employees from diverse backgrounds bring a wide variety of perspectives and ideas to optimise our products and services.
- Promoting diversity and inclusion has a positive impact on employee well-being and equity.

Approach and policy

Royal A-ware upholds a zero-tolerance policy against discrimination and intimidation in all forms. This includes, but is not limited to, discrimination based on race, ethnicity, skin colour, gender, sexual orientation, gender identity, disability, age, religion, political beliefs, national or social origin, or any other grounds covered under EU and national legislation. This policy aligns with the principles outlined in the UN Human Rights Convention.

To ensure a safe and inclusive work environment, we provide complaints mechanisms and access to confidential advisers, enabling swift and effective action in the event of any reported incidents of discrimination. Further details can be found in our due diligence policy.

Our materiality analysis indicates that no specific groups of employees within the organisation are at an increased risk of discrimination. Consequently, no targeted policies have been developed in this regard.

In response to the Growth Quota and Targets Act, we have established a clear objective to increase the representation of women in senior management and on the Supervisory Board, demonstrating our commitment to gender equality in the workplace. Should progress toward this goal prove insufficient, we will introduce specific policies to further support and accelerate these efforts.

Objectives and achievements

For the Supervisory Board, the target has been met, but this is not yet the case for senior management. In 2025, we will evaluate how to further increase this percentage.

Senior management is defined as all persons reporting to a member of the Royal A-ware Management Board, excluding secretaries and support staff. Royal A-ware does not report other diversity issues besides gender.

Diversity & inclusion K | ESRS: Own employees (S1)

Our targets

At least **30% women** in the Supervisory Board and **30% women** in senior management annually.

Our performance in 2024

Women Supervisory Board

Women senior management

Measures and actions: how we achieve our goals

No specific measures were taken in 2024. Based on monitoring that will follow in 2025, we will see if measures or specific actions are needed to achieve the target.

How do we involve our employees?

The Sustainability Steering Group was involved in drafting the target that was set by the management. Employees and the works council are not involved. The works council has been informed of the target set and will be able to take note of the progress on this issue. They will also be able to make suggestions and proposals if the target is not achieved.

Safety

We recognise that a safe and positive working environment is essential to the well-being and productivity of our employees. Our production processes and services are designed to minimise the risk of accidents, with the ultimate goal of preventing them entirely.

Beyond ensuring physical safety, we are committed to fostering a workplace where employees find fulfillment in their roles and treat one another with respect. Together, we cultivate an open and inclusive organisational culture, where everyone feels safe, adheres to safety protocols, and engages in constructive discussions to drive continuous improvement.

Why is this important to us?

By implementing a good safety policy, we ensure that our organisation complies with all legal requirements related to the quality of products, services, safety, health and other working conditions, among others.

What are the risks and opportunities?

Impacts and risks

An unsafe working environment or failure to comply with rules, guidelines and agreements can lead to accidents resulting in possible employee injuries and absenteeism. Effective implementation of safety policies leads to fewer unsafe situations and accidents, resulting in less absenteeism, fewer incidents, lower costs and less staff turnover.

Opportunities

When employees and managers report risks and hold each other accountable for them, as well as for improvements in safety policy, we create an open corporate culture.

Approach and policy

As a family-run business, we are committed to fostering a safe working environment and preventing injuries and accidents. To support this commitment, we have established a comprehensive workplace safety policy aimed at accident prevention.

Safety policy oversight is managed by the Chief Operating Officer (COO) for dairy operations and the Chief Executive Officer (CEO) for transport operations. The Safety, Health, and Environment (SHE) department is responsible for implementing this policy and is allocated the necessary financial resources to ensure its effective execution.

Given the distinct working conditions in our dairy and transport divisions, we have developed separate safety policies tailored to the specific risks and challenges of each sector. To proactively address workplace hazards, we conduct Risk Identification & Evaluation (RI&E) assessments, enabling us to systematically identify risks and take appropriate action to mitigate them.

Dairy operations

The safety policy for our dairy operations is developed by the Safety, Health, and Environment (SHE) department, which is responsible for addressing all safety, health, and environmental matters. The policy is formally approved and signed by the Chief Operating Officer (COO).

The SHE team conducts thorough investigations into all incidents in collaboration with those involved. Based on their findings, appropriate actions are taken, which may include implementing additional preventive measures, introducing safety toolkits, or organising canteen information sessions. Furthermore, procedures, policies, work instructions, and Risk Identification & Evaluation (RI&E) assessments are updated accordingly.

To ensure effective communication, the safety policy is shared via intranet for internal stakeholders and published on the internet for external stakeholders. Employees are also informed through Speakap, narrowcasting, and other internal communication channels. Additionally, periodic consultations are held with the Central Works Council (COR) to maintain ongoing dialogue and ensure alignment with employee perspectives.

Transport operations

The safety policy for our transport operations is drafted by the SHE-department, which focuses on all safety, health and environmental issues, and signed by the CFO. SHE reports quarterly to the Works Council and all employees, via Toolbox on AB Connect, on new insights, improvements and outcomes of incidents. To raise awareness, specific incidents are discussed in separate posts on AB Connect. The Sustainability Report 2023, which contains the 2023 results, has been published and shared with all employees.

Near misses

Reporting near misses is a crucial part of our safety culture. A 'near misses' is an occurrence where an accident almost happened, but was ultimately avoided through quick intervention, luck or other factors.

'Near misses' are important signals within a safety culture because they indicate existing risks that, if not recognised or addressed in time, could lead to serious incidents in the future. Reporting and analysing 'near misses' thus provides valuable insights to improve safety and prevent future accidents. In this way, we collect valuable information on high-risk situations that might otherwise go unnoticed.

Not only do we prevent accidents by reporting 'near misses', we also create open communication and a culture of responsibility by doing so. Employees feel encouraged to contribute to the safety of their colleagues without fear of negative consequences. This increases awareness of safety at all levels of the company, from the shop floor to management.

"Reporting 'near misses' is a crucial part of our safety culture."

Objectives and achievements

As described above, reporting 'near misses' is an important tool to promote our safety culture. Therefore, we have set a target for 'near misses' for Royal A-ware: 1,920 reports per year. In 2024, a total of 1,690 reports were made. While this is a great result, we will continue to emphasise the importance of reporting 'near misses' in 2025. We will analyse the available information and see if additional measures on specific locations are necessary.

Apart from generic targets in the safety policy, staff members and/or representatives, such as SHE officers, set annual targets for their own site. These are identified and evaluated in the SHE management review and, like performance, can be seen in the four-weekly safety reports. Targets are updated based on a poll on knowledge of ten Life Saving Rules (see measures) and fortnightly safety reports on reports and incidents.

Do you know our **10 life saving rules?**

Work safely or don't work


Take action, don't walk by


Wear the prescribed PPE

Ensure safety of subcontractors and visitors


Work with a work permit


Work safely at heights


Work safely with electrical installations and machines


Work safely in confined spaces


Work safely with hazardous substances


Follow the rules for safe internal traffic

Measures and actions: how we achieve our goals

This chapter has outlined the risks, dependencies and opportunities around security. The measures on the next page aim to mitigate material risks and dependencies and monitor their effectiveness. Also included are measures that can exploit material opportunities for the company.

General

- For our production sites, we have developed ten Life Saving Rules that help prevent injuries and accidents. These form our baseline for safe and healthy work. In 2024, the Life Saving Rules have been communicated extensively through, for example, staff magazine i- Ware and printed communication items at all production sites.
- For our transport operations, we have a similar approach: the Safety Culture Ladder. The Safety Culture Ladder (SCL) allows companies to measure safety awareness within the organisation and thus improve safety culture.
- 'Near misses' at production sites can be reported in a low-threshold manner. Employees can enter a report themselves, or through their manager, on the intranet. For our transport operations, we have a reporting system for incidents and 'near misses' (in Excel) and implement the Safe Working App (a digital reporting system) at Special Transport.
- The SHE teams investigate reported incidents and then set out improvement actions. All improvement actions are incorporated into reports that are discussed.
- The HR departments use the recording of 'near misses' to analyse trends and causes, together with the SHE-department.
- Every incident is investigated together with those involved by the SHE officer and actions are taken based on findings, such as additional preventative actions or toolkits, canteen information meetings, etc. Procedures, policies, work instructions, RI&Es are adjusted based on findings.
- We monitor the effectiveness of our measures (see also 'Our actions in 2024') as follows: 'near misses' as part of regular operations are picked up by the SHE teams. Other reports as part of regular work are taken up by the HR teams.

How do we involve our employees?

The Sustainability Steering Group was involved in drafting the target that was set by the management. Employees or Works Council were not involved. Those ultimately responsible for safety policy provided input for this.

The Works Council is regularly informed about the implementation progress of the safety policy, including reports on 'near misses'. During discussions on safety policy, the Works Council has the opportunity to propose insights and potential improvements. All employees are encouraged to share their suggestions and feedback regarding workplace safety through multiple communication channels, including their supervisor or a Works Council representative. Additionally, both the Works Council and employees can track annual progress updates in the Sustainability Report.

Other information

% to which its own workforce is covered by a health and safety management system			
2024	**Employees**	**Self-employed persons, Freelancers**	**People employed by a third party engaged in 'employment activities'**
	100%	100%	100%

Health and safety KPI's					
2024	**Employees**	**Self-employed persons, Freelancers**	**People employed by a third party engaged in 'employment activities'**	**Other workers on undertakings's site, for example workers in the value chain**	**Total**
the number of fatalities as a result of work-related injuries and work-related ill health	0	0	0	0	0
Numer of work-related accidents;					177
* Rate of recordable work-related accidents for own workforce (per 1,000,000 hours worked)					18.9

Number of cases of recordable work-related ill health	
Employees	0

Number of days lost to work-related injuries and fatalities from work-related accidents, work-related ill health and fatalities from ill health.	
Employees	5,249

Accounting Policies

Scope

Data pertains to the worforce in our own operations and third-party fatalities on Royal A-ware sites.

Calculation method

Rate of work-related injuries: In computing the rate of work-related injuries, the undertaking shall divide the respective number of cases by the number of total hours worked by people in its own workforce and multiplied by one million. Thereby, these rates represent the number of respective cases per one million hours worked. A rate based on one million hours worked indicates the number of work-related injuries per 500 full-time people in the workforce over a one-year timeframe. For comparability purposes a rate based on one million hours worked shall be used also for undertakings with less than 500 people in the workforce.

If it is not possible to directly calculate the number of hours worked, this is estimated on the basis of normal or standard hours of work, taking into account entitlements to periods of paid leave of absence from work (for example, paid vacations, paid sick leave, public holidays). Fatalities as a result of work-related injury are included in the calculation of the number and rate of recordable work-related injuries.

Absenteeism rate: Royal A-ware's absenteeism rate is compared with the CBS sector benchmark of the food and transport industry. The absenteeism rate is the total number of sick days of employees, as a percentage of the total number of (available) working days of employees in the reporting period.

Work-related illnesses: The number disclosed relates to cases of work-related ill health notified to the undertaking or identified by the undertaking through medical surveillance, during the reporting period. The undertaking might be notified of cases of work-related ill health through reports by affected people, compensation agencies, or healthcare professionals. The disclosure may include cases of work-related ill health that were detected during the reporting period among people who were formerly in the undertaking's workforce.

Fatal accidents: The information is also reported for other workers working on the undertaking's sites, such as value chain workers if they are working on the undertaking's sites.

Estimates and uncertainties

Number of hours worked: For employees, hours worked are estimated based on full-time equivalents.

Reported workplace accidents: All supervisors and employees, have the possibility to report work-related workplace accidents immediately via the intranet regardless of severity. Ensuring completeness requires relying on the implementation of policies issued by QSHE.

Absenteeism rate: The methodology of calculation may differ by subsidiary and region and therefore may also differ from CBS' methodology.

Definitions

Recordable work-related injury or ill health that results in any of the following: i. death, abcence from work, restricted work or transfer to another job, medical treatment beyond first aid, or loss of consciousness. ii. significant injury or ill health diagnosed by a physician or other licensed healthcare professional, even if it does not result in death, days away from work, restricted work or job transfer, medical treatment beyond first aid, or loss of consciousness.

Recordable work-related ill health can include acute, recurring, and chronic health problems caused or aggravated by work conditions or practices. These include musculoskeletal disorders, skin and respiratory diseases, malignant cancers, diseases caused by physical agents (for example, noise-induced hearing loss, vibration caused diseases), and mental illnesses (for example, anxiety, post-traumatic stress disorder). For the purpose of the required disclosures, the undertaking shall, at a minimum, include in its disclosure those cases outlined in the ILO List of Occupational Diseases.

"There is increasing awareness around safety."

Johanna van der Veen - SHE officer

Case

Safety comes first at Royal A-ware. Not least when it comes to driving different types of forklifts. Johanna van der Veen, SHE officer at A-ware Packaging in Almere, gained her qualification allowing her to examine drivers of electric pallet trucks in 2024. 'With theory, practice and supervision, we contribute to fewer accidents.'

'To drive an electric pallet truck, a certificate is not mandatory,' Johanna van der Veen says. 'Because Royal A-ware stands for safety, we have gone the extra mile by setting up specific training courses ourselves for our machinery, including electric pallet trucks.'

'We obviously want everyone to be able to work safely and responsibly with our internal transport equipment. The Occupational Health and Safety Act states that a driver must be "sufficiently competent", but what does that mean? We've now developed that standard ourselves because driving an electric pallet truck is quite risky. We're aiming to eliminate incidents. This standard helps with that.'

Theory and practice

The training is delivered through e-learning that every driver of a material handling vehicle must take. Topics covered include speed, maximum lifting weight, maximum lifting height, what to do in unclear situations, all tailored to Royal A-ware.

For the practical part, Johanna and a colleague took a train-the-trainer course at the Safety Institute. She might test employees for five years on their practical skills needed to drive the electric pallet truck. What does she look out for? 'Can they drive forward and backward well? Can they lift a pallet in a narrow passage without hitting anything else? But also: when starting up, do they first check that everything works, such as the emergency stop? That check is important to do every time.'

Speaking to each other

Besides theory and practice, monitoring is an important aspect in safety policy. 'Monitoring may sound harsh, but it is about colleagues on the shop floor starting to call each other to account for unsafe behaviour. In addition, I or someone from the Operations Management Team regularly walk around to have a chat and get colleagues thinking about their behaviour in the workplace.'

'Having colleagues address each other is a real culture shift,' Johanna believes. 'We are clearly making progress here. It is becoming increasingly normal to do so, as is reporting an unsafe situation. For example, if someone isn't wearing hearing protection. Ultimately, in the SHE department, we can take stock of the risk reports and conclude that a specific topic, hearing protection for example, might need more attention. One great result is the reduction in workload, as the urgency steadily declines. Awareness is incredibly important and we are working hard on that.'

"Safety comes first at Royal A-ware. With training and supervision, we prevent accidents."

Johanna van der Veen - SHE officer

Pillar Respectful Collaboration

As a family business, Royal A-ware invests in long-term partnerships with partners who share the same ambitions. We are mindful of the interests of our employees and those in the value chain. And work carefully when it comes to human rights and the environment.

Valuable collaborations

Royal A-ware takes its responsibility seriously toward its employees, dairy farmers, suppliers, and other key stakeholders with whom we collaborate. This chapter outlines our social impact and the measures we take to uphold our responsibilities toward our employees and partners. Our commitment to collaborating with dairy farmers is further detailed in the Resilient Dairy Farming chapter.

As an active value chain partner in the agri-food sector, we work closely with dairy farmers, customers, and suppliers to drive innovation and develop high-quality, flavourful products. Our approach follows a consumer-to-cow strategy, leveraging more than 130 years of expertise. Through craftsmanship, advanced technology, and deep consumer insight, we continuously seek the best and most sustainable solutions.

We structure our supply chains in a way that ensures we remain a strong, family-owned business while actively working to reduce our environmental impact. Our guiding principle is that all stakeholders benefit sustainably—dairy farmers can continue farming, customers remain committed to our products, and employees feel valued, supported, and empowered to grow within our organisation.

Due diligence

As a family-owned business, Royal A-ware is committed to safeguarding the needs of future generations by fostering long-term relationships. We build enduring partnerships with our dairy farmers, suppliers, and customers, ensuring sustainable and customised solutions that align with their needs, including those related to sustainability.

To uphold responsible business practices, we have established a robust due diligence framework designed to mitigate environmental and human rights risks throughout our value chains. We are committed to implementing the due diligence process in accordance with the OECD Guidelines for Multinational Enterprises on Responsible Business Conduct, the United Nations Guiding Principles on Business and Human Rights, and the International Labour Organisation (ILO) conventions on labor rights and social issues.

The scope of our due diligence policy applies to Royal A-ware and extends across its entire global value chain, covering both upstream and downstream operations.

Why is this important to us?

We aim not only for broad sustainability in our operations, but also in the value chain in which we operate. We seek to understand the origin of our raw materials and the conditions under which they were extracted or produced. The aim is to prevent, stop or reduce negative environmental and human rights impacts in our value chains.

What are the risks and opportunities?

Risks

- Employees within our upstream and downstream value chain may be materially impacted by our operations (excluding our own employees). Material impact is to be expected for workers involved in producing raw materials that we purchase (upstream). For employees active in links downstream, no material impact is expected. Consumers in the downstream chain are also outside the scope because quality systems provide that we supply food-safe products.

- The IMVO Food Covenant identified 12 raw materials that have an increased risk in production related to human rights (such as child labour, forced or compulsory labour), health, worker safety and the environment. Of these, Royal A-ware uses eight raw materials: cocoa, coconut, palm, cane sugar, rice, soy, spices and citrus. These raw materials are sourced globally. Therefore, we have identified raw material supply chains that may pose human rights or environmental risks. No such IMVO Covenant exists for the transport sector.

- We are not aware of child labour in our own operations. Child labour is also not widespread in the chains where we operate. As mentioned above, child labour can occur in our upstream value chain, especially when sourcing high-risk raw materials as stipulated in the iMVO food covenant.

- Our risk analyses on the above high-risk raw materials show that Royal A-ware has a potentially negative impact on child labour and/or forced labour. We only work with suppliers who sign our Code of Conduct for Suppliers, which stipulates, among other things, that child labour and forced labour are not allowed. An example of how Royal A- ware is increasing its positive impact on this issue: our Dutch and Belgian dairy farmers are required to use only RTRS soy or equivalent in their feed. RTRS soy has been grown in an environmentally friendly way. It also protects and promotes human rights, such as working conditions, respect for indigenous people and support for local communities.

Opportunities

- A transparent and honest attitude contributes to long-term collaborations with our customers, dairy farmers, suppliers and other partners.

- Complaints mechanisms (internal, external, whistleblower scheme) help to identify and follow up on possible abuses in a timely manner.

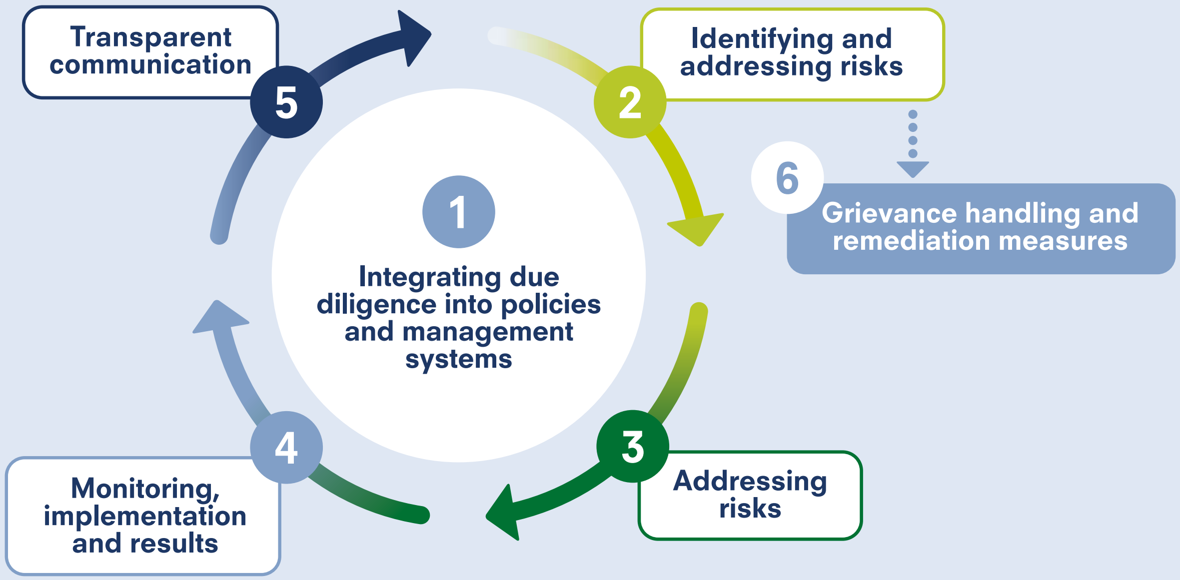
Approach and policy

Our due diligence policy outlines our approach to preventing, mitigating, and eliminating human rights and environmental risks within our value chains. This approach is structured around the six-step due diligence framework established by the OECD Guidelines (see figure on the next page).

In addition, we align our policy with the United Nations Guiding Principles on Business and Human Rights and the International Labour Organisation (ILO) conventions on labor rights and social issues. We outline the planned and ongoing measures implemented to address material risks and describe the mechanisms used to monitor and evaluate their effectiveness.

"Royal A-ware ensures sustainable partnerships and responsible practices across its global value chain."

The due diligence process & supporting measures



Step 1: Due diligence - integrate into policy and management systems

Royal A-ware is dedicated to implementing a comprehensive due diligence process in alignment with the OECD Guidelines for Multinational Enterprises on Responsible Business Conduct, the United Nations Guiding Principles on Business and Human Rights, and the International Labour Organisation (ILO) Conventions on labour rights and social issues.

Human trafficking, forced labour and child labour
Our due diligence policy, which includes the Code of Conduct for Employees, explicitly addresses the prevention of human trafficking, forced or compulsory labour, and child labour. This policy outlines our approach to identifying, mitigating, and eliminating human rights and environmental risks within our organisation and value chains. Our approach follows the six-step due diligence framework established by the OECD Guidelines, which provides a structured methodology to prevent, address, and mitigate negative impacts across our value chains.

Our commitment extends to both our own employees and those within our value chain, ensuring the implementation of explicit preventive measures against human trafficking, forced labour, and child labour. We enforce strict internal controls to maintain compliance, with zero tolerance for any form of exploitation. Additionally, we actively monitor compliance with these principles across all operations to uphold our ethical and legal responsibilities.

Responsibilities

- The Management Board is responsible for the overall oversight of due diligence impacts, risks, and opportunities, including strategic commitments and target setting.
- The Management Board has delegated the implementation of the due diligence strategy to dedicated due diligence coordinators.
- Effectiveness of the policy is periodically reviewed through consultations between due diligence coordinators to assess and refine ongoing measures.
- The Management Board receives an annual briefing on due diligence from the Director of Public Affairs, ESG, and Corporate Communication, as part of the broader sustainability agenda update.
- The Procurement and Legal Departments play a key role in implementing the due diligence policy, including monitoring supplier compliance with the Code of Conduct for Suppliers. Over time, additional resources may be required to conduct risk assessments and enhance supplier compliance monitoring.
- A dedicated working group meets at least twice a year to oversee the development and implementation of the due diligence policy and ensure its effective execution.

Step 2: Identify and address risks

The due diligence approach is risk-based, meaning that the most serious risks are addressed first. With a diverse product and service portfolio, it is necessary to prioritise risks based on scope, scale and irreparability.

For our risk analysis, we use public data such as International Labour Organisation (ILO) reports, independent NGO assessments, industry benchmarks and the Amfori BSCI risk rating system. This public data helps us identify potential risks early, laying the groundwork for more detailed research. While publicly available information provides a solid foundation, it is essential that we also work directly with our suppliers. This will give us a clearer picture of their activities and allow us to better assess whether these risks also play a role in their supply chains. Based on the outcome of risk assessments, we take action to manage identified risks.

Employees within our upstream and downstream value chain may be materially impacted by our activities. Risks have been identified through the above risk analyses. This analysis shows that children and women (partly from an equal pay for equal work perspective) are at higher risk.

Dairy operations

2024-2025: Following the prioritisation from the Dutch Food Sector IMVO Covenant, we will address supply chain risks related to soy, palm oil, cocoa, cashew nuts, coconut, citrus, hazelnuts, cane sugar, rice and spices.

2026-2027: We will expand our focus on other food ingredients, conduct a risk assessment for our key supply chains and include packaging materials in our evaluation.

From 2028: We will broaden our scope to non-food products and categories other than packaging materials.

Transport operations

We have identified supply chains of raw materials and ingredients that may pose human rights or environmental risks. Examples include tyres (rubber, soot), batteries (cobalt and lithium) and fossil fuels. Between 2024 and 2027, we will engage with suppliers on these risks.

Step 3: Address risks (1/2)

We take active steps to prevent, reduce and address identified risks in our supply chain. Depending on the type of risk, our relationship with the supplier and customer requirements, we apply different measures to ensure responsible practices.

Direct engagement with suppliers
Before working with a new supplier for our dairy operations, our quality department gathers information to assess the supplier's commitment to sustainable practices. We do this through a supplier questionnaire with key sustainability topics. Developed with input from our coordinators and the ESG team, the questionnaire ensures that we directly consider human rights and environmental risks.

Sustainability, human rights and environmental issues are important topics in discussions with our suppliers. This way, we remain transparent and promote continuous improvement in our shared supply chains. For suppliers in high-risk areas, we take additional steps to ensure compliance. These include, for example, frequent audits or stricter contractual obligations. We may also temporarily restrict or eventually terminate collaboration with suppliers unless they demonstrably improve their practices.

Code of Conduct for Suppliers

Our Code of Conduct for Suppliers is an essential tool for managing sustainability risks. This contains our ethical standards on human rights and environmental protection, based on international principles such as those of the International Labour Organisation (ILO). All suppliers (with annual turnover over 100K) are required to sign the Code of Conduct for Suppliers and complete the Supplier Questionnaire once every three years. This not only serves as a legal agreement but also guides our discussions on responsible business practices. The Code of Conduct for Suppliers states, among other things:

- Suppliers have procedures for making their operations more sustainable and reducing the impact of their activities on the earth, including reducing waste and reducing their carbon footprint. Suppliers comply with environmental regulations and rules, and will always try to prevent damage to the environment and surroundings.
- Suppliers shall ensure a safe working environment and take adequate precautions to prevent accidents and damage to health.
- Suppliers qualify discrimination, harassment, aggression, physical and psychological violence or behaviour involving coercion or exploitation as undesirable and do not tolerate it. Suppliers have a protocol to prevent undesirable behaviour including a complaints procedure.
- Suppliers adopt a fair remuneration policy, with fair remuneration as the starting point.
- Suppliers comply with legislation on working hours and observe the maximum number of working hours. Employees are compensated for overtime.
- The right to freedom of association and collective bargaining of employees is respected by suppliers.

Our due diligence coordinators ensure that signed codes of conduct are documented and that no business is done with suppliers who have not subscribed to these standards. If we suspect or confirm a violation of the Code of Conduct for Suppliers, the procurement department engages with the supplier to draw up an improvement plan. If a supplier is unwilling or unable to comply, we may terminate the collaboration. With the Code of Conduct for Suppliers, we minimise the likelihood of our procurement activities having a negative impact on employees in the value chain or the environment.

"Royal A-ware demands ethical, sustainable, and safe supplier practices."

Step 3: Address risks (2/2)

Collaboration with industry initiatives

In some cases, addressing risks requires collective action. For risks beyond our direct control, we collaborate (where possible) with other industry stakeholders by participating in multi-stakeholder initiatives. These collaborations help us address human rights and environmental issues more effectively, especially in areas where our influence is limited. An example of such an initiative whose agreements we follow up on is the Round Table on Responsible Soy (RTRS), an international partnership that, among other things, combats deforestation by certifying soy production.

Use of certified materials

Sourcing certified sustainable raw materials is one of the ways we manage sustainability risks in our supply chain. An example is the procurement of certified cardboard through programmes such as FSC.

Targeted sustainability projects

In cases where a specific sustainability risk needs to be addressed, we work closely with a limited number of suppliers and other partners in the value chain. These specific projects allow us to take a more targeted approach to addressing issues in areas where we have strong relationships with suppliers and where other stakeholders are also invested in the solution.

Supplier questionnaire

As part of the risk assessment process within our dairy operations, we use a supplier questionnaire. This questionnaire is designed to gather specific information about a supplier's policies, practices and obligations. We ensure that the accuracy of the information provided is verified, for example through independent audits, certifications or additional documentation.

Raw materials in the IMVO Covenant

As part of its due diligence policy, Royal A-ware has also developed an approach for raw materials included in the IMVO Food Covenant (see Risks). To manage human rights and environmental risks in the chains, we include social and environmental criteria when selecting suppliers.

When a raw material is sourced, no direct consultation with workers in the value chain takes place. The interests of workers in the value chain are identified as part of the risk analysis made when sourcing a high-risk raw material (as defined in the IMVO Food Covenant). Based partly on desk research, we include the interests of workers in the value chain. The risk analysis is updated annually.

Step 4: Implementation and results

Monitoring policy effectiveness
Monitoring the effectiveness of our due diligence approach is essential for OECD compliance. The following mechanisms are important for monitoring implementation and results:

- **Supplier feedback:** We collect direct input from our suppliers, as they have a better understanding of their operations and supply chains. During consultations and site visits, we discuss sustainability risks and - where necessary - develop solutions together. This is especially important for suppliers in high-risk regions or dealing with high-risk ingredients.
- **External insights:** To keep abreast of evolving risks, we monitor reports and developments from NGOs, industry initiatives and relevant organisations such as the Federation of the Dutch Food Industry (FNLI) and the Dutch Transport and Logistics Association (TLN). This external input is integral in shaping our approach to due diligence.
- **Complaints mechanisms:** Our complaints mechanisms, open to all stakeholders, is an important tool in monitoring the effectiveness of due diligence.

These mechanisms ensure that our due diligence efforts are consistently monitored, adjusted and aligned with sustainability standards. If restoration of human rights impact is necessary, we take de measures in step 3.

As a dairy company, our milk suppliers in the Netherlands and Belgium are important partners. Given the strict social and environmental legislation in these countries and the lack of signs of human rights violations or serious environmental risks that are not already regulated through legislation, we do not include milk suppliers in our due diligence policy. We do approach our dairy farmers proactively on climate and biodiversity through initiatives such as our climate transition and biodiversity plans. The due diligence policy for our dairy operations focuses primarily on non-milk-derived food ingredients.

Royal A-ware did not evaluate in 2024 whether employees in the value chain are familiar with and trust the external complaints mechanism.

Step 5: Transparent communication

- Royal A-ware communicates with its employees about the presence of a complaints procedure.
- No assessment has taken place in 2024 as to whether in-house staff are aware of and confident in the complaints procedure as included in step 6. See ESRS G1-1.

Step 6: Complaint handling and remedial action

Complaints mechanism
Royal A-ware is committed to acting with integrity, respect and transparency, in accordance with the principles of our code of conduct. Therefore, we have a complaints mechanism to identify, report and investigate concerns about unlawful behaviour or behaviour contrary to the code of conduct. We monitor its effectiveness in order to optimise the complaints mechanism.

Internal complaints procedure
Employees have the right to submit complaints to the Complaints Committee. A complaint is defined as: "An expression of dissatisfaction regarding a decision or action taken within the company (hereinafter referred to as 'conduct'), as well as any failure to act in relation to a decision, event, treatment, or established practice within the company, which affects the employee's position or presents a personal issue for the employee."

Employees may submit complaints —including anonymously— to a manager, a confidential adviser, or directly to the Complaints Committee. Royal A-ware has appointed both internal and external confidential advisers, some of whom are qualified mediators with the expertise to resolve conflicts in challenging situations.

Due to the differing operational environments, separate internal complaints procedures exist for our dairy and transport operations. These procedures are accessible via the intranet and the internal communication platform AB Connect.

The Complaints Committee conducts an annual review to assess whether any adjustments are required in our complaints mechanism or due diligence approach.

Our complaints mechanism ensures that employees who experience negative impacts—and formally report them through the official complaints process—receive the necessary support and corrective actions. The Internal Grievance Committee is responsible for assessing the effectiveness of these remedial measures.

In 2024, no formal complaints were submitted through the grievance mechanism, preventing an evaluation of the effectiveness of support and remedial actions.

External complaints procedure
Our external complaints procedure is designed for reports of negative impacts by the actions of Royal A-ware and its value chains on the environment, people and animals. The external complaints mechanism has a broader scope than the whistleblowing policy and is also open to employees in our value chains, affected communities and other stakeholders.

These signals can come in through various routes: via online forms on our websites, e-mail or post. Contact forms are available in five languages: English, Dutch, Spanish, German and French. The form includes reference to complaints in supply chains and how these complaints are handled. Complaints are handled by the complaints coordinator. Since the end of 2024, the procedure can be found at www.royal-aware.com/en/report-a-complaint/. A procedure manual has been prepared to ensure a correct and uniform approach.

Royal A-ware did not evaluate in 2024 whether employees in the value chain are familiar with and trust the external complaints mechanism. For dairy farmers we work directly with, there is a separate objection procedure.

Stakeholders could potentially face negative consequences when submitting a complaint through the whistleblower scheme or external grievance mechanism. In all cases, we ensure that stakeholders who report through the whistleblower scheme are protected in accordance with the Whistleblower Protection Act. The protection of employees in the value chain who submit complaints through the external grievance mechanism (which will be operational from 2025) will be further developed in 2025.

"Royal A-ware ensures transparent accountability."

Whistleblower policy

Royal A-ware's whistleblower policy is for reporting suspected wrongdoing within the company. Misconduct occurs when the public interest is at stake or European law is violated or at risk of being violated. The suspicion of wrongdoing must be based on reasonable grounds. Reports can be made by employees and other stakeholders. Reports are handled by the compliance officer. The procedure can be found at www.royal-aware.com/en/reporting-malpractice/.

Procedure

Employees who suspect wrongdoing may seek confidential consultation with a designated adviser, who is bound by a duty of confidentiality. The employer ensures that all information related to the report is handled with the utmost security and remains accessible only to those responsible for managing the report. The identity of the whistleblower is strictly protected.

Monthly or written reports are compiled by the supervisor or compliance officer and subsequently forwarded to the Management Board. Independent investigators will be appointed to handle the case, and affected parties will be informed unless doing so would compromise the investigation. Investigators are granted full access to relevant documents and may conduct and document interviews as part of their inquiry. Employees are permitted to submit relevant documentation to support the investigation. Upon completion, a final investigation report will be formally documented.

If the internal reporting process does not lead to an adequate response from the employer or if the reporter does not receive a decision within the established timeframe, the whistleblower has the right to escalate the matter to an external authority. In cases of immediate danger or where legal requirements necessitate external disclosure, the reporter may bypass internal procedures and report directly to an appropriate external entity of their choosing.

The whistleblower policy complies with the requirements of the Whistleblower Protection Act, which is the implementation of the European Whistleblower Protection Directive 2019/1937. The reporter will not be disadvantaged by Royal A-ware during and after the handling of the report of suspected wrongdoing. This also applies to the reporter's adviser and the officers such as the compliance officer, the confidential adviser and the investigators who are involved because of the performance of the duties described in these whistleblowing rules.

Compliance with UN Guiding Principles on Business and Human Rights (UNGPs), the International Labour Organisation Declaration on Fundamental Principles and Rights at Work or the OECD Guidelines for Multinational Enterprises with respect to employees in the value chain are part of Royal A-ware's due diligence policy. The due diligence policy establishes that stakeholders in the value chain can report violations through the whistleblower scheme and external complaint scheme (starting 2025). Through these channels, no serious violations were reported or linked to any of our activities in 2024.

Training for those involved in various procedures

- The confidential advisers within Royal A-ware are trained by external experts and/or have the necessary qualifications.
- Members of the internal complaints committee are proficient from their work experience.
- The compliance officer is Royal A-ware's general council. From work experience and education, additional training is not required.
- Due diligence coordinator receives on-the-job training by Legal department.

Core elements of due diligence	Paragraphs in the sustainability statement
Integrating due diligence into governance, strategy and business model	Step 1
Engage affected stakeholders in all key steps of due diligence	Step 2
Identifying and assessing negative impacts	Step 2
Taking measures to address those negative impacts	Step 3 and step 6
Monitor and communicate the effectiveness of these efforts	Steps 4 and 5

Objectives and achievements

Royal A-ware operates a due diligence policy through which we implement the agreements of the IMVO and OECD guidelines.

Due diligence policies must be in place and related measures will be reviewed annually. No assumptions were used in setting the targets.

- A-ware Dairy: Risk assessments on eight high-risk food commodities by 2024.
- A-ware Dairy: Triennial reviews on risk assessments of high-risk food commodities.
- A-ware Dairy: We will expand our focus in 2026/2017 to other food ingredients, conduct a risk assessment for our key supply chains and include packaging materials in our evaluation.
- A-ware Dairy: From 2028, we will broaden our scope to non-food products and categories other than packaging materials.
- AB Texel: Dialogue in 2025 with two strategic partners on fossil fuels and equipment.
- 2026/2027: Dialogue with additional suppliers of high-risk raw materials

No serious human rights issues and incidents related to our upstream and downstream value chain were reported in 2024.

Our actions in 2024

Our 2024 measures can be divided into six categories:

Due diligence policy and commitment:

- Due diligence has been completed.
- The public version will be on the website no later than December 2024.
- The policy is discussed periodically with Sustainability Steering Group.

Identify risks:

- Risk assessments for high-risk raw materials have been completed.

Address risks:

- Arranging signing and monitoring of compliance with the Code of Conduct for Suppliers.
- Additional actions are taken, based on the risk analysis of high-risk raw materials, in collaboration with due diligence coordinators. These measures can have a positive impact on employees in the value chain.

Monitor implementation and results:

- Monitoring will be set up in 2024 and rolled out in 2025.
- We use the following mechanisms to monitor the effectiveness of due diligence: feedback from suppliers, external insights (e.g. reports from civil society organisations) and complaints mechanisms.

Transparent communication:

- Internally: via Speakap, i-Ware, AB Drive, AB Connect.
- Externally: Anual Report 2024, public version of policy on website, interviews.

Targeted sustainability projects:

- Internal complaints procedure and whistleblower scheme are in place.
- External complaints procedure will be rolled out no later than 1 January 2025.

How do we engage our stakeholders?

The due diligence policy was developed by the due diligence working group. The working group consists of:

- General Counsel Royal A-ware
- Director of Public Affairs, ESG and Corporate Communications Royal A-ware
- Purchasing director Borrelgemak Bouter
- Managing director Borrelgemak Bouter
- Group QA Manager Bouter
- Manager Purchasing A-ware Dairy
- Head of ESG A-ware Dairy
- Director QSHE A-ware Dairy
- CFO AB Texel

The due diligence policy, including its targets, was discussed with the Sustainability Steering Group and formally adopted by the Management Board. Relevant stakeholders are informed about the aspects of the policy that directly affect them, as outlined in Step 5 of the Due Diligence framework.

The perspectives of employees within the value chain are taken into account when making decisions or implementing initiatives aimed at managing actual and potential impacts on workers. In cases where a negative impact is identified within our operations or value chain, we take appropriate corrective actions. When tackling issues or developing solutions, we engage with relevant stakeholders either directly or through their representatives.

Currently, there is no direct dialogue with workers in the raw material procurement segment of the value chain. However, insights into their perspectives have been obtained through risk assessments conducted for high-risk raw materials as part of our due diligence policy. These assessments rely on reports from governments, civil society organisations, and other credible sources, providing valuable insights into the concerns and interests of employees within the value chain.

We also collect raw material-related information from various sources and stakeholders. For example, we receive insights through an advisory board associated with the “De Duurzame ZuivelKeten” initiative, which includes sector stakeholders such as NGOs. As an industry, we engage in discussions on topics such as the use of sustainable soy, with NGOs advocating for the interests of workers in the cultivation of soybean.

Employees within the value chain are not involved in setting targets, monitoring performance, or identifying improvement actions related to our due diligence efforts.

Other information

Royal A-ware has no Global Framework Agreements (GFAs) or other agreements with Global Union Federations (GUFs) that specifically address the human rights of workers within the value chain. This includes the right to collective bargaining and includes explanations on how we understand workers’ views.

Transparency and integrity

Why is this important to us?

Our corporate culture is built upon a clear mission statement—"The shortest route from consumer to cow"—and is guided by four core values: Entrepreneurial, Reliable, Committed and Respectful. These core values define who we are, what we consider important, and how we strive to achieve our goals. Our behaviour, collaboration, and mindset shape the identity of our company and influence the way we engage with customers, dairy farmers, and all other stakeholders.

By consistently embodying our core values, we strengthen our organisational identity and enhance our ability to achieve sustainable results.

What are the risks and opportunities?

Risks

- A lack of transparency and integrity can lead to deteriorated relationships, breach of trust, damage to reputation, with both internal and external stakeholders.
- Not being compliant (on time) with changing legislation has legal and financial consequences for the organisation.

Opportunities

- Transparency and an attitude of integrity contribute to long-term partnerships.
- Complaint mechanisms, whether internal, external or a whistle-blower scheme, ensure that any wrongdoing is flagged and followed up in a timely manner.
- In a culture where integrity is maintained and deviations are reported, corruption and bribery are less likely to occur.

Approach and policy

Our behaviour, collaboration, and attitude collectively shape the identity of our company. We strive to ensure that customers, dairy farmers, and all other stakeholders experience the same sense of commitment and shared values when engaging with our business. The more effectively we demonstrate our core values, the greater our ability to achieve sustainable success and deliver meaningful results.

Core values

Entrepreneurial: Our employees show initiative, improve themselves and take appropriate decisions with guts. Customers perceive us as entrepreneurial thanks to our flexibility, quick action and expert staff.

Reliable: We honour our commitments, are open and honest. Clients experience us as transparent and focused on long-term relationships. As a family-run business, we are accessible and approachable.

Involved: We show openness and vulnerability, create job satisfaction and show interest in colleagues and business developments. Clients experience our commitment through our proactive thinking, unburdening and personalised approach.

Respectful: We value everyone, listen, give feedback and talk with people, not about them. We treat others as we want to be treated ourselves. Clients perceive us as respectful because we listen, adhere to values and offer personal attention.

Code of Conduct for Employees

Our dairy and transport operations each have their own Code of Conduct for Employees. Own workforce is defined as: salaried employees, volunteers, interns, temporary workers, secondees, charters, self-employed persons working within Royal A-ware, or within one of our affiliated companies. The Code of Conduct for Employees is a document signed by all employees, to which they agree upon joining the company. It is also available on the intranet.

The Code of Conduct describes in detail our values and what we expect from our employees. Business integrity is an important part of this. As a prevention tool, the Code of Conduct describes in detail what we mean by a good business relationship. Examples show which practices we consider undesirable. These guidelines help employees understand when their actions put the company at risk.

The Code of Conduct for Employees of A-ware Dairy has been adopted by the Management Board of Royal A-ware. The Code of Conduct for Employees of AB Texel is established by the Management Board of AB Texel after discussion with and consent from the Works Council.

Corruption and bribery

Royal A-ware has a policy aimed at preventing bribery and corruption. This stipulates that the Code of Conduct for Employees and Whistleblowing Policy are important tools to prevent, detect and act on allegations or incidents of corruption or bribery.

Our corporate culture of go-getters is inseparable from the culture of being able to say anything: if someone sees something, they will say it. This is supported by the reporting requirement, as part of the Code of Conduct for Employees. This states that it is mandatory to report any wrongdoing. A reporting requirement is also included in AB Texel's Code of Conduct for Employees.

Where investigators or commissions of enquiry are investigating cases of corruption or bribery, these investigators are separate from the hierarchy involved in the corruption or bribery. The process for reporting outcomes of investigations is detailed in the whistleblowing policy. Which includes procedures to investigate cases of corruption and bribery.

Our Code of Conduct for Suppliers sets out how we deal with corruption and bribery among suppliers. See due diligence.

Corruption and bribery risk assessment

As part of our policy on preventing corruption and bribery, we conducted a risk assessment of the functions most exposed to these risks. 'The risk five-tier classification system' was used for this purpose. For us, these are functions with risk ratings 1 and 2.

- Extremely high risk (1): This role could potentially lead to large-scale fraud or cause long-term damage to the company. Individuals in these roles wield considerable power, making it difficult to detect fraud or abuse of power. They are also in a position where they can suppress any negative consequences for themselves.
- High risk (2): Similar to extremely high risk, but individuals in this role do not have the ability to suppress negative outcomes for themselves, despite the potential to commit large-scale fraud or cause long-term damage.

At Royal A-ware, the following functions are involved:

- Royal A-ware: CEO, CFO, COO
- A-ware Dairy: Finance and Accounting Director, Directors
- AB Texel: CEO, CFO, Directors

Obviously, the necessary internal control measures have been implemented to mitigate these risks. We are also exploring how to add anti-corruption or anti-bribery training to our training offer.

No convictions for violations of laws against corruption and bribery by 2024. So the amount of fines is zero. There is no reason to take additional measures following breaches of procedures and standards for combating corruption and bribery.

Reporting period 2024	Number
The total number of incidents of discrimination, including harassment	0
The number of complaints filed through channels for people in the undertaking's own workforce to raise concerns (including grievance mechanisms)	0
The number of complaints filed to the National Contact Points for OECD Multinational Enterprises	0
	Euros
The total amount of fines, penalties, and compensation for damages as a result of the incidents and complaints	0
	Number
The number of severe human rights incidents connected to the undertaking's workforce	0
Number of cases of non-respect of the UN Guiding Principles on Business and Human Rights	0
Number of cases of non-respect of the ILO Declaration on Fundamental Principles and Rights at Work or OECD Guidelines for Multinational Enterprises	0
	Euros
The total amount of fines, penalties and compensation for damages for the incidents	0

Lobbying activities

Lobbying activities are mainly through the sector and industry organisations we are affiliated with (See stakeholders section). Through these organisations, we address challenges in the dairy and transport sector. With our expertise and experience, we provide valuable input for a better understanding of these sectors.

In line with our policy, we never offer or give contributions to political parties. The focus of lobbying activities is related to our dairy activities in the Netherlands and Belgium. Royal A-ware is not registered in the EU Transparency Register or in Equivalent transparency register.

None of the members of the Management Board, executive and supervisory bodies have held similar positions within government departments in the two years prior to their appointment.

The Director Public affairs coordinates Royal A-ware's lobbying activities.

Measures and actions

General measures

Corporate culture
The corporate culture is set out in the mission statement, core values and Code of Conduct for Employees. Building and promoting corporate culture is done in several ways.

- On joining the company, all A-ware Dairy employees are asked to read and sign the Code of Conduct for Employees. The Code of Conduct is also available on the intranet.
- New employees of A-ware Dairy are invited to an introduction day. Based on an inspiring presentation by the Management Board, new employees are introduced to A-ware Dairy and its corporate culture.
- Employees of AB Texel are made aware via the employment contract of the platform AB Connect on which, among other things, the Code of Conduct can be consulted.
- We pay attention to corporate culture through internal communication tools, such as staff magazines (i-Ware and AB Drive) and apps (Speakap and AB Connect).
- CEO Jan Anker regularly updates A-ware Dairy employees on company developments in a video message. In his update, the CEO also reflected on the company's culture.

Our actions in 2024

- The whistleblowing procedure has been published within A-ware Dairy, a form is available on the website.
- We set up the external complaints procedure in 2024 within Royal A-ware. It will be introduced in 2025. A notification form is online.
- We raised awareness of the presence of confidants, for example by putting up posters.
- Although we do not offer specific training courses to boost our corporate culture, elements of this are woven into more general training courses (e.g. the trainees' training course), but also into the various activities mentioned above.

How do we engage our stakeholders?

The various schemes mentioned in this chapter involve management, executives and employees alike. Employees are involved at the individual level, but also at the Central Works Council (CWC) level. Involved in promoting corporate culture are: management, executives, the HR department, Corporate Communications and many others. This is an effort by everyone involved in our organisation. When it comes to training or other activities aimed at employees, the HR department takes the lead and involves various stakeholders. The risk assessment of functions is vested in the Risk Management department, which involves both HR and other relevant departments in this process.

"Royal A-ware fosters corporate culture, with HR leading training and Risk Management overseeing assessments."

Other information

- Due diligence of sourcing raw materials in relation to human rights and the environment is material and in line with the material topic 'transparency and integrity' and the related target: 'Royal A-ware has a due diligence policy that fulfils the agreements as laid down in IMVO and OECD guidelines'. We therefore do not describe a policy to combat late payments.
- Policies are in place regarding protection from retaliation for individuals using channels to express concerns or needs.
- A statement in case the company has not established a channel for reporting concerns is not applicable. Royal A-ware has a due diligence policy of which an internal complaints procedure forms part.
- The role of governance, management and supervisory bodies is elaborated in the Good governance chapter.

Accounting Policies

Scope

Data pertains to own operations and all reports of corruption and bribery received from own staff being, employees, self-employed, hiring and third parties.

Estimates and uncertainties

No estimates, involves actual reported cases where Corruption and Bribery have been identified.

Definitions

Confirmed incident of corruption or bribery: An incident of corruption or bribery that has been found to be substantiated. Confirmed incidents of corruption or bribery do not include incidents of corruption or bribery that are still under investigation at the end of the reporting period. The determination of potential noncompliance cases as substantiated may be made either by the undertaking's compliance officer or similar function or an authority. A determination as substantiated by a court of law is not required.

Corruption: Abuse of entrusted power for private gain, which can be instigated by individuals or organisations. It includes practices such as facilitation payments, fraud, extortion, collusion, and money laundering. It also includes an offer or receipt of any gift, loan, fee, reward, or other advantage to or from any person as an inducement to do something that is dishonest, illegal, or a breach of trust in the conduct of the undertaking's business. This can include cash or in-kind benefits, such as free goods, gifts, and holidays, or special personal services provided for the purpose of an improper advantage, or that can result in moral pressure to receive such an advantage.

Bribery: Dishonestly persuading someone to act in your favour by giving them a gift of money or another inducement.

Incident: Complaints specifically concerning discrimination, including harassment.

Risk management

The main risks and uncertainties related to operational activities

Risk management is essential for achieving and executing our strategic goals and objectives. Part of our risk management involves identifying and mitigating risks that could affect the achievement of our goals and objectives. As part of our risk policy, we assess which risks are applicable and/or are faced, what control measures we implement in response, and how we measure the outcomes of these responses.

In 2024, efforts were made to further professionalise our Risk management department as part of Finance & Accounting, which focuses on the aforementioned aspects of our risk management. In 2024, we introduced CSRD reporting and implemented this in various areas within the organisation. We have linked the key ESG topics identified through the conducted 'double materiality assessment' to our risk policy, forming part of our integrated 'reporting' approach. The double materiality assessment allows us to identify and prioritise the most relevant ESG topics based on their impact and importance to us, as well as our stakeholders.

Quality, product, and process knowledge are key values for Royal A-ware. By managing processes and systems per high standards, we believe that food safety can be guaranteed. This is reflected, among others, in the quality certifications awarded to us as dairy company, such as BRC, IFS, and FSSC 22000.

As an international company, we are dependent on European laws and regulations. If European laws and regulations change, it could impact the company's competitive position.

The primary financial instruments of Royal A-ware, other than derivatives, are used to finance Royal A-ware's operational activities or directly arise from these activities. Additionally, Royal A-ware enters into derivative transactions, primarily interest rate swaps, to hedge the interest rate risk arising from Royal A-ware's operational and financing activities. Royal A-ware's policy is not to engage in trading financial instruments.

The main risks arising from Royal A-ware's financial instruments are credit risk, liquidity risk, cash flow risk, and price risk, which includes interest rate risk. These risks are mitigated through the use of interest rate swaps, a group policy regarding the acceptance of new customers, and strict cash collection procedures.

Royal A-ware's results are dependent on developments in milk and cheese prices, over which we have limited influence. By establishing long-term relationships with suppliers and customers, Royal A-ware seeks to strengthen its position. The volatility in raw material prices is reduced by contracting milk suppliers with whom a fixed 'A-ware' milk price has been agreed.

Cyber risk is considered an important risk with the potential for significant impact on the organisation if the risk materialises. The company mitigates such risks by training employees, securing IT systems, and implementing proper and complete backup procedures. The organisation periodically assesses the level of risk and takes appropriate actions accordingly.

"Royal A-ware integrates risk management, ensuring stability, compliance, and security."

Fraud and Irregularities

Royal A-ware is aware of the inherent risk of fraud, both internally and externally, in the execution of its activities and services. External parties can rely on the fact that we as a company and our employees conduct business in a reliable and ethical manner. Therefore, the organisation has established a code of conduct, which is signed by every employee upon hiring. The importance of the code of conduct and compliance is periodically emphasised and discussed between supervisors and employees.

Our financial processes are characterised by segregation of duties. This ensures that no single individual can execute, authorise, process, and/or settle transactions unauthorised, or have access to assets without permission.

Despite the internal control measures that are in place, the risk remains that management or the board of directors may override internal controls and/or that employees may conspire and bypass control measures. Transparent decision-making, governance structure, an open culture, the presence of a whistle-blower policy to report (anonymously) unethical behaviour, and periodic internal audits to ensure compliance with control measures are all intended to contribute to internal control and mitigate the risk of control failures.

Given the nature of the product, the market in which we operate, and the countries in which we do business, the management also acknowledges an external risk of non-compliance.

The previously conducted risk analysis has provided us with valuable insight into these risks and the importance of tightening several procedures.

"Ethical conduct and strong fraud controls."

Report of the Supervisory Board

The Supervisory Board of Koninklijke A-ware Food Group B.V. (Supervisory Board) is pleased to present its report for the financial year of 2024. The Supervisory Board is responsible for supervising the policy carried out by the Management Board of Koninklijke A-ware Food Group B.V. (Management Board) and the general course of affairs at Koninklijke A-ware Food Group B.V. (Royal A-ware) and its affiliated companies, and provides the Management Board with advice. In fulfilling its duties, the Supervisory Board also focuses on the effectiveness of Royal A-ware's internal risk management and control systems and the integrity and quality of the financial and sustainability reporting.

During the 2024 reporting year, the Supervisory Board performed its duties in accordance with the applicable laws and regulations, the articles of association of Royal A-ware and the regulations of the Supervisory Board. In this report, the Supervisory Board accounts for the manner in which the Supervisory Board has fulfilled its duties and powers in the 2024 reporting year.

Composition of the Supervisory Board

The Supervisory Board consists of the following 5 (five) members:

Mr. P.J.A. (Piet) van Schijndel (1950)
Chairman of the Supervisory Board
Mr. Van Schijndel (Dutch nationality) was appointed as member and also chairman of the Supervisory Board of Royal A-ware as of 1 March 2015. Mr. Van Schijndel is a former Rabobank Board Member and also is a member of the supervisory board of DAF Trucks NV. The current term of appointment of Mr. Van Schijndel expires in 2025.

Mr. B. (Bas) Alblas (1960)
Mr. Alblas (Dutch nationality) was appointed as member of the Supervisory Board of Royal A-ware as of 25 March 2021. Mr. Alblas is the former CEO of Lamb Weston/Meijer and is currently also the chairman of the supervisory board of KeyGene, member of the advisory board of Frostkrone Food Group and member of the supervisory board of Royal Cosun. The current term of appointment of Mr. Alblas expires in 2025.

Mr. P. (Peter) Bouter (1971)
Mr. Bouter (Dutch nationality) was appointed as member of the Supervisory Board of Royal A-ware as of 1 January 2024. Mr. Bouter is one of the shareholders of Royal A-ware. The current term of appointment of Mr. Bouter expires in 2026.

Ms. F. (Fanja) Pon (1970)
Ms. Pon (Dutch nationality) was appointed as member of the Supervisory Board of Royal A-ware as of 1 January 2024. In addition to her role as president of the supervisory board of Pon Holdings and the URUS group, Ms. Pon is a passionate organic dairy farmer. The current term of appointment of Ms. Pon expires in 2026.

Ms. C. (Carolina) Wielinga (1970)
Ms. Wielinga (Dutch nationality) was appointed as member of the Supervisory Board of Royal A-ware as of 1 November 2024. Ms. Wielinga is currently the chairman of the supervisory board of NX Filtration and is also member of the supervisory board of Gasunie. The current term of appointment of Mrs. Wielinga expires in 2028.

In addition to the above-mentioned overview of Supervisory Board members, the Supervisory Board reports that on 1 September 2024, Mr. J.G.B. (Jan) Brouwer stepped down as Supervisory Board member. We thank Mr. Brouwer for his valuable contribution as Supervisory Board member.

Expertise of the Supervisory Board

The Supervisory Board has established a profile that outlines the requirements regarding the composition, size, expertise, and experience of its members. The Supervisory Board is composed in such a way that, as a whole, it possesses relevant knowledge and experience concerning the policy areas that are of importance to Royal A-ware, namely: (i) corporate strategy in an international context, (ii) financial and tax policy focused on value creation, (iii) retail and cheese trading, (iv) governance of family businesses, (v) organisational development and management development, (vi) social policy, and (vii) corporate social responsibility and sustainability.

Overview of frequent absence

The Supervisory Board maintains high attendance levels, ensuring active participation in governance matters. During the financial year 2024, six (6) Supervisory Board meetings were held, evenly spread out over the year.

The Supervisory Board meetings were attended by the Management Board of Royal A-ware, the corporate secretary of Royal A-ware and – in some instances and for some agenda items – the external auditor of Royal A-ware and other guests were invited and attended the Supervisory Board meetings.

The Supervisory Board meetings were preceded by internal consultation between the Supervisory Board members. The chairman of the Supervisory Board and the CEO of Royal A-ware regularly consulted each other outside of the Supervisory Board meetings. The chairman of the Supervisory Board and the external accountant meet annually to discuss relevant matters.

The Supervisory Board monitored attendance to identify any instances of frequent absence. In the financial year 2024, 1 (one) Supervisory Board meeting was missed by 1 (one) Supervisory Board member. The Supervisory Board reports that there has not been a situation of frequent absence in the financial year 2024.

Report of independence of the individual Supervisory Board members

All members, with the exception of Mr. P. Bouter, are considered to be independent in accordance with these provisions. Mr. P. Bouter is regarded as not fully independent due to his status as a shareholder of Royal A-ware.

Report of Supervisory Board activities and scope of the supervision (1/2)

In the past financial year, the Supervisory Board actively followed Royal A-ware's strategic direction, with particular attention to long-term value creation, risk management and compliance with relevant laws and regulations. The activities and supervision of the Supervisory Board may be categorized according to the subtopics (i) realization of company objectives, (ii) strategy and risks, (iii) design and operation of internal risk management, (iv) financial reporting, (v) compliance with laws and regulations, (vi) company's relationship with shareholders and stakeholders, (vii) relevant CSR/ESG aspects.

Ad i): Supervision on the realisation of company objectives

In the past financial year, the Supervisory Board closely monitored the realisation of Royal A-ware's objectives, ensuring alignment with the long-term strategic goals. Regular discussions took place regarding the company's performance, assessing whether targets were being met and whether any adjustments were needed. The Supervisory Board worked closely with the Management Board to ensure the effective execution of key initiatives aimed at sustainable growth and value creation.

Particular activities relevant for this topic included:

1. Discussing and approving the proposed acquisition of Dairy Food Group (a Belgian dairy company);
2. Discussing and approving the proposed acquisition of Dijco (a Dutch logistics and transport company);
3. The Supervisory Board conducted several production location visits in the year 2024, in particular at the locations of Rietveld 62 in Woerden, Rolweg 11 in Culemborg, Wittevrouwen 2 in Almere;
4. A recurring agenda item on every Supervisory Board meeting agenda is the business update provided by the Management Board, in which a general overview is provided of relevant business developments in the various divisions and business areas.

Ad ii): Supervision on strategy and risks

The Supervisory Board actively supervised the development and execution of Royal A-ware's strategy. The Supervisory Board engaged in discussions with the Management Board regarding the strategic direction and any potential adjustments necessary due to market or operational changes. Additionally, the Supervisory Board took a role in identifying and evaluating Royal A-ware's risk profile, ensuring that potential risks were adequately addressed and mitigated. The Supervisory Board has ensured that a clear framework for managing strategic risks is in place.

Particular activities relevant for this topic included:

1. Discussing the possible impact of political, legal and environmental developments (such as the endeavours of the various governments to reduce emissions), discussing the availability of milk and other resources;
2. Discussing the outlook for the future years, the strategic plans of Royal A-ware of Royal A-ware and the possible opportunities to further develop Royal A-ware's portfolio.

Report of Supervisory Board activities and scope of the supervision (2/2)

Ad iii): Supervision on the design and operation of internal risk management
The Supervisory Board paid special attention to the design and operation of the internal risk management systems.

Ad iv): Supervision on the financial reporting
The Supervisory Board ensured the integrity of Royal A-ware's financial reporting by closely reviewing periodic and annual financial statements.

Ad v): Supervision on compliance with laws and regulations
The Supervisory Board was vigilant in overseeing the company's compliance with all relevant laws and regulations. This included monitoring adherence to financial regulations, environmental laws, labor standards and corporate governance requirements. The Supervisory Board worked closely with the Management Board to ensure that Royal A-ware operated within legal frameworks, mitigating the risk of non-compliance.

Ad vi): Supervision on Royal A-ware's relationship with shareholders and stakeholders
The Supervisory Board took an active role in overseeing the Royal A-ware's relationship with shareholders and stakeholders, ensuring effective communication and transparency. The Supervisory Board was involved in ensuring that Royal A-ware's actions were aligned with the interests of its shareholders and stakeholders.

Ad vii): Supervision on the relevant CSR/ESG aspects
The Supervisory Board recognised the increasing importance of corporate social responsibility (CSR) and environmental, social, and governance (ESG) factors. The Supervisory Board supervised Royal A-ware's approach to CSR and ESG, ensuring that these considerations were integrated into Royal A-ware's business strategy. The Supervisory Board supported initiatives related to sustainability, ethical conduct, and community engagement, ensuring that Royal A-ware operated in a socially responsible manner. The Supervisory Board is highly impressed with Royal A-ware's approach to CSRD reporting. The practical CSRD projects implemented within the company also deserve recognition and praise.

Conclusion

Throughout the year, the Supervisory Board has had the privilege of working within Royal A-ware's open, positive and entrepreneurial atmosphere, fostering a strong sense of collaboration and confidence among the Management Board and the employees. Active engagement in discussions and decision-making alongside visits to Royal A-ware's production sites and meeting employees in different functions, has enabled the Supervisory Board to contribute expertise and insight to the company's strategic direction and governance.

The skilful leadership of the Management Board has been commendable, with its guidance and vision playing a pivotal role in driving Royal A-ware's success. The dedication and passion demonstrated by senior management and all employees across the company's businesses have been inspiring.

Gratitude is extended to all dairy farmers, customers, suppliers and valued partners for their continued trust in this family-owned company. Their collaboration has been instrumental in achieving significant sustainable results, positioning Royal A-ware for continued growth. Looking ahead, the Supervisory Board anticipates an exciting year and stands ready to support and guide the Management Board in their pursuit of continued success.

Lopik, 16 April 2025

Piet van Schijndel, Bas Alblas, Peter Bouter, Fanja Pon en Carolina Wielinga

Consolidated financial statements

Consolidated Statement of Financial Position

The accompanying notes are an integral part of these consolidated financial statements.

As at	Notes	31/12/2024	31/12/2023	01/01/2023
		€ 000	€ 000	€ 000
Assets				
Non-current assets				
Property and equipment	7	570,652	507,022	474,967
Right-of-use assets	8	275,379	244,073	216,706
Intangible assets and goodwill	9	9,147	8,626	6,840
Financial assets	11	26,386	22,032	16,212
Derivative financial instruments	18	1,069	11,300	19,671
Joint ventures and associated parties	10	35,192	32,772	28,303
Deferred tax assets	26	7,822	8,829	9,008
Total non-current assets		**925,647**	**834,653**	**771,706**
Current assets				
Inventories	12	334,164	302,115	319,369
Trade and other receivables	13	456,908	353,117	387,043
Cash and cash equivalents	14	266,563	24,882	23,450
Total current assets		**1,057,635**	**680,114**	**729,863**
Total assets		**1,983,282**	**1,514,767**	**1,501,569**
Equity and liabilities				
Equity				
Issued capital	15	18	18	18
Share premium	15	55,443	55,443	55,443
Legal reserve	15	5,439	5,882	9,967
Cashflow hedge reserve	15	1,069	11,300	19,671
Retained earnings	15	406,369	350,780	267,849
Equity attributable to equity owners of the parent		**468,338**	**423,424**	**352,948**
Non-controlling interests	15	2,526	2,265	1,950
Total equity		**470,864**	**425,689**	**354,898**
Non-current liabilities				
Long term borrowings	16	908,152	480,057	501,202
Provisions	17	1,013	1,016	1,021
Deferred tax liabilities	26	28,042	33,420	38,671
Total non-current liabilities		**937,207**	**514,493**	**540,894**
Current liabilities				
Trade and other payables	16	221,791	237,516	276,734
Short term borrowings		78,044	81,642	68,973
Short term liabilties to credit institutions	14	23,488	68,141	73,294
Provisions	17	1,333	1,237	3,245
Current income tax payables	26	42,660	54,307	37,141
Other liabilities	16	207,896	131,742	146,390
Total current liabilities		**575,212**	**574,585**	**605,776**
Total equity and liabilities		**1,983,282**	**1,514,767**	**1,501,568**

Consolidated Statement of Profit or Loss

The accompanying notes are an integral part of these consolidated financial statements.

	Notes	31/12/2024	31/12/2023
		€ 000	€ 000
Net revenue	19	3,813,074	3,276,376
Cost of sales		(2,777,394)	(2,304,154)
Direct variable costs		(71,755)	(72,383)
Gross margin		**963,924**	**899,839**
Other operating income	20	9,423	11,821
		973,347	**911,660**
Personnel expenses	21	462,892	410,753
Depreciation and amortisation	22	109,725	97,472
Other operating expenses	23	282,534	254,983
Total sum of expenses		**855,150**	**763,208**
Total operating result		**118,197**	**148,452**
Financial income and expenses	25	(33,082)	(35,014)
Income before income taxes		**85,115**	**113,439**
Share in result of joint ventures and associates		2,610	(883)
Income tax expense	26	(22,744)	(30,168)
Net income		**64,981**	**82,387**
Attributable to:			
The owners of the parent		64,721	82,072
Non-controlling interests	15	260	315
Net income		**64,981**	**82,387**

Consolidated Statement of Comprehensive Income

The accompanying notes are an integral part of these consolidated financial statements.

	Notes	31/12/2024	31/12/2023
		€ 000	€ 000
Profit / (loss) for the period		**64,981**	**82,387**
Items that may be reclassified to profit or loss in subsequent periods			
Gains (losses) on cash flow hedges	18	(2,705)	(8,371)
Gains (losses) on cash flow hedges (Joint Ventures)	10	(674)	(3,369)
Other		1,098	(280)
Net other comprehensive loss that may be reclassified to profit or loss in subsequent periods		**(2,280)**	**(12,020)**
Total comprehensive income / (loss) for the period, net of tax		**62,701**	**70,367**
Attributable to:			
The owners of the parent		62,441	70,052
Non-controlling interests	15	260	315
		62,701	**70,367**

Consolidated Statement of Cash Flows

The accompanying notes are an integral part of these consolidated financial statements.

	Note	31/12/2024	31/12/2023
		€ 000	€ 000
Operating result		118,197	148,452
Adjustments to reconcile combined net profit/(loss) to net cash flows			
Depreciation and amortisation	22	109,725	97,472
Other financial result	20	680	(39)
Other non-cash items		505	336
Proceeds from disposal of equipment		(4,977)	(4,559)
Income tax (paid)/refund received	26	(36,362)	(20,882)
Net working capital changes:			
Change in trade and other receivables	13	(104,127)	34,645
Change in inventories	12	(31,337)	19,599
Changes in trade and other payables and liabilities		55,179	(53,925)
Change in provisions		77	(2,031)
Cash flow from operating activities		**107,560**	**219,066**
Purchases of intangible assets		(204)	-
Purchases of property, plant and equipment	7	(107,555)	(85,443)
Disposals of property, plant and equipment	7	10,051	19,596
Payments for acquisition of subsidiary, net of cash acquired	29	(5,771)	(8,075)
Loans provided	11	(3,766)	(6,165)
Payments received on loans provided	11	516	386
Dividends received from investments		1,018	250
Investments in joint ventures and associates	10	(1,515)	(8,971)
Investments in non-listed equity investments at fair value	11	(723)	-
Interest Received		5,044	5,397
Cash flow from investing activities		**(102,907)**	**(83,026)**
Proceeds from borrowings	16	619,690	15,000
Repayment of borrowings	16	(232,432)	(49,469)
Principal portion of lease payments	8	(67,404)	(59,241)
Interest paid		(28,173)	(35,746)
Dividends paid	15	(10,000)	-
Cash flow from financing activities		**281,681**	**(129,456)**
Net (decrease) increase in cash and cash equivalents		**286,334**	**6,583**
Cash and cash equivalents at the beginning of the period		(43,259)	(49,843)
Cash and cash equivalents at the end of the period	14	**243,075**	**(43,260)**

Consolidated Statement of Changes in Equity

(in €000, except share data)

Particulars	Note	Attributable to the equity holders of the parent							Non-controlling interests	Total equity
		Number of shares outstanding	Issued capital	Share premium	Retained earnings	Other legal reserves	Cash flow hedge reserve	Total		
Balance at 01/01/2023		**18,000**	**18**	**55,443**	**267,849**	**9,967**	**19,671**	**352,948**	**1,950**	**354,898**
Profit / (loss) for the period			-	-	82,072	-	-	82,072	315	82,387
Other comprehensive income / (loss)			-	-	-	(3,649)	(8,371)	(12,020)	-	(12,020)
Total comprehensive income / (loss)			**-**	**-**	**82,072**	**(3,649)**	**(8,371)**	**70,052**	**315**	**70,367**
Reclassification of cash flow hedge reserve to profit or loss	18		-	-	-	-	-	-	-	-
Dividends declared	15		-	-	-	-	-	-	-	-
Acquisition of non-controlling interest			-	-	-	-	-	-	-	-
Acquisition of subsidiary			-	-	-	-	-	-	-	-
Other			-	-	859	(435)	-	424	-	424
Balance at 31/12/2023		**18,000**	**18**	**55,443**	**350,780**	**5,882**	**11,300**	**423,424**	**2,265**	**425,689**
Profit / (loss) for the period			-	-	64,721	-	-	64,721	260	64,981
Other comprehensive income / (loss)			-	-	-	425	(2,705)	(2,280)	-	(2,280)
Total comprehensive income / (loss)			**-**	**-**	**64,721**	**425**	**(2,705)**	**62,441**	**260**	**62,701**
Reclassification of cash flow hedge reserve to profit or loss	18		-	-	-	-	(7,527)	(7,527)	-	(7,527)
Dividends declared	15		-	-	(10,000)	-	-	(10,000)	-	(10,000)
Acquisition of non-controlling interest			-	-	-	-	-	-	-	-
Acquisition of subsidiary			-	-	-	-	-	-	-	-
Other			-	-	868	(868)	-	-	-	-
Balance at 31/12/2024		**18,000**	**18**	**55,443**	**406,369**	**5,439**	**1,069**	**468,338**	**2,526**	**470,864**

The accompanying notes are an integral part of these consolidated financial statements.

Notes to the consolidated financial statements

1. Entity information

The activities of Royal A-ware Food Group B.V. (Royal A-ware) consist mainly of the production of dairy products and the provision of agri-logistic services. Royal A-ware has its registered office in Lopik, the Netherlands. The actual address of business is Rembrandtsplein 1, Lopik, and is registered at the Chamber of Commerce under number 51245353.

2. Basis of preparation

For all periods up to and including the year ended 31/12/2023, Royal A-ware had prepared its financial statements in accordance with the Dutch Accounting Standard Board guidelines (local generally accepted accounting principles).

The consolidated financial statements of Royal A-ware for the year ended 31/12/2024 are compiled in accordance with the IFRS Accounting Standards ("IFRS") as adopted by the European Union (EU) and also comply with the financial reporting requirements included in Part 9 of Book 2 of the Dutch Civil Code. Royal A-ware prepares its financial statements for the year ended 31/12/2024 for the first time in accordance with IFRS. The date of transition is 01/01/2023. Refer to Note 31.

The consolidated financial statements have been prepared on a going concern basis, applying a historical cost convention, unless otherwise indicated. They are prepared and reported in thousands of Euros ("€000") except where otherwise stated. Due to rounding, numbers presented may not add up precisely to the totals provided and percentages may not precisely reflect the absolute figures.

Under the articles of association, the year under review corresponds with the calendar year. However, in accordance with the international week numbers, the year-end closing year takes place on the last Saturday of the financial year. In 2024, the year under review consisted of 52 weeks (2023: 52 weeks). Actual closing of the 2024 reporting year took place on December 28, 2024 (reporting year 2023: December 30, 2023).

The presentation currency of these consolidated financial statements is Euro ("EUR" or "€").

3. Basis of consolidation

The consolidated financial statements comprise the financial statements of Royal A-ware and its subsidiaries, including entities that are controlled directly or indirectly by Royal A-ware. This is the case if Royal A-ware obtains power over the potential subsidiaries directly or indirectly from voting rights or similar rights, is exposed or has rights to, positive or negative variable returns from its involvement with the subsidiaries and is able to influence those returns. Specifically, Royal A-ware controls an investee if, and only if, Royal A-ware has:

- Power over the investee (i.e., existing rights that give it the current ability to direct the relevant activities of the investee)
- Exposure, or rights, to variable returns from its involvement with the investee
- The ability to use its power over the investee to affect its returns

Generally, there is a presumption that a majority of voting rights results in control. To support this presumption and when Royal A-ware has less than a majority of the voting or similar rights of an investee, Royal A-ware considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement(s) with the other vote holders of the investee
- Rights arising from other contractual arrangements
- Royal A-ware's voting rights and potential voting rights

Royal A-ware re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when Royal A-ware obtains control over the subsidiary and ceases when Royal A-ware loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date Royal A-ware gains control until the date Royal A-ware ceases to control the subsidiary.

If Royal A-ware loses control over a subsidiary, it derecognises the related assets (including goodwill), liabilities, non-controlling interest and other components of equity, while any resultant gain or loss is recognised in profit or loss. Any investment retained is recognised at fair value.

Intercompany transactions, intercompany profits and mutual receivables and debts between Royal A-ware and other legal entities included in the consolidation are eliminated to the extent that the results have not been realised through transactions with third parties outside Royal A-ware. Unrealised losses on intercompany transactions are also eliminated unless there is an impairment. Accounting policies of Group companies and other legal entities included in the consolidation have been changed where necessary for reconciliation with the applicable accounting policies for Royal A-ware.

In the consolidated financial statements of Royal A-ware Food Group B.V. the financial figures of the following entities are included, split per activity:

Holding

- Royal A-ware Food Group B.V. (100%) in Lopik
- A-ware Dairy B.V. (100%) in Lopik
- A-ware USA Holding B.V. (100%) in Lopik
- A-ware Dairy and Cheese Holding B.V. (100%) in Lopik
- A-ware Cheese B.V. (100%) in Lopik
- A-ware Industrial B.V. (100%) in Vriezenveen
- AFG Capital B.V. (100%) in Lopik
- A-ware Services B.V. (100%) in Woerden
- Tijmen Koelewijn 'B2B' B.V. (100%) in Bunschoten Spakenburg
- A-ware Production B.V. (100%) in Lopik
- A-ware Retail Europe B.V. (100%) in Culemborg
- A-ware België Holding B.V. (100%) in Lopik
- A-ware Dairy Products Belgium Holding B.V. (100%) in Merchtem, Belgium
- A-ware Italy B.V. (100%) in Lopik
- A-ware Dairy & Cream B.V. (100%) in Lopik
- Katshaar Holding B.V. (100%) in Coevorden
- A-ware Grutte Pier B.V. (100%) in Lopik
- AFG Participaties B.V. (100%) in Lopik
- A-ware Italia Srl. (100%) in Padua, Italy
- A-ware Spanje Holding B.V. (100%) in Lopik
- A-ware Automotive B.V. (100%) in Lopik
- A-ware Truckcenter B.V. (100%) in Lopik
- Truck Service Holding B.V. (100%) in Heerenveen
- TSF Beheer B.V. (100%) in Heerenveen (merged and liquidated 1 January 2024)
- Truck- & Trailerservice Materiaalverhuur B.V. (100%) in Heerenveen (merged and liquidated 1 January 2024)
- AB Transport Group B.V. (100%) in Lopik
- AB Texel Group B.V. (100%) in Lopik
- AB Aardappel Holding B.V. (100%) in Lopik
- AB Veevoer Holding B.V. (100%) in Lopik
- AB Zuivel Holding B.V. (100%) in Lopik
- AB Vastgoed Holding B.V. (100%) in Lopik
- Combex Transport Group Holding B.V. (100%) in Eastermar
- Combex Beheer B.V. (100%) in Eastermar (merged and liquidated 21 September 2023)
- Combex Holding GmbH (100%) in Frankfurt am Main, Germany
- B&A Asset Management Holding B.V. (100%) in Lopik

Trading

- Dutch Cheese Makers Corp. (100%) State of Delaware, US
- A-ware Dairy Asia PTE. Ltd (100%) Singapore (incorporated 4 April 2024)
- Anker Cheese B.V. (100%) in Lopik
- Anker Cheese USA Corp. (100%) State of Delaware, US
- A-Ware China B.V. (100%) in Lopik
- A-ware Dairy Products Shanghai Ltd. (100%) Shanghai, China
- A-ware Dairy Ingredients B.V. (100%) in Culemborg
- A-ware Dairy Trade B.V. (100%) in Lopik
- A-ware Iberia S.L. (100%) in Barcelona, Spain
- A-ware Dairy Sourcing B.V. (100%) in Woerden
- Schipper Cheese USA Corp. (100%) State of Delaware, US
- Alital SARL (100%) in Marseille, France
- A-ware Milk Processing B.V. (100%) in Lopik
- A-ware Milk Processing Belgium B.V. (100%) in Merchtem, Belgium
- Katshaar Melk B.V. (100%) in Coevorden
- A-ware Mozzarella & Cream B.V. (100%) in Lopik

Manufacturing

- A-ware Packaging B.V. (100%) in Huizen
- A-ware Cheese Ingredients B.V. (100%) in Lopik
- A-ware Ripening B.V. (100%) in Woerden
- CF B.V. (100%) in Moordrecht
- Prika Ingredients B.V. (100%) in Weert
- Prika Dairy Industry B.V. (100%) in Weert
- A-ware Food Solutions B.V. (100%) in Bunschoten (formerly named: Noordhoek Kaas B2B B.V.)
- Noordhoek Geraspte Kaas V.O.F. (100%) in Bodegraven
- Tijmen Koelewijn 'B2B' B.V. (100%) in Bunschoten Spakenburg
- A-ware Cheese Production B.V. (100%) in Lopik
- A-ware Cheese Ripening B.V. (100%) in Lopik
- Bouter Cheese B.V. (100%) in Culemborg
- A-ware Tapas B.V. (100%) in Lopik
- A-ware Dairy Products Belgium B.V. (100%) in Aalter, Belgium
- A-ware Kruibeke B.V. (100%) in Kruibeke, Belgium
- Olympia N.V. (100%) in Herne, Belgium
- IL RE Srl. (100%) in Baiso, Italy
- Stefanini Formaggi Srl. (100%) in Bosco di Scandiano, Italy (acquired on 24 June, 2024)
- KH Dairy Sourcing B.V. (100%) in Groningen
- La Concorde N.V. (100%) in Merchtem, Belgium
- A-ware Mozzarella (100%) in Lopik
- A-ware Cream B.V. (100%) in Lopik
- A-ware Asturias S.L. (100%) in Salas, Spain

Logistics

- AB Texel B.V. (100%) in Lopik
- AB Texel België B.V. (100%) in Oostrozebeke, Belgium
- AB Texel UK Ltd. (100%) in Peterborough, United Kingdom
- AB Texel France S.A.R.L. (100%) in Harnes, France
- AB Texel Expeditie B.V. (100%) in Lopik, (liquidated on 30 December 2023)
- AB Texel GmbH (100%) in Helmstedt, Germany
- Butter Sp. Zoo (100%) in Warsaw, Poland (in liquidation)
- AB Texel Spain S.L. (100%) in Barcelona, Spain
- AB Texel Distribution B.V. (100%) in Lopik
- AB Texel Silo B.V. (100%) in Lopik
- AB Texel Feed België B.V. (100%) in Oostrozebeke, Belgium
- AB Texel Feed Deutschland GmbH (100%) in Hemstedt, Germany
- AB Texel Zuiveltransporten B.V. (100%) in Lopik
- AB Texel Zuivel België B.V. (100%) in Oostrozebeke, Belgium
- AB Texel Fresh Transport B.V. (100%) in Lopik
- Bosman Transport Nisse B.V. (60%) in Nisse
- Combex B.V. (100%) in Eastermar
- Driessen Transportmaterieel B.V. (100%) in Sevenum (merged and liquidated 21 September 2023)
- Driessen Speciaaltransport B.V. (100%) in Horst (merged and liquidated 21 September 2023)
- Driessen Spezial Transporte GmbH (100%) in Straelen, Germany
- May Transporte GmbH (100%) in Rheinböllen, Germany

Other

- Schipper Cheese B.V. (100%) in Lopik (dormant)
- AFG Materials B.V. (100%) in Lopik
- Noordhoek Onroerende Zaken B.V. (100%) in Bodegraven
- A-ware Energy B.V. (100%) in Amsterdam
- A-ware Cheese Real Estate B.V. (100%) in Lopik
- Katshaar Onroerende zaken B.V. (100%) in Coevorden
- Katshaar Landbouw Vastgoed B.V. (100%) in Coevorden
- A-ware Shared Services B.V. (100%) in Lopik
- A-ware Projects B.V. (100%) in Lopik
- A-ware Partnerships B.V. (100%) in Lopik
- Dairy Academy Oenkerk B.V. (100%) in Lopik
- Nordic Truckcenter AB (100%) in Arlöv, Sweden
- Nordic Truckcenter OY (100%) in Vaanta, Finland
- Nordic Truckcenter A/S (100%) in Langhus, Norway
- Truckservice Friesland B.V. (100%) in Heerenveen
- Truck- & Trailerservice Sneek B.V. (100%) in Heerenveen
- Truck- & Trailerservice Swifterbant B.V. (100%) in Heerenveen
- Truck- & Trailerservice Eastermar B.V. (100%) in Heerenveen
- Schilderweg Vastgoed B.V. (100%) in Lopik
- Industrieweg Vastgoed B.V. (100%) in Lopik (liquidated on 30 December 2023)
- Combex Vastgoed B.V. (100%) in Eastermar
- May Reparatur Service GmbH (100%) in Rheinböllen, Germany
- B&A Asset Management I B.V. (100%) in Lopik
- B&A Asset Management II B.V. (100%) in Lopik
- B&A Asset Management III B.V. (100%) in Lopik

The recorded percentages mentioned show the interest in capital of the applicable entity.

Royal A-ware Food Group B.V. has no control over the following entities:

Interest in joint ventures accounted for using the equity method:

- Dutch Carbon Company (51%) in Lelystad
- Meierei B.V. (50%) in Bladel
- Organic Jersey Farm GmbH (51%) in Weitendorf, Germany
- Kilkenny Cheese Holdings Limited (50%) in Kilkenny, Ireland
- Coucour N.V. (30%) in Ternat, Belgium
- Farmdesk B.V. (50%) in Brecht, Belgium

Non-listed equity investments accounted for at fair value:

- Trigona Dairy Trade B.V. (15.78 %) in Didam
- Boostlogix Holding B.V. (14.29%) in Tilburg

“Royal A-ware produces and distributes dairy, tapas, and logistics services across Europe. Royal A-ware transitioned to IFRS in 2024, consolidating subsidiaries under strict financial controls.”

4. Accounting principles

Property, plant and equipment

Property, plant and equipment is stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Such cost includes the cost of replacing part of the plant and equipment and borrowing costs for long-term construction projects if the recognition criteria are met. When significant parts of plant and equipment are required to be replaced at intervals, Royal A-ware depreciates them separately based on their specific useful lives. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the property, plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in profit or loss as incurred. The present value of the expected cost for the decommissioning of an asset after its use is included in the cost of the respective asset if the recognition criteria for a provision are met.

Annual depreciation rates

Interest expenses on liabilities related to an asset for which a considerable amount of time needs to be spent to complete or to bring the asset into conditions for use or sale (qualifying asset) are being included in the historical cost price, under the condition that the future economic benefits are sufficient to cover the carrying value of the asset including the related interest and that the economic benefits can be determined reliably.

The interest is calculated based on the due interest on the liabilities incurred for the construction of the asset. As far as the construction is being financed by a loan which is not specifically related to the construction of the asset, the interest to be recognised is calculated by applying the weighted interest rate of the loan multiplied with the expenses for construction, taken into account the period of construction. The amount of calculated interest will not be higher than the actual interest due for the period.

Grants received for investments in tangible fixed assets are being deducted from the cost price of the assets for which the grants are issues and received.

Category	Asset	Depreciation rate
Property, plant and equipment	Land	0%
	Buildings	4%
	Leasehold improvements	4 - 20%
Machines and installations	Process oriented installations	6.5 - 20%
	Cheese warehouse installations	5%
	Packing lines	10 - 20%
Other fixed assets	Vehicles	20%
	(Cheese) crates and boxes	6.7 - 20%
	Other (company) equipment	10 - 20%
	Hardware/Software	20%

Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair value at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses.

The useful lives of intangible assets are assessed as either finite or indefinite.

Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the statement of profit or loss in the expense category that is consistent with the function of the intangible assets.

Intangible assets with indefinite useful lives are not amortised, but are tested for impairment annually, either individually or at the cash-generating unit level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

An intangible asset is derecognised upon disposal (i.e., at the date the recipient obtains control) or when no future economic benefits are expected from its use or disposal. Any gain or loss arising upon derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of profit or loss.

Business combinations and Goodwill (1/2)

Acquisitions qualifying as business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, which is measured at acquisition date fair value, and the amount of any non-controlling interests in the acquiree. For each business combination, Royal A-ware elects whether to measure the non-controlling interests in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred and included in other expenses.

Royal A-ware determines that it has acquired a business when the acquired set of activities and assets include an input and a substantive process that together significantly contribute to the ability to create outputs. An acquired process is considered substantive if it is critical to the ability to continue producing outputs, or the inputs acquired include an organised workforce with the necessary skills, knowledge, or experience to perform that process or it significantly contributes to the ability to continue producing outputs or is considered unique or scarce or cannot be replaced without significant cost, effort, or delay in the ability to continue producing outputs.

When Royal A-ware acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date.

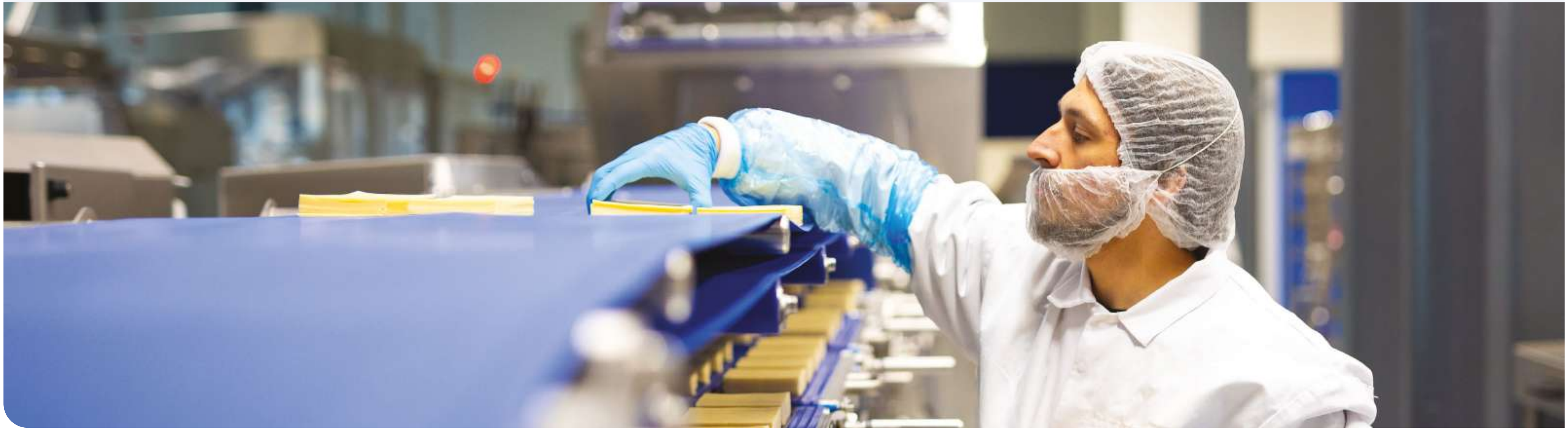
Business combinations and Goodwill (2/2)

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Contingent consideration classified as equity is not remeasured and its subsequent settlement is accounted for within equity. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of IFRS 9 Financial Instruments, is measured at fair value with the changes in fair value recognised in the statement of profit or loss in accordance with IFRS 9. Other contingent consideration that is not within the scope of IFRS 9 is measured at fair value at each reporting date with changes in fair value recognised in profit or loss.

Goodwill is initially measured at cost (being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests and any previous interest held over the net identifiable assets acquired and liabilities assumed). If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, Royal A-ware re-assesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognised at the acquisition date. If the reassessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognised in profit or loss.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of Royal A-ware's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

Where goodwill has been allocated to a cash-generating unit (CGU) and part of the operation within that unit is disposed of, the goodwill associated with the disposed operation is included in the carrying amount of the operation when determining the gain or loss on disposal. Goodwill disposed in these circumstances is measured based on the relative values of the disposed operation and the portion of the cash-generating unit retained.



Leases

Royal A-ware assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Group as a lessee

Royal A-ware applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. Royal A-ware recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

i) Right-of-use assets

Royal A-ware recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets, as follows:

- Plant and machinery 1 to 7 years
- Motor vehicles and other equipment 1 to 8.5 years
- Buildings 1 to 15 years

If ownership of the leased asset transfers to Royal A-ware at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

ii) Lease liabilities

At the commencement date of the lease, Royal A-ware recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by Royal A-ware and payments of penalties for terminating the lease, if the lease term reflects Royal A-ware exercising the option to terminate.

In calculating the present value of lease payments, Royal A-ware uses the interest rate implicit in the lease. If the implicit rate cannot be readily determined Royal A-ware uses its incremental borrowing rate at the lease commencement date. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

Royal A-ware's lease liabilities are included in Interest-bearing loans and borrowings.

iii) Short-term leases and leases of low-value assets

Royal A-ware applies the short-term lease recognition exemption to its short-term leases of machinery and equipment (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered to be low value. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

Group as a lessor

Leases in which Royal A-ware does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. Rental income arising is accounted for on a straight-line basis over the lease terms and is included in revenue in the statement of profit or loss due to its operating nature. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

Investments in associates and joint ventures

An associate is an entity over which Royal A-ware has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.

The considerations made in determining significant influence or joint control are similar to those necessary to determine control over subsidiaries. Royal A-ware's investment in its associate and joint venture are accounted for using the equity method. Under the equity method, the investment in an associate or a joint venture is initially recognised at cost. The carrying amount of the investment is adjusted to recognise changes in Royal A-ware's share of net assets of the associate or joint venture since the acquisition date. Goodwill relating to the associate or joint venture is included in the carrying amount of the investment and is not tested for impairment separately.

The statement of profit or loss reflects Royal A-ware's share of the results of operations of the associate or joint venture. Any change in OCI of those investees is presented as part of Royal A-ware's OCI. In addition, when there has been a change recognised directly in the equity of the associate or joint venture, Royal A-ware recognises its share of any changes, when applicable, in the statement of changes in equity. Unrealised gains and losses resulting from transactions between Royal A-ware and the associate or joint venture are eliminated to the extent of the interest in the associate or joint venture.

The aggregate of Royal A-ware's share of profit or loss of an associate and a joint venture is shown on the face of the statement of profit or loss outside operating profit and represents profit or loss after tax and non-controlling interests in the subsidiaries of the associate or joint venture.

The financial statements of the associate or joint venture are prepared for the same reporting period as Royal A-ware. When necessary, adjustments are made to bring the accounting policies in line with those of Royal A-ware. After application of the equity method, Royal A-ware determines whether it is necessary to recognise an impairment loss on its investment in its associate or joint venture. At each reporting date, Royal A-ware determines whether there is objective evidence that the investment in the associate or joint venture is impaired. If there is such evidence, Royal A-ware calculates the amount of impairment as the difference between the recoverable amount of the associate or joint venture and its carrying value and then recognises the loss as 'Share of profit of an associate and a joint venture' in the statement of profit or loss.

Upon loss of significant influence over the associate or joint control over the joint venture, Royal A-ware measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the associate or joint venture upon loss of significant influence or joint control and the fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

Receivables from and loans to participations, as well as other receivables, are initially recognised at fair value and subsequently measured at amortised cost, less any provisions deemed necessary.

Impairment of Non-Financial Assets (Property, Plant, and Equipment, Intangible Assets, and Right-of-Use Assets)
Royal A-ware assesses whether there is an indication that an asset may be impaired at each reporting date. If any indication exists, or when annual impairment testing for an asset is required, Royal A-ware estimates the asset's recoverable amount.

An asset's recoverable amount is the higher of an asset's or CGU's fair value less costs of disposal and its value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

Royal A-ware bases its impairment calculation on the most recent budgets and forecast calculations, which are prepared separately for each of Royal A-ware's CGUs to which the individual assets are allocated. These budgets and forecast calculations generally cover a period of five years. A long-term growth rate is calculated and applied to project future cash flows after the fifth year. Impairment losses of continuing operations are recognised in the statement of profit or loss in expense categories consistent with the function of the impaired asset.

For assets excluding goodwill, an assessment is made at each reporting date to determine whether there is an indication that previously recognised impairment losses no longer exist or have decreased. If such indication exists, Royal A-ware estimates the asset's or CGU's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the statement of profit or loss.

Goodwill is tested for impairment annually and when circumstances indicate that the carrying value may be impaired.

Impairment is determined for goodwill by assessing the recoverable amount of each CGU (or group of CGUs) to which the goodwill relates. When the recoverable amount of the CGU is less than its carrying amount, an impairment loss is recognised. Impairment losses relating to goodwill cannot be reversed in future periods. Royal A-ware assesses where climate risks could have a significant impact, such as the introduction of emission-reduction legislation that may increase manufacturing costs. These risks in relation to climate-related matters are included as key assumptions where they materially impact the measure of recoverable amount. These assumptions have been included in the cash-flow forecasts in assessing value-in-use amounts.

The right-of-use assets are also subject to impairment Royal A-ware assesses at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, Royal A-ware estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an assets or CGU's fair value less costs of disposal and its value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

Financial Instruments

i) Financial assets

Initial recognition and measurement

Financial assets are classified at amortised cost, fair value through other comprehensive income (OCI) or fair value through profit or loss at initial recognition as well as subsequently measured.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and Royal A-ware's business model for managing them. With the exception of trade receivables that do not contain a significant financing component, Royal A-ware initially measures a financial asset at its fair value plus transaction costs. Trade receivables that do not contain a significant financing component or for which Royal A-ware has applied the practical expedient are measured at the transaction price.

In order for a financial asset to be classified and measured at amortised cost it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level. Financial assets with cash flows that are not SPPI are classified and measured at fair value through profit or loss, irrespective of the business model.

Subsequent measurement

Financial assets at amortised cost (debt instruments)

Financial assets at amortised cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a Group of similar financial assets) is primarily derecognised (i.e., removed from Royal A-ware's consolidated statement of financial position) when:

- The rights to receive cash flows from the asset have expired; or
- Royal A-ware has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) Royal A-ware has transferred substantially all the risks and rewards of the asset, or (b) Royal A-ware has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

Impairment

Royal A-ware recognises an allowance for expected credit losses (ECLs) for all debt instruments. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that Royal A-ware expects to receive, discounted at an approximation of the original

effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

For trade receivables, Royal A-ware applies a simplified approach in calculating ECLs. Therefore, Royal A-ware does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. Royal A-ware has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

Royal A-ware considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, Royal A-ware may also consider a financial asset to be in default when internal or external information indicates that Royal A-ware is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by Royal A-ware. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

ii) Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. Royal A-ware has not designated financial liabilities at fair value through profit or loss.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

Royal A-ware's financial liabilities include trade and other payables, loans and borrowings including bank overdrafts, and derivative financial instruments.

Subsequent measurement

For purposes of subsequent measurement, financial liabilities are classified in two categories:

- Financial liabilities at fair value through profit or loss
- Financial liabilities at amortised cost (loans and borrowings)

Financial liabilities at amortised cost (loans and borrowings)

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit or loss.

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability.

The difference in the respective carrying amounts is recognised in the statement of profit or loss.

iii) Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the consolidated statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

Derivative financial instruments and hedge accounting

Initial recognition and subsequent measurement

Royal A-ware uses derivative financial instruments, (i.e. interest rate swaps) to hedge its interest rate risks. These derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

For the purpose of hedge accounting, the interest rate swaps are classified as cash flow hedges. Cash flow hedging means hedging the exposure to variability in cash flows that is either attributable to a particular risk associated with a recognised asset or liability or a highly probable forecast transaction or the foreign currency risk in an unrecognised firm commitment. In respect of interest rate swaps, the hedged risk relates to Royal A-ware's exposure to changes in market interest rates.

At the inception of a hedge relationship, Royal A-ware formally designates and documents the hedge relationship to which it wishes to apply hedge accounting and the risk management objective and strategy for undertaking the hedge.

The documentation includes identification of the hedging instrument, the hedged item, the nature of the risk being hedged and how Royal A-ware will assess whether the hedging relationship meets the hedge effectiveness requirements (including the analysis of sources of hedge ineffectiveness and how the hedge ratio is determined). A hedging relationship qualifies for hedge accounting if it meets all of the following effectiveness requirements:

- There is 'an economic relationship' between the hedged item and the hedging instrument.
- The effect of credit risk does not 'dominate the value changes' that result from that economic relationship.
- The hedge ratio of the hedging relationship is the same as that resulting from the quantity of the hedged item that Royal A-ware hedges and the quantity of the hedging instrument that Royal A-ware uses to hedge that quantity of hedged item.

The fair value of the cash flow hedge is determined in accordance with the methodology outlined in note 16. In calculating the fair value of the loan, the extension option (structured as 3 + 1 + 1 years) is not taken into account. The valuation reflects only the initial contractual loan term of three years, without considering potential extensions.

Cash flow hedges

Hedges that meet all the qualifying criteria for hedge accounting are accounted for, as described hereafter:

The effective portion of the gain or loss on the hedging instrument is recognised in OCI in the cash flow hedge reserve, while any ineffective portion is recognised immediately in the statement of profit or loss. The cash flow hedge reserve is adjusted to the lower of the cumulative gain or loss on the hedging instrument and the cumulative change in fair value of the hedged item.

The amounts accumulated in OCI are accounted for, depending on the nature of the underlying hedged transaction. If the hedged transaction subsequently results in the recognition of a non-financial item, the amount accumulated in equity is removed from the separate component of equity and included in the initial cost or other carrying amount of the hedged asset or liability. This is not a reclassification adjustment and will not be recognised in OCI for the period.

For any other cash flow hedges, the amount accumulated in OCI is reclassified to profit or loss as a reclassification adjustment in the same period or periods during which the hedged cash flows affect profit or loss.

If cash flow hedge accounting is discontinued, the amount that has been accumulated in OCI must remain in accumulated OCI if the hedged future cash flows are still expected to occur. Otherwise, the amount will be immediately reclassified to profit or loss as a reclassification adjustment. After discontinuation, once the hedged cash flow occurs, any amount remaining in accumulated OCI must be accounted for depending on the nature of the underlying transaction as described above.


"We build sustainable chains from consumer to cow, with care for people and planet."

Inventories

Inventories are valued at the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

Packing materials, cheese coating, technical services stock and cleaning materials are valued at the production cost or lower realisable value. If necessary, provision for obsolescence are being deducted from the value recorded.

Raw materials are measured at purchase costs on a first-in/first-out basis. Finished products are valued at production cost, increased by a surcharge for interest, transport costs and ripening costs, or the lower net realisable value. Cost consists of the acquisition or production price (all costs associated with the acquisition or production) as well as the costs incurred to bring the stocks to their current location and condition. Production costs include direct handling costs costs and bonuses for production- related indirect fixed and variable costs. The realisable value is the estimated sale price less directly attributable selling expenses. In determining the net realisable value, the obsolescence of the inventories is taken into account.

The inventory of trucks and parts are valued at historical cost or lower market value. The lower market value is the estimated sales price of the truck less the costs to be incurred for sale. By determining the valuation method the obsolescence of the inventory components is taken into account.

Cash and cash equivalents

Cash and cash equivalents are measured at amortised costs. The carrying amount of cash and cash equivalents approximates their fair value due to the short-term nature of these instruments. If cash and cash equivalents are not freely available, this is taken into account in the valuation.

For the purpose of the consolidated statement of cash flows, cash and cash equivalents consist of cash and short-term deposits, as defined above, net of outstanding bank overdrafts as they are considered an integral part of Royal A-ware's cash management.

Non-controlling interests

Non-controlling interests are recorded, as appropriate, on the consolidated balance sheet, in the consolidated income statement, and in the consolidated statement of comprehensive income for the non-controlling shareholders' share in the net assets and the income or loss of subsidiaries.

Provisions

General

Provisions are recognised when Royal A-ware has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. When Royal A-ware expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the statement of profit or loss net of any reimbursement.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

Provision for onerous contracts
If Royal A-ware has a contract that is onerous, the present obligation under the contract is recognised and measured as a provision. However, before a separate provision for an onerous contract is established, Royal A-ware recognises any impairment loss that has occurred on assets dedicated to that contract.

An onerous contract is a contract under which the unavoidable costs (i.e., the costs that Royal A-ware cannot avoid because it has the contract) of meeting the obligations under the contract exceed the economic benefits expected to be received under it. The unavoidable costs under a contract reflect the least net cost of exiting from the contract, which is the lower of the cost of fulfilling it and any compensation or penalties arising from failure to fulfil it. The cost of fulfilling a contract comprises the costs that relate directly to the contract (i.e., both incremental costs and an allocation of costs directly related to contract activities).

Provision for jubilee benefits
The provision for jubilee benefits is the amount of future benefits that employees have earned in return for their services in the current and prior reporting periods. The liability has been calculated taking into account future salary developments and likelihood that employees will stay with Royal A-ware. The provision is stated at present value (discount rate 3%; 2023 - 3%).

Fair value measurement
Royal A-ware measures derivatives at fair value at each balance sheet date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability; or
- In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible by Royal A-ware. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

Royal A-ware uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements at fair value on a recurring basis, Royal A-ware determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

For the purpose of fair value disclosures, Royal A-ware has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy, as explained above.

Fair-value related disclosures for financial instruments and non-financial assets that are measured at fair value or where fair values are disclosed, are summarised in note 27.

Accounting principles for determining the result
The result is the difference between the realisable value of the goods/services provided and the costs and other charges during the year. The results on transactions are recognised in the year in which they are realised.

Revenues
Revenues from contracts with customers are considered for recognition and measurement when the contract has been approved by the parties to the contract, the parties to contract are committed to perform their respective obligations under the contract, and the contract is legally enforceable. To recognise revenues, Royal A-ware applies the five step IFRS 15 approach: (1) identify the contract with a customer, (2) identify the performance obligations in the contract, (3) determine the transaction price, (4) allocate the transaction price to the performance obligations in the contract, and (5) recognise revenues when a performance obligation is satisfied.

Revenue is measured based on the consideration to which Royal A-ware expects to be entitled in a contract with a customer and excludes amounts collected on behalf of third parties and recognised when control is transferred and is accounted net of rebate and taxes.

Royal A-ware principally satisfies its performance obligations at a point in time. Royal A-ware's customers generally have payment terms of 30 to 45 days from the date of invoice. The contracts do not typically include a financing component as the period between the transfer of control of goods or services and payment is not extended beyond normal commercial terms.

Cost of sales
This refers to costs directly related to the cost of sales and includes freight and packaging costs. No depreciation expense is included in cost of sales.

General and administrative expenses
Costs are determined in accordance with the aforementioned accounting policies and allocated to the reporting period to which they relate. (Foreseeable) liabilities and potential losses originating before the end of the financial year are taken into account if they became known before the financial statements were drawn up and if the conditions for the inclusion of provisions are otherwise met.

Other operating income
The other operating income includes results that are not directly related to the supply of goods or services in the context of normal, non-incidental business activities. This revenue is allocated to the reporting period in accordance with the performance.

Wages

Employee benefits are charged to the income statement in the period in which the work is performed and as an obligation on the balance sheet insofar as not paid yet. If the amounts already paid exceed the rewards, this amount is recognised as an accrued income to the extent that it will be repaid by personnel or from settlement against future payments by Royal A-ware. If a reward is paid, whereby no rights are accrued (for example, continued payment in the event of illness or incapacity for work), the expected expenses are recognised in the period over which the reward is due.

The expected costs related to rights, sabbatical leave, profit-sharing and bonuses during the employment are taken into account. Compensation as a result of profit-sharing is recognised if a liability to pay a bonus has arisen before balance sheet date. Additions to and releases from liabilities are recognised in the profit and loss statement.

Production costs capitalised to inventory include direct wage costs for production related indirect fixed and variable costs.

Pension costs

Royal A-ware has various post-employment benefit plans in place in the form of pension plans. The plans are regarded as either defined benefit plans or defined contribution plans depending on whether Royal A-ware has a legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods. All defined benefit plans of Royal A-ware are part of multi-employer plans.

Defined benefit plans – multi-employer plans

Royal A-ware regards the defined benefit plans as multi-employer plans as the plans pool the assets contributed by various entities that are not under common control and use those assets to provide benefits to employees of more than one entity, on the basis that contribution and benefit levels are determined without regard to the identity of the entity that employs the employees.

Royal A-ware makes use of the practical exemption in IAS 19 for multi-employer plans where sufficient information could not be obtained to use defined benefit accounting for the multi-employer defined benefit plan. In those cases, Royal A-ware accounts for the plan as if it were a defined contribution plan.

Defined contribution plans

When an employee has rendered service to Royal A-ware during a period, Royal A-ware recognises the contribution payable to a defined contribution plan in exchange for that service:

1. as a liability (accrued expense), after deducting any contribution already paid. If the contribution already paid exceeds the contribution due for service before the end of the reporting period, Royal A-ware recognises that excess as an asset (prepaid expense) to the extent that the prepayment will lead to, for example, a reduction in future payments or a cash refund.

2. as an expense, unless another IFRS requires or permits the inclusion of the contribution in the cost of an asset.

Borrowing costs
Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the asset. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

Financial income and expenses
Interest income and expenses are recognised on a pro rata basis in the profit and loss account, taking into account the effective interest rate of the assets and liabilities to which they relate. In accounting for interest expenses, the recognised transaction expenses for loans received are taken into consideration.

Foreign currencies

Transactions and balances
Transactions in foreign currencies are initially recorded at their respective functional currency spot rates at the date the transaction first qualifies for recognition. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date.

Differences arising on settlement or translation of monetary items are recognised in profit or loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on translation of non- monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognised in OCI or profit or loss are also recognised in OCI or profit or loss, respectively).

In determining the spot exchange rate to use on initial recognition of the related asset, expense or income (or part of it) on the derecognition of a non-monetary asset or non- monetary liability relating to advance consideration, the date of the transaction is the date on which Royal A-ware initially recognises the non-monetary asset or non-monetary liability arising from the advance consideration. If there are multiple payments or receipts in advance, Royal A-ware determines the transaction date for each payment or receipt of advance consideration.

Group companies
On consolidation, the assets and liabilities of foreign operations are translated into euros at the rate of exchange prevailing at the reporting date and their statements of profit or loss are translated at exchange rates prevailing at the dates of the transactions. The exchange differences arising on translation for consolidation are recognised in OCI. On disposal of a foreign operation, the component of OCI relating to that particular foreign operation is reclassified to profit or loss.

Any goodwill arising on the acquisition of a foreign operation and any fair value adjustments to the carrying amounts of assets and liabilities arising on the acquisition are treated as assets and liabilities of the foreign operation and translated at the spot rate of exchange at the reporting date.

Foreign Currency	31/12/2024		31/12/2023		01/01/2023	
	Average	End	Average	End	Average	End
U.S. Dollar (USD)	1.0483	1.0427	1.0914	1.1037	1.0594	1.0704
Chinese Yuan Renminbi (CNY)	7.6681	7.6104	7.7531	7.8142	7.2581	7.3836
Singapore Dollar (SGD)	1.4147	1.4160	N/A	N/A	N/A	N/A
Norwegian Krone (NOK)	11.7600	11.7900	11.1800	11.2300	10.4600	10.5600
Swedish Krona (SEK)	11.5100	11.4600	11.4800	11.1300	10.0200	11.1600
British Pound Sterling (GBP)	0.8306	0.8306	0.8562	0.8562	0.8781	0.8563
Polish Złoty (PLN)	4.3043	4.3043	4.3492	4.3492	4.8698	4.6684

Taxes

Current income tax

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the reporting date in the countries where Royal A-ware operates and generates taxable income.

Current income tax relating to items recognised directly in equity is recognised in equity and not in the statement of profit or loss. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred tax

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- When the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences.
- In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint arrangements, when the timing of the reversal of the temporary differences can be controlled, and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised, except:

- When the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences.
- In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint arrangements, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are re- assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

In assessing the recoverability of deferred tax assets, Royal A-ware relies on the same forecast assumptions used elsewhere in the financial statements and in other management reports, which, among other things, reflect the potential impact of climate-related development on the business, such as increased cost of production as a result of measures to reduce carbon emission.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity.

Tax benefits acquired as part of a business combination, but not satisfying the criteria for separate recognition at acquisition date, are recognised subsequently if new information about facts and circumstances change. The adjustment is either treated as a reduction in goodwill (as long as it does not exceed goodwill) if it was incurred during the measurement period or recognised in profit or loss.

Royal A-ware offsets deferred tax assets and deferred tax liabilities if and only if it has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

Cash flow statement

The cash flow statement has been prepared using the indirect method. The cash items disclosed in the cash flow statement consists of cash at banks, in hand and current liabilities to credit institutions. Income taxes are included in the cash flow from operating activities. Dividends and interest received are included in the cash flow from investing activities. Dividends and interest paid are included in the cash flow from financing activities.

The acquisition price less cash acquired of an acquired group company is included in the cash flow from investment activities to the extent that payment has been made in cash.

Cash flow in foreign currencies are translated at an estimated weighted average rate of the reporting period/the rate on the date the transactions took place. Exchange rate differences regarding cash are presented separately in the cash flow statement.

Transactions not involving the exchange of cash are not included in the cash flow statement. The payment of the lease instalments related to the financial lease contract are relating to the redemption as an expense from financing activities and relating to the interest as an expense from operating activities.

5. Climate related matters

Royal A-ware considers climate-related matters in estimates and assumptions, where appropriate. This assessment includes a wide range of possible impacts on Royal A-ware due to both physical and transition risks. Even though Royal A-ware believes its business model and products will still be viable after the transition to a low-carbon economy, climate-related matters increase the uncertainty in estimates and assumptions underpinning several items in the financial statements. Even though climate-related risks might not currently have a significant impact on measurement, Royal A-ware is closely monitoring relevant changes and developments, such as new climate-related legislation. Besides the potential impact of legislation, the most direct impact arises from climate-related effects on the primary production of arable and dairy farming. For more details see also Green House Gases and Business model & value chain.

6. Significant accounting judgements, estimates and assumptions

The preparation of Royal A-ware's consolidated financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

In the process of applying Royal A-ware's accounting policies, management has made the following judgements, estimates and assumptions which have the most significant effect on the amounts recognised in the consolidated financial statements. The key judgements, assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. Royal A-ware based its judgements, assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of Royal A-ware. Such changes are reflected in the assumptions when they occur.

Determining the lease term of contracts with renewal and termination options – Group as lessee

Royal A-ware determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

Royal A-ware has several lease contracts that include extension and termination options. Royal A-ware applies judgement in evaluating whether it is reasonably certain whether or not to exercise the option to renew or terminate the lease. That is, it considers all relevant factors that create an economic incentive for it to exercise either the renewal or termination. After the commencement date, Royal A-ware reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise or not to exercise the option to renew or to terminate. Furthermore, the periods covered by termination options are included as part of the lease term only when they are reasonably certain not to be exercised.

Leases - Estimating the incremental borrowing rate

If Royal A-ware cannot readily determine the interest rate implicit in the lease, it uses its incremental borrowing rate (IBR) to measure lease liabilities. The IBR is the rate of interest that Royal A-ware would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what Royal A-ware 'would have to pay', which requires estimation when no observable rates are available (such as for subsidiaries that do not enter into financing transactions) or when they need to be adjusted to reflect the terms and conditions of the lease (for example, when leases are not in the subsidiary's functional currency). Royal A-ware estimates the IBR using observable inputs when available and is required to make certain entity-specific estimates.

"Royal A-ware ensures accuracy through careful financial judgements and estimates."

Taxes

Deferred tax assets are recognised for unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits, together with future tax planning strategies.

Royal A-ware has €10,725,000 (2023: €8,353,000) of recognised deferred tax assets related to tax losses carried forward. Deferred tax assets are recognised if it is probable that there will be future taxable profits within the entities against which the losses can be utilised. The deferred tax asset is mainly recorded for deductible tax losses. The majority is expected to be realised after 1 year.

Impairment of non-financial assets

Impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The fair value less costs of disposal calculation is based on available data from binding sales transactions, conducted at arm's length, for similar assets or observable market prices less incremental costs of disposing of the asset. The value in use calculation is based on a DCF model. The cash flows are derived from the budget for the next five years and do not include restructuring activities that Royal A-ware is not yet committed to or significant future investments that will enhance the performance of the assets of the CGU being tested.

The recoverable amount is sensitive to the discount rate used for the DCF model as well as the expected future cash-inflows and the growth rate used for extrapolation purposes. These estimates are most relevant to goodwill recognised by Royal A-ware. The key assumptions used to determine the recoverable amount for the different CGUs, including a sensitivity analysis, are disclosed and further explained in Note 9.

Provision for expected credit losses of trade receivables and contract assets

Royal A-ware uses a provision matrix to calculate ECLs for trade receivables and contract assets. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns.

The provision matrix is initially based on Royal A-ware's historical observed default rates. Royal A-ware will calibrate the matrix to adjust the historical credit loss experience with forward- looking information. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

The assessment of the correlation between historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. Royal A-ware's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future. The information about the ECLs on Royal A-ware's trade receivables and contract assets is disclosed in Note 13.

Useful lives and residual values of property, plant and equipment

Royal A-ware reviews the estimated residual values and expected useful lives of property, plant and equipment at least annually. Useful lives are determined based on an asset's age, the frequency of its use, repair and maintenance policy, technology changes in production, redundancies or changes due to climate risks and expected restructuring. Royal A-ware estimates the expected residual value per asset item. The residual value is the higher of the expected sales price and its material scrap value. Depreciation is charged to profit or loss on a straight-line basis over the estimated useful lives. Royal A-ware believes that straight-line depreciation most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset.

7. Property, plant and equipment

	31/12/2024	31/12/2023	01/01/2023
	€ 000	€ 000	€ 000
Land and buildings	213,135	213,987	189,672
Machinery and equipment	208,677	201,864	198,812
Other fixed assets	66,581	61,794	60,510
Property, plant and equipment in progress and prepayments	82,259	29,377	25,973
Total property, plant and equipment	**570,652**	**507,022**	**474,967**

	Land and buildings	Machinery and equipment	Other fixed assets	Property, plant and equipment in progress and prepayments	Total
	€ 000	€ 000	€ 000	€ 000	€ 000
Balance as at 01/01/2023					
Purchase price or manufacturing price	242,963	364,329	166,943	25,973	800,208
Accumulated depreciation	(53,291)	(165,517)	(106,433)	-	(325,241)
Book value as at 01/01/2023	**189,672**	**198,812**	**60,510**	**25,973**	**474,967**
Movements					
Investments	28,404	21,708	9,066	27,114	86,293
Acquired through business combinations (Note 29)	-	1,890	4,959	-	6,848
Transfers (Note 8)	-	-	3,655	-	3,655
Deconsolidations	-	-	-	-	-
Depreciation (Note 22)	(9,773)	(24,656)	(15,198)	-	(49,627)
Disposals	(7,695)	(1,284)	(5,175)	(882)	(15,036)
Exchange differences	11	2	(91)	-	(77)
Reclassifications	13,368	5,393	4,067	(22,828)	-
Balance movements	**24,315**	**3,052**	**1,284**	**3,404**	**32,055**
Balance as at 31/12/2023					
Purchase price or manufacturing price	274,486	378,207	174,879	29,377	856,949
Accumulated depreciation	(60,499)	(176,342)	(113,085)	-	(349,927)
Book value as at 31/12/2023	**213,987**	**201,864**	**61,794**	**29,377**	**507,022**

	Land and buildings	Machinery and equipment	Other fixed assets	Property, plant and equipment in progress and prepayments	Total
Balance as at 01/01/2024					
Purchase price or manufacturing price	274,486	378,207	174,879	29,377	856,949
Accumulated depreciation	(60,499)	(176,342)	(113,085)	-	(349,927)
Book value as at 01/01/2024	**213,987**	**201,864**	**61,794**	**29,377**	**507,022**
Movements					
Investments	7,417	20,235	11,843	68,175	107,669
Acquired through business combinations (Note 29)	1,196	337	4,931	-	6,464
Transfers (Note 8)	-	170	6,348	-	6,518
Deconsolidations	-	-	-	-	-
Depreciation (Note 22)	(10,174)	(25,266)	(16,889)	-	(52,330)
Disposals	(239)	(292)	(4,268)	(275)	(5,074)
Exchange differences	99	-	283	-	382
Reclassifications	849	11,630	2,539	(15,018)	-
Balance movements	**(852)**	**6,814**	**4,787**	**52,882**	**63,630**
Balance as at 31/12/2024					
Purchase price or manufacturing price	284,087	409,690	192,165	82,259	968,201
Accumulated depreciation	(70,952)	(201,013)	(125,584)	-	(397,549)
Book value as at 31/12/2024	**213,135**	**208,677**	**66,581**	**82,259**	**570,652**

Capitalised borrowing costsreceivables and contract assets

During the financial year, an interest amount of €1,106,000 (2023: €987,000) is capitalised, with an average interest rate of 3%.

Acquisition during the year

Please refer to note 29 for further detail of acquisitions during the year resulting from business combinations.

8. Right-of-use assets

Royal A-ware has lease contracts for various items of plant, machinery, vehicles and buildings used in its operations. Leases of plant and machinery generally have lease terms between 1 and 7 years, while motor vehicles and other equipment generally have lease terms between 1 and 8.5 years. Leases of buildings generally have lease terms between 1 and 15 years. Royal A-ware does not include non-lease components in the Right-of-use assets. Royal A-ware's obligations under its leases are secured by the lessor's title to the leased assets.

Set out below are the carrying amounts of right-of-use assets recognised and the movements during the period:

	Buildings	Motor vehicles	Plant and machinery	Total
	€ 000	€ 000	€ 000	€ 000
Balance as at 01/01/2023	**78,333**	**120,921**	**17,452**	**216,706**
Additions	1,088	79,740	3,339	84,167
Transfers (Note 7)	-	(3,655)	-	(3,655)
Modifications	(4,960)	(400)	(26)	(5,386)
Exchange rate differences	(4)	5	-	1
Depreciation (Note 22)	(11,036)	(33,655)	(3,069)	(47,760)
Balance as at 31/12/2023	**63,421**	**162,955**	**17,696**	**244,073**
Additions	7,227	77,116	11,209	95,551
Transfers (Note 7)	-	(6,348)	(170)	(6,518)
Modifications	(83)	(491)	(123)	(697)
Exchange rate differences	3	270	-	273
Depreciation (Note 22)	(11,082)	(42,529)	(3,692)	(57,304)
Balance as at 31/12/2024	**59,485**	**190,973**	**24,921**	**275,379**

Set out in the table on the right are the carrying amounts of lease liabilities (included under interest-bearing loans and borrowings) and the movements during the period:

	2024	2023
	€ 000	€ 000
As at 1 January	**231,261**	**205,958**
Additions	95,551	84,167
Modifications	255	(5,070)
Interest (Note 25)	6,152	5,448
Payments	(67,404)	(59,241)
As at 31 December	**265,816**	**231,261**
Current	62,010	54,215
Non-current	203,806	177,046

The maturity analysis of lease liabilities is disclosed in Note 28.

The following are the amounts recognised in profit or loss:

	2024	2023
	€ 000	€ 000
Depreciation expense of right-of-use assets (Note 22)	57,304	47,760
Interest expense on lease liabilities (note 25)	6,152	5,448
Expense relating to short-term and low-value leases	11,043	8,791
Total amount recognised in profit or loss	**74,499**	**61,999**

Royal A-ware had total cash outflows for leases of €67,404,000 in 2024 (€59,241,000 in 2023).

9. Intangible assets and Goodwill

Intangible fixed assets do not include any self-generated intangible fixed assets.

The development costs, licences and intellectual property are depreciated over 10 years. Goodwill is not amortised, but tested for impairment annually irrespective whether there are indicators for impairment or not.

There are no intangible assets with limited rights of ownership and no intangible fixed assets have been provided as security for liabilities. There are also no obligations with respect to the acquisition of intangible fixed assets.

	31/12/2024	31/12/2023	01/01/2023
	€ 000	€ 000	€ 000
Development costs	9	16	20
Costs of acquisition of patents, trademarks and other rights	223	150	236
Goodwill	8,914	8,460	6,584
Total intangible assets	**9,147**	**8,626**	**6,840**

	Development costs	Patents, trademarks and other rights	Goodwill	Total
	€ 000	€ 000	€ 000	€ 000
Balance as at 01/01/2023				
Cost	68	564	6,584	7,216
Accumulated amortisation	(48)	(328)	-	(376)
Book value as at 01/01/2023	**20**	**236**	**6,584**	**6,840**
Movements				
Investments	-	-	-	-
Acquired through business combinations (Note 29)	-	-	1,885	1,885
Deconsolidations	-	-	-	-
Exchange differences	-	(3)	-	(3)
Amortisation	(4)	(83)	-	(87)
Disposals	-	(16)	-	(16)
Amortisation on disposals	-	16	-	16
Other	-	-	(9)	(9)
Balance movements	**(4)**	**(86)**	**1,876**	**1,786**
Balance as at 31/12/2023				
Cost	68	545	8,460	9,073
Accumulated amortisation	(52)	(395)	-	(447)
Book value as at 31/12/2023	**16**	**150**	**8,460**	**8,626**
Balance as at 01/01/2024				
Cost	68	545	8,460	9,073
Accumulated amortisation	(52)	(395)	-	(447)
Book value as at 01/01/2024	**16**	**150**	**8,460**	**8,626**
Movements				
Investments	-	153	-	153
Acquired through business combinations (Note 29)	-	-	400	400
Deconsolidations	-	-	-	-
Exchange differences	-	4	4	8
Amortisation	(7)	(84)	-	(91)
Disposals	-	(45)	-	(45)
Amortisation on disposals	-	45	-	45
Other	-	-	51	51
Balance movements	**(7)**	**73**	**454**	**521**
Balance as at 31/12/2024				
Cost	68	665	8,914	9,647
Accumulated amortisation	(59)	(442)	-	(500)
Book value as at 31/12/2024	**9**	**223**	**8,914**	**9,147**

Acquisition during the year

Please refer to note 29 for further detail of acquisitions during the year resulting from business combinations.

Impairment

The entities within A-ware are organised under 4 main pillars (A-ware Dairy; AB Transport; Automotive; B&A Asset Management) that perform different services and sell different goods. These 4 pillars represent the cash generating units. Goodwill is tested for impairment annually. See below for an overview of the carrying value of goodwill. Royal A-ware's impairment test is primarily based on value in use calculations using a discounted cash flow model, based on cash flow projections from the strategic plan prepared by management.

The carrying amount of goodwill allocated to the cash generating unit is as follows:

	31/12/2024	31/12/2023	01/01/2023
	€ 000	€ 000	€ 000
A-ware Dairy	3,928	3,527	1,599
AB Transport	4,964	4,910	4,962
Automotive	23	23	23
B&A Asset Management	-	-	-
Total goodwill	**8,914**	**8,460**	**6,584**

Key assumptions used in value in use calculations

The calculation of value in use for the identified cash generating units is most sensitive to the following assumptions:

- Discount rates
- Revenue and margin development
- Terminal value growth rate

A reasonably possible change in a key assumption would not cause the cash generating units' carrying amounts to exceed their recoverable amount.

Discount rates

Discount rates represent the current market assessment of the risks specific to each CGU, taking into consideration the time value of money and individual risks of the underlying assets that have not been incorporated in the cash flow estimates. The discount rate calculation is based on the specific circumstances of Royal A-ware and its operating segments and is derived from its weighted average cost of capital (WACC). The WACC takes into account both debt and equity. The cost of equity is derived from the expected return on investment by Royal A-ware's investors. The cost of debt is based on the interest-bearing borrowings Royal A-ware is obliged to service. Segment-specific risk is incorporated by applying individual beta factors. The beta factors are evaluated annually based on publicly available market data. Adjustments to the discount rate are made to factor in the specific amount and timing of the future tax flows in order to reflect a pre-tax discount rate.

"Every step in our chain is thoughtful, sustainable, and goal-driven."

Revenue and margin development

For the value in use calculation of each CGU, the future cash flows are estimated using the expected future revenue and margin development. These have been based on the budget for the next year, and thereafter Royal A-ware's Long Term Plan ('LTP') for a period of 5 years, that is updated annually to align with current expectations of future financial performance.

Terminal value growth rate

The terminal value growth rate is an important assumption in the value in use calculations, as it influences the expected value of the business after the explicit forecast period. The Terminal value growth rate is considered in conjunction with the risk free rate that is included in the WACC.

10. Joint ventures and associated companies

The result from joint ventures and associates, as presented in the consolidated statement of profit or loss, amounted to € 2,610,000 (2023: € (883,000)). This total includes:

A share of profit from joint ventures and associates of € 1,579,000 (2023: € (1,133,000)), as disclosed in the table on the right.

Dividend income from investments in equity instruments at FV of € 1,018,000 (2023: €250,000).

Other: € 13,000 (2023: € 0)

The difference between the total result from joint ventures and associates as presented in the statement of profit or loss and the amount disclosed in Note 10 primarily reflects the inclusion of dividend income from equity instruments at FV.

	31/12/2024	31/12/2023	01/01/2023
	€ 000	€ 000	€ 000
Investments in joint ventures	35,192	32,772	28,303
Total joint ventures and associated companies	**35,192**	**32,772**	**28,303**

	Investments in joint ventures
	€ 000
Balance as at 01/01/2023	**28,303**
Investments	8,971
Provided loans	-
Movement in P&L	-
Result for the year	(1,133)
Share of other comprehensive income (OCI)	(3,369)
Exchange rate differences	-
Impairment	-
Disposals	-
Repayments	-
Balance as at 31/12/2023	**32,772**
Investments	1,515
Provided loans	-
Movement in P&L	-
Result for the year	1,579
Share of other comprehensive income (OCI)	(674)
Exchange rate differences	-
Impairment	-
Disposals	-
Repayments	-
Balance as at 31/12/2024	**35,192**

	31/12/2024	31/12/2023	01/01/2023
	€ 000	€ 000	€ 000
Investments in joint ventures accounted for using the equity method			
Kilkenny Cheese Holdings Limited	30,362	28,717	24,415
Organic Jersey Farm GmbH	2,557	2,582	2,530
Coucour N.V.	1,372	1,208	1,208
Meierei B.V.	245	183	0
Dutch Carbon Company B.V.	16	82	150
Farmdesk B.V.	640	-	-
Total	**35,192**	**32,772**	**28,303**

Kilkenny Cheese Holdings Limited

In 2022 a 50% interest (Joint Venture) was acquired in Kilkenny Cheese Holding Limited. Kilkenny Cheese Holdings Limited holds 100% shares in Kilkenny Cheese Limited. The convertible loan to Kilkenny Cheese Limited provided in previous years has been converted into Equity for a total amount of €21,650,000 in 2022. During 2023 €7,671,000 was added to the amount.

Royal A-ware's interest in Kilkenny Cheese Holdings Limited is accounted for using the equity method in the consolidated financial statements. The following table illustrates the summarised financial information of Royal A-ware's investment.

	31/12/2024	31/12/2023	01/01/2023
	€ 000	€ 000	€ 000
Current assets	54,063	26,917	2,718
Non-current assets	211,006	171,973	63,681
Current liabilities	58,689	3,255	12,579
Non-current liabilities	145,655	138,209	5,000
Equity	**60,725**	**57,426**	**48,820**
Group's share in equity	30,362	28,713	24,410
Goodwill	-	-	-
Group's carrying amount of the investment	**30,362**	**28,713**	**24,410**

	31/12/2024	31/12/2023
	€ 000	€ 000
Revenue from contracts with customers	170,994	-
Cost of sales	(141,892)	-
Administrative expenses	(18,492)	-
Finance income	6	206
Finance costs	(5,304)	(207)
Profit before tax	**5,312**	**(1)**
Income tax expense	(666)	-
Result of participations	-	-
Other comprehensive income	(1,347)	(6,738)
Total comprehensive income for the year	**3,299**	**(6,740)**
Group's share of profit for the year	**1,650**	**(3,370)**

Organic Jersey Farm GmbH

In 2020 a 51% (legal) interest was acquired in Organic Jersey Farm GmbH. Economically, this is a 50% Joint Venture.

Meierei B.V.

In 2020, June 18 a 50% interest was acquired in Meierei B.V. Economically, this is a 50% Joint Venture.

Dutch Carbon Company B.V.

In 2022 a 33.33% (legal) interest was acquired in Dutch Carbon Company B.V.

Farmdesk B.V.

In 2024, October 24 a 50% (50% voting and 50% capital) interest was acquired in Farmdesk B.V.

Joint Ventures and Associates (Aggregated)

Royal A-ware's share of profit/(loss) from joint ventures recognised in the consolidated statement of profit or loss for the year ended 31 December 2024 consists of the following:

- € 2,319,000 represents Royal A-ware's share of the 2024 result of Kilkenny Cheese Holding Ltd.
- € (641,000) relates to the aggregated profit/(loss) of all other joint ventures, which corresponds to their 2023 financial year results.
- € (99,000) represents adjustments from prior years relating to the aggregated profit/(loss) of Royal A-ware's joint ventures.

Royal A-ware's interest in joint ventures that are not individually material is accounted for using the equity method in the consolidated financial statements. Please note that the annual reports of The Organic Jersey Farm GmbH, Coucour N.V. and Dutch Carbon Company B.V. for 2024 are not publicly available yet and therefore 2023 figures are included in the aggregated figures. The following table illustrates the aggregated summarised financial information of Royal A-ware's investment:

Joint ventures (aggregated)	31/12/2024	31/12/2023	01/01/2023
	€ 000	€ 000	€ 000
Current assets	8,723	5,649	25,867
Non-current assets	28,308	23,133	2,990
Current liabilities	3,178	1,590	22,261
Non-current liabilities	25,186	20,027	15
Equity	**8,668**	**7,165**	**6,581**
Group's share in equity	3,419	2,779	2,487
Goodwill	584	-	-
Investments in equity other years	825	1,275	1,400
Group's carrying amount of the investment	**4,829**	**4,054**	**3,887**

	31/12/2024	31/12/2023
	€ 000	€ 000
Revenue from contracts with customers	11,082	608
Cost of sales	(7,303)	(569)
Administrative expenses	(4,903)	(2,591)
Finance income	857	734
Finance costs	(1,325)	(811)
Profit before tax	**(1,593)**	**(2,628)**
Income tax expense	(227)	(1)
Result of participations	665	362
Other comprehensive income	-	-
Total comprehensive income for the year	**(1.155)**	**(2.266)**
Group's share of profit for the year	**(748)**	**(1,133)**

11. Financial assets

	31/12/2024	31/12/2023	01/01/2023
	€ 000	€ 000	€ 000
Receivables from joint ventures	15,000	15,000	12,500
Non-listed equity investments at fair value	780	57	57
Other financial fixed assets	10,606	6,975	3,655
Total financial assets	**26,386**	**22,032**	**16,212**

	Non-listed equity investments at fair value	Receivables on participations	Other financial fixed assets	Total
	€ 000	€ 000	€ 000	€ 000
Balance as at 01/01/2023	**57**	**12,500**	**3,655**	**16,212**
Investments	-	-	200	200
Acquired through business combinations (Note 29)	-	-	-	-
Provided loans	-	2,500	3,665	6,165
Movement in P&L	-	-	(49)	(49)
Fair value gains	-	-	-	-
Exchange rate differences	-	-	-	-
Impairment	-	-	(111)	(111)
Disposals	-	-	-	-
Repayments	-	-	(386)	(386)
Balance as at 31/12/2023	**57**	**15,000**	**6,975**	**22,032**
Investments	723	-	-	723
Acquired through business combinations (Note 29)	-	-	500	500
Provided loans	-	-	3,766	3,766
Movement in P&L	-	-	(119)	(119)
Fair value gains	-	-	-	-
Exchange rate differences	-	-	-	-
Impairment	-	-	-	-
Disposals	(0)	-	-	(0)
Repayments	-	-	(516)	(516)
Balance as at 31/12/2024	**780**	**15,000**	**10,606**	**26,386**

Non-listed equity investments accounted for at fair value:

Boostlogix Holding B.V.
In 2020, the shares in Boostlogix Zwolle B.V. incorporated into the new entity Boostlogix Holding B.V. In exchange for this, a 14.29% interest in Boostlogix Holding B.V. was obtained.

Trigona Dairy Trade B.V.
Investment relates to a 15.78% (2023: 16.67%) interest in Trigona Dairy Trade B.V. situated in Didam.

The following methods and assumptions were used to estimate the fair values:
The fair values of the non-listed equity investments have been estimated using a discounted cash flow (DCF) model, which necessitates management to make several key assumptions regarding the model inputs, such as forecast cash flows, the discount rate, credit risk, and volatility. Management has assessed the probabilities of the various estimates within the range, which are integral to the determination of fair value for these investments. Notably, the analysis revealed that there is materially no difference between the cost and the fair value calculated through the DCF model. Consequently, management has concluded that it is appropriate to carry these non-listed equity investments at cost in the financial statements, reflecting their fair value assessment.

	31/12/2024	31/12/2023	01/01/2023
	€ 000	€ 000	€ 000
Investments in non-listed equity investments at FV			
Boostlogix Holding B.V.	54	54	54
Trigona Dairy Trade B.V.	726	3	3
Total	**780**	**57**	**57**

	31/12/2024	31/12/2023	01/01/2023
	€ 000	€ 000	€ 000
Receivables from joint ventures			
Loan Meierei B.V.	12,500	12,500	10,000
Loan Kilkenny Cheese Holdings Limited	2,500	2,500	2,500
Total	**15,000**	**15,000**	**12,500**

A bridge loan of €10,450,000 carrying interest of 6% per year was issued to Meierei B.V. in 2021. In 2022 an amount of €450,000 was repaid and during 2023 €2,500,000 was advanced additionally.

A shareholder loan of €2,500,000 carrying interest of 4.5% per year was issued in December 2022 to Kilkenny Cheese Holdings Limited.

A shareholder (indirect) loan of €3,750,000 carrying interest of 6% per year was issued to E- Piim Tootmine AS. in 2024. The loan will be repaid in bi-annual instalments starting for the first time on 31 December 2031.

The loan regarding Emaus is a loan to a third party. The loan is issued for four years, starting January 5, 2023. The interest on the loan is 5%. A guarantee on all current and future tangible, intangible and financial fixed assets is received as collateral.

The loan to Armalienke B.V. was provided in the financial year 2017. The loan was extended in 2024. The interest rate is 2%.

	31/12/2024	31/12/2023	01/01/2023
	€ 000	€ 000	€ 000
Other financial fixed asset			
Loan E-piim Tootmine AS	3,750	-	-
Loan Emaus B.V.	2,802	3,318	-
Loan Armalienke B.V.	3,000	3,000	3,000
Other financial fixed assets	1,054	657	655
Total	**10,606**	**6,975**	**3,655**

12. Inventories and work in progress

In the valuation of inventory Indirect costs for storage, transport and interest costs are included. An amount of €1,085,000 (2023: €1,457,000) related to interest costs is included on an average of 3%. A provision for obsolete stock of €5,187,000 (2023: €5,072,000) is included in the finished goods.

	31/12/2024	31/12/2023	01/01/2023
	€ 000	€ 000	€ 000
Raw materials	239,385	208,663	216,557
Finished goods	54,300	43,654	48,258
Packing materials	14,122	15,546	18,067
Trucks	8,175	22,262	26,563
Other	18,183	11,990	9,924
Total	**334,164**	**302,115**	**319,369**

13. Trade and other receivables

	31/12/2024	31/12/2023	01/01/2023
	€ 000	€ 000	€ 000
Trade receivables	396,563	305,685	344,118
Allowance for expected credit losses	(1,307)	(1,043)	(1,754)
Trade receivables (net)	**395,255**	**304,642**	**342,364**
Other receivables, prepayments and accrued income	46,073	37,537	28,674
Taxes and social security charges	15,579	10,939	16,006
Total	**456,908**	**353,117**	**387,043**

The following table summarises the movement in the allowance for expected credit losses for the years ended December 31 2024 and 2023.

	31/12/2024	31/12/2023
	€ 000	€ 000
Opening balance	(1,043)	(1,754)
Accruals for expected credit losses	(426)	(398)
Recoveries	27	57
Amount written off	151	1,046
Other movements	(16)	6
Closing balance	**(1,307)**	**(1,043)**

Set out on the right is the information about Royal A-ware's trade receivables using a provision matrix:

		Days past due			
	Current	< 60 days	61-120 days	>120 days	Total
31/12/2024					
Expected loss %	0.00%	0.03%	2.98%	12.93%	0.33%
Trade receivables	297,953	84,073	12,402	7,090	401,518
Allowance for expected credit losses	-	(22)	(369)	(916)	(1,307)
Trade receivables (net)	**297,953**	**84,051**	**12,033**	**6,174**	**400,211**

		Days past due			
	Current	< 60 days	61-120 days	>120 days	Total
31/12/2023					
Expected loss %	0.00%	0.00%	5.16%	36.58%	0.34%
Trade receivables	243,089	58,862	5,707	2,047	309,706
Loss allowance	-	-	(295)	(749)	(1,043)
Trade receivables (net)	**243,089**	**58,862**	**5,413**	**1,299**	**308,662**

Taxes and social security charges

	31/12/2024	31/12/2023	01/01/2023
	€ 000	€ 000	€ 000
Value added tax, wage and social security receivables	9,753	6,296	12,267
Corporate income tax	613	1,046	1,140
Other taxes	5,214	3,597	2,599
Total	**15,580**	**10,939**	**16,006**

Other receivables, prepayments and accrued income

	31/12/2024	31/12/2023	01/01/2023
	€ 000	€ 000	€ 000
Amounts to be invoiced	19,911	9,583	8,733
Amounts to be received	3,127	7,192	4,137
Prepaid expenses	11,360	9,006	5,707
Other	11,676	11,755	10,096
Total	**46,073**	**37,537**	**28,674**

The other receivables are due within 1 year.

14. Cash and cash equivalents

Cash and cash equivalents are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes. Cash and cash equivalents are comprised of cash at bank and on hand and highly liquid investments that are readily convertible to known amounts of cash, are subject to only an insignificant risk of changes in value and have an original maturity of less than three months.

	31/12/2024	31/12/2023	01/01/2023
	€ 000	€ 000	€ 000
Cash and cash equivalents at bank	266,543	24,856	23,428
Cash on hand	20	26	23
Cash equivalents with original maturity less than three months			
Cash and cash equivalents	**266,563**	**24,882**	**23,450**
Less: Bank overdrafts	(23,488)	(68,141)	(73,294)
Cash and cash equivalents, net of overdrafts, as presented in the consolidated statement of cash flows	**243,075**	**(43,259)**	**(49,843)**

15. Issued capital and reserves

Authorised shares	31/12/2024	31/12/2023	01/01/2023
	€ 000	€ 000	€ 000
Ordinary shares of €1 each	18	18	18
Total	**18**	**18**	**18**

The share capital is paid up in full. The share capital issued equals €90,000 divided in 90,000 shares of €1 each.

Share premium	31/12/2024	31/12/2023	01/01/2023
	€ 000	€ 000	€ 000
Share premium	55,443	55,443	55,443
Total	**55,443**	**55,443**	**55,443**

The Share premium reserve was created by contribution when the company was established on 10 November 2010.

Foreign currency translation reserve

The Foreign currency translation reserve comprises all foreign exchange differences arising from the translation of the financial statements of foreign operations. These differences are recognised in other comprehensive income and accumulated in the foreign currency translation reserve within equity.

Dividends:

The Management Board, with the approval of the Supervisory Board, proposes that a dividend of €2,777.78 per share to be paid with respect to 2024, amounting to a total distribution of €50,000,000. This dividend is subject to approval by the General Meeting of Shareholders.

The final dividend of €2,777.78 per share has not been included as a liability on the consolidated balance sheet as of December 31, 2024. The payment of this dividend will not have income tax consequences for Royal A-ware.

Other reserves	Foreign currency translation reserve	Retained earnings	Other reserve	Cash flow hedge reserve	NCI
	€ 000	€ 000	€ 000	€ 000	€ 000
As at 1 January 2023	**(187)**	**267,849**	**10,155**	**19,671**	**1,950**
Realised	(280)	435	(3,805)	(8,371)	-
Dividends paid	-			-	-
Addition/withdrawal in financial year	-	424	-	-	-
Net result for the period	-	82,072	-	-	315
As at 31 December 2023	**(468)**	**350,780**	**6,350**	**11,300**	**2,265**
Realised	1,098	868	(1,541)	(3,773)	-
Dividends paid	-	(10,000)	-	-	-
Addition/withdrawal in financial year	-	-	-	1,069	-
Net result for the period	-	64,721	-	(7,527)	260
As at 31 December 2024	**631**	**406,369**	**4,809**	**1,069**	**2,526**

Approval Process

The proposed profit appropriation is subject to approval by the general meeting of shareholders, which will be held on 21 mei 2025 The financial statements do not reflect this proposed appropriation.

Legal and Contractual Restrictions

The company is subject to certain legal and contractual restrictions on the distribution of profits. As of the balance sheet date, the company complies with all such restrictions, including the minimum reserve requirements stipulated by the Dutch Civil Code and the covenants in the company's loan agreements.

16. Financial liabilities

Current interest bearing loans and borrowings	Interest rate	Maturity	31/12/2024	31/12/2023	01/01/2023
	%		€ 000	€ 000	€ 000
Lease liabilities (Note 8)			62,010	54,215	44,520
Loans from shareholders 1	Euribor + 4.50% (min. 6.50%)	01/01/2027	-	-	-
Loans from shareholders 2	5.50%	31/12/2028	-	-	-
Other subordinated loans			-	2,346	183
Loan from credit institutions 1	Euribor 3-mth + 1.35%	28/12/2030	-	9,883	7,156
Loan from credit institutions 2	Euribor + 1.05 - 1.50%	28/12/2025	-	10,000	10,000
Loan from credit institutions 3	1.80%	08/01/2029	-	20	20
Loan from credit institutions 4	Euribor 3-mth + 1.50%	31/12/2027	-	3,100	3,100
Loan from credit institutions 5	0.70 - 2.90%	1 - 9 years	173	555	615
Loan from credit institutions 6	0.79%	31/12/2023	-	-	1,880
Loan from credit institutions 7	2.19% fixed + 1.65%	27/11/2029	-	-	-
Loan from credit institutions 8	Euribor 3-mth + 1.55%	27/11/2027	15,000	-	-
Loan from credit institutions 9	4.31%	26/09/2034	-	-	-
Mortgage loan 1	Euribor Reuters + 1.15%	07/02/2029	-	160	160
Mortgage loan 2	4.10%	09/01/2024	-	80	80
Mortgage loan 3	2.20%	03/01/2026	-	300	300
Mortgage loan 4	Euribor Reuters + 1.50%	30/05/2030	111	-	-
Other			750	983	959
Total current interest-bearing loans and borrowings			**78,044**	**81,642**	**68,973**

Non-current interest-bearing loans and borrowings	Interest rate	Maturity	31/12/2024	31/12/2023	01/01/2023
Lease liabilities (Note 8)			203,806	177,046	161,438
Loans from shareholders 1	Euribor + 4.50% (min. 6.50%)	01/01/2027	4,000	4,000	4,000
Loans from shareholders 2	5.50%	31/12/2028	-	-	8,492
Other subordinated loans			5,902	20,941	38,321
Loan from credit institutions 1	Euribor 3-mth + 1.35%	28/12/2030	-	50,167	46,338
Loan from credit institutions 2	Euribor + 1.05 - 1.50%	28/12/2025	-	139,022	148,533
Loan from credit institutions 3	1.80%	08/01/2029	-	95	115
Loan from credit institutions 4	Euribor 3-mth + 1.50%	31/12/2027	-	9,271	12,362
Loan from credit institutions 5	0.70 - 2.90%	1 - 9 years	689	877	1,510
Loan from credit institutions 6	0.79%	31/12/2023	-	-	-
Loan from credit institutions 7	2.19% fixed + 1.65%	27/11/2029	72,500	72,500	72,500
Loan from credit institutions 8	Euribor 3-mth + 1.55%	27/11/2027	581,378	-	-
Loan from credit institutions 9	4.31%	26/09/2034	23,502	-	-
Mortgage loan 1	Euribor Reuters + 1.15%	07/02/2029	-	800	960
Mortgage loan 2	4.10%	09/01/2024	-	-	80
Mortgage loan 3	2.20%	03/01/2026	-	2,825	3,125
Mortgage loan 4	Euribor Reuters + 1.50%	30/05/2030	626	-	-
Other			15,750	2,514	3,428
Total non-current interest-bearing loans and borrowings			**908,152**	**480,057**	**501,202**
Total interest-bearing loans and borrowings			**986,196**	**561,700**	**570,175**

Subordinated loans:

Loans from shareholders 1:

- One loan amounts to €4,000,000 with an interest rate of 1-year EURIBOR plus 4.5% with a minimum of 6.5%. According to the agreement, the loan must be repaid in full before January 1, 2027.

Loans from shareholders 2:

- A loan of €8,492,000 with an interest rate of 5.5%. According to the agreement, the loan must be repaid in full on December 31, 2028. The subordinated loans were repaid on January 3, 2023.

Other subordinated loans:

- A loan of €4,450,000 provided by Coöperatie Noorderland Melk U.A. with an interest rate of 12-month EURIBOR plus 4% per year. The loan is provided for an indefinite period.
- A loan of €1,451,000 provided by members of the Vereniging Melkleveranties A-ware. The interest rate varies between 4% and 6% per year. In 2024 an amount of €40,000 was repaid on the existing loans provided by members of the Vereniging Melkleveranties A-ware. The loan is provided for an indefinite period.
- A loan of €550,000 provided by the former shareholder of G. Bosman Transport Nisse B.V. This loan has been repaid in full during 2024.
- Two loans of a) €10,000,000 and b) €5,000,000 provided by a strategic partner. The loans have a term of 6-12 years. The interest rate is a) Euribor plus 1.5% and b) Euribor plus 3.5% per year. Please note that these loans are re-classified to other loans after the re-financing in November 2024.
- During 2023 a loan from a strategic partner of € 15,000,000, which was provided in 2019, has been repaid in full.
- A loan of €2,300,000 is provided by PMV/Z to Olympia N.V. for a term of 3 years (started on January 1, 2021). The interest percentage on the loan is 4.5%. The loan has been repaid in full during 2024.

The loans are subordinated to the loans from credit institutions.

Loan from credit institutions 1

A long-term financing with the initial amount of €72,250,000 has been contracted on December 28, 2018 for the construction of the Mozzarella and Cream plant. It concerns a long-term banking debt with banking consortium ING Lease (the Netherlands) B.V. and the Coöperatieve Rabobank U.A. as credit institutions.

Interest is based on the 3-month EURIBOR plus 1.35%. The loan is repaid in quarterly instalments of €1,789,000.

An amount of €1,297,000 for raising financing has been deducted from the loan. The capitalised financing costs are amortised in proportion to the term of the loan.

On June 12, 2023, Tranche B was added to the financing agreement with a nominal amount of €15,000,000. The interest percentage of tranche B is equal to tranche A. Repayment of the loan takes place in quarterly payments of €682,000, the first repayment has taken place on July 1st, 2023. An amount of €72,000 for raising financing of Tranche B has been deducted from the loan. The capitalised financing costs are amortised in proportion to the term of the loan.

The loan was repaid in full on 28 November 2024 due to the refinancing of Royal A-ware.

Loan from credit institutions 2

A long-term loan with a maximum amount of €180,000,000 has been agreed on December 28, 2020. The interest rate on this loan is a 3-month EURIBOR plus a variable interest. This variable interest depends on the outcome of covenants and varies between 1.05% and 1.50%. The loan will be repaid with half year payments of €5,000,000 for the first time on June 30, 2021. In 2022 the loan is extended with 1 year till December 28, 2025 under the same conditions. The loan was repaid in full on 28 November 2024 due to the refinancing of Royal A-ware.

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Loan from credit institutions 3

This ING green loan with a principal amount of €200,000 was provided in 2019 with the aim of financing environmentally friendly projects. The interest rate is 1.8%. This loan is repaid in quarterly instalments of €5,000 for the first time on November 1, 2019. The loan was repaid in full on 28 November 2024 due to the refinancing of Royal A-ware.

Loan from credit institutions 4

Refinancing of the loan of AB Transport Group B.V. The interest percentage is a 3-month EURIBOR plus 1.50%. The loan is repaid in annual terms of €3,094,000. The loan was repaid in full on 28 November 2024 due to the refinancing of Royal A-ware.

Loan from credit institutions 5

Sum of 8 loans related to property, plant and equipment of May Transporte GmbH with an interest percentage between 0.70% and 2.90%. The term varies between 1-9 years.

Loan from credit institutions 6

Relates to Olympia N.V. and comprises three Credit facilities with 1) KBC Bank with a principal amount of €2,750,000 2) BNP / Fortis with a principal amount of €1,600,000 and 3) Belfius with a principal amount of €2,750,000.

Loan from credit institutions 7

On December 23, 2021, Goldman Sachs Asset Management B.V. (formerly: Nationale Nederlanden Investment Partners) has provided an additional loan of €72,500,000 under the same conditions as the initial loan of €180,000,000 (loan 3). The interest percentage is 1.60%. The amount of €72,500,000 must be repaid in full on December 30, 2027.

During the re-financing this private placement has been renewed with a term of five years. The interest rate is a (fixed) rate of 2.19% plus a margin of 1.65%, for a total of 3.84%. No repayments of principal are required during the term of the loan, which is due in full at maturity. Financing costs of €217,500 were deducted and are being amortised over the term of the loan. The loan is issued to the Koninklijke A-ware Food Group B.V., where it was issued to Dairy and Cheese Holding B.V. prior to the re-financing.

Loan from credit institutions 8

On 25 November 2024, a €1,000,000,000 long-term financing agreement was signed to refinance the majority of Royal A-ware's existing debt. The syndicate consists of eleven financial institutions.

The loan is divided into a €600,000,000 term loan, which was fully drawn at the closing date (28 November 2024), and a €400,000,000 Revolving Credit Facility which remains undrawn. Tenor of the facility is initially three years and can be extended by one year, twice (3 + 1 + 1 years). Extension options are not taken into consideration for measurement of the long-term financing agreement. For all early repaid loans, no breaking cost exists.

Interest is based on 3-month EURIBOR plus a margin of 1.55%. The loan is repayable in semi-annual instalments of €7,500,000 commencing 28 May 2025. Financing costs of €3,000,000 were deducted from the loan and are being amortised over the term of the loan.

A commitment fee (35% of the margin) is payable on the undrawn proportion of the facility. These expenses are capitalised as and when incurred.

As at 31 December 2024, a portion of the term loan amounting to €540,000,000 has been designated in a cash flow hedge relationship to manage the exposure to variability in interest cash flows. The hedging instrument used is an interest rate swap, whereby Royal A-ware receives variable interest and pays fixed interest. Further details on the Group's risk management strategy, hedge designation, and effectiveness assessment are provided in Note 18 and 28.

The loans are subject to the following covenants, which are reviewed quarterly:

- Net Leverage: Net Debt over EBITDA should not exceed 4:1;
- DSCR: Debt Service Cover should not be less than 1.25:1;
- Asset & EBITDA Cover Test: Obligors under the facility should at least represent 85% of assets & EBITDA as compared to the consolidated group figures.

At year end, no breach of covenants was applicable.

The margin on the loans depends on this:

- Net Leverage (margin grid i.e. lower leverage leads to lower margin payable);
- Sustainability KPIs:
  - Increase in annual sourcing of renewable electricity as percentage of total electricity sourced by current, fully owned, production sites;
  - Reduction in Scope 3 GHG emissions on A-ware dairy farms in the Netherlands per kilogram of FPCM, calculated as a weighted average by volume of milk per milk stream;
  - Reduction of water intake at currently, fully owned, wet production locations.

Loan from credit institutions 9

On 26 September 2024 A-ware Asturias S.L. entered into a loan agreement with Banco De Sabadell for a facility up to €34,855,000 of which €23,898,668 was drawn at year-end. The purpose of the loan is the investment in a new plant in Asturias. The facility has a fixed interest rate of 4.31% over the lifetime of the loan and a tenor of 10 years. In terms of security, the facility benefits from a guarantee from Koninklijke A-ware Food Group B.V., as well as a guarantee of €3,500,000 (of which 50% is to be held in cash on a blocked account at Banco De Sabadell). Financing costs related to this facility are capitalised and will be amortised once the plant in Asturias becomes operational.

Mortgage loan 1

The mortgage loan has an initial amount of €1,600,000. The loan is repaid in half year payments of €80,000. The interest rate is based on EURIBOR-Reuters plus 1.15%. A security for this loan is the real estate located at Brusselsesteenweg, 192 in Merchtem (Belgium). The mortgage was repaid in full on 28 November 2024 due to the refinancing of Royal A-ware.

Mortgage loan 2

This ING mortgage loan was provided to finance the purchase of the business premises and industrial sites at Mounekamp 4 in Eastermar. The interest rate is 4.1%. This loan is repaid in quarterly instalments of €20,000. The mortgage was repaid in full on 28 November 2024 due to the refinancing of Royal A-ware.

Mortgage loan 3

The mortgage loan has an initial amount of €4,400,000. The loan is repaid in monthly repayments of €25,000 and a final repayment on March 1, 2029. The interest rate amounts 2.20% till March 1, 2026. A security for this loan is the real estate located at Klipperaak 4, cadastral number G564 and G565 in Bodegraven (Netherlands). The mortgage was repaid in full on 28 November 2024 due to the refinancing of Royal A-ware.

Mortgage loan 4

On 24 June 2024 Stefanini Formaggi Srl was acquired through a business combination. Through this acquisition, a new mortgage was included and has an initial amount of € 400,000. The fair value at acquisition date was € 387,304. The interest rate is based on EURIBOR plus 1.5%. A security for this loan is the real estate located at Via del Bosco 68 Bosco di Scandiano (Italy).

Another mortgage was included and has an initial amount of € 250,000. The fair value at acquisition date was € 127,201. The interest rate is based on EURIBOR plus 4%. A security for this loan is the real estate located at Via del Bosco 68 Bosco di Scandiano (Italy).

Lastly, a mortgage was included and has an initial amount of € 467,000. The fair value at acquisition date was € 222,495. The interest rate is based on EURIBOR plus 4%. A security for this loan is the real estate located at Via del Bosco 68 Bosco di Scandiano (Italy).

Other loans

As highlighted under ‘Other subordinated loans’, two loans of a) € 10,000,000 and b) € 5,000,000 that were provided by strategic partners, were re-classified to ‘other loans’ after the re-financing in November 2024.

In 2020 a third-party loan of € 1,000,000 was received. The interest rate amounts 3% per year. The loan was repaid in full on December 27, 2024.

A Loan of € 3,750,000 was provided by a former shareholder in 2021 with an interest rate of 4% per year. The loan is repaid in quarterly instalments of € 187,500. Additionally, there are some minor not material loans, that were repaid in full during 2023 and 2024.

Changes in liabilities arising from financing activities

	01/01/2023	Cash flows	Foreign exchange movement	Changes in fair values	New leases	Other	31/12/2023
	€ 000	€ 000	€ 000	€ 000	€ 000	€ 000	€ 000
Current interest-bearing loans and borrowings (excluding items listed below)	24,453	-	-	-	-	2,975	27,427
Current lease liabilities (Note 28)	44,520	(59,241)	-	-	63,488	5,448	54,215
Non-current interest-bearing loans and borrowings (excluding items listed below)	339,764	(37,437)	-	-	-	684	303,011
Non-current lease liabilities (Note 28)	161,438	-	-	-	20,679	(5,071)	177,046
Total liabilities from financing activities	**570,175**	**(96,678)**	**-**	**-**	**84,167**	**4,035**	**561,699**

	01/01/2024	Cash flows	Foreign exchange movement	Changes in fair values	New leases	Other	31/12/2024
	€ 000	€ 000	€ 000	€ 000	€ 000	€ 000	€ 000
Current interest-bearing loans and borrowings (excluding items listed below)	27,427	(11,393)	-	-	-	-	16,034
Current lease liabilities (Note 28)	54,215	(67,404)	-	-	69,047	6,152	62,010
Non-current interest-bearing loans and borrowings (excluding items listed below)	303,011	402,812	-	-	-	(1,477)	704,346
Non-current lease liabilities (Note 28)	177,046	-	161	-	26,505	94	203,806
Total liabilities from financing activities	**561,699**	**324,015**	**161**	**-**	**95,551**	**4,769**	**986,196**

Other financial liabilities

	31/12/2024	31/12/2023	01/01/2023
	€ 000	€ 000	€ 000
Other financial liabilities at amortised cost, other than interest-bearing loans and borrowings			
Trade and other payables	221,791	237,516	276,734
Payables relating to taxes and social security contributions	42,660	54,307	37,141
Other liabilities and accrued expenses	207,896	131,742	146,390
Total other financial liabilities	**472,346**	**423,565**	**460,265**
Total current	**550,391**	**505,207**	**529,238**
Total non-current	**908,152**	**480,057**	**501,202**

17. Provisions, commitments and contingencies

The following table summarises the movement in provision for the years ended 31/12/2024, 31/12/2023:

	Annuity commitments	Jubilee benefits	Provisions for onerous contracts	Restructuring provisions	Other provisions	Total
	€ 0	€ 000	€ 000	€ 000	€ 000	€ 000
As of 01/01/2023	**281**	**810**	**1,086**	**500**	**1,589**	**4,267**
Consolidation	-	8	-	-	-	8
Arising during the period	(119)	139	840	-	315	1,175
Utilised	(19)	(68)	(1,086)	(470)	(1,554)	(3,196)
Realised revaluation	-	-	-	-	-	-
Unused amount reversed	-	-	-	-	-	-
Transfer / reclassification	-	-	-	-	-	-
Translation and other adjustment	-	-	-	-	-	-
As of 31/12/2023	**144**	**889**	**840**	**30**	**350**	**2,254**
Current	12	81	840	30	274	1,238
Non-current	132	808	-	-	77	1,016
As of 01/01/2024	**144**	**889**	**840**	**30**	**350**	**2,253**
Consolidation	-	15	-	-	-	15
Arising during the period	14	183	1,197	-	74	1,468
Utilised	(69)	(101)	(840)	(15)	(350)	(1,375)
Realised revaluation	-	-	-	-	-	-
Unused amount reversed	-	-	-	(15)	-	(15)
Transfer / reclassification	-	-	-	-	-	-
Translation and other adjustment	-	-	-	-	-	-
As of 31/12/2024	**89**	**986**	**1,197**	**-**	**74**	**2,346**
Current	17	94	1,197	-	25	1,333
Non-current	72	892	-	-	49	1,013

Other provisions

The other provisions relate to a repayment obligation. The repayment is linked to a supply agreement and will result in an annual outflow of cash. The value of the liability is €1,600,000. During 2023 the payment obligation has been fulfilled.

Also, a provision is included for an amount of €75,000 (2023: €350,000) related to service- liabilities on maintenance of trucks with a term of maximum 5 years.

Commitments and contingencies (1/2)

Royal A-ware Food Group B.V.

The following security has been provided for entities subject to financing by the banking syndicate and Goldman Sachs Asset Management B.V.:

- A pledge, first in rank, on all receivables and inventory owned by Dutch Obligors.
- A Mortgage, first in rank, on registered property at the cheese factory in Heerenveen, the Mozzarella and Cream factory in Heerenveen and the cheese processing factory in Lopik.
- A pledge, first in rank, on movable property at the cheese factory in Heerenveen, the Mozzarella and Cream factory in Heerenveen, the packing facilities in Almere and Culemborg, the cheese processing factory in Lopik and the ripening and warehousing facility in Zeewolde.
- A pledge, first in rank, on all claims, accounts, receivables and movables owned by Belgian Obligors.

Off-balance sheet commitments relating to liability claims

Royal A-ware Food Group B.V. issued article 403 item 1 sub f Book 2 BW, relating to making itself jointly and severally liable for debts arising from juridical acts of the subsidiaries, for all consolidated subsidiaries with the exception of the following Dutch entities:

- Bosman Transport Nisse B.V.

The off-balance sheet liabilities relating to the fiscal unity

Royal A-ware Food Group B.V. and its 100% owned Dutch subsidiaries are part of the fiscal unity for corporate income tax purposes, of which Royal A-ware Food Group B.V. is head of Royal A-ware, with the exception of fiscal unity AB Transport Group, fiscal unity A-ware Grutte Pier, fiscal unity Truck Service Holding, fiscal unity B&A Asset Management Holding and G. Bosman Transport Nisse B.V. and as such is jointly and severally liable for the corporate income tax payable to the Dutch Tax Authorities.

Royal A-ware Food Group B.V. and its consolidated Dutch subsidiaries are part of the fiscal unity for value added tax purposes, of which Royal A-ware Food Group B.V. is head of Royal A-ware, with the exception of fiscal unity AB Transport Group, fiscal unity Truck Service Holding, fiscal unity B&A Asset Management Holding, Tijmen Koelewijn 'B2B' B.V. Noordhoek Kaas B2B B.V. and value added tax exempted entities as such is jointly and severally liable for the turnover tax payable to the Dutch Tax Authorities.

Off-balance sheet liabilities relating to purchase commitments

At year-end 2024, a total of €95,398,730 (2023: € 146,804,274) in investment commitments had been entered into.

Commitments and contingencies (2/2)

Purchase agreements

Long-term purchase contracts have been entered into with milk suppliers, subject to variable prices.

Off-balance sheet commitments relating to guarantees

A total amount of €1,760,183 (2023: €1,418,000) of guarantees have been issued to third parties.

Supply commitment

Royal A-ware has entered into several supply and off-take agreements in which parties (supplier – off-taker) agree on certain volumes to be supplied and/or taken-off. Royal A-ware has evaluated the risk related to the supply commitments and considers that no further disclosure is applicable as there is no financial risk determined.

Suretyship

Royal A-ware Food Group B.V. is guarantor for all purchases and debts by its subsidiaries to BP.

18. Hedging activities and derivatives

Royal A-ware is exposed to certain risks relating to its ongoing business operations. The primary risks managed using derivative instruments is interest rate risk.

Royal A-ware's risk management strategy and how it is applied to manage risk are explained in Note 28.

Derivatives designated as hedging instruments

Cash flow hedges
Royal A-ware uses interest rate swaps to hedge a portion of the interest rate risk associated with its borrowings. The principal objective of such arrangements is to minimise the risks and/or costs associated with Royal A-ware's operating and financial structure as well as to hedge specific anticipated transactions. Royal A-ware does not intend to utilise derivatives for speculative or other purposes other than interest rate risk management.

There is an economic relationship between the hedged item and the hedging instrument as the terms of the interest rate swap match the terms of the fixed rate loan (i.e., notional amount, maturity, payment and reset dates). Royal A-ware has established a hedge ratio of 1:1 for the hedging relationships as the underlying risk of the interest rate swap is identical to the hedged risk component. To test the hedge effectiveness, Royal A-ware uses the hypothetical derivative method and compares the changes in the fair value of the hedging instrument against the changes in fair value of the hedged item attributable to the hedged risk.

The hedge ineffectiveness can arise from:

- Different interest rate curve applied to discount the hedged item and hedging instrument
- Differences in timing of cash flows of the hedged item and hedging instrument
- The counterparties' credit risk differently impacting the fair value movements of the hedging instrument and hedged item

The impact of the hedging instrument on the statement of financial position is as follows:

	Notional amount	Carrying amount	Line item in the statement of financial position	Change in fair value used for measuring ineffectiveness for the period
	€ 000	€ 000		€ 000
As at 31 December 2024				
Interest rate swap	**560,000**	**1,069**	**Derivative financial instruments (Non-current)**	**-**
As at 31 December 2023				
Interest rate swap	**196,000**	**11,300**	**Derivative financial instruments (Non-current)**	**-**
As at 1 January 2023				
Interest rate swap	**203,000**	**19,671**	**Derivative financial instruments (Non-current)**	**-**

	Total hedging gain/(loss) recognised in OCI	Ineffective-ness recognised in profit or loss	Line item in the statement of profit or loss	Amount reclassified from OCI to profit or loss	Line item in the statement of profit or loss
	€ 000	€ 000		€ 000	
As at 31 December 2024					
Interest rate swap	**(2,705)**	**-**	**N/A**	**(7,527)**	**Other financial income and expenses**
As at 31 December 2023					
Interest rate swap	**(8,371)**	**-**	**N/A**	**-**	**N/A**

19. Revenue

Revenue from contracts with customers

The tables provide a breakdown of revenue from contracts with customers for the years ended 31/12/2024 and 31/12/2023. Royal A-ware principally satisfies its performance obligations at a point in time.

	31/12/2024	31/12/2023
	€ 000	€ 000
Dairy	3,324,953	2,818,120
Transport	426,209	381,226
Automotive	61,912	77,030
Total revenue from contracts with clients	**3,813,074**	**3,276,376**

Timing of revenue recognition

	31/12/2024	31/12/2023
	€ 000	€ 000
Revenue recognised at a point in time	3,813,074	3,276,376
Revenue recognised over time	-	-
Total revenue	**3,813,074**	**3,276,376**

	31-12-2024	31-12-2023
Segmentation of revenue	€ 000	€ 000
Netherlands	2,059,740	1,957,900
Other EU countries	1,602,401	1,182,461
Non-EU countries	150,932	136,015
Total	**3,813,074**	**3,276,376**

Performance obligations are generally satisfied at a point in time. As a result, contract balances convert into receivables shortly after. Receivables from customers are generally have a payment term of 30 - 45 days net.

	31/12/2024	31/12/2023	01/01/2023
	€ 000	€ 000	€ 000
Reconciliation of Receivables (unbilled)			
Opening balance	17,969	8,730	11,642
Addition during the period	19,911	17,969	8,730
Amount transferred to trade receivables	(17,969)	(8,730)	(11,642)
Closing balance	**19,911**	**17,969**	**8,730**

20. Other operating income

	31/12/2024	31/12/2023
	€ 000	€ 000
Result on disposal of fixed assets	4,977	4,559
Other operation income	5,126	7,222
Gain (loss) on lease	(680)	39
Total	**9,423**	**11,821**

21. Personnel expenses

The table on the right provides a breakdown of personnel costs for the years ended 31/12/2024 and 31/12/2023.

Other personnel costs mainly consists of temporary workers € 99,700,000 (2023: € 85,126,000).

	31/12/2024	31/12/2023
	€ 000	€ 000
Wages and salaries	254,715	230,137
Social Security and pension cost	70,245	62,129
Other personnel costs	137,931	118,487
Total personnel costs	**462,892**	**410,753**

Disclosure of pension costs (1/3)

Royal A-ware has the following main pension arrangements:

'Kaaspakhuis' CAO – Dairy:
All employees under the 'Kaaspakhuis' CAO are enrolled in a career average pension plan at the industry-wide pension fund PGB. Contributions to this plan are determined centrally by unions and employer organisations in the sector. Participation in this plan is mandatory for employees in the cheese warehousing sector.

Royal A-ware pays a fixed contribution rate for the period that the employee is under contract. These are fixed contribution rates, the employer has no (legal or constructive) obligation to pay further contributions in the event of funding deficits. The contribution rate was 23.20% (2023: 23.20%) with a maximum employee contribution of 4.64% (2023: 4.64%).

Royal A-ware has no further obligation (legal or constructive) to make additional payments – other than the regular premiums – in the event that the fund has insufficient assets to pay all employee benefits relating to current and prior service.

In addition to the basic plan at PGB, a top-up plan is in place for employees who earn more than the salary cap. This plan is a defined contribution plan which is insured at NN. In a defined contribution plan, Royal A-ware pays fixed contributions. Apart from these contributions Royal A-ware has no legal or constructive obligations to make additional payments relating to employee service in the current and prior periods.

Disclosure of pension costs (2/3)

'Zuivel' CAO – Dairy:
All employees under the 'Zuivel' CAO are enrolled in a career average pension plan which is insured at NN. The pension plan entails a career average pay plan with conditional indexation which is linked to the indexation granted by the Bpf Zuivel industry-wide pension fund for the dairy industry.

The contributions rates are based on the insurance company tariffs and are fixed until the end of the contract.

In addition to the basic plan, a top-up plan is in place for employees who earn more than the salary cap. This plan is a defined contribution plan which is insured at NN.

Management plan
The management participates in a separate defined contribution plan. This plan is administered by the insurance company NN. The contribution rates are age-dependent and range from 8.0% to 31.5% of the pensionable base. The contribution is fully paid by the employer. In a defined contribution plan, the employer pays fixed contributions. Apart from these contributions, the employer has no legal or constructive obligations to make additional payments relating to employee service in the current and prior periods.

Transport:
All employees of the Transport business line are enrolled in a career average pension plan at the industry-wide pension fund for transportation (Bpf Vervoer).

Royal A-ware pays a fixed contribution rate for the period that the employee is under contract. These are fixed contribution rates and the employer has no (legal or constructive) obligation to pay further contributions in the event of funding deficits. During the last few years the contribution rate has been stable at a level of 30.0% of the pension base with a maximum employee contribution of 10.16%.

Just like the pension plan at PGB, in this plan Royal A-ware has no further obligation (legal or constructive) to make additional payments – other than the regular premiums – in the event that the fund has insufficient assets to pay all employee benefits relating to current and prior service.

"We believe in chain collaboration for maximum impact and minimal waste."

Disclosure of pension costs (3/3)

“Middelloonregeling” pension plans:
The “Middelloonregeling” Royal A-ware has with Bpf PGB, Bpf Vervoer and Nationale Nederlanden is regarded as a defined benefit plan. The “Middelloonregeling” meets the definition of a multi-employer plan as it is a defined benefit plan that pool the assets contributed by various entities that are not under common control and uses those assets to provide benefits to employees of more than one entity, on the basis that contribution and benefit levels are determined without regard to the identity of the entity that employs the employees.

Sufficient information could not be obtained to use defined benefit accounting for the multi-employer defined benefit plan due to the lack of detailed actuarial data and specific plan provisions necessary to determine the entity’s share of the plan’s obligations and assets, as well as the inability to assess the financial position of the plan as a whole, which is required under IAS 19 for accurate measurement and recognition of defined benefit obligations. Royal A-ware therefore makes use of the practical exemption in IAS 19 to account for these plans as defined contribution plans. The expected contributions to the “Middelloonregeling” for the financial year ending 31 December 2025 is €20,272,000. The expense recognised for these plans for the year ending 31 December 2024 is €13,399,000.

In accordance with standard arrangements applicable to members of industry pension funds, participation in the fund is mandatory for all eligible entities. Members are not afforded the option to exit the fund at their discretion. Upon the termination of the pension arrangement, it is required that alternative provisions be sought to ensure continued retirement benefits for participants. Furthermore, participants retain their claims on the fund, which must be honored in accordance with the governing regulations. These arrangements include insured payout agreements with guaranteed amounts (Defined Benefit) placed in (guarantee) contracts with multi-employer pension providers.

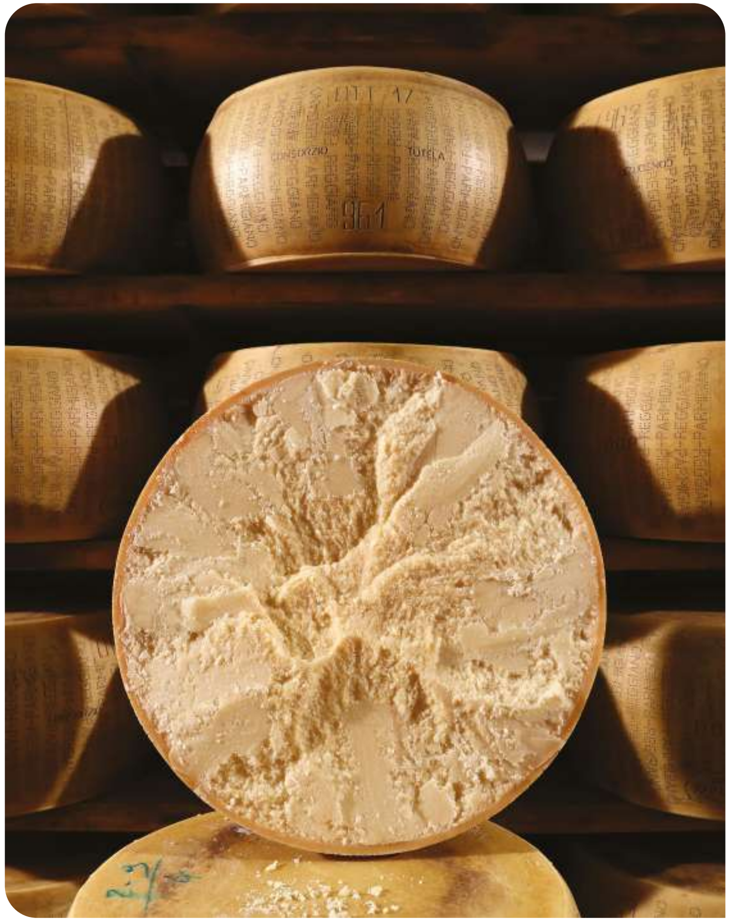
Individual schemes:
Other than the “Middelloonregeling” plans, Royal A-ware also has individual pension schemes with Nationale Nederlanden. These schemes are regarded as defined contribution plans. The expense recognised for these defined contribution plans for the year ending 31 December 2024 is €2,597,000.

Average number of FTE

	31/12/2024	31/12/2023	01/01/2023
Average number of FTE over the period working in the Netherlands	3,359	3,226	3,035
Average number of FTE over the period working outside the Netherlands	1,133	1,132	1,031
Average number of FTE over the period	**4,492**	**4,358**	**4,066**

	Active within the Netherlands	Active outside the Netherlands	Total
2024			
Production	910	116	1,026
Logistics	1,395	738	2,133
Other	1,054	279	1,333
Total	**3,359**	**1,133**	**4,492**

	Active within the Netherlands	Active outside the Netherlands	Total
2023			
Production	856	114	970
Logistics	1,317	728	2,045
Other	1,053	290	1,343
Total	**3,226**	**1,132**	**4,358**



22. Depreciation and amortisation of intangible and tangible fixed assets

	31/12/2024	31/12/2023
	€ 000	€ 000
Amortisation of intangible assets	91	87
Depreciation on property, plant and equipment	52,330	49,625
Depreciation on right of use assets	57,304	47,760
Total	**109,725**	**97,472**

23. Other operating expenses

	31/12/2024	31/12/2023
	€ 000	€ 000
Housing expenses	61,678	64,740
Operating, repair and maintenance expenses	38,292	32,314
Selling expenses	7,107	8,520
Car expenses	5,653	5,151
General expenses	35,708	25,403
Shipping expenses	134,096	118,856
Total	**282,534**	**254,983**

24. Auditors' remuneration

An amount of €271,775 (2023: €257,500) is related to audit fees in foreign countries. The audit fees in the table on the right for the annual report 2024 (2023) refer to the total audit fees on the annual report 2023 (2022) regardless of whether all the audit activities have taken place in 2024 (2023).

	31/12/2024	31/12/2023
	€ 000	€ 000
Auditors' fees relating to the audit of the financial statements	896	797
Accountant fees for other audit assignment	15	19
Auditors' fees relating to tax services	40	49
Total	**952**	**865**

25. Financial income and expenses

Please refer to note 11 for further details.

	31/12/2024	31/12/2023
	€ 000	€ 000
Interest and similar income	7,261	6,379
Interest and similar expenses	(37,433)	(33,790)
Currency exchange differences	453	(113)
Other financial income and expenses	5,252	(28)
Interest on financial lease liabilities	(2,462)	(2,014)
Interest on lease liabilities	(6,152)	(5,448)
Total	**(33,082)**	**(35,014)**

26. Income taxes

Effective tax rate
In 2024 the effective tax rate is 26.7% (2023: 26.6%) of the result before taxes. The corporate income tax rate is mainly affected by:

- Fiscally non-deductible depreciation on goodwill
- Fiscally limited or non-deductible income and expenses
- Deviations between local corporate income tax rates
- Permanent differences as a result of energy and environmental subsidies
- Impact of the change of the nominal tax rate on deferred tax liabilities

Applicable tax rate
Reconciliation of tax expense and the accounting profit multiplied by Royal A-ware's domestic tax rate for 2023 and 2024:

	31/12/2024	31/12/2023
	€ 000	€ 000
Deferred income tax expense	4,381	5,409
Income tax expense from previous financial years	168	(340)
Income tax expense from current financial year	(27,292)	(35,237)
Total of income tax expense	**(22,744)**	**(30,168)**

	31-12-2024	31-12-2023
	€ 000	€ 000
Accounting profit before tax from continuing operations	**85,115**	**113,439**
At the group's statutory income tax rate of 25.8% (2023: 25.8%)	21,960	29,267
Deduction for energy investment	(54)	(462)
Non-deductible expenses	582	255
(Foreign) tax rate differences	33	(109)
Losses for which no deferred tax asset was formed	334	829
Corporate income tax corrections previous years	(237)	381
Other	126	7
At the effective income tax rate of 26.7% (2023: 26.6%)	22,744	30,168
Income tax expense reported in the statement of profit or loss	**(22,744)**	**(30,168)**

Deferred tax assets / (liabilities)

	31/12/2024	31/12/2023	01/01/2023
	€ 000	€ 000	€ 000
Deferred tax assets	7,822	8,829	9,008
Deferred tax liabilities	(28,042)	(33,420)	(38,671)
Net deferred tax position	**(20,220)**	**(24,592)**	**(29,663)**

	Opening balance	Net income statement movement	Other movements	Total
	€ 000	€ 000	€ 000	€ 000
Net deferred tax position as at 01/01/2023	**(29,663)**	**-**	**-**	**(29,663)**
Property plant and equipment	(16,437)	550	-	(15,887)
Intangible assets	-	-	-	-
Trade receivables	-	-	-	-
Provision	445	(408)	-	37
Accounts payable	-	-	-	-
Others	(13,671)	5,266	(337)	(8,742)
Net deferred tax position as at 31/12/2023	**(29,663)**	**5,408**	**(337)**	**(24,592)**
Property plant and equipment	(15,887)	2,257	-	(13,630)
Intangible assets	-	-	-	-
Trade receivables	-	-	-	-
Provision	37	(11)	-	26
Accounts payable	-	-	-	-
Others	(8,742)	2,135	(9)	(6,616)
Net deferred tax position as at 31/12/2024	**(24,592)**	**4,381**	**(9)**	**(20,220)**

Pillar Two rules

The Organisation for Economic Co-operation and Development (OECD)/G20 Inclusive Framework on Base Erosion and Profit Shifting (BEPS) addresses the tax challenges arising from the digitalisation of the global economy. The Global Anti-Base Erosion Model Rules (Pillar Two model rules) apply to multinational enterprises (MNEs) with annual revenue in excess of EUR 750 million per their consolidated financial statements.

The Pillar Two model rules introduce four new taxing mechanisms under which MNEs would pay a minimum level of tax (the Minimum Tax):

- The Qualified Domestic Minimum Top-up Tax (QDMTT)
- The Income Inclusion Rule (IIR)
- The Under Taxed Payments/Profits Rule (UTPR)

The Subject to Tax Rule is a tax treaty-based rule that generally proposes a Minimum Tax on certain cross-border intercompany transactions that otherwise are not subject to a minimum level of tax.

The new taxing mechanisms can impose a minimum tax on the income arising in each jurisdiction in which an MNE operates. The IIR, UTPR and QDMTT do so by imposing a top-up tax in a jurisdiction whenever the effective tax rate (ETR), determined on a jurisdictional basis under the Pillar Two rules, is below a 15% minimum rate.

On 23 May 2023, the International Accounting Standards Board issued International Tax Reform Pillar Two Model Rules – Amendments to IAS 12 (the Amendments). The Amendments clarify that IAS 12 applies to income taxes arising from tax law enacted or substantively enacted to implement the Pillar Two model rules published by the OECD, including tax law that implements a QDMTT. Royal A-ware has adopted these amendments, which introduce:

- A mandatory temporary exception to the accounting for deferred taxes arising from the jurisdictional implementation of the Pillar Two model rules; and
- Disclosure requirements for affected entities to help users of the financial statements better understand an entity's exposure to Pillar Two income taxes arising from that legislation.

The Pillar Two model rules were adopted at the end of 2023 and are applicable starting from 1 January 2024. According to these rules, Royal A-ware is considered a multinational enterprise to which the Pillar Two rules shall be applied. At the same time, Pillar Two legislation has been enacted or substantively enacted in several other jurisdictions in which Royal A-ware operates effective for the financial year beginning 1 January 2024. Royal A-ware has performed an assessment of its potential exposure to Pillar Two income taxes based on the 2023 country-by- country reporting and 2024 financial information for the constituent entities in Royal A-ware. The Pillar Two effective tax rates in all of the jurisdictions in which Royal A-ware operates is above 15%. No Pillar Two current tax expense is expected.

As at 31 December 2024, Royal A-ware has unrecognised deferred tax assets relating to carry-forward tax losses of €6,117,733 of which NOK 19,696,195 in Norway, SEK 26,449,481 in Sweden and €2,139,165 in Finland, including an estimate of the settable tax loss for 2024. These losses are available for offset against future taxable profits but have not been recognised due to the uncertainty of generating sufficient taxable profits within the period allowed by the relevant tax authorities.

The deferred tax assets in Norway and Sweden are denominated in NOK and SEK, respectively.

Royal A-ware will continue to monitor the situation and recognise the deferred tax assets as and when it becomes probable that these will be utilised.

Royal A-ware continues to follow Pillar Two legislative developments, as further countries enact the Pillar Two model rules, to evaluate the potential future impact on its consolidated results of operations, financial position and cash flows beginning.


"Our strategy: efficiency, quality, and sustainability – always in balance."

27. Fair values

31/12/2024	Financial assets at amortised cost	Financial assets at fair value	Financial liabilities at amortised cost	Total carrying amount	Total fair value	Level 1	Level 2	Level 3
Financial assets not at fair value								
Loans issued (Note 11)	24,896	-	-	24,896	24,896	-	-	-
Other financials assets (Note 11)	710	-	-	710	710	-	-	-
Trade and other receivables (Note 13)	456,908	-	-	456,908	456,908	-	-	-
Cash and cash equivalents (Note 14)	266,563	-	-	266,563	266,563	-	-	-
	749,077	**-**	**-**	**749,077**	**749,077**	**-**	**-**	**-**
Financial assets at fair value								
Investments in non-listed equity investments at FV (Note 11)	-	780	-	780	780	-	-	780
Hedging derivatives (Note 18)		1,069	-	1,069	1,069	-	1,069	-
	-	**1,849**	**-**	**1,849**	**1,849**	**-**	**1,069**	**780**
Financial liabilities not at fair value								
Interest bearing borrowings (Note 16)	-	-	986,196	986,196	-	-	-	-
Other financials liabilities (Note 14)	-	-	23,488	23,488	-	-	-	-
Trade and other payables (Note 16)	-	-	472,346	472,346	-	-	-	-
	-	**-**	**1,482,031**	**1,482,031**	**-**	**-**	**-**	**-**

31/12/2023	Financial assets at amortised cost	Financial assets at fair value	Financial liabilities at amortised cost	Total carrying amount	Total fair value	Level 1	Level 2	Level 3
Financial assets not at fair value								
Loans issued (Note 11)	21,645	-	-	21,645	21,645	-	-	-
Other financials assets (Note 11)	329	-	-	329	329	-	-	-
Trade and other receivables (Note 13)	353,117	-	-	353,117	353,117	-	-	-
Cash and cash equivalents (Note 14)	24,882	-	-	24,882	24,882	-	-	-
	399,974	**-**	**-**	**399,974**	**399,974**	**-**	**-**	**-**
Financial assets at fair value								
Investments in non-listed equity investments at FV (Note 11)	-	57	-	57	57	-	-	57
Hedging derivatives (Note 18)		11,300		11,300	11,300	-	11,300	-
	-	**11,357**	**-**	**11,357**	**11,357**	**-**	**11,300**	**57**
Financial liabilities not at fair value								
Interest bearing borrowings (Note 16)	-	-	561,700	561,700	-	-	-	-
Other financials liabilities (Note 14)	-	-	68,141	68,141	-	-	-	-
Trade and other payables (Note 16)	-	-	423,565	423,565	-	-	-	-
	-	**-**	**1,053,405**	**1,053,405**	**-**	**-**	**-**	**-**

01/01/2023	Financial assets at amortised cost	Financial assets at fair value	Financial liabilities at amortised cost	Total carrying amount	Total fair value	Level 1	Level 2	Level 3
Financial assets not at fair value								
Loans issued (Note 11)	15,939	-	-	15,939	15,939	-	-	-
Other financials assets (Note 11)	216	-	-	216	216	-	-	-
Trade and other receivables (Note 13)	387,043	-	-	387,043	387,043	-	-	-
Cash and cash equivalents (Note 14)	23,450	-	-	23,450	23,450	-	-	-
	426,648	**-**	**-**	**426,648**	**426,648**	**-**	**-**	**-**
Financial assets at fair value								
Investments in non-listed equity investments at FV (Note 11)	-	57	-	57	57	-	-	57
Hedging derivatives (Note 18)		19,671		19,671	19,671	-	19,671	-
	-	**19,728**	**-**	**19,728**	**19,728**	**-**	**19,671**	**57**
Financial liabilities not at fair value								
Interest bearing borrowings (Note 16)	-	-	570,175	570,175	-	-	-	-
Other financials liabilities (Note 14)	-	-	73,294	73,294	-	-	-	-
Trade and other payables (Note 16)	-	-	460,265	460,265	-	-	-	-
	-	**-**	**1,103,733**	**1,103,733**	**-**	**-**	**-**	**-**

Financial Assets and Liabilities

For financial instruments, the carrying amount represents a reasonable approximation of fair value. As a result, no separate fair value disclosure is included for these financial instruments.

Investments in non-listed equity investments at FV

Investments in non-listed equity investments at FV are classified as level 3. The fair values of the non-listed equity investments have been estimated using a discounted cash flow (DCF) model, which necessitates management to make several key assumptions regarding the model inputs, such as forecast cash flows, the discount rate, credit risk, and volatility. Management has assessed the probabilities of the various estimates within the range, which are integral to the determination of fair value for these investments. Notably, the analysis revealed that there is materially no difference between the cost and the fair value calculated through the DCF model. Consequently, management has concluded that it is appropriate to carry these non-listed equity investments at cost in the financial statements, reflecting their fair value assessment.

Hedging derivatives

The hedging derivatives are classified as Level 2 valuation method. The fair value of the interest rate swaps is based on the statement of the market-to-market valuations of the relevant counterparties. The models of the counterparties value the interest rate swaps as the difference between a fixed-rate loan and a variable- rate loan, given the market interest rate of the counterparty on the reference date

The fair value of trade receivables, cash and trade payables approximate their carrying value.

28. Risk management objectives and policies

The data included in these notes provide information that helps in estimating the extent of risks associated with both on balance and off-balance financial instruments.

Royal A-ware's primary financial instruments, other than derivatives, are used to finance Royal A-ware's operational activities or arise directly from these activities. Also, Royal A-ware uses derivatives, in particular interest rate swaps, to hedge the interest rate risks arising from Royal A-ware's operational and financing activities. It is Royal A-ware's policy not to trade in financial instruments.

The main risks arising from Royal A-ware's financial instruments are credit risk, liquidity risk, and price risk, which consist of interest rate risk.

Royal A-ware's policies to limit these risks are set out below.

Cashflow risk

Royal A-ware is exposed to interest risk on the interest-bearing receivables (and cash) and the interest-bearing long-term and short-term debts (including debts to credit institutions).

Royal A-ware is exposed to risk on future cash flows concerning the receivables and debts with agreements including variable interest. For the receivables and debts with agreements including fixed interest Royal A-ware is exposed risk on the fair value as a result of changes in the market interest. Concerning the receivables, no financial derivatives are contracted for covering the interest risk. Concerning several fixed rate debts (loans to associates and joint ventures) the companies contracted interest swaps, variable interest is received, and the fixed interest is paid.

Interest rate risk

Royal A-ware is exposed to the risk of changes in market interest rates primarily due to its long- term debt obligations. Royal A-ware manages its interest rate risk exposure through a portfolio of fixed and variable rate borrowings.

"Royal A-ware hedges interest risks to protect cash flow and financial stability."

	31/12/2024	31/12/2023	01/01/2023
	€ 000	€ 000	€ 000
Fixed rate borrowings	660,949	280,585	315,158
Floating rate borrowings	63,450	51,657	51,429
Total borrowings	**724,399**	**332,242**	**366,587**

Sensitivity analysis – Impact on net profit for the period:

	31/12/2024	31/12/2023	01/01/2023
	€ 000	€ 000	€ 000
Increase in borrowing rate by 100 bps	(635)	(517)	(514)
Decrease in borrowing rate by 100 bps	635	517	514

Royal A-ware is exposed to possible changes in interest rates on variable interest loans and borrowings, partially mitigated through cash and cash equivalents, derivatives (IRS) and current deposits. With all other variables held constant, Royal A-ware's profit before tax is affected through changes in the floating rate of borrowings while Royal A-ware's equity is affected through the impact of a parallel shift of the yield curve on the fair value of hedging derivatives. Royal A-ware assessed the impact of sensitivity for the cash flow hedge on Royal A-ware's equity and considers potential scenarios to be immaterial and as such did not further disclose the sensitivity analysis.

Royal A-ware entered into several derivatives. Refer to note 17 for more information.

The derivatives related to the Grutte Pier Financing have a term ending in 2028. Interest rates included in the derivatives range between 0.61% and 0.70%. On 17 December 2024 the derivatives were settled and received with a positive market value of €1,708,200.

In 2022 Royal A-ware entered into two derivatives with a term ending in 2026 related to the Dairy and Cheese financing. Interest rates included in the derivatives range between 0.48% and 0.49%. On 17 December 2024 the derivatives were settled and received with a positive market value of €5,818,500.

In 2024 Royal A-ware entered into six derivatives with a term ending 28 November 2029 related to the A-ware Food Group financing. The interest rates applicable are approximately 2.20% based on 5 year mid swap rate plus credit spread for the fixed rate and 3M Euribor for the floating rate. At the end of the financial year, Royal A-ware had interest rate derivatives outstanding with a positive market value of approximately €1,100,000.

Credit risk

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. Royal A-ware is exposed to credit risk from its operating activities (primarily from trade receivables, loans to affiliates and contract assets), and from its treasury activities, including deposits with banks and financial institutions, derivative financial instruments and other financial instruments.

Royal A-ware only deals with creditworthy parties and has established procedures to determine the creditworthiness. Royal A-ware has also established guidelines to limit the extent of credit risk for each party. In addition, Royal A-ware continuously monitors its receivables and applies a strict reminder procedure. As a result of the above measures, the credit risk for Royal A-ware is minimal. Furthermore, there are no significant concentrations of credit risk within Royal A-ware.

An analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The provision rates are based on days past due for groupings of various customer segments with similar loss patterns. The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions. Generally, trade receivables are written-off if past due for more than 90 days and are not subject to enforcement activity. The maximum exposure to credit risk at the reporting date is the carrying value of each class of financial assets. For further information about Royal A-ware's impairment analysis on trade receivables refer to the provision matrix included in Note 13.

Liquidity risk

Liquidity risk the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. Royal A-ware monitors its risk to a shortage of funds using a recurring liquidity planning tool. Royal A-ware's objective is to maintain a balance between continuity of funding and flexibility through the use of bank overdrafts, bank loans and lease contracts. Royal A-ware's policy is to create a balanced debt maturity profile.

Royal A-ware contracted multiple banks to have access over multiple credit facilities. When applicable, additional securities are provided to the bank for available credit facilities. The liquidity position of Royal A-ware is guarded by subsequent liquidity budgets. Management continuously ensures sufficient liquidities are available to Royal A-ware to satisfy the liabilities and to ensure sufficient liquidities are available to Royal A-ware to meet the measurements of the covenants. Royal A-ware has considered the application of the Effective Interest Rate (EIR) method in accordance with IFRS 9. However, based on an assessment of its financial instruments, the impact of using the EIR method is not material. As a result, interest income and expense are recognised on a nominal basis. Royal A-ware will continue to monitor the impact and reassess if necessary.

Available facilities:

	Availability period	Facility amount	Utilised	Available
Term loan	25/11/2027	600,000,000	600,000,000	-
Revolving credit facility	25/11/2027	400,000,000	-	400,000,000

Maturity profile

The table summarises the maturity profile of Royal A-ware's financial liabilities based on contractual undiscounted payments. Payments related to variable interest rate financial liabilities and derivatives are included based on the interest rates and foreign currency exchange rates applicable as of 31/12/2024, 31/12/2023, and 01/01/2023, respectively.

Capital Management

For the purpose of Royal A-ware's capital management, capital includes issued capital, share premium and all other equity reserves attributable to the equity holders of the parent. The primary objective of Royal A-ware's capital management is to ensure that it maintains healthy capital ratios, so as to secure access to debt and capital markets at all times and maximize shareholder value. Royal A-ware manages its capital structure and makes adjustments to it in light of changes in economic conditions.

In order to achieve this overall objective, Royal A-ware's capital management, among other things, aims to ensure that it meets financial covenants attached to the interest-bearing loans and borrowings that define capital structure requirements. Breaches in meeting the financial covenants would permit the bank to immediately call loans and borrowings. There have been no breaches of the financial covenants of any interest-bearing loans and borrowing in the current period.

	Within 1 year	1-3 years	3-5 years	More than 5 years	Total
31/12/2024					
Long term Borrowing	16,034	587,443	72,500	44,404	720,381
Lease liabilities	62,010	203,806	-	-	265,816
Trade & other payable	221,791	-	-	-	221,791
Others	274,044	-	-	-	274,044
31/12/2023					
Long term Borrowing	27,427	175,032	96,330	31,649	330,438
Lease liabilities	54,215	177,046	-	-	231,261
Trade & other payable	237,516	-	-	-	237,516
Others	254,190	-	-	-	254,190
01/01/2023					
Long term Borrowing	24,453	194,669	26,647	118,448	364,217
Lease liabilities	44,520	161,438	-	-	205,958
Trade & other payable	276,734	-	-	-	276,734
Others	256,824	-	-	-	256,824

Currency risk

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates. Royal A-ware's exposure to the risk of changes in foreign exchange rates relates primarily to Royal A-ware's operating activities. Royal A-ware is mainly active in the European Union. The currency risk for Royal A-ware is mostly related to the positions and future transactions in currencies other than Euro. The management of Royal A-ware has determined, based on a risk analysis, that exposure to foreign currencies is immaterial.

29. Business combinations

2024

Royal A-ware completed acquisitions for a total purchase consideration of € 5,766,000 during 2024. The allocation of the fair values of the identifiable assets acquired, liabilities assumed, and goodwill arising from the acquisitions during 2024 is as follows:

	Fair value recognised on acquisition
Assets	
Customer base	500
Right of use asset	9,860
Property, plant and equipment	6,464
Inventory	142
Cash and cash equivalents	5
Other	347
	17,368
Liabilities	
Lease liability	(9,860)
Other liabilities	(2,096)
	(11,956)
Total identifiable net assets at fair value	**5,412**
Purchase consideration transferred	**5,766**
Analysis of cash flows on acquisition	
Transaction costs of the acquisition (included in cash flows from operating activities)	14
Purchase consideration (included in cash flows from investing activities)	5,762
	5,776

Royal A-ware measured the acquired lease liabilities using the present value of the remaining lease payments at the date of acquisition. The right-of-use assets were measured at an amount equal to the lease liabilities and adjusted to reflect the favourable terms of the lease relative to market terms. The measurement of acquired assets and liabilities did not result in recognition of deferred tax assets and/or deferred tax liabilities.

2023

Royal A-ware completed acquisitions for a total purchase consideration of € 8,526,000 during 2023. The allocation of the fair values of the identifiable assets acquired, liabilities assumed, and goodwill arising from the acquisitions during 2023 is as follows:

	Fair value recognised on acquisition
Assets	
Customer base	-
Right of use asset	3,566
Property, plant and equipment	6,848
Inventory	2,866
Cash and cash equivalents	451
Other	102
	13,833
Liabilities	
Lease liability	(4,616)
Other liabilities	(1,954)
	(6,570)
Total identifiable net assets at fair value	**7,263**
Purchase consideration transferred	**8,526**
Analysis of cash flows on acquisition	
Transaction costs of the acquisition (included in cash flows from operating activities)	159
Purchase consideration (included in cash flows from investing activities)	8,526
	8,685

Royal A-ware measured the acquired lease liabilities using the present value of the remaining lease payments at the date of acquisition. The right-of-use assets were measured at an amount equal to the lease liabilities and adjusted to reflect the favourable terms of the lease relative to market terms. The measurement of acquired assets and liabilities did not result in recognition of deferred tax assets and/or deferred tax liabilities.

30. Related parties

The following table provides the total amount of transactions and relevant balances on 31/12/2024 that have been entered into with related parties for the relevant financial year.

2024	Sales to related parties	Purchases from related parties	Amounts owed by related parties*	Amounts owed to related parties*
	€ 000	€ 000	€ 000	€ 000
Associates				
Coucour N.V.	5,104	1	661	215
Investment in non-listed equity at fair value				
Trigona Dairy Trade B.V.	10,833	8,146	4,905	3,776
Boostlogix Holding B.V.	-	39	54	23
Joint ventures				
Kilkenny Cheese Ltd. (100% owned by Kilkenny Cheese Holding Ltd.)	-	151,231	229	19,068
Key management personnel / Related parties (partially) owned by shareholders of Royal A-ware Food Group				
Smit CH Open C.V.	-	279	-	-
ANBO Vastgoed III B.V.	-	720	-	-
ANBO Vastgoed IV B.V.	-	382	-	-
D.F. Investments B.V.	-	26	-	-
Vastgoed Participatie Culemborg B.V.	-	4,238	-	-
V.O.F. Sinnetsiis	-	569	-	-
Sinnetsiis II B.V.	-	47	-	-
Praktijkboerderij Oenkerk	-	489	4	47
International Belt Trailer Pool B.V.	-	932	-	-
E-Piim Tootmine AS (24,9% owned by Meierei B.V.)	-	49,773	894	3,506

*The amounts are classified as trade receivables and trade payables, respectively (see Notes 13 and 16).

	Interest recieved	Interest paid	Amounts owed by related parties*	Amounts owed to related parties*
	€ 000	€ 000	€ 000	€ 000
Joint ventures				
Kilkenny Cheese Holding Ltd.	113	-	2,500	-
Meierei B.V.	438	-	12,500	-
Key management personnel / Related parties (partially) owned by shareholders of Royal A-ware Food Group				
Smit CH Open CV	-	321	-	4,000
Armalienke B.V.	60	-	3,000	-
E-Piim Tootmine AS (24,9% owned by Meierei B.V.)	17	-	3,750	-

*The amounts are classified as financial liabilities and financial assets, respectively (see Notes 16 and 11).

The related parties mentioned in the disclosure note consists of direct associates or investments of Royal A-ware plus related parties which are (indirectly) owned by the shareholders of Royal A-ware.

The following table provides the total amount of transactions and relevant balances on 31/12/2024 that have been entered into with related parties for the relevant financial year.

2023	Sales to related parties	Purchases from related parties	Amounts owed by related parties*	Amounts owed to related parties*
	€ 000	€ 000	€ 000	€ 000
Associates				
Coucour N.V.	4,408	25	510	4
Investment in non-listed equity at fair value				
Trigona Dairy Trade B.V.	3,805	1,788	93	92
Boostlogix Holding B.V.	-	125	54	46
Joint ventures				
Kilkenny Cheese Ltd. (100% owned by Kilkenny Cheese Holding Ltd.)	-	-	-	98
Key management personnel / Related parties (partially) owned by shareholders of Royal A-ware Food Group				
Smit CH Open CV	-	44	-	-
Kaasopslag Woerden B.V.	-	227	-	-
ANBO Vastgoed III B.V.	-	719	-	-
ANBO Vastgoed IV B.V.	-	381	-	-
ANBO Vastgoed Holding B.V.	-	691	-	-
D.F. Investments B.V.	-	26	-	-
Vastgoed Participatie Culemborg B.V.	-	4,115	-	-
V.O.F. Sinnetsiis	-	63	-	-
Sinnetsiis II B.V.	-	65	-	-
Praktijkboerderij Oenkerk	-	500	2	-
Lian B.V.	-	285	-	45
International Belt Trailer Pool B.V.	-	932	-	188
E-Piim Tootmine AS (24,9% owned by Meierei B.V.)	-	11,906	27	2,285

*The amounts are classified as trade receivables and trade payables, respectively (see Notes 13 and 16).

The related parties mentioned in the disclosure note consists of direct associates or investments of Royal A-ware plus related parties which are (indirectly) owned by the shareholders of Royal A-ware.

	Interest recieved	Interest paid	Amounts owed by related parties*	Amounts owed to related parties*
	€ 000	€ 000	€ 000	€ 000
Joint ventures				
Kilkenny Cheese Ltd. (100% owned by Kilkenny Cheese Holding Ltd.)	113	-	2,500	-
Meierei B.V.	438	-	12,500	-
Key management personnel / Related parties (partially) owned by shareholders of Royal A-ware Food Group				
Smit CH Open CV	-	321	-	4,000
Armalienke B.V.	60	-	3,000	-

*The amounts are classified as financial liabilities and financial assets, respectively (see Notes 16 and 11).

Terms and conditions of transactions with related parties

The sales to and purchases from related parties are made on terms equivalent to those that prevail in arm's length transactions. Outstanding balances at the year-end are unsecured and interest free and settlement occurs in cash. There have been no guarantees provided or received for any related party receivables or payables.

Compensation of key management personnel of Royal A-ware

	31/12/2024	31/12/2023
	€ 000	€ 000
Remuneration of Managing directors and former Managing directors	1,804	1,727
Remuneration of Supervisory directors and former Supervisory directors	214	185
	2,017	**1,912**

Remuneration of and loans to directors and Supervisory board

	31/12/2024	31/12/2023
	€ 000	€ 000
Periodically paid remuneration	1,362	1,216
Remuneration payable in the future	155	96
Profit sharing and bonus payments	500	600
	2,017	**1,912**

The amounts disclosed in the table are the amounts recognised as an expense during the reporting period related to key management personnel. Senior management personnel of Royal A-ware, excluding non-executive directors, are included in an annual cash bonus scheme. Bonuses in this scheme are determined on the basis of both financial and non-financial KPIs. Amounts awarded under this scheme are included in short-term employee benefits in the table on the left.

31. First-time adoption

Explanation of transition to IFRS

These are Royal A-ware's first financial statements prepared in accordance with IFRS. The accounting policies have been applied consistently in preparing the financial statements for the years ended 31/12/2024, 31/12/2023 and in the preparation of an opening balance sheet as at 01/01/2023 (the date of transition to IFRS).

Group reconciliation of equity as at 1 January 2023 (Transition date)	Dutch GAAP	Reclassification and remeasurements	IFRS
	€ 000	€ 000	€ 000
Assets			
Non-current assets			
Property and equipment	*557,287*	*(82,321)*	*474,967*
Right-of-use assets	*-*	*216,706*	*216,706*
Intangible assets and goodwill	*6,984*	*(144)*	*6,840*
Financial assets	*16,067*	*144*	*16,212*
Derivative financial instruments	*-*	*19,671*	*19,671*
Joint ventures and associated parties	*25,538*	*2,765*	*28,303*
Deferred tax assets	*9,008*	*-*	*9,008*
Total non-current assets	**614,886**	**156,820**	**771,706**
Current assets			
Inventories	*319,369*	*-*	*319,369*
Trade and other receivables	*395,982*	*(8,939)*	*387,043*
Cash and cash equivalents	*23,450*	*-*	*23,450*
Total current assets	**738,802**	**(8,939)**	**729,863**
Total assets	**1,353,687**	**147,882**	**1,501,569**

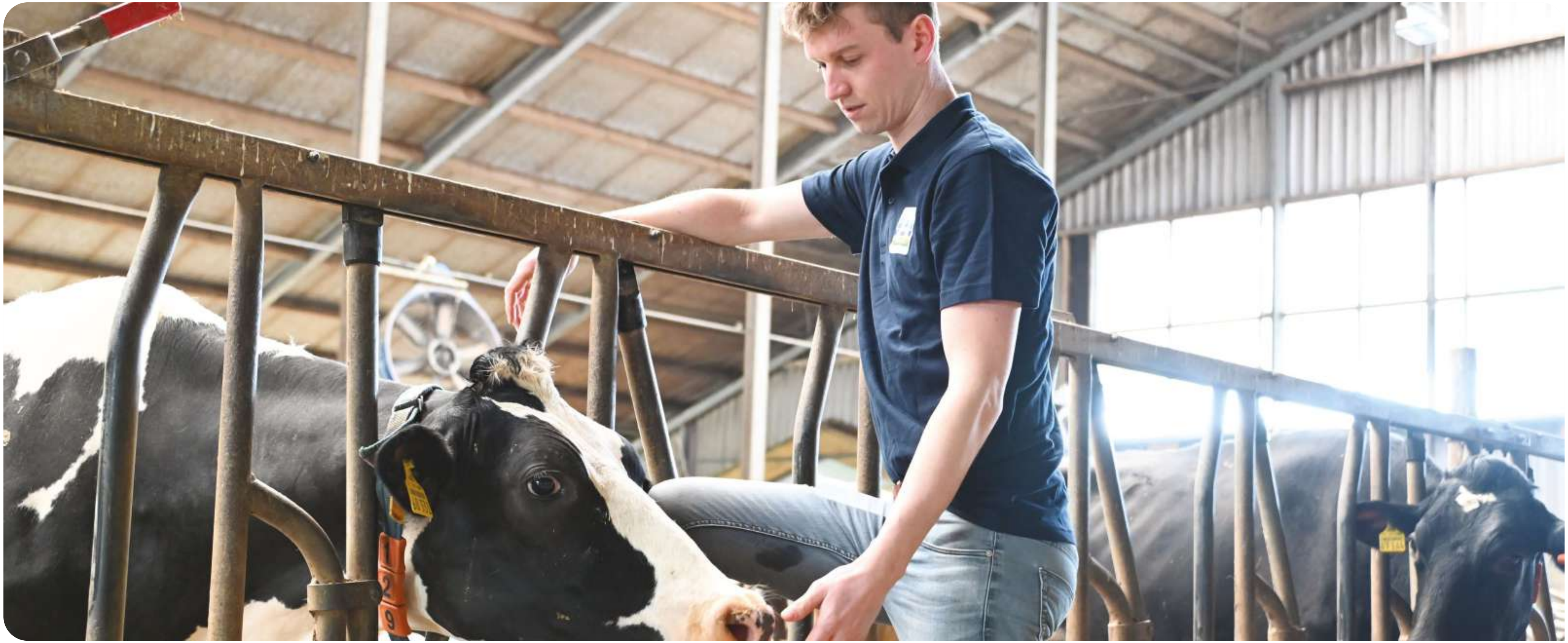
Group reconciliation of equity as at 1 January 2023 (Transition date)	Dutch GAAP	Reclassification and remeasurements	IFRS
Equity and liabilities			
Issued capital	*18*	*-*	*18*
Share premium	*55,443*	*-*	*55,443*
Legal reserve	*7,203*	*2,765*	*9,967*
Cashflow hedge reserve	*-*	*19,671*	*19,671*
Retained earnings	*250,065*	*17,784*	*267,849*
Equity attributable to equity owners of the parent	**312,729**	**40,219**	**352,948**
Non-controlling interests	*1,950*	*-*	*1,950*
Total equity	**314,679**	**40,219**	**354,898**
Non-current liabilities			
Long term borrowings	*396,341*	*104,861*	*501,202*
Provisions	*1,021*	*-*	*1,021*
Deferred tax liabilities	*38,669*	*2*	*38,671*
Total non-current liabilities	**436,031**	**104,863**	**540,894**
Current liabilities			
Trade and other payables	*285,673*	*(8,939)*	*276,734*
Short term borrowings	*39,266*	*29,707*	*68,973*
Short term liabilties to credit institutions	*73,294*	*-*	*73,294*
Provisions	*3,245*	*-*	*3,245*
Current income tax payables	*37,141*	*-*	*37,141*
Other liabilities	*164,359*	*(17,969)*	*146,390*
Total current liabilities	**602,978**	**2,799**	**605,776**
Total equity and liabilities	**1,353,687**	**147,881**	**1,501,568**

Group reconciliation of equity as at 31 December 2023	Dutch GAAP	Reclassification and remeasurements	IFRS
	€ 000	€ 000	€ 000
Assets			
Non-current assets			
Property and equipment	*598,455*	*(91,433)*	*507,022*
Right-of-use assets	*-*	*244,073*	*244,073*
Intangible assets and goodwill	*5,675*	*2,951*	*8,626*
Financial assets	*21,736*	*296*	*22,032*
Derivative financial instruments	*-*	*11,300*	*11,300*
Joint ventures and associated parties	*33,376*	*(605)*	*32,772*
Deferred tax assets	*8,353*	*476*	*8,829*
Total non-current assets	**667,595**	**167,057**	**834,653**
Current assets			
Inventories	*302,115*	*-*	*302,115*
Trade and other receivables	*369,107*	*(15,990)*	*353,117*
Cash and cash equivalents	*24,882*	*-*	*24,882*
Total current assets	**696,104**	**(15,990)**	**680,114**
Total assets	**1,363,699**	**151,068**	**1,514,767**
Equity and liabilities			
Issued capital	*18*	*-*	*18*
Share premium	*55,443*	*-*	*55,443*
Legal reserve	*6,487*	*(605)*	*5,882*
Cashflow hedge reserve	*-*	*11,300*	*11,300*

Group reconciliation of equity as at 31 December 2023	Dutch GAAP	Reclassification and remeasurements	IFRS
Retained earnings	*331,869*	*18,912*	*350,780*
Equity attributable to equity owners of the parent	**393,817**	**29,607**	**423,424**
Non-controlling interests	*2,230*	*35*	*2,265*
Total equity	**396,047**	**29,642**	**425,689**
Non-current liabilities			
Long term borrowings	*364,273*	*115,784*	*480,057*
Provisions	*1,016*	*-*	*1,016*
Deferred tax liabilities	*33,155*	*265*	*33,420*
Total non-current liabilities	**398,444**	**116,049**	**514,493**
Current liabilities			
Trade and other payables	*253,506*	*(15,990)*	*237,516*
Short term borrowings	*43,792*	*37,850*	*81,642*
Short term liabilties to credit institutions	*68,141*	*-*	*68,141*
Provisions	*1,237*	*-*	*1,237*
Current income tax payables	*54,307*	*-*	*54,307*
Other liabilities	*148,226*	*(16,484)*	*131,742*
Total current liabilities	**569,208**	**5,377**	**574,585**
Total equity and liabilities	**1,363,699**	**151,068**	**1,514,767**

Group reconciliation of total comprehensive income for the year ended 31 December 2023	Dutch GAAP	Remeasurements	IFRS
	€ 000	€ 000	€ 000
Net revenue	3,276,425	(49)	3,276,376
			-
Cost of sales	(2,304,154)	-	(2,304,154)
Direct variable costs	(72,383)	-	(72,383)
Gross margin	**899,888**	**(49)**	**899,839**
Other operating income	11,912	(91)	11,821
	911,800	**(140)**	**911,660**
Personnel expenses	410,753	-	410,753
Depreciation and amortisation	61,967	35,505	97,472
Other operating expenses	296,018	(41,035)	254,983
Total sum of expenses	**768,738**	**(5,531)**	**763,208**
Total operating result	**143,061**	**5,391**	**148,452**
Financial income and expenses	(29,566)	(5,448)	(35,014)
Income before income taxes	**113,495**	**(57)**	**113,439**
Share in result of joint ventures and associates	(883)	-	(883)
Income tax expense	(30,528)	360	(30,168)
Net income	**82,084**	**303**	**82,387**
Profit / (loss) for the period	**82,084**	**303**	**82,387**
Items that may be reclassified to profit or loss in subsequent periods			
Gains (losses) on cash flow hedges	-	(8,371)	(8,371)
Gains (losses) on cash flow hedges (joint ventures)	-	(3,369)	(3,369)

Group reconciliation of total comprehensive income for the year ended 31 December 2023	Dutch GAAP	Remeasurements	IFRS
Other	(280)	-	(280)
Net other comprehensive loss that may be reclassified to profit or loss in subsequent periods	***(280)***	***(11,740)***	***(12,020)***
Total comprehensive income / (loss) for the period, net of tax	**81,804**	**(11,437)**	**70,367**
Attributable to:			
The owners of the parent	81,523	(11,472)	70,052
Non-controlling interests	280	35	315



Explanation of adjustments

Under Dutch GAAP, a lease is classified as a finance lease or an operating lease. Operating lease payments are recognised as an operating expense in the statement of profit or loss on a straight-line basis over the lease term. Under IFRS a lessee applies a single recognition and measurement approach for all leases, except for short- term leases and leases of low-value assets and recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets. At the date of transition to IFRS, Royal A-ware applied the transitional provision and measured lease liabilities at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate at the date of transition to IFRS. Right-of-use assets were measured at the amount equal to the lease liabilities adjusted by the amount of any prepaid or accrued lease payments. As a result, Royal A-ware recognised an increase of €134,567,696 (31 December 2023: €153,634,339) of lease liabilities included under interest-bearing loans and borrowings and €134,384,876 (31 December 2023: €152,639,964) of right-of-use assets. Under Dutch GAAP, assets held under finance leases are capitalised and included in property, plant and equipment. Under IFRS, they are presented in right-of-use assets. At the date of transition to IFRS, €82,321,601 (31 December 2023: €91,435,017) was reclassified from property, plant and equipment to right-of-use assets. Additionally, depreciation increased by €36,301,656 and finance costs increased by €5,408,321 for the year ended 31 December 2023.

The fair value of interest rate swaps is recognised under IFRS and was not recognised under Dutch GAAP. The contracts have been designated as at the date of transition to IFRS as hedging instruments in cash flow hedges. The corresponding adjustment has been recognised as a separate component of equity, in the cash flow hedge reserve.

Under Dutch GAAP, Goodwill acquired in a business combination/acquisition is accounted for and is valued based on the amount of costs incurred, reduced with cumulative amortisations and (if applicable) impairments. The annual amortisation is a percentage of the costs incurred. Goodwill was amortised linear based on estimation of the expected return of the acquired interests and activities over 10 years. Under IFRS, Goodwill is not amortised, but rather tested for impairment annually. Royal A-ware reversed amortisation amounting to €1,377,679 for the year ended 31 December 2023.

Under Dutch GAAP, Royal A-ware has retained the receivables from customers subject to factoring agreements on their balance sheet. Under IFRS, it was identified that these agreements transferred substantially all risks and rewards regarding the receivables as Royal A-ware obtained guarantees to ensure that the cash flow from collected receivables can be enforced. The remaining risk for Royal A-ware is limited. Therefore, the receivables are derecognised in the balance sheet resulting in a reclassification. This does not have an impact on the total equity of Royal A-ware.

The various transitional adjustments resulted in various temporary differences. According to the accounting policies, Royal A-ware must recognise the tax effects of such differences. Deferred tax adjustments are recognised in correlation to the underlying transaction either in retained earnings or a separate component of equity.

Under Dutch GAAP, a lease is classified as a finance lease or an operating lease. Cash flows arising from operating lease payments are classified as operating activities. Under IFRS, a lessee generally applies a single recognition and measurement approach for all leases and recognises lease liabilities. Cash flows arising from payments of principal portion of lease liabilities are classified as financing activities. Therefore, cash outflows from operating activities decreased by €48,967,000 (2023: €40,898,000 and cash outflows from financing activities increased by the same amounts for the years ended 31 December 2023. This does not have an impact on the total equity of Royal A-ware.

"Royal A-ware adopted IFRS, recognising lease liabilities and right-of-use assets for greater transparency."

Exemptions applied

IFRS 1 allows first-time adopters certain exemptions from the retrospective application of certain requirements under IFRS.

Royal A-ware has applied the following exemptions:

- IFRS 3 Business Combinations has not been applied to either acquisitions of subsidiaries that are considered businesses under IFRS, or acquisitions of interests in associates and joint ventures that occurred before 1 January 2023. Use of this exemption means that the Dutch GAAP carrying amounts of assets and liabilities, that are required to be recognised under IFRS, are their deemed cost at the date of the acquisition. After the date of the acquisition, measurement is in accordance with IFRS. Assets and liabilities that do not qualify for recognition under IFRS are excluded from the opening IFRS statement of financial position. Royal A-ware did not recognise any assets or liabilities that were not recognised under the Dutch GAAP or exclude any previously recognised amounts as a result of IFRS recognition requirements. IFRS 1 also requires that the Dutch GAAP carrying amount of goodwill must be used in the opening IFRS statement of financial position (apart from adjustments for goodwill impairment and recognition or derecognition of intangible assets). In accordance with IFRS 1, Royal A-ware has tested goodwill for impairment at the date of transition to IFRS. There was no impairment recognised on goodwill at 1 January 2023.
- Royal A-ware has not applied IAS 21 The Effects of Changes in Foreign Exchange Rates retrospectively to fair value adjustments and goodwill from business combinations that occurred before the date of transition to IFRS. Such fair value adjustments and goodwill are treated as assets and liabilities of the parent rather than as assets and liabilities of the acquiree. Therefore, those assets and liabilities are already expressed in the functional currency of the parent or are non- monetary foreign currency items and no further translation differences occur.
- Cumulative currency translation differences for all foreign operations are deemed to be zero as at 1 January 2023.
- Royal A-ware assessed all contracts existing on 1 January 2023 to determine whether a contract contains a lease based upon the conditions in place as at 1 January 2023. Lease liabilities were measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate at 1 January 2023. Right-of-use assets were measured at the amount equal to the lease liabilities, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the statement of financial position immediately before 1 January 2023. The lease payments associated with leases for which the lease term ends within 12 months of the date of transition to IFRS and leases for which the underlying asset is of low value have been recognised as an expense on either a straight-line basis over the lease term or another systematic basis.
- Royal A-ware has applied the transitional provisions in IAS 23 Borrowing Costs and capitalises borrowing costs relating to all qualifying assets after the date of transition. Similarly, Royal A-ware has not restated for borrowing costs capitalised under Dutch GAAP on qualifying assets prior to the date of transition to IFRS.
- Royal A-ware has elected to apply the transitional provisions of IFRS 11 Joint Arrangements thereby applying the equity method (adjusting the application of the equity method to the individual valuation of assets and liabilities) for joint ventures from the date of transition, being 1 January 2023. As required, impairment testing is performed on the joint arrangements in accordance with IAS 36 Impairment of assets at the date of transition to IFRS regardless of whether there were indicators that the investment should be impaired.
- Royal A-ware account for revenue in line with IFRS 15 Revenue from Contracts with Customers. Royal A-ware applies the IFRS 15 standard from 1 January 2023. Royal A-ware determined that the application of IFRS 15 will have no financial impact on previously reported figures and thus no practical expedients need to be applied. Royal A-ware is not required to restate contracts that were completed before the earliest period presented, 1 January 2023. A completed contract refers to a contract for which the entity has transferred all of the risks and rewards associated with goods and/or services identified in accordance with Dutch GAAP.


“A healthy business starts with
minimal impact on people, animals,
and the environment.”
DAF
Texel

32. Standards issued but not yet effective

The following accounting standards and amendments to accounting standards had already been issued by the IASB and are subject to EU endorsement as of the time the financial statements were authorised for issue, but their adoption is not yet mandatory, and they have not yet been adopted by Royal A-ware.

IFRS 18 Presentation and Disclosure in Financial Statements

In April 2024, the IASB issued IFRS 18, which replaces IAS 1 Presentation of Financial Statements. IFRS 18 introduces new requirements for presentation within the statement of profit or loss, including specified totals and subtotals. Furthermore, entities are required to classify all income and expenses within the statement of profit or loss into one of five categories: operating, investing, financing, income taxes and discontinued operations, whereof the first three are new. It also requires disclosure of newly defined management- defined performance measures, subtotals of income and expenses, and includes new requirements for aggregation and disaggregation of financial information based on the identified 'roles' of the primary financial statements (PFS) and the notes. In addition, narrow- scope amendments have been made to IAS 7 Statement of Cash Flows, which include changing the starting point for determining cash flows from operations under the indirect method, from 'profit or loss' to 'operating profit or loss' and removing the optionality around classification of cash flows from dividends and interest. In addition, there are consequential amendments to several other standards. IFRS 18, and the amendments to the other standards, is effective for reporting periods beginning on or after 1 January 2027, but earlier application is permitted and must be disclosed. IFRS 18 will apply retrospectively. Royal A-ware is currently working to identify all impacts the amendments will have on the primary financial statements and notes to the financial statements.

33. Events after the reporting period

On December 5th, 2024 Royal A-ware has signed a letter of intent for the acquisition of the transport activities from Internationaal Transportbedrijf Dijco B.V. under the condition of approval from the competition law. The acquisition includes 45 trucks, 136 trailers and 83.5 FTE. As per financial statement date, the acquisition took place after fulfilling the conditions precedent. On 28 February 2025, Royal A-ware completed the acquisition of Internationaal Transportbedrijf Dijco B.V. for a total purchase price of € 6,800,000.

Royal A-ware has entered into a share purchase agreement to acquire the Dairy Food Group for which the proposed acquisition aligns with the strategy of Royal A-ware to further expand the international dairy operations. As per financial statements date, the proposed acquisition has not been finalised due to the existence of conditions precedent. After finalisation of these conditions, for which we expect this will take place soon in financial year 2025, Royal A-ware is required under contractual terms to acquire the shares. It is expected that the planned acquisition will play an important role in the expansion of the international dairy operations and add a positive contribution to future group financial results.

Company-only statement of financial position (Before distribution of result)

As at	Notes	31/12/2024	31/12/2023
		€ 000	€ 000
Assets			
Non-current assets			
Property, plant and equipment	38	2,862	163
Financial fixed assets	39	805,184	451,242
Total non-current assets		**808,046**	**451,404**
Current assets			
Trade and other receivables	40	91,155	33,102
Cash and cash equivalents	41	296,773	539
Total current assets		**387,928**	**33,641**
Total assets		**1,195,974**	**485,046**
Equity and liabilities			
Issued capital	42	18	18
Share premium	42	55,443	55,443
Retained earnings	42	341,648	268,708
General reserve	42	6,508	17,182
Other reserves	42	64,722	82,072
Total equity		**468,339**	**423,423**
Non-current liabilities			
Long-term loans and borrowings	44	676,465	20,252
Provisions	44	61	59
Deferred tax liabilities		3,009	3,038
Total non-current liabilities		**679,535**	**23,349**
Current liabilities			
Trade and other payables	44	2,548	2,382
Provisions	43	4	4
Current income tax payables	44	11,920	17,961
Short-term loans and borrowings	44	15,204	27
Deferred tax liabilities		17,341	17,090
Other liabilities	44	1,084	811
Total current liabilities		**48,100**	**38,274**
Total equity and liabilities		**1,195,974**	**485,046**

Company-only statement of profit or loss

For the period	Notes	31/12/2024	31/12/2023
		€ 000	€ 000
Result of subsidiaries		67,974	83,603
Company result after tax		(3,252)	(1,532)
Net result after tax		**64,722**	**82,072**

The Company has applied Article 2:402 of the Dutch Civil Code that pertains to the simplified presentation of the statement of profit and loss. For a detailed analysis of the financial performance and position of the company, please refer to the consolidated financial statements for the year ended 31 December 2024.

Notes to the company-only financial statements

35. Entity information

For notes about the company's activities, reference is made to the consolidated financial statements.

36. Basis of preparation

The company financial statements for the year ended on 31 December 2024 have been prepared in accordance with Part 9 of Book 2 of the Dutch Civil Code. In accordance with the provisions of Section 362 (8) of Book 2 of the Dutch Civil Code the accounting policies used are the same as those used in the notes to the consolidated financial statements, prepared under IFRS as adopted by the European Union, unless stated otherwise below.

The financial statements have been prepared on a going concern basis, applying a historical cost convention, unless otherwise indicated. They are prepared and reported in thousands of Euros ("€000") except where otherwise stated. Due to rounding, numbers presented may not add up precisely to the totals provided and percentages may not precisely reflect the absolute figures.

Under the articles of association, the year under review corresponds with the calendar year. However, in accordance with the international week numbers, the year-end closing year takes place on the last Saturday of the financial year. In 2024, the year under review consisted of 52 weeks (2023: 52 weeks). Actual closing of the 2024 reporting year took place on December 28, 2024 (reporting year 2023: December 30, 2023).

Reference is made to the accounting principles related to the valuation of the assets and liabilities and determining the result to the accounting principles in the consolidated financial statements.

37. Accounting principles

Financial assets

Investments in consolidated subsidiaries are entities over which the company has control, i.e. the power to govern the financial and operating policies, generally accompanying a shareholding of more than one half of the voting rights. Subsidiaries are recognised from the date on which control is transferred to the company or its intermediate holding entities. They are derecognised from the date that control ceases.

The company applies the acquisition method to account for acquiring subsidiaries, consistent with the approach identified in the consolidated financial statements. The consideration transferred for the acquisition of a subsidiary is the fair value of assets transferred, liabilities incurred to the former owners of the acquiree, and the equity interests issued by the company. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in an acquisition are measured initially at their fair values at the acquisition date and are subsumed in the net asset value of the investment in consolidated subsidiaries. Acquisition-related costs are expensed as incurred.

The subsidiaries are measured and presented in accordance with the equity method.

38. Property, plant and equipment

	31/12/2024	31/12/2023
	€ 000	€ 000
Other fixed assets	2,862	163
Total property, plant and equipment	2,862	163

	Other fixed assets	Total
	€ 0	€ 0
Balance as at 01/01/2023		
Purchase price or manufacturing price	236	236
Accumulated depreciation	(40)	(40)
Book value as at 01/01/2023	**196**	**196**
Movements		
Investments	17	17
Acquired through business combinations	-	-
Deconsolidations	-	-
Depreciation	(51)	(51)
Disposals	-	-
Depreciation on disposals	-	-
Exchange differences	-	-
Reclassifications	-	-
Balance movements	**(34)**	**(34)**
Balance as at 31/12/2023		
Purchase price or manufacturing price	254	254
Accumulated depreciation	(91)	(91)
Book value as at 31/12/2023	**163**	**163**
Balance as at 01/01/2024		
Purchase price or manufacturing price	254	254
Accumulated depreciation	(91)	(91)
Book value as at 01/01/2024	**163**	**163**
Movements		
Investments	3,126	3,126
Acquired through business combinations	-	-
Deconsolidations	-	-
Depreciation	(295)	(295)
Disposals	(211)	(211)
Depreciation on disposals	79	79
Exchange differences	-	-
Reclassifications	-	-
Balance movements	**2,699**	**2,699**
Balance as at 31/12/2024		
Purchase price or manufacturing price	3,169	3,169
Accumulated depreciation	(307)	(307)
Book value as at 31/12/2024	**2,862**	**2,862**

39. Financial fixed assets

	31/12/2024	31/12/2023
	€ 000	€ 000
Investment in subsidiaries	466,192	411,333
Long-term receivables from subsidiaries	331,129	36,875
Other financial fixed assets	7,864	3,034
Total financial assets	**805,184**	**451,242**

	Investment in subsidiaries	Long-term receivables from subsidiaries	Other financial fixed assets	Total
	€ 000	€ 000	€ 000	€ 000
Balance as at 01/01/2023	**347,820**	**29,350**	**3,034**	**380,203**
Investments	-	-	-	-
Provided loans	-	7,525	-	7,525
Movement in P&L	83,603	-	-	83,603
Fair value gains	(11,740)	-	-	(11,740)
Exchange rate differences	(280)	-	-	(280)
Impairment	-	-	-	-
Repayments	(8,494)	-	-	(8,494)
Other	424	-	-	424
Balance as at 31/12/2023	**411,333**	**36,875**	**3,034**	**451,242**
Investments	-	-	-	-
Provided loans	-	295,354	3,750	299,104
Movement in P&L	67,974	-	12	67,986
Fair value gains	(11,974)	-	1,069	(10,905)
Exchange rate differences	1,098	-	-	1,098
Impairment	-	-	-	-
Repayments	(2,240)	(1,100)	-	(3,340)
Other	-	-	-	-
Balance as at 31/12/2024	**466,192**	**331,129**	**7,864**	**805,184**

Investment in subsidiaries

	31/12/2024	31/12/2023
	€ 000	€ 000
Investments in subsidiaries		
A-ware Dairy B.V.	395,230	344,267
AB Transport Group B.V.	65,520	62,065
A-ware Automotive B.V.	4,739	4,553
B&A Asset Management Holding B.V.	703	449
Total	**466,192**	**411,333**

Long-term receivables from subsidiaries

	31/12/2024	31/12/2023
	€ 000	€ 000
Receivables from subsidiaries		
Loan A-ware Dairy B.V.	20,000	20,000
Loan A-ware Dairy and Cheese Holding B.V.	217,500	-
Loan A-ware Grutte Pier B.V.	65,529	-
Loan AB Transport Group B.V.	10,000	-
Loan A-ware Automotive B.V.	1,600	1,600
Loan A-ware Truckcenter B.V.	3,500	3,500
Loan Nordic Truckcenter AB	-	1,100
Loan B&A Asset Management Holding B.V.	5,500	3,175
Loan B&A Asset Management II B.V.	7,500	7,500
Total	**331,129**	**36,875**

The intercompany receivable is related to:

A loan from Royal A-ware Food Group B.V. to A-ware Dairy B.V. The principal amount is €20,000,000. The term is 4 years. The loan will be repaid in full at the end of the term. Interest percentage is 3%.

A loan from Royal A-ware Food Group B.V. to A-ware Dairy and Cheese Holding B.V. The principal amount is €217,500,000. The term is 4 years. The loan will be repaid in full at the end of the term. Interest percentage is 5.25%.

A loan from Royal A-ware Food Group B.V. to A-ware Grutte Pier B.V. The principal amount is €68,000,000. The term is 4 years. The loan will be repaid in quarterly instalments of €2,470,881. Interest percentage is 5.25%.

A loan from Royal A-ware Food Group B.V. to AB Transport Group B.V. The principal amount is €10,000,000. The term is 4 years. The loan will be repaid in annual instalments of €3,100,000. Interest percentage is 5.25%.

A loan from Royal A-ware Food Group B.V. to A-ware Automotive B.V. The principal amount is €1,600,000. The term is 4 years. The loan will be repaid in full at the end of the term. Interest percentage is 5%.

A loan from Royal A-ware Food Group B.V. to A-ware Truckcenter B.V. The principal amount is €3,500,000. The term is 4 years. The loan will be repaid in full at the end of the term. Interest percentage is 5%.A loan from Royal A-ware Food Group B.V. to B&A Asset Management II B.V. The principal amount is €5,500,000. The term is 4 years. The loan will be repaid in full at the end of the term. Interest percentage is 5%.

A loan from Royal A-ware Food Group B.V. to B&A Asset Management III B.V. The principal amount is €5,500,000. The term is 4 years. The loan will be repaid in full at the end of the term. Interest percentage is 5%.

Other financial fixed assets

	31/12/2024	31/12/2023
	€ 000	€ 000
Other financial fixed asset		
Loan E-piim Tootmine AS	3,750	-
Loan Armalienke	3,000	3,000
Other	1,114	34
Total	**7,864**	**3,034**

40. Trade and other receivables

	31/12/2024	31/12/2023
	€ 000	€ 000
Receivables from group companies	89,624	31,266
Other receivables, prepayments and accrued income	175	125
Taxes and social security charges	1,356	1,712
Total	**91,155**	**33,102**

41. Cash and cash equivalents

Cash and cash equivalents consisted of the following items as of:

	31/12/2024	31/12/2023
	€ 000	€ 000
Cash and cash equivalents at bank	296,773	539
Total	**296,773**	**539**

Cash and cash equivalents are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes. Cash and cash equivalents are comprised of cash at bank and on hand and highly liquid investments that are readily convertible to known amounts of cash, are subject to only an insignificant risk of changes in value and have an original maturity of less than three months.

42. Equity

	31/12/2024	31/12/2023
	€ 000	€ 000
Share capital	18	18
Share premium	55,443	55,443
General reserve	341,648	268,708
Other reserves	6,508	17,182
Result for the year	64,722	82,072
Total	**468,339**	**423,423**

Movement in equity were as follows:

	Share capital	Share premium	General reserve	Other reserves	Result for the year	Total
	€ 000	€ 000	€ 000	€ 000	€ 000	€ 000
Balance as at 01/01/2023	18	55,443	195,392	29,638	72,457	352,948
Result for the year	-	-	-	-	82,072	82,072
Appropriation of result	-	-	72,457	(435)	(72,457)	(435)
Realised revaluations	-	-	435	(11,740)	-	(11,304)
Currency translation differences	-	-	-	(280)	-	(280)
Dividends paid	-	-	-	-	-	-
Other	-	-	424	-	-	424
Balance as at 31/12/2023	**18**	**55,443**	**268,708**	**17,182**	**82,072**	**423,423**
Result for the year	-	-	-	-	64,722	64,722
Appropriation of result	-	-	82,072	(8,394)	(82,072)	(8,394)
Realised revaluations	-	-	868	(3,378)	-	(2,510)
Currency translation differences	-	-	-	1,098	-	1,098
Dividends paid	-	-	(10,000)	-	-	(10,000)
Other	-	-	-	-	-	-
Balance as at 31/12/2024	**18**	**55,443**	**341,648**	**6,508**	**64,722**	**468,339**

Share capital paid

The share capital is paid up in full. The share capital issued equals €90,000 divided in 90,000 shares of €1 each.

Share premium

The Share premium reserve was created by contribution when it was established on November 10, 2010.

43. Provisions

The following table summarises the movement in provision for the years ended 31/12/2024, 31/12/2023 and 01/01/2023

	Deferred tax	Jubilee benefits	Annuity commitments	Total
	€ 000	€ 000	€ 000	€ 000
As of 01/01/2023	**25,716**	**13**	**162**	**25,891**
Consolidation	-	-	-	**-**
Arising during the period	-	7	-	**7**
Utilised	(5,589)	-	(110)	**(5,699)**
Realised revaluation	-	-	-	**-**
Unused amount reversed	-	-	-	**-**
Transfer / reclassification	-	-	-	**-**
Translation and other adjustment	-	-	(10)	**(10)**
As of 31/12/2023	**20,127**	**20**	**42**	**20,190**
Current	17,090	-	4	**17,093**
Non-current	3,038	20	39	**3,097**
As of 01/01/2024	**20,127**	**20**	**42**	**20,190**
Consolidation	-	-	-	**-**
Arising during the period	-	4	1	**5**
Utilised	223	-	-	**223**
Realised revaluation	-	-	-	**-**
Unused amount reversed	-	-	-	**-**
Transfer / reclassification	-	-	-	**-**
Translation and other adjustment	-	-	(4)	**(4)**
As of 31/12/2024	**20,350**	**24**	**40**	**20,414**
Current	17,341	-	4	**17,344**
Non-current	3,009	24	37	**3,070**

44. Financial liabilities

	Interest rate	Maturity	31/12/2024	31/12/2023
	%		€ 000	€ 000
Current interest-bearing loans and borrowings				
Lease liability			204	27
Loan from credit institutions 1	Euribor (3mth) + 1.55%	28/11/2027	15,000	-
Total current interest-bearing loans and borrowings			**15,204**	**27**
Non-current interest-bearing loans and borrowings				
Lease Liability			2,387	52
Loans from shareholders	Euribor + 4.50% (min.6.50%)	01/01/2027	4,000	4,000
Other subordinated loans	Euribor + 4.00%	N/A	1,200	1,200
Loan from credit institutions 1	Euribor (3mth) +1.55%	28/11/2027	581,378	-
Loan from credit institutions 2	2.19% + 1.65%	28/11/2029	72,500	-
Other loans	Euribor (3mth) +1.50% & +3.50%	01/01/2030	15,000	15,000
Total non-current interest-bearing loans and borrowings			**676,465**	**20,252**
Total interest-bearing loans and borrowings			**691,669**	**20,280**
Other financial liabilities at amortised cost, other than interest-bearing loans and borrowings				
Trade and other payables			2,548	2,382
Payables relating to taxes and social security contributions			11,920	17,961
Other liabilities and accrued expenses			1,084	811
Total other financial liabilities			**15,552**	**21,153**
Total current			**30,756**	**21,180**
Total non-current			**676,465**	**20,252**

For further details regarding the subordinated loans, please see the consolidated balance sheet.

45. Share in profit of subsidiaries accounted for using the equity method

For the period	Notes	31/12/2024	31/12/2023
		€ 000	€ 000
Result of subsidiaries		67,974	83,603
Company result after tax		(3,252)	(1,532)
Net result after tax		**64,722**	**82,072**

The result from participations is related to subsidiaries.

46. Events after the reporting period

There are neither events after the reporting period that required adjustment of these financial statements nor events that require disclosure.

47. Other notes

Average number of employees

Disclosure of average number of employees during the period

There are 2 employees during the reporting year (2023: 2). 0 employees are working abroad.

Other Information

Basis for Profit Appropriation
In accordance with the company's articles of association and the relevant provisions of the Dutch Civil Code, the profit for the year is appropriated as follows:

Dividends:
The Board of Directors proposes a dividend of €2,777.78 per share, amounting to a total distribution of €50,000,000. This proposal is subject to approval by the general meeting of shareholders.

Reserves:
The remaining profit of €14,721,000 is to be retained in the general reserve to strengthen the company's equity position.

Approval Process
The proposed profit appropriation is subject to approval by the general meeting of shareholders, which will be held on 21 May 2025. The financial statements do not reflect this proposed appropriation.

Legal and Contractual Restrictions
The company is subject to certain legal and contractual restrictions on the distribution of profits. As of the balance sheet date, the company complies with all such restrictions, including the minimum reserve requirements stipulated by the Dutch Civil Code and the covenants in the company's loan agreements.

Authorisation of the Consolidated Financial Statements

Netherlands,

Royal A-ware Food Group B.V.

Executive Board of Royal A-ware Food Group B.V.

J.F.A. Anker CEO	A. Rodriguez CFO

Supervisory Board Royal A-ware Food Group B.V.

P.J.A. van Schijndel (Chairman)

B. Alblas

P. Bouter

F. Pon

C. Wielinga

Independent auditor’s report

To: the shareholders and supervisory board of Koninklijke A-ware Food Group B.V.

A. Report on the audit of the financial statements 2024 included in the annual report

Our opinion

We have audited the financial statements 2024 of Koninklijke A-ware Food Group B.V. based in Lopik. The financial statements comprise the consolidated financial statements and the company financial statements.

In our opinion the consolidated financial statements and the company financial statements give a true and fair view of the financial position of Koninklijke A-ware Food Group B.V. as at 31 December 2024 and of its result and its cash flows for 2024 in accordance with International Financial Reporting Standards as adopted by the European Union (EU-IFRS) and with Part 9 of Book 2 of the Dutch Civil Code.

The financial statements comprise:

1. the consolidated and company balance sheet as at 31 December 2024;
2. the following statements for 2024: the income statement, the statements of comprehensive income, changes in equity and cash flows; and
3. the notes comprising material accounting policy information and other explanatory information.

Basis for our opinion

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

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

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

B. Information in support of our opinion

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

Audit approach going concern

As explained in the section "Basis of preparation" on page 178 of the financial statements and in section "Continuity" of the Director's Report on page 24, the board has carried out a going concern assessment for a multi-year plan as of the date of the financial statements and has not identified any events or circumstances that may cause reasonable doubt on the entity's ability to continue as a going concern (hereinafter: 'going concern risks').

Our procedures to evaluate the going concern assessment of the board include:

- considering whether the board's going concern assessment contains all relevant information that we have knowledge of, as a result of our audit by Koninklijke A-ware Food Group B.V. and inquiring with the board on key assumptions and estimates. In doing so, the board has had, amongst others, attention for the developments in pricing of raw materials and dairy products;
- an evaluation of the budgeted operational results and the cash flows linked thereto for a period of twelve months as of the day of preparation of the financial statements, taking into account the developments in the various sectors in which the Group operates and the knowledge we gained from our audit procedures;
- an analysis whether the current and anticipated financing requirements in order to safeguard continuance and expansion the whole of the business activities, including compliance with the applicable covenant requirements;
- obtaining information from the board about its knowledge of going concern risks beyond the period covered by their going concern assessment.

Our audit procedures indicated that the going concern assumption used by the board is appropriate and no going concern risks have been identified.

Audit approach fraud risks

We identified and assessed the risks of material misstatements of the financial statements due to fraud and non-compliance with laws and regulations. During our audit we obtained an understanding of the entity and its environment and the components of the system of internal control, including the risk assessment process and management's process for responding to the fraud risks and monitoring the system of internal control and how the supervisory board exercises oversight, as well as the results thereof. We refer to section "Fraud and irregularities" of the directors report for management's fraud risk assessment.

We evaluated the design and relevant aspects of the system of internal control and in particular the fraud risk assessment, as well as among others the code of conduct, whistle blower procedures. We evaluated the design and the implementation and, where considered appropriate, tested the operating effectiveness, of internal controls designed to mitigate fraud risks. We have communicated (significant) deficiencies in internal control in writing to management and the supervisory board.

As part of our process of identifying risks of material misstatements of the financial statements due to fraud, we evaluated fraud risk factors with respect to fraudulent financial reporting, misappropriation of assets and bribery and corruption. We evaluated whether these fraud risk factors indicate that a risk of material misstatement due fraud is present.

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

We considered available information and made inquiries with members of the board of directors, de finance & accounting department, the legal department, the risk department and the supervisory board.

This did not lead to indications for fraud potentially resulting in material misstatements.

The fraud risks identified by us and the specific procedures performed are as follows:

MANAGEMENT OVERRIDE OF CONTROLS	
Description:	The board is inherently in a unique position to commit fraud, because it is capable to manipulate administrative entries and prepare fraudulent financial overviews by the override of controls that otherwise appear to be effective. We assume that, due to the existence of the financing facility, growth strategy and renumeration policy, the tendency exist to overstate the earnings before interest tax and depreciation/ amortisation. Therefore, as in all of our audits, we address the risk of management override of controls at: • Journals entries and other adjustments (including top-side adjustments or consolidation adjustments) made in the process of preparation of the financial statements; • Estimates and estimate processes; • Significant transactions outside the ordinary course of business; • Related parties and related party transactions.
Our audit approach and observations:	We evaluated the design and existence of the internal controls in the processes for generating and processing journal entries and estimates, considering the risk of override of controls in these processes. We reviewed the process of preparation of the financial statements. Furthermore, we have had specific attention for the logical access management in the IT-system and the opportunity to override the segregation of duties therein. We have selected journal entries based on risk criteria, on which we performed audit procedures, where we also have had attention for significant transactions outside the ordinary course of business. Additionally we haven performed audit procedures regarding the top-side and consolidation adjustments. Besides we have performed audit procedures on important estimates made by management. We have performed audit procedures on the consistent application of the assumptions, tested the calculations based on source documentation and the reconciliation with the financial administration. Our audit procedures did not lead to indications nor suspicions for fraud concerning management override of controls.

INCORRECT OR NON-EXISTING REVENUE RECOGNITION	
Description:	There is an external financing facility for which financial convenants are applicable. This financing facility is important for financing of expansion of fixed assets and acquisitions. Furthermore, there is a growth strategy. This may cause pressure on management to present revenue levels too high by recognizing revenue too early and thereby inflating result. This risk has been allocated to the entities where there is no cost-plus methodology applicable.
Our audit approach and observations:	Concerning the sales process we evaluated the design and existence of the internal controls. An important starting point for our audit procedures is the internally prepared flow-of-goods. By means of a substantive analytical procedures we have verified the connections in the flows-of-goods, and performed tests of detail on the disturbances therein. We have observed the inventory count and have tested internal controls surrounding the inventory count including reperformance to test existence, completeness and accuracy of the recorded. Inventories which form a relevant balance item as part of the goods movement reconciliation and cut-off testing. Based on tests of detail we verified the supply of the performance obligations and transaction prices based on underlying sales agreements, supply documentation, sales invoices and cash collections. Furthermore, we have inspected collection of bank receipts for recorded sales invoices pre and post balance sheet date to test the occurrence of revenues. Per year-end we performed cut-off testing to verify that revenue is recorded in the correct financial year. We verified whether in the subsequent financial year inaccurate credit notes are accounted for that may indicate incorrect revenue recognition in the current financial year. We have tested whether revenue entries have been recorded outside the standard sales process (such as manual entries) for which we have tested the nature and the reasonableness including reconciliation with supporting documents to evaluate whether these transaction could relate to fictious recording of revenues. In addition for the transport activities we made a reconciliation between the transport registration and the sales recordings. The transport registration has been tested substantively with underlying source documentation and other audit evidence to support the completeness and accuracy. We performed a substantive analytical procedures to verify that the recorded revenues are stable and show no material unexpected deviation pre balance-sheet date. Our audit procedures did not lead to indications nor suspicions for fraud concerning incorrect revenue cut-off nor non-existing revenue recognition.

INCORRECT AND NON-EXISTENT COSTS TO INFLATED REVENUE LEVELS.	
Description:	A material portion of revenue stems from contracts with customers where the revenue is (largely) based on the recognized costs plus a mark-up that is agreed with the customer (cost of goods sold and overhead costs). Because of this the inherent risks exists for incorrect and non-existent costs that lead to inflated revenue levels.
Our audit approach and observations:	Concerning the purchase and payroll processes we evaluated the design and existence of the internal controls, and verified the operational effectiveness of these controls. To mitigate the risk for incorrect and non-existent costs we have, besides the verification of the operational effectiveness of the controls on the recognition of the costs of sales, temporary workers and payroll costs, the following audit procedures: • Testing the flow-of-goods including analysis of disturbances due to failures and waste; • Tested the reconciliation between the settlement statement and the financial administration; • Substantive tests of detail to verify compliance with the contractual arrangements of the various components of the cost price in the prescribed pricing model by reconciliation with underlying documentation and/or third party confirmations; • Substantive tests of detail on cost components that are not covered by the tests of controls, primarily aimed at the verification that these costs fall within the ordinary course of business and whether the performance obligation for these costs is performed; • Substantive test of detail to the accuracy and reasonableness of the intercompany cost surcharge. Our audit procedures did not lead to indications nor suspicions for fraud for incorrect and non-existent costs.

C. Report on other information included in the annual report

In addition to the financial statements and our auditor's report thereon, the annual report contains other information that consists of:

- the Director's Report contains all the information regarding the management report, excluding the sustainability statement on page 26 until 164;
- other information as required by Part 9 of Book 2 of the Dutch Civil Code;

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

- is consistent with the financial statements and does not contain material misstatements;
- contains the information as required by Part 9 of Book 2 of the Dutch Civil Code.

We have read the other information. Based on our knowledge and understanding obtained through our audit of the financial statements or otherwise, we have considered whether the other information contains material misstatements.

By performing these procedures, we comply with the requirements of Part 9 of Book 2 of the Dutch Civil Code and the Dutch Standard 720. The scope of the procedures performed is substantially less than the scope of those performed in our audit of the financial statements.

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

D. Description of responsibilities regarding the financial statements

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

As part of the preparation of the financial statements, management is responsible for assessing the company's ability to continue as a going concern. Based on the financial reporting frameworks mentioned, management should prepare the financial statements using the going concern basis of accounting, unless management either intends to liquidate the company or to cease operations, or has no realistic alternative but to do so.

Management should disclose events and circumstances that may cast significant doubt on the company's ability to continue as a going concern in the financial statements.

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

Our responsibilities for the audit of the financial statements

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

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

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. The materiality affects the nature, timing and extent of our audit procedures and the evaluation of the effect of identified misstatements on our opinion.

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

- identifying and assessing the risks of material misstatement of the financial statements, whether due to fraud or error, designing and performing audit procedures responsive to those risks, and obtaining audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- obtaining an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control;
- evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management;
- concluding on the appropriateness of management's use of the going concern basis of accounting, and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause a company to cease to continue as a going concern;
- evaluating the overall presentation, structure and content of the financial statements, including the disclosures; and evaluating whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

D. Description of responsibilities regarding the financial statements

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

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

Rotterdam, 16 April 2025

For and on behalf of BDO Audit & Assurance B.V.,

Drs. W.P. de Wit RA

Limited assurance report of the independent auditor on the sustainability statement

To: the shareholders and supervisory board of Koninklijke A-ware Food Group B.V.

Our conclusion

We have performed a limited assurance engagement on the (consolidated) sustainability statement for 2024 of Royal A-ware Food Group B.V. based in Lopik (hereinafter: the company) in the section Sustainability Statement of the accompanying Director's report including the information incorporated in the sustainability statement by reference (hereinafter: the Sustainability Statement).

Based on our procedures performed and the assurance evidence obtained, nothing has come to our attention that causes us to believe that the sustainability statement is not, in all material respects prepared in accordance with the European Sustainability Reporting Standards (ESRS) as adopted by the European Commission and in accordance with the double materiality assessment process carried out by the company to identify the information reported pursuant to the ESRS.

Basis for our conclusion

We have performed our limited assurance engagement on the sustainability statement in accordance with Dutch law, including Dutch Standard 3810N, 'Assurance-opdrachten inzake duurzaamheidsverslaggeving' (Assurance engagements relating to sustainability reporting) which is a specified Dutch standard that is based on the International Standard on Assurance Engagements (ISAE) 3000 (Revised) 'Assurance engagements other than audits or reviews of historical financial information'.

Our responsibilities in this regard are further described in the section 'Our responsibilities for the limited assurance engagement on the sustainability statement' of our report.

We are independent of Royal A-ware Food Group B.V. in accordance with the 'Verordening inzake de onafhankelijkheid van accountants bij assurance-opdrachten' (ViO, Code of Ethics for Professional Accountants, a regulation with respect to independence) and other relevant independence regulations in the Netherlands. Furthermore, we have complied with the 'Verordening gedrags- en beroepsregels accountants' (VGBA, Dutch Code of Ethics for Professional Accountants).

The ViO and VGBA are at least as demanding as the International code of ethics for professional accountants (including International independence standards) of the International Ethics Standards Board for Accountants (the IESBA Code).

We believe that the assurance evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion.

Emphasis of matter

Emphasis on the most significant uncertainties affecting the quantitative metrics and monetary amountS

We draw attention to the sections 'Accounting Policies' and 'Uncertainties and estimates' which is included for each material pillar of the Sustainability Statement that identify the quantitative metrics and monetary amounts that are subject to a (high) level of measurement uncertainty and discloses information about the sources of measurement uncertainty and the assumptions, approximations and judgements the company has made in measuring these in compliance with the ESRS.

The comparability of sustainability information between entities and over time may be affected by the lack of historical sustainability information in accordance with the ESRS and by the absence of a uniform practice on which to draw, to evaluate and measure this information. This allows for the application of different, but acceptable, measurement techniques, especially in the initial years.

Emphasis on the double materiality assessment process

We draw attention to the section Double Materiality Assessment and the pillar Respectful Collaboration in the sustainability statement. These disclosures explain future improvements in the ongoing due diligence and double materiality assessment process, including robust engagement with affected stakeholders. Due diligence is an on-going practice that responds to and may trigger changes in the company's strategy, business model, activities, business relationships, operating, sourcing and selling contexts. The double materiality assessment process may also be impacted in time by sector-specific standards to be adopted. The sustainability statement may not include every impact, risk and opportunity or additional entity-specific disclosure that each individual stakeholder (group) may consider important in its own particular assessment.

Emphasis on the absence of reporting in accordance with Article 8 of Regulation (EU) 2020/852 (Taxonomy Regulation)

We draw attention to section Introduction of the sustainability statement. This disclosure sets out that the sustainability statement has been prepared voluntarily in accordance with European Sustainability Reporting Standards (ESRS) as adopted by the European Commission. The sustainability statement has not been prepared in accordance with the reporting requirements provided for in Article 8 of Regulation (EU) 2020/852 (Taxonomy Regulation).

Our conclusion is not modified in respect of these matters.

Comparative information not subject to assurance procedures

No reasonable nor limited assurance procedures have been performed on the sustainability statement of prior year. Consequently, the comparative information in the sustainability statement and thereto related disclosures for the year ended (datum) have not been subject to reasonable or limited assurance procedures.

Our conclusion is not modified in respect of this matter.

Limitations to the scope of our assurance engagement

In reporting forward-looking information in accordance with the ESRS, the board of the company is required to prepare the forward-looking information on the basis of disclosed assumptions about events that may occur in the future and possible future actions by the company. The actual outcome is likely to be different since anticipated events frequently do not occur as expected. Forward-looking information relates to events and actions that have not yet occurred and may never occur. We do not provide assurance on the achievability of this forward-looking information.
Our conclusion is not modified in respect of this matter.

Our responsibilities for the limited assurance engagement on the sustainability statement

Our responsibility is to plan and perform the limited assurance engagement in a manner that allows us to obtain sufficient appropriate assurance evidence for our conclusion.

Our assurance engagement is aimed to obtain a limited level of assurance that the sustainability statement is free from material misstatements. The procedures vary in nature and timing from, and are less in extent than for a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed.

We apply the applicable quality management requirements pursuant to the 'Nadere voorschriften kwaliteitsmanagement' (NVKM, Regulations for quality management) and the International Standard on Quality Management (ISQM) 1, and accordingly maintain a comprehensive system of quality management including documented policies and procedures regarding compliance with ethical requirements, professional standards and other relevant legal and regulatory requirements.

Our limited assurance engagement included among others:

- Performing inquiries and an analysis of the external environment and obtaining an understanding of relevant sustainability themes and issues, the characteristics of the company, its activities and the value chain and its key intangible resources in order to assess the double materiality assessment process carried out by the company as the basis for the sustainability statement and disclosure of all material sustainability-related impacts, risks and opportunities in accordance with the ESRS.
- Obtaining through inquiries a general understanding of the internal control environment, the company's processes for gathering and reporting entity-related and value chain information, the information systems and the company's risk assessment process relevant to the preparation of the sustainability statement, without obtaining assurance information about the implementation, or testing the operating effectiveness, of controls.
- Assessing the double materiality assessment process carried out by the company and identifying and assessing areas of the sustainability statement where misleading or unbalanced information or material misstatements, whether due to fraud or error, are likely to arise ('selected disclosures'). We designed and performed further assurance procedures aimed at assessing that the sustainability statement is free from material misstatements responsive to this risk analysis.
- Considering whether the description of the double materiality assessment process in the sustainability statement made by management appears consistent with the process carried out by the company.
- Determining the nature and extent of the procedures to be performed for the group components and locations. For this, the nature, extent and/or risk profile of these components are decisive.
- Performing analytical review procedures on quantitative information in the sustainability statement, including consideration of data and trends in the information submitted for consolidation at corporate level.
- Assessing whether the company's methods for developing estimates are appropriate and have been consistently applied for selected disclosures. We considered data and trends, however, our procedures did not include testing the data on which the estimates are based or separately developing our own estimates against which to evaluate management's estimates.
- Analysing, on a limited sample basis, relevant internal and external documentation available to the company (including publicly available information or information from actors throughout its value chain) for selected disclosures.
- Performing a site visit for the largest production location of division Dairy.
- Reading the other information in the annual report to identify material inconsistencies, if any, with the sustainability statement.
- Considering the overall presentation, structure and the fundamental qualitative characteristics of information (relevance and faithful representation: complete, neutral and accurate) reported in the sustainability statement.
- Considering, based on our limited assurance procedures and evaluation of the assurance evidence obtained, whether the sustainability statement as a whole, is free from material misstatements and prepared in accordance with the ESRS.

Rotterdam, 16 April 2025

For and on behalf of BDO Audit & Assurance B.V.,

Drs. W.P. de Wit RA

Cautionary Notice

This document has been prepared by Koninklijke A-ware Food Group B.V., also on behalf of its affiliates within the meaning of Article 2:24b of the Dutch Civil Code (jointly: Royal A-ware), and was published on 16 April 2025.

The content of this document provides information on Royal A-ware's efforts and objectives at the time of publication, as well as details on the results achieved by Royal A-ware in 2024. This document may also contain forward-looking information.

Such forward-looking statements or information are based, among other things, on current expectations and estimates. This means that these forward-looking statements or information may be subject to known and unknown risks, uncertainties, and other factors that could cause actual future results to differ from the expectations stated in this document. Royal A-ware is under no obligation to update or revise such forward-looking statements in light of new information or future events, unless required by law.

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Driven by taste

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