BUILDING A COMMON VISION FOR THE FUTURE OF FOOD & AGRICULTURE

2024 EUROPEAN ORGANIC CONGRESS

#EUorganic2030 #EOC2024

10-12 SEPTEMBER

BUDAPEST, HUNGARY

European Organic Markets Developments

Lee Holdstock
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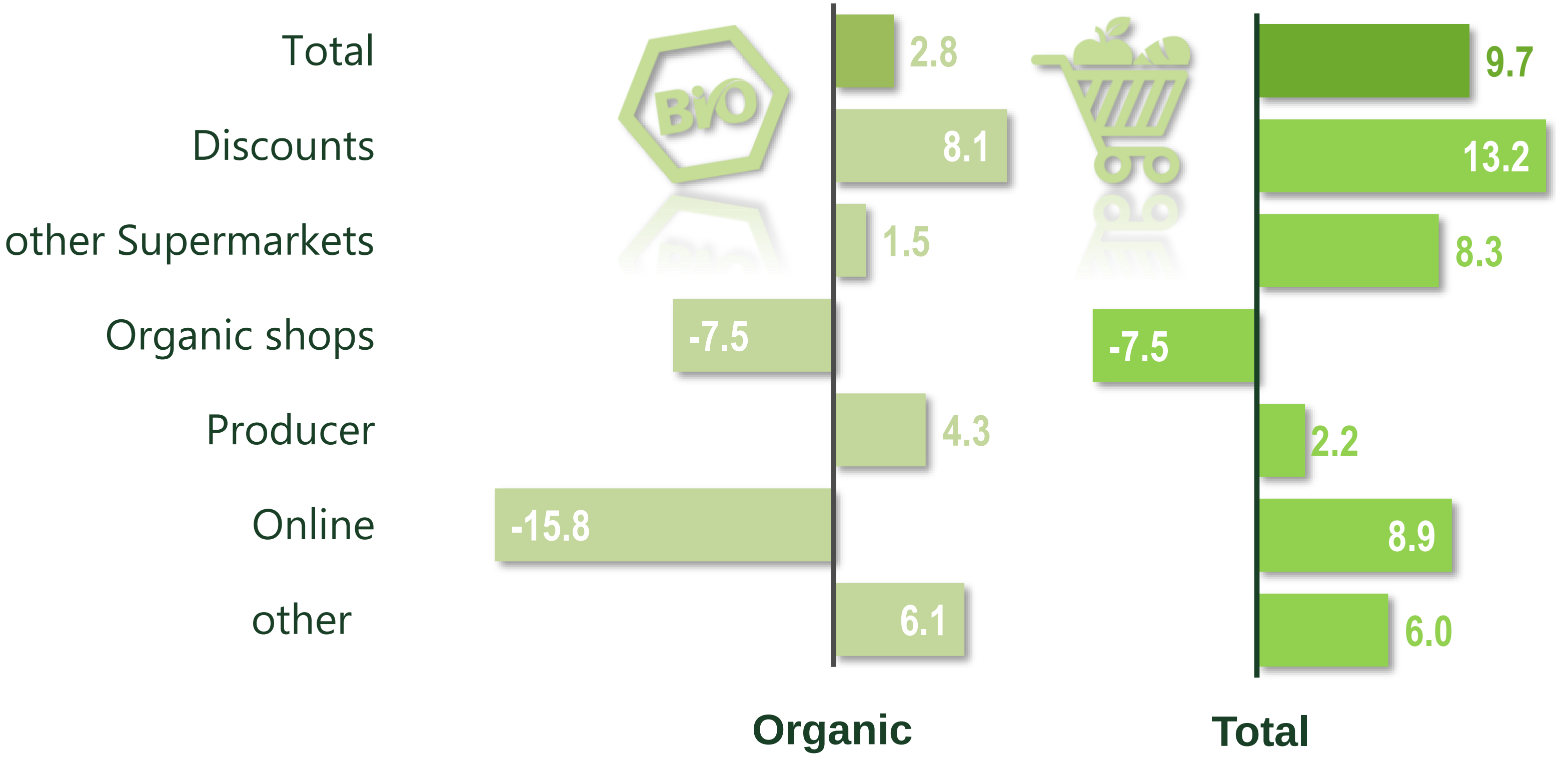
Soil Association Certification

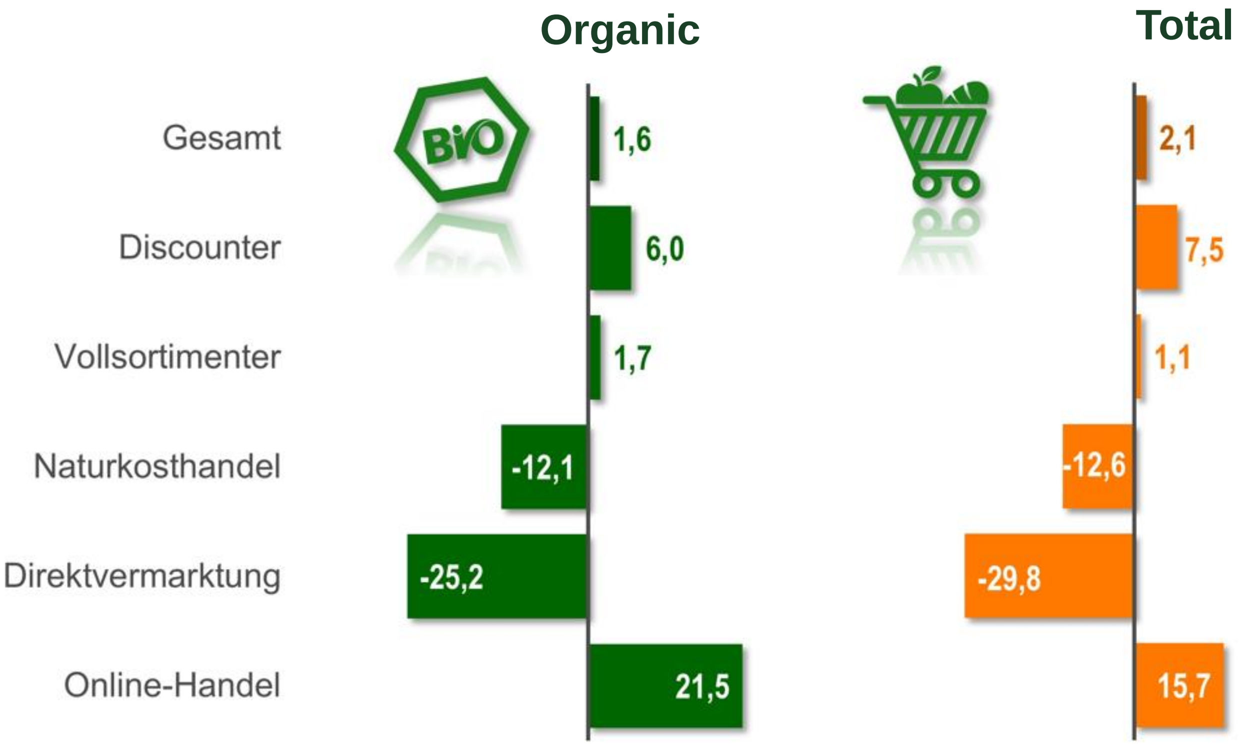
Market performance

Germany Value growth in 2023, with discounters taking share.



- The German organic market grew **5%** in 2023 to reach E16.08B
- 2023 saw more private label products sold and more share for discounters
- Inflation was lower in organic – closing the gap with organic

Germany 2024 seeing strong growth in organic online



- Q1 & Q2 in 2024 shows reduced overall growth in all retail v's same period in 2023
- Growth in organic sales in discounters is slowing, with further declines in organic shops
- Growth in organic online is significant in Q1 and Q2 , moving to +21% v's -15.8 in 2023

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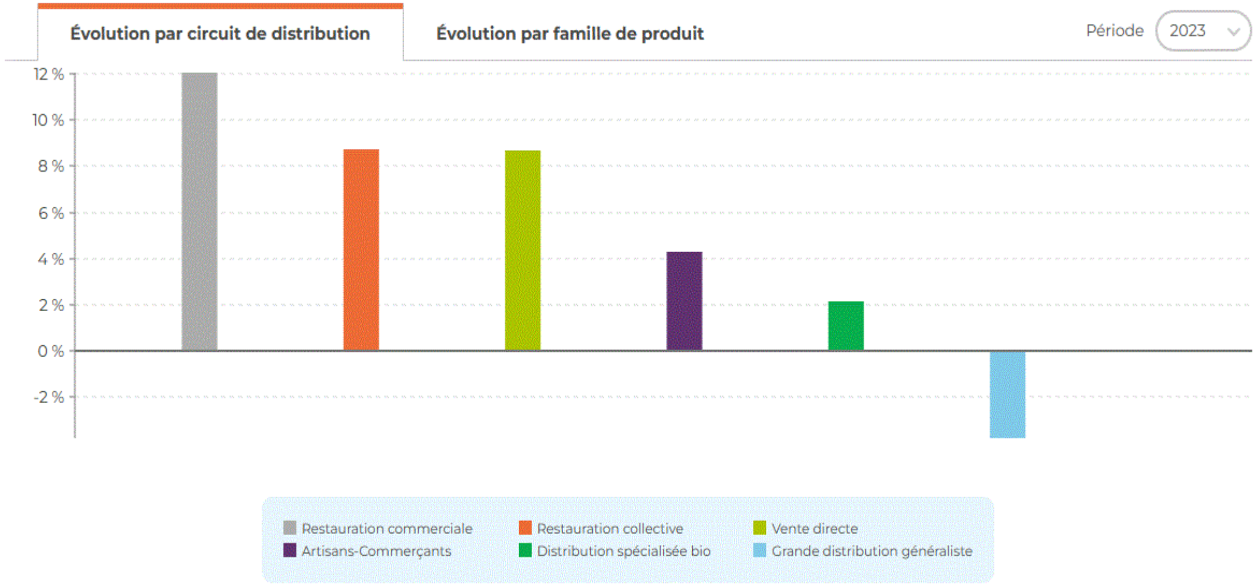
France 2023 saw a reversal of declines

3. EVOLUTION ANNUELLE DES VENTES DE PRODUITS ALIMENTAIRES BIO



12 milliards €
eur du marché BIO en france en 2023
+0,0 % / 2022

5,6 %
Part bio de la consommation alimentaire des ménages

786 millions €
Achat bio de la restauration (HT)
484 millions € en restauration collective
302 millions € en restauration commerciale

In 2023 organic sales (in value) increased for all distribution channels (total market **+5%** v's 2022)

Support for supply chain without equal support for consumer education saw big retailers decrease their organic offer as consumers became more price sensitive

Specialised shops saw an increase of **+2.2%** turnover. There are fewer but larger shops.

Provenance remains key in organic with **71%** of products of French origin

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Égalité
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L'AGENCE BIO
Pour un monde plus Bio

Source:Agence-Bio

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France Declines in all retail in early 2024 but growth in Bio shops

-5.4% for organic food products with fixed weight in value and continued steady decline in organic range and share in all categories vs Q1 2023

Decrease of organic sales in all kinds of general retailers with the biggest decrease in Click & Collect **(-8.5%)**

Organic shops grew value by **+7.2%** in first four months of 2024, with large chains showing good value performance in Q1 2024 (a response to declining offer in generic retail?) :

- *Biocoop : Q1: +7.5%*
- *Naturalia : Q1: +3.5% and Q2: +6.6%*
- *La Vie Claire : Q1: +7.7%*
- *Les Comptoirs de la Bio : Q1: +8.1%*

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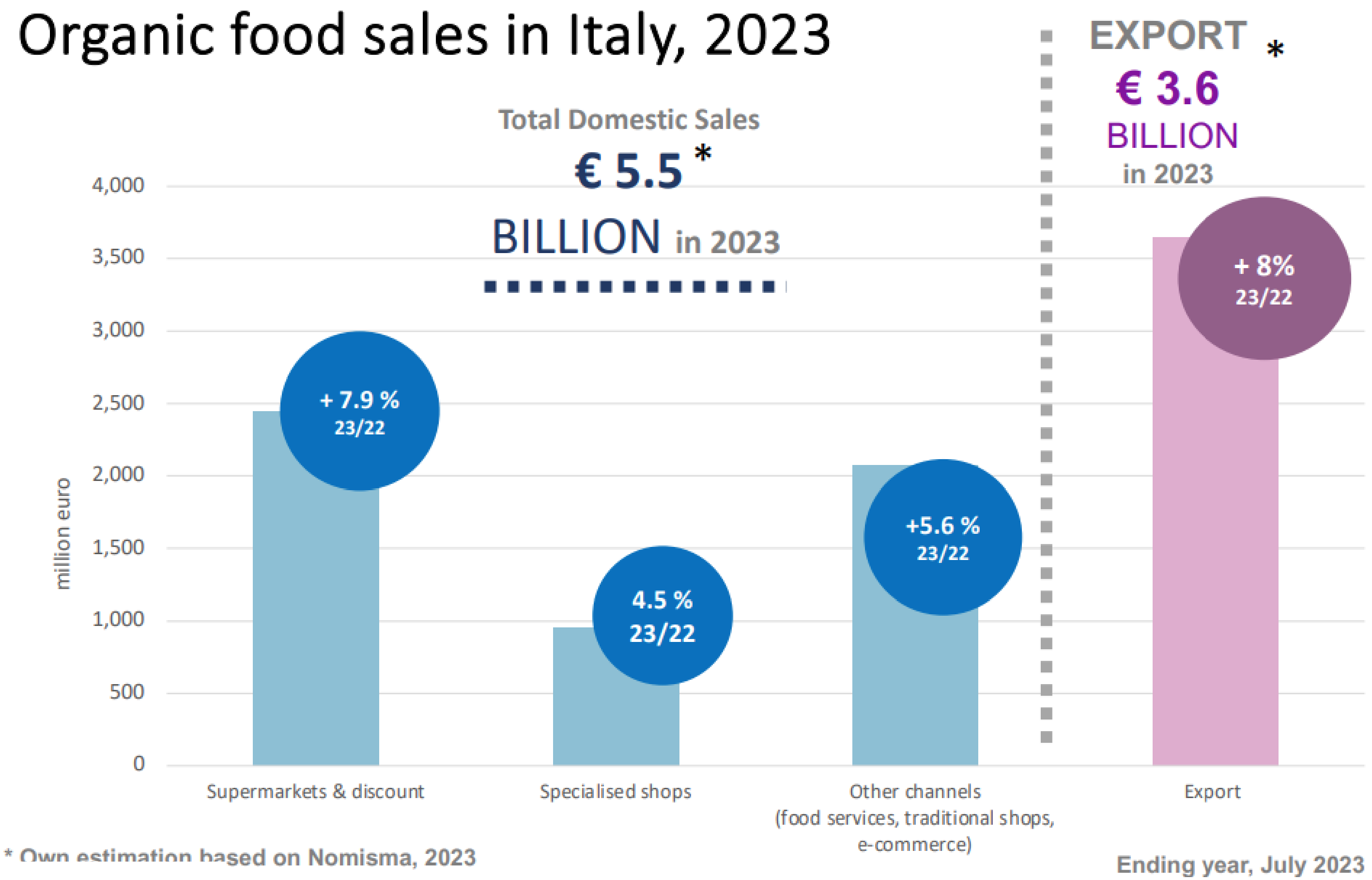
Italy 2023 saw an out-of-home, discount and export success story



- Organic sales exceeded **5.5 billion** euros in 2023 - signs of recovery
- Hyper and supermarkets grew by **7.9%** represent the primary channel for organic purchases with combined sales value of 2.4 billion
- Share of organic in supermarkets has recovered from **3.0 – 3.3%** but assortment has decreased
- Most growth in value and organic volumes are in decline **-0.3** but the value /volume gap was smaller in organic (less inflation?)

Spain Andalusia and Catalonia lead the charge in 2023

Spain reached **€3 billion** in the organic market in 2023 (**+6,2%** in value v's 2022)

Big distribution is the main channel for organic representing 50% share of the market with specialized organic stores commanding 34% share

43% of Spanish consumers eat organic food every week.

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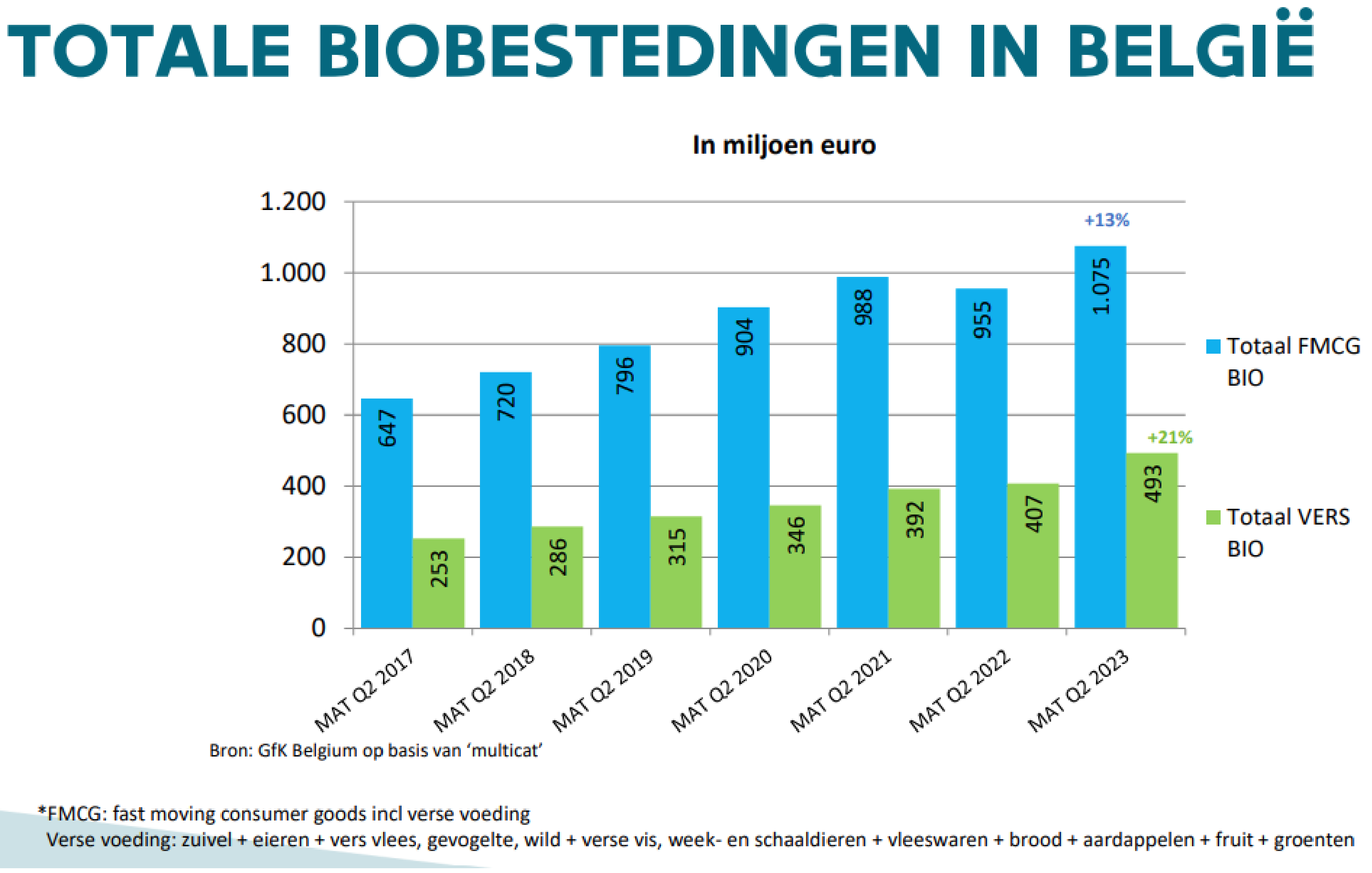
Netherlands Continued growth in organic spend

Despite food inflation organic in retail grew by **14.5%** to exceed 1.3 billion Euros - **5%** higher growth than non-organic in retail.

Supermarkets account for **75%** of total organic sales, which is why they play a crucial role in the growth of organic and the ambition of 15% organic farming by 2030

Dutch households are buying more and more organic products, according to new GfK figures (2024) with consumers buying **57%** more fresh organic products

Belgium Continued growth in organic spend

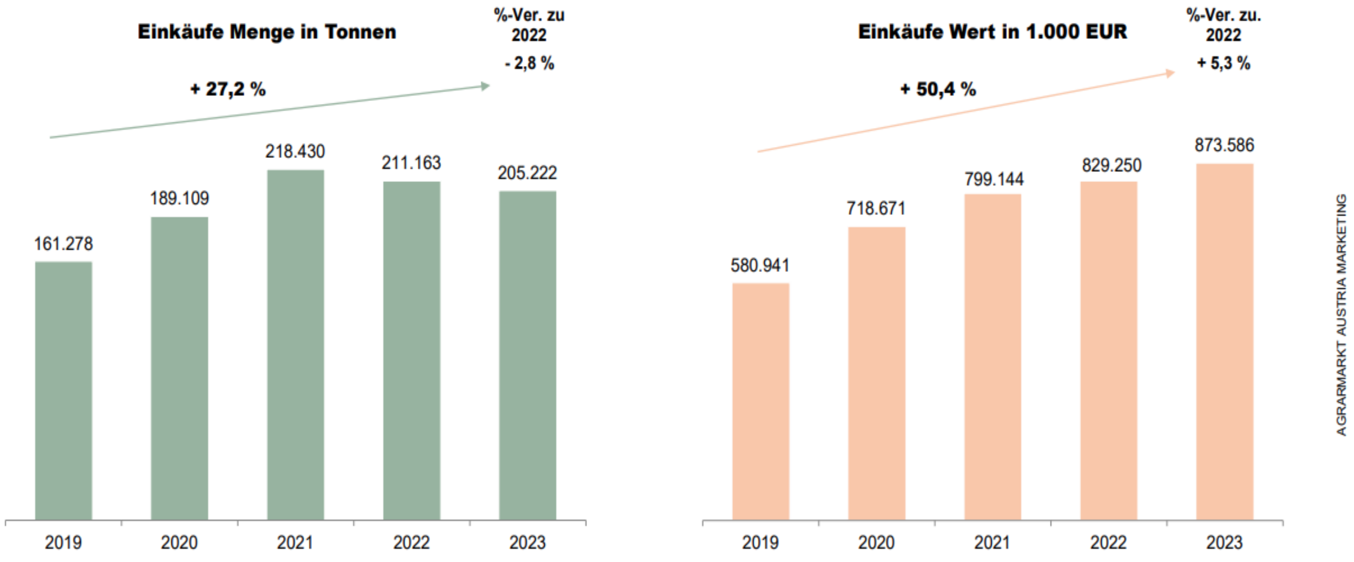


Following a decline in 2022, organic spend increased by **+21%** (fresh) for in 2023 (Q2)

Stronger growth than total food and household spending

Organic share grew **0.3%** in 2023 to reach **4%**

Austria Rising organic share despite reduction in volumes



*RollAMA Total: Milch, Milchprodukte, Fleisch, Wurst, Frischobst, Frischgemüse, Kartoffeln, Eier, TK-Obst & -Gemüse, Obst & Gemüse-Konserven, Fertiggerichte

Quelle: © RollAMA/AMA-Marketing, Feldarbeit: Consumer Panel Austria GfK/Auswertung: KeyQuest Marktforschung

RollAMA
ROLLIERENDE AGRARMARKT-ANALYSE

Organic sales value increased by **+5.3%** with volumes lower a **-2.8%**

The organic share of sales in supermarket continues its increase 2023 to **11%**

Frequency of organic purchases and quantity of organic purchases per Austrian household are rising.

>25% of land in Austria is organic!

Switzerland Seeing continued growth despite economic woes

Swiss consumers continued to turn to organic products despite a dampened consumer mood (inflation, rising prices).

Total organic sales, including specialist retail, direct marketing and other sales channels,= **4,075 billion CHF** in 2023, compared to 3,873 billion francs in 2022

The organic market share in the retail sector increased by **+5%** to reach **11.6 %**

Bio Suisse sees the long-term trend towards more organic and regional produce

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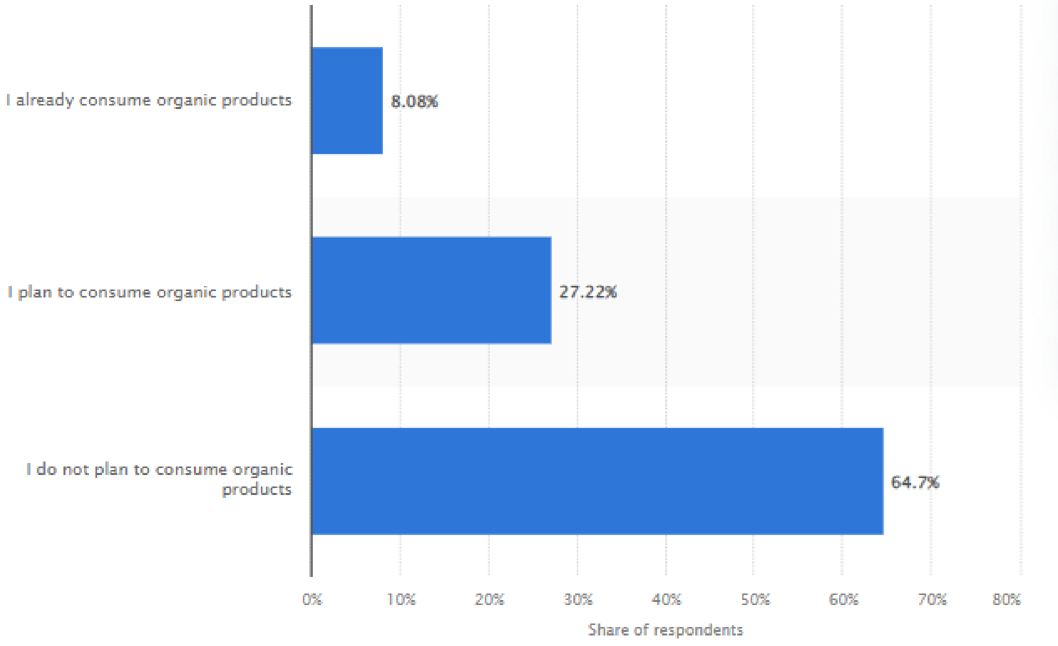
Hungary Modest volume growth but strong value growth



Overall share of the market is estimated to be between **0.3%** (FiBL) and **1%** (Biokultura)

Nielsen data available only for drugstores, discount chains, hypermarkets and supermarkets, around 24-25% of the market

These channels saw **15.7%** growth in HUF (from 2021 -22 to reach HUF 16.1 billion) or **6%** in EUR.

Inflation has been significant from 2021-22 yet Hungary has seen modest volume at increases of **+1%** (where data is available)

Online operators such as Kifli.hu have a significant organic offer and are witnessing strong growth

Sweden 2023 was stable in value

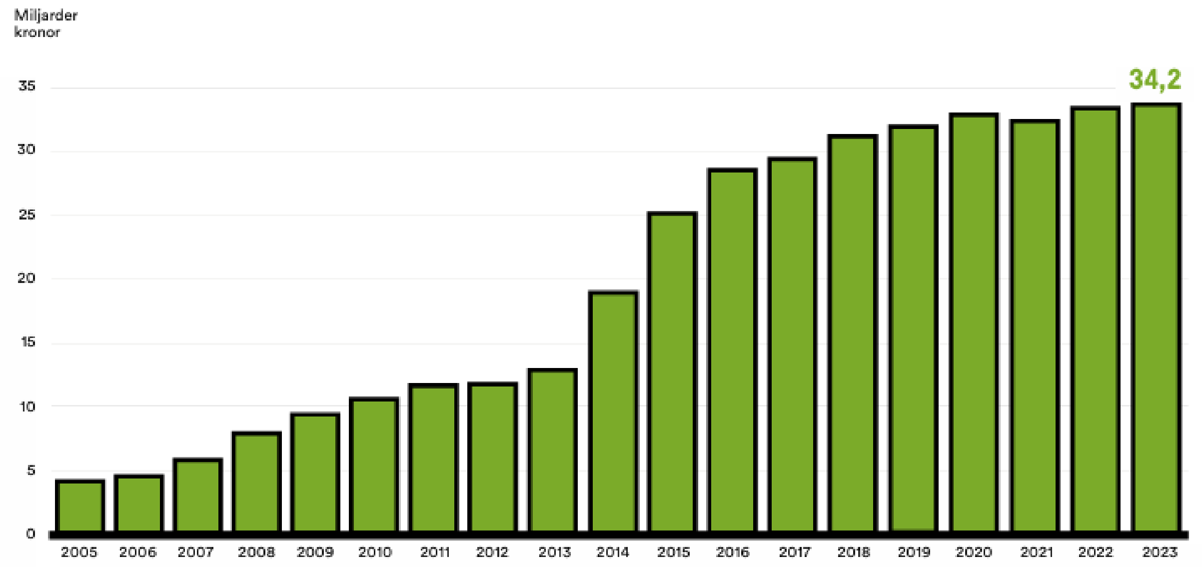


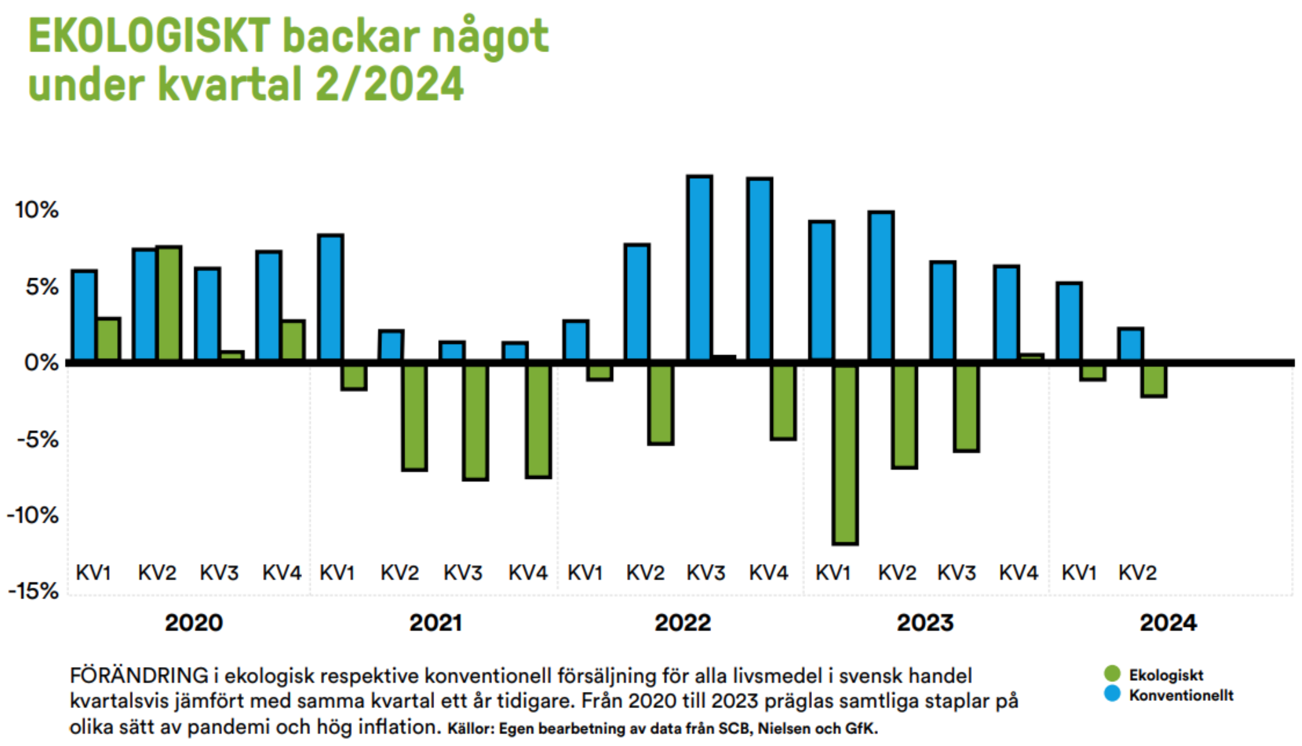
DIAGRAM 2. Totalmarknaden för ekologiska livsmedel i Sverige, 2005 till 2023, löpande priser. Jämfört med 2022 ökade försäljningsvärdet för de ekologiska livsmedlen något under 2023, men väsentligt mindre än de konventionella.
Källor: Nielsen, GfK och SCB.

Sales of organic were more or less unchanged in 2023 in terms of value (SEK) but decreased significantly in volume

Production of organic milk decreased by a quarter as dairy farms saw the biggest movement out of organic due to better conventional milk prices.

Ekologiska Lantbrukarna KRAV Organic Sweden

Sweden Decline continues in 2024, but fresh growing.



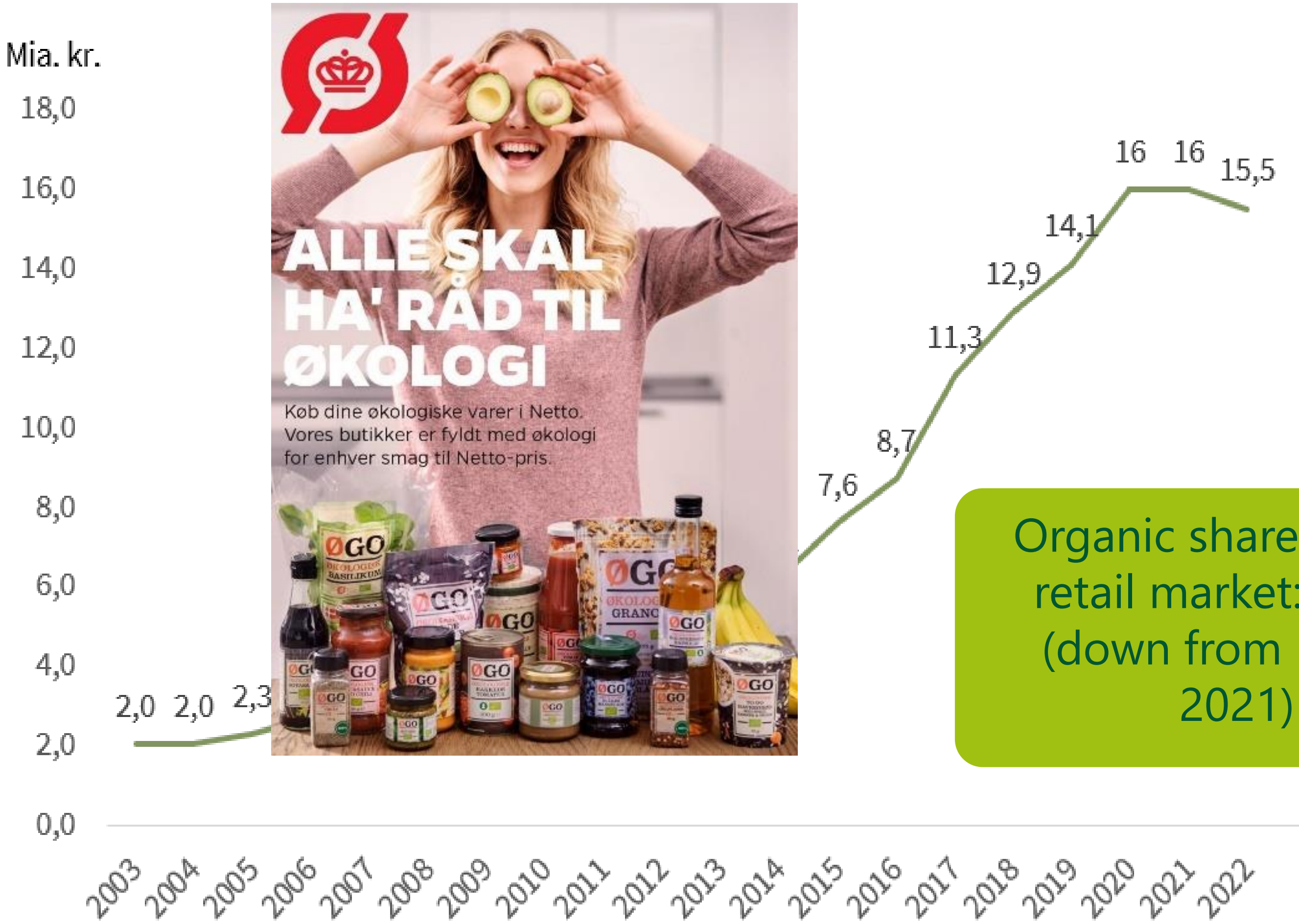
Sales of organic foods decreased by **1.7%** during Q1 and Q2 2024 while sales of conventional foods grew by 2.3%

Share of organic within retail is projected reach **4.3%** percent in 2024 a significant reduction compared to its peak in 2016 of 7.2%

Volume sales of organic fruit & vegetables and dairy have grown in volume Q2 2024 - a positive signal that recovery could be ahead.

Denmark Decline in 2021, but optimism persists…

- Smaller size of the organic assortment in retail and increase of private labels share.
- Larger share of sales is taking place in discount stores not offer organic led to first decline in many years
- Retail sales of organic food decreased but just under **-3%** value and **-9%** in volume.



Organic share of total retail market: 11.8% (down from 12.7 in 2021)

Sales in Billion DKK- Source: Organic Denmark

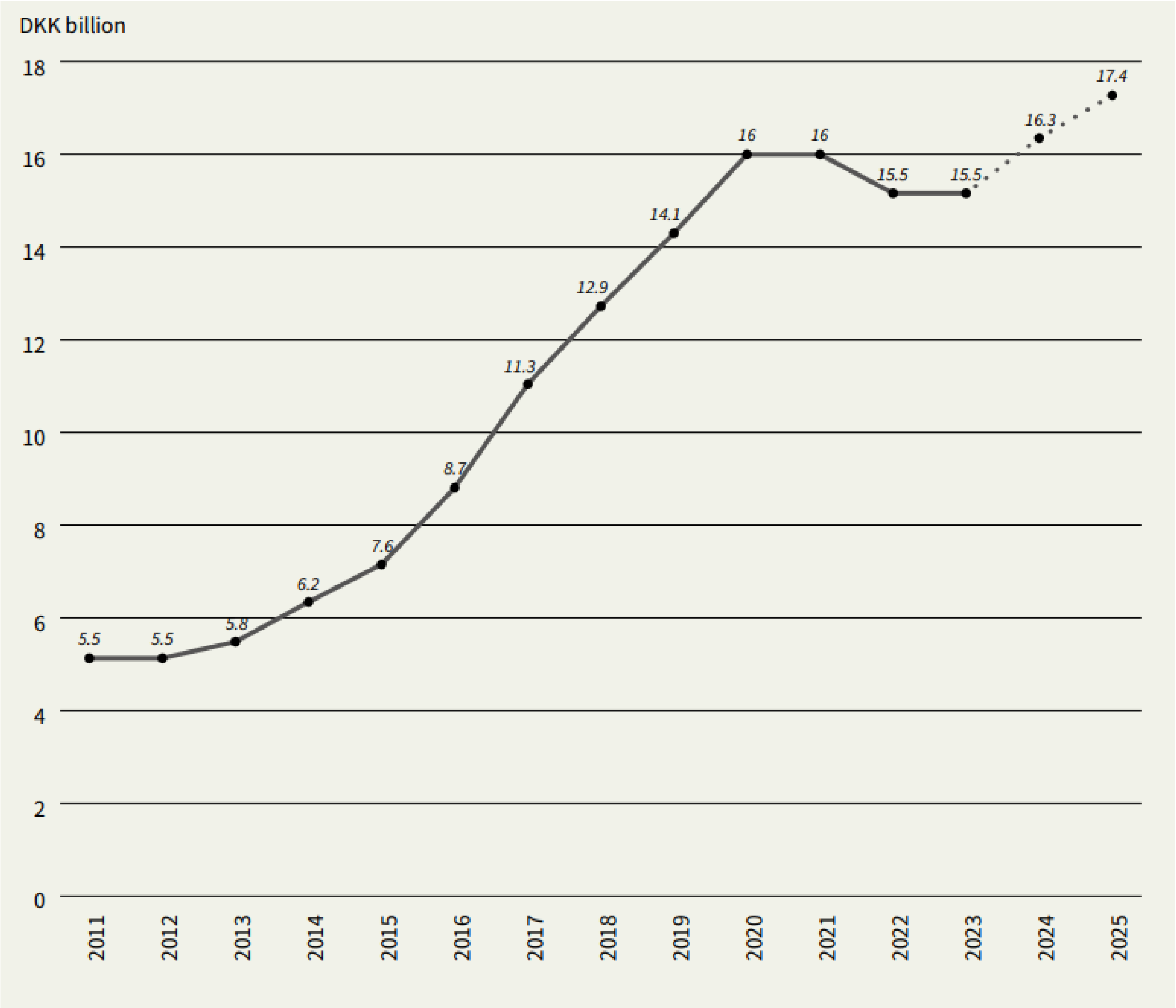
Denmark 2024?

Data for 2024 from retailer suggests a return to ‘new normal’ and are ready to buy more organic.

Growth projected to reach **16.3 Billion** DKK in 2024 – pre-2020 level

Consumers will return, but value chains need support with other ‘green’ distractions.

Rema1000 and Netto showing greatest potential to grow sales



ØKOLOGISK LANDSFORENING

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Finland Organic growth in public kitchens

Sales decrease by **–6%** in 2023 to **352 millions euros.**

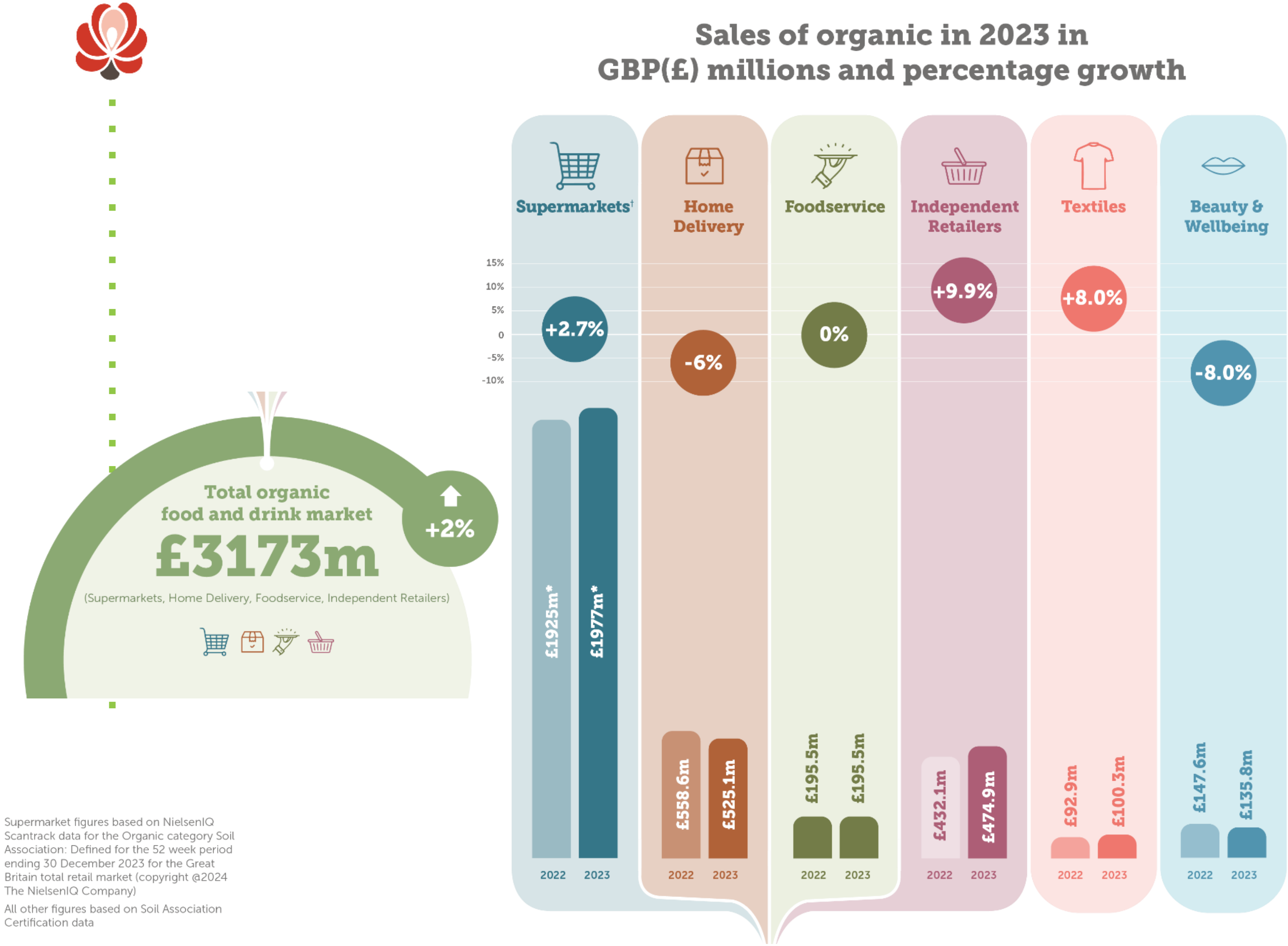
For certain types of product such as organic baby food, the market kept growing.

Inflation in organic products slowed down at the end of 2023 for many products

Organic market share is **2%**, representing a minor decrease (-0.3%)

Organic product in public catering has quickly grown with **63%** public food services report using organic products daily, and **91%** monthly

UK Channel performance shows inflation and flat foodservice



† Supermarket figures based on NielsenIQ Scantrack data for the Organic category Soil Association: Defined for the 52 week period ending 30 December 2023 for the Great Britain total retail market (copyright @2024 The NielsenIQ Company)

All other figures based on Soil Association Certification data

- Supermarkets and independent retailers back into growth
- Foodservice held market value
- The cost-of-living crisis led to a tough year for home delivery and beauty & wellbeing but both show potential for 2024

UK Value performance in 2024

Organic Market Growth
52 weeks

+6.4%

+5.4 in non-org

Organic Share of
all food 52 weeks

1.6%

Organic Market Growth
12 weeks

+8.5%

+3.3 in nonorg

Organic Market Growth
4 weeks

+8.1%

- Value and volume beating all food & drink by approx. 1%

NielsenIQ Scantrack Total Coverage, Food & Drink (Soil Association Defined), 52w/e 24th August 2024

UK ...and volume performance in 2024

Organic Market Growth
52 weeks

+2.2%

+1.2% in non-org

Organic Share of Category
52 weeks

1.4%

Organic Market Growth
12 weeks

+5.9%

+1.6% in non-org

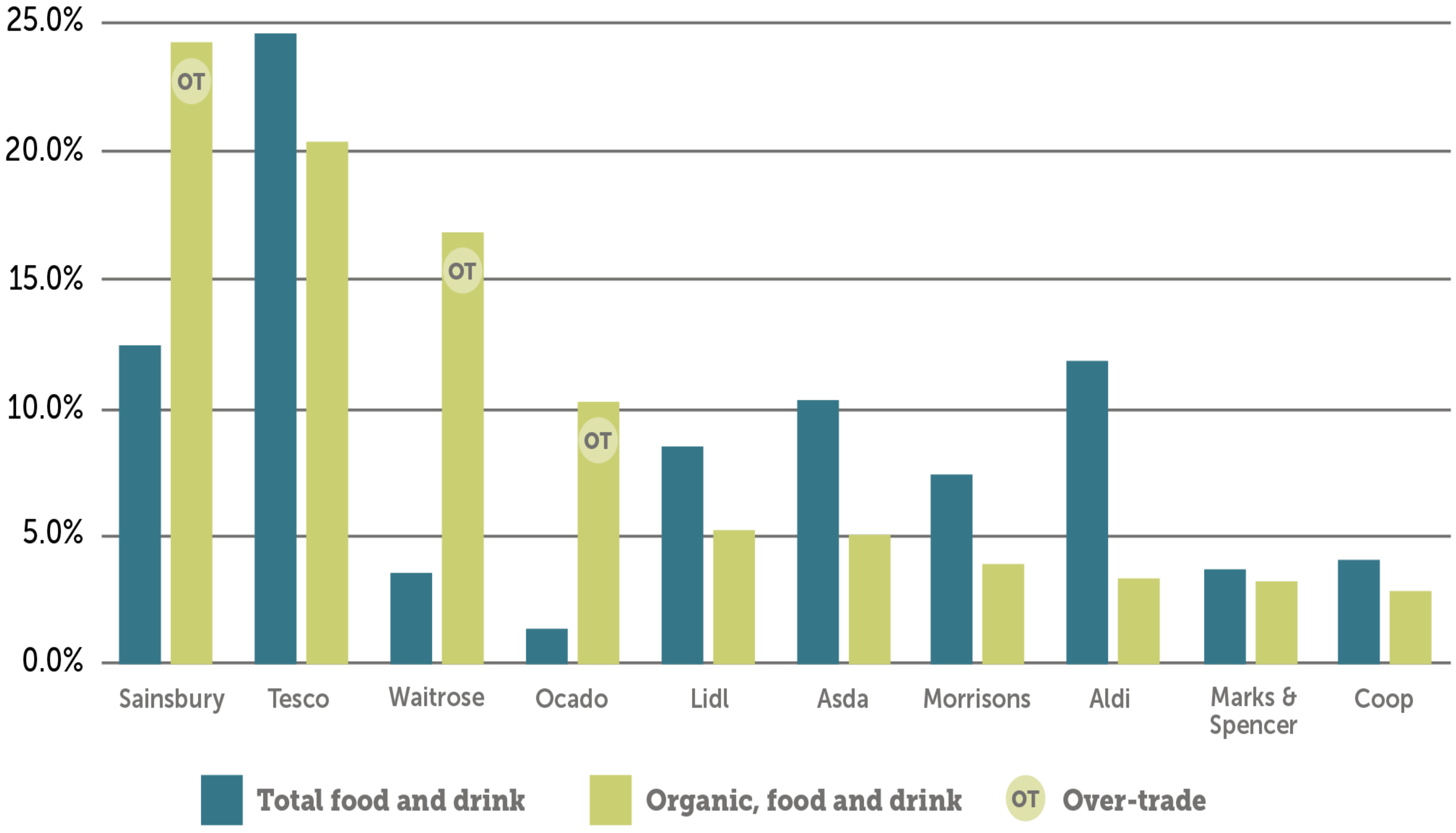
Organic Market Growth
4 weeks

+6.4%

+ 2.2% in non-org

NielsenIQ Scantrack Total Coverage, Food & Drink (Soil Association Defined), 52w/e 24th August 2024

UK has three key retailer over-trading on organic

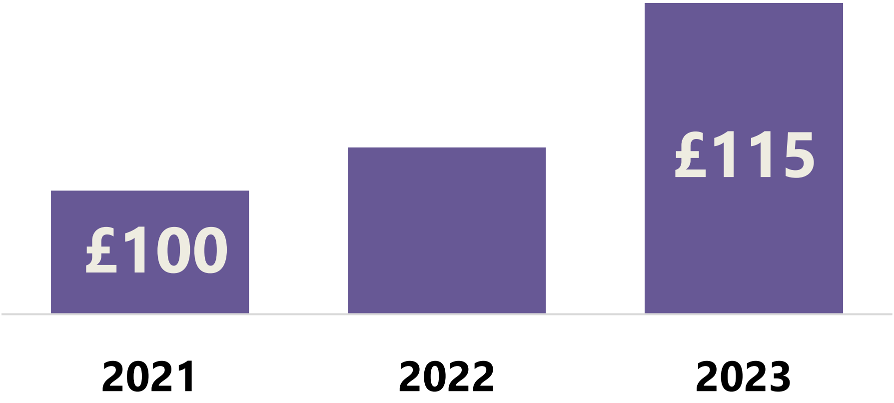


Source: NielsenIQ Homescan Food & Drink Share of Trade, data for the Organic category Soil Association defined, 52wk to Dec 30 2023

2023 saw momentum at all ends of the market, from Ocado (+1.1%), Sainsburys (+0.5%) to Lidl (+0.3%).

22% of all supermarket organic purchases are made online, twice as much as all grocery at 11%.

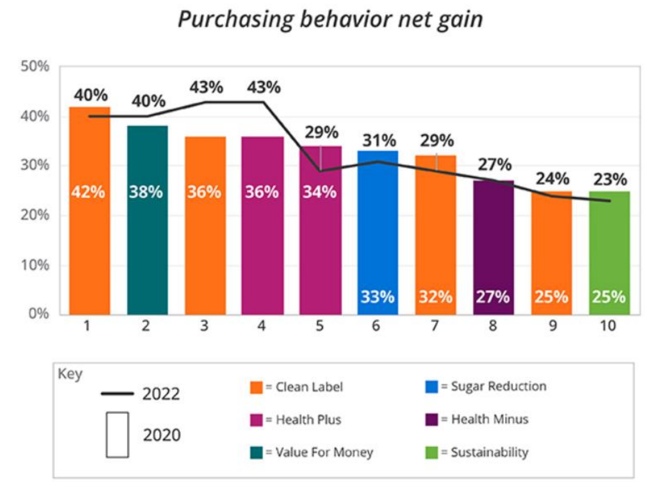
Consumers UK consumers still willing to pay for organic



- Source: NIQ UK Scantrack | Total Coverage incl. Discounters | FMCG (excl. Tobacco and NonFood)
- Price per Item % Change, Latest 52 weeks 19 August 2023,

UK Consumers are spending 15% more on FMCG vs. 2021

- The compound impact of inflation reduced purchasing power in 2023
- Organic remains in top 10 claims when it comes to purchase behaviors in 2022 (<1%)
- Big increases in ingredients checking and looking for nutritional info. An opportunity?



Top 10 purchasing behaviours

1. Clean label / natural ingredients
2. Looking for sales / lower prices
3. Checking ingredient labels
4. Checking nutritional labels
5. Health claims such as digestive health
6. Reduced sugar or no added sugar
7. No additives or artificial ingredients
8. Reduced or zero fat claims
9. Organic products
10. Sustainability or environmental claims

Source: ATLAS 2023

Source: https://www.ingredion.com/emea/en-uk/be-whats-next/2023-consumer-food-preference-trends.html#claims

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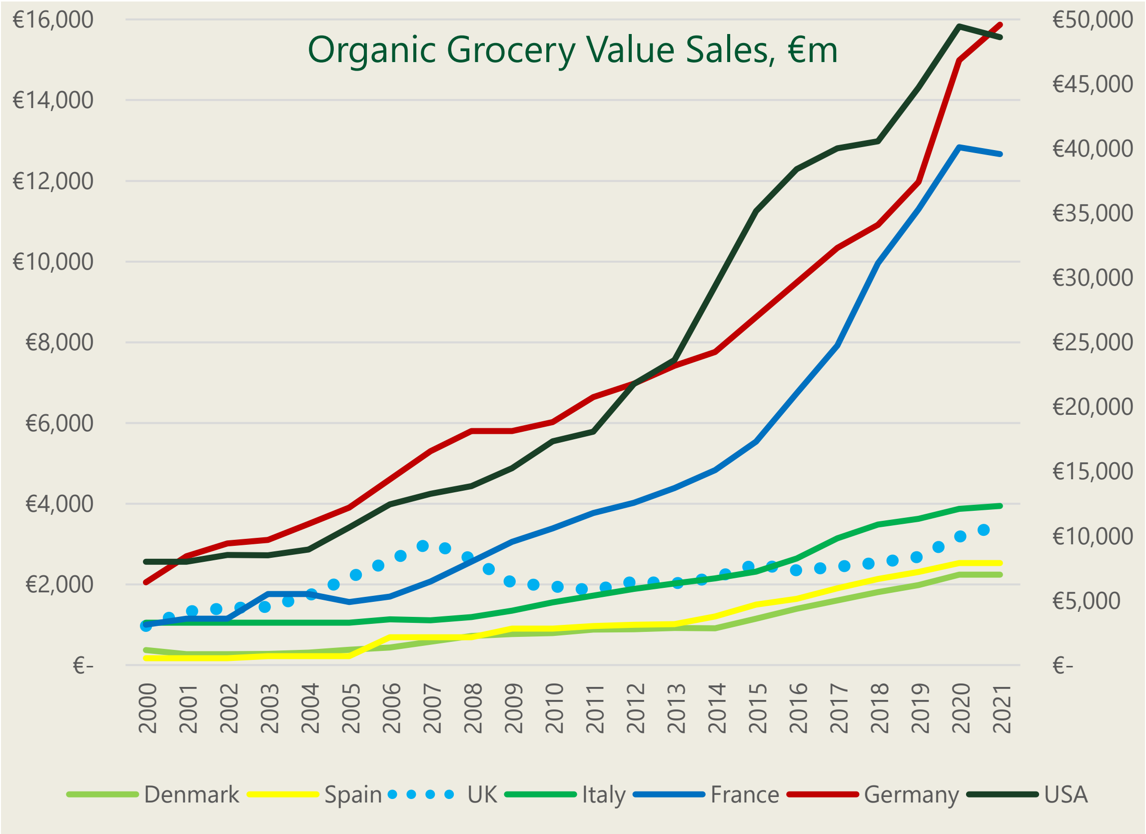
Takeouts

2022 Declines needs to be taken in context

The "decline" of 2022 of the organic market is to be put in perspective

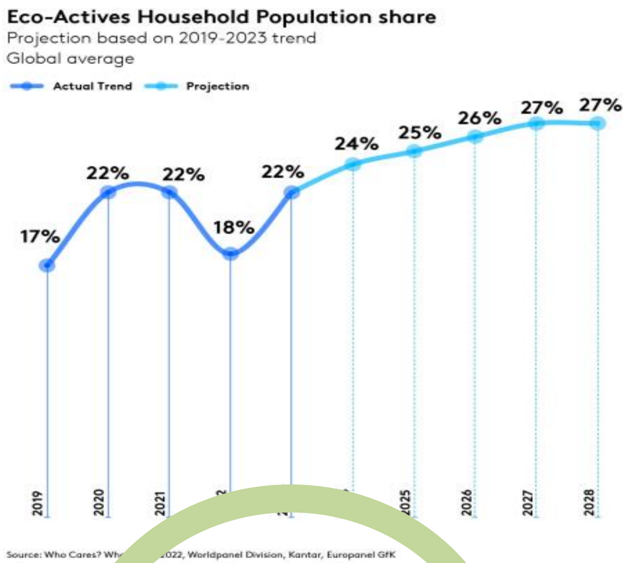
Extraordinary growth during the Covid period because of external factors - 2020 cannot be taken as a reference year

2023 saw some signs of recovery to at least pre-Covid levels in many markets .



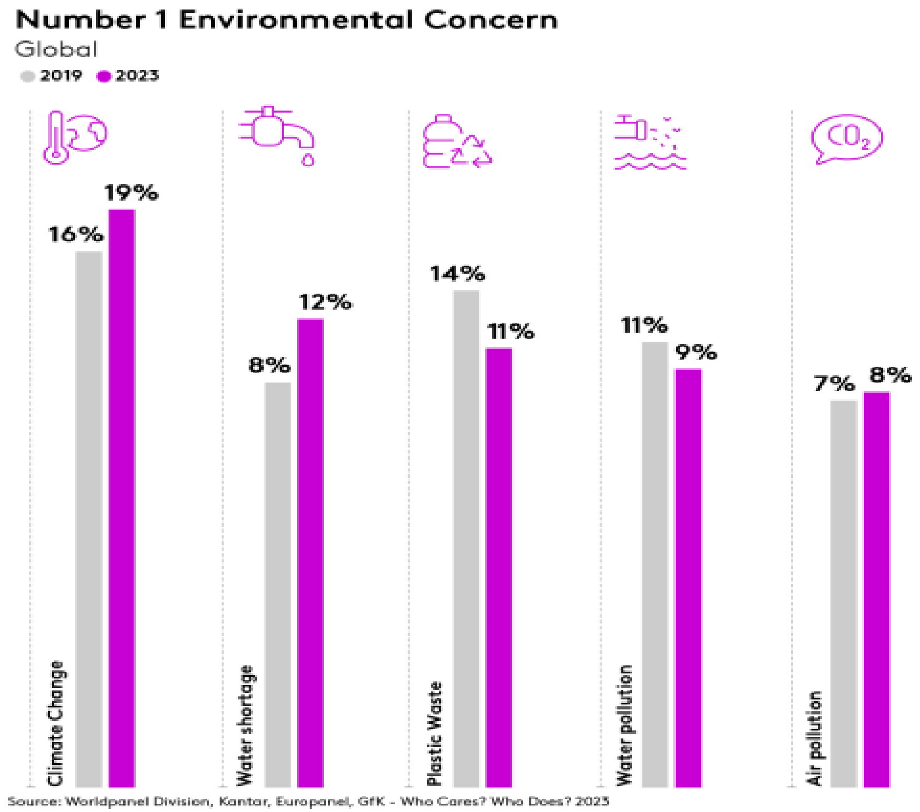
Source: Eurobaromètre Les Européens, l'agriculture et la PAC, juin 2022
https://blogs.worldbank.org/opendata/falling-food-prices-yet-much-higher-pre-covid

Ecoactive consumers bounce-back in 2023 as concerns shift



Eco-Actives represent $456 billion in spending, globally

- Climate change is at the forefront of people's minds and concerns about water shortages have now leapfrogged plastic waste as the primary concern
- Consumers expect more action on environmental, social, and governance (ESG) efforts
- Investors too?



Source : Who Cares? Who Does? Kantar, September 2023

Markets are still shifting

Although consumers remain willing to buy more organic products, inflation has impacted spending power – markets have not fully recovered

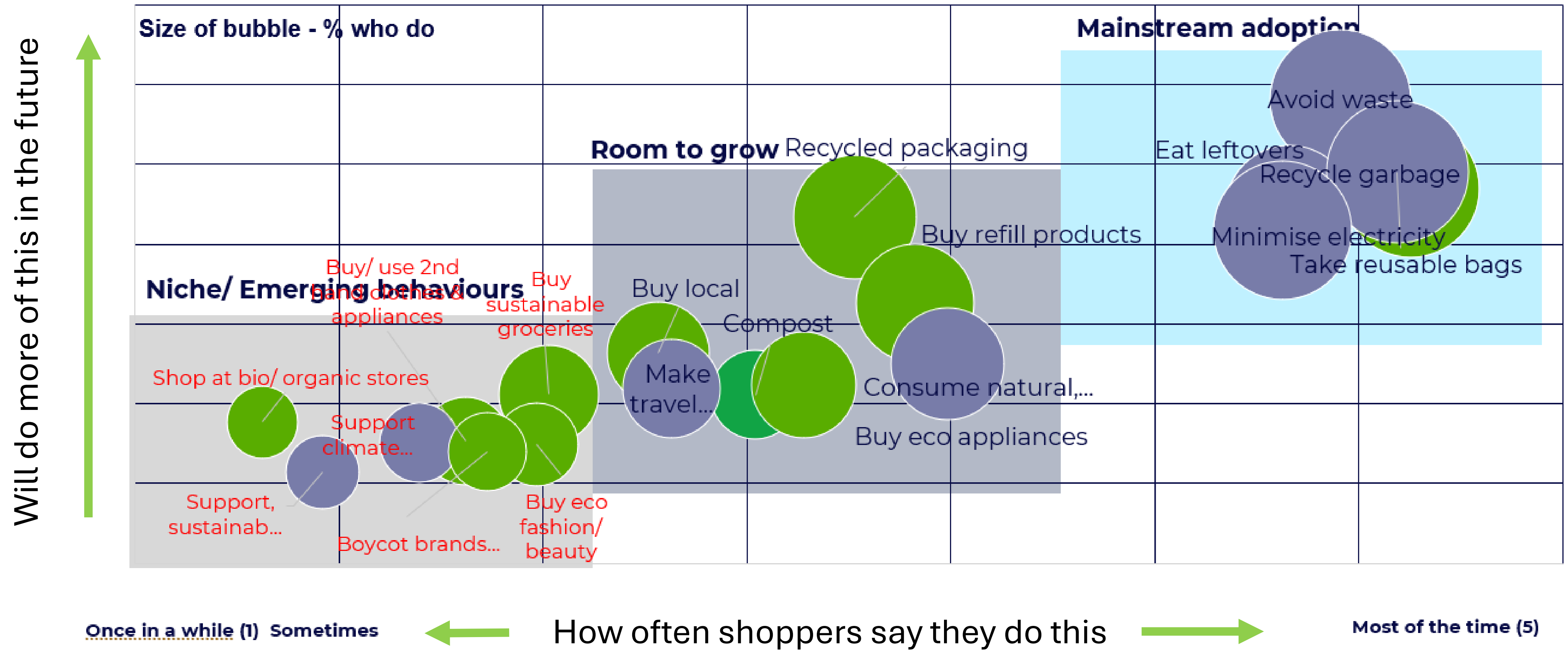
European consumers reduced spending on food overall in 2023 - organic consumers in the EU tended to choose a cheaper version of the same product (e.g. retailer’s own label) or trade down to discounters (will this be sustained as confidence returns?)

Very mixed picture at the start of 2024 with the two biggest markets still struggling to grow, but there is value growth in many other EU markets as larger retailers see spending recover.

Not all growth markets are seeing volume growth, but inflation in organic is often lower in organic. In UK this is evident in sectors where non-organic margins can be smaller negative – inflation has forced movement upward.

Out-of-home continues to be a success in many nations

Consumers were more motivated to 'reduce' in 2023



Source: NielsenIQ 2023 Sustainability Report - What actions, if any do you currently do to live a sustainable lifestyle? Which of these do you personally see yourself doing more often in next 6-12 months?

- Although growing in France and Belgium, recovery in 2024 not led by Bio stores in Germany, Italy and UK, but by big format stores and online.

Source: NielsenIQ 2023 Sustainability Report - What actions, if any do you currently do to live a sustainable lifestyle? Which of these do you personally see yourself doing more often in next 6-12 months?

Takeouts Support & trade externalities

Growth needs to come from a balance of supply chain stimulation and consumer awareness – push and pull

Whether led retailers, certifiers, Trade organisations or NGO's consumer-facing communication is key - impactful campaigns with clear messages for confused consumers showing how organic addresses many of the issues they care about - e.g. health/nutrition and climate.

Organic markets need to respond to various emerging challenges:

- Other sustainability offers – e.g. **Regenerative** and **local**
- Ecolabelling and Metrics – increasingly investors, regulators and buyers want to know about the **outcomes**, not just that we comply with a codified system
- Trade Barriers – EU to GB trade could be impacted by full implementation of **TCA rules** in February

Any questions?

Thank you

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