

MANAGEMENT REPORT AND FINANCIAL STATEMENTS

SÜDZUCKER AG

DATED 28 FEBRUARY 2021 (GERMAN GAAP – HGB)



The annual report is also available in German. This translation is provided for convenience only and should not be relied upon exclusively. The German version of the annual report is definitive and takes precedence over this translation.

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The numbers in parenthesis in the report represent the corresponding prior year's figures or item.

REPORT OF THE SUPERVISORY BOARD

Dear shareholders,

The effects of the Corona pandemic have been shaping the way we all live and work for over a year now, as it has the supervisory board's fulfillment of its duties. We were also challenged with adapting to constantly changing regulations and conditions for meetings and working sessions, and providing the greatest possible protection against infection.

Face-to-face meetings and meetings that members physically attended were either not possible or only possible with severe restrictions. Thanks to virtual meetings, conference calls or a combination of the two, the supervisory and executive boards were able to continue to communicate.

It is evidence of the company's clear commitment – which we all share – to protecting the health of its employees. The company immediately introduced appropriate protective measures and thus virtually prevented internal spreading of the virus.

All of these current challenges were successfully met. As to the challenges of the future, the company will tackle these with the new Group Strategy 2026 Plus, which together with the divisions' strategies, the executive and supervisory boards have discussed in detail.

The supervisory board continued to work on the basis of mutual trust and in the spirit of a results-oriented team with the executive board in fiscal 2020/21. In doing so, the supervisory board concentrated on the tasks for which it is responsible by law, the company's articles of association and the rules of procedure: to monitor and advise the executive board in the latter's management of the company.

The supervisory board was directly involved in all decisions of material importance affecting Südzucker Group and was continuously advised

in detail and in a timely manner on all issues related to corporate planning and further strategic development, business activities, the status and development of Südzucker Group including risk situation, as well as risk management and compliance.

The executive board updated the supervisory board at all ordinary meetings on the course of business as well as the company's situation. Between meeting dates, the supervisory board is regularly informed about current developments and all significant business transactions. The executive board reports were mainly updates about the company's situation and development, strategy, corporate policy and profits as well as Südzucker AG's and Südzucker Group's corporate, treasury, investment, research and personnel budgets. In addition, the supervisory board chairman took part in executive board meetings and was informed by the CEO in several working meetings about all important business activities. Since the start of the Corona pandemic outbreak, the executive board regularly updated the supervisory board on developments, actions taken and the situation of the company.

Supervisory board meetings and decisions

The supervisory board met with the executive board at four ordinary meetings and two extraordinary meetings in fiscal 2020/21 except for the discussion of internal issues of the supervisory board. Because of the Corona pandemic, the only ordinary meeting took place on 15 July 2020, with all members in attendance. All other meetings were hybrid events – some of the supervisory members were physically present and others joined the meeting via electronic communication. In addition to the meetings, the supervisory board made one decision by written procedure.

The supervisory board approved all of the executive board's decisions after a thorough review and discussions.

The meeting regarding the balance sheet on **13 May 2020** dealt mainly with the audit and endorsement of Südzucker AG's financial statements and the consolidated financial statements dated 29 February 2020. The CFO presented the 2019/20 consolidated financial statements, outlined the individual financial statements and dealt with the dependent company report. The auditor PricewaterhouseCoopers GmbH Wirtschaftsprüfungsgesellschaft (PwC) then reported on the material findings and results of the audit, which included the accounting-system-related internal control systems. The board followed the executive board's proposal for the appropriation of retained earnings and approved the supervisory board report. The board made preparations for the 2020 virtual annual general meeting and adopted the agenda and proposed resolutions. Aside from that, the board presented its choice for the auditor to shareholders at the annual general meeting based on the recommendations of the audit committee. The board dealt with the regular agenda item of compliance. The supervisory board approved supplements to the investment plans of Südzucker AG, AGRANA, BENEEO and Freiburger. In addition, a finance project was approved and personnel matters were discussed.

At its meeting on **15 July 2020** – the day before the ordinary annual general meeting – the CFO presented the mid-term plan. The supervisory board approved the investment plans for 2021/22, the long-term investment programs of Südzucker Group as well as investment amendments.

The supervisory board approved at its meeting on 16 September 2020 an AGRANA finance project by written procedure.

The interim status of the strategy project together with conceptual considerations were presented and discussed at the **12 November 2020** meeting. The CFO provided an update of the result projections for 2020/21. Corporate governance was discussed as always during the November meeting. In addition, the board conducted the annual self-assessment of its activities and adopted the 2020 declaration of compliance and the amendment of the standard rules of procedure for the supervisory board. In addition, the board approved a BENEEO financing project and a CropEnergies investment supplement. Finally, internal supervisory board matters were dealt with as a separate agenda item.

During an extraordinary meeting on **25 January 2021**, the supervisory board held a "strategy day". The group strategy project 2026PLUS presented by the executive board was intensively discussed and examined in detail.

At the **26 January 2021** meeting, the CFO presented the current results projection for 2020/21. The meeting focused on and intensively discussed conceptual considerations for the further development of the sugar and starch divisions. The supervisory board approved investment amendments and a financing project of Südzucker AG. In addition, personnel matters were discussed.

In an extraordinary meeting on **23 February 2021** – a continuation of the 25 January 2021 meeting – the group strategy was further discussed in detail. Information was also provided on the status of a new executive board compensation system and personnel matters discussed.

Supervisory board committees

The supervisory board to date set up five committees to enable its efficient fulfillment of duties (executive committee, mediation committee, audit committee, agricultural committee and economic and social committee), each of which is made up of an equal number of shareholders' and employees' representatives. By resolution of 12 November 2020, the supervisory board also established a nomination committee consisting of four shareholder representatives. The current members of the committees are presented in the notes under item 37 "Supervisory board and executive board".

The supervisory board **executive committee** convened five times in fiscal 2020/21: on 13 May 2020, on 15 July 2020, on 21 October 2020, on 26 January 2021 and on 23 February 2021. Among other things, corporate governance issues, the strategic alignment of the company and personnel matters were discussed in advance.

The **audit committee** convened four times during the year, in two telephone conferences, one in-person meeting and one hybrid meeting:

At its **7 May 2020** meeting and in the presence of the external auditors PwC the audit committee discussed matters relating to the annual financial statements of Südzucker AG and the consolidated financial statements as of 29 February 2020. It prepared the supervisory board financial review meeting – at which the chair of the audit committee reported – and approved the recommendations of the audit committee. In addition, the audit committee discussed the recommendation regarding the appointment of the auditors, checked their independence and finally submitted a recommendation to the supervisory board in favor of the appointment of PwC as auditor of the consolidated financial statements and as auditor of the non-financial statement (limited assurance) for the financial year. The audit committee had previously evaluated the quality of the financial

statements audit. At its May meeting, the supervisory board also dealt with the topic of compliance.

At the meeting on **7 July 2020**, the audit committee discussed with the executive board the quarterly statement Q1 of the 2020/21 financial year. It dealt with the auditor's quotation for the audit assignment and awarded the audit assignment for the annual audit of the financial statements and the audit of the non-financial declaration (Limited Assurance) to PwC – subject to its election as auditor by the annual general meeting.

In the **6 October 2020** audit committee meeting, the auditors dealt with monitoring the accounting process, the effectiveness of the internal controlling system, the risk management system and the internal audit system, as instructed by the supervisory board. Another agenda item was the discussion of the 2020/21 half-year financial report.

In the telephone conference on **12 January 2021**, the audit committee discussed the Q3 2020/21 quarterly statement with the executive board.

All members attended at the audit committee meetings and telephone conferences.

The **agricultural committee** convened on 12 November 2020. Südzucker AG's agricultural division presented its report and information was provided and discussed on development projects for weed control with autonomous systems and on the Modern Agriculture Forum.

The chairs of the committees reported their findings at the subsequent supervisory board meetings.

The **mediation committee** had no reason to convene in fiscal year 2020/21. Neither did the **social committee** meet.

Attendances

Mr. Fred Adjan did not attend the supervisory board meeting of 12 November 2020, but participated in the resolutions via a written vote. Ms. Susanne Kunschert was absent from the extraordinary supervisory board meeting of 25 January 2021. Dr. Hans-Jörg Gebhard did not participate in the executive committee meeting held on 21 October 2020. Otherwise, all supervisory board and/or committee members physically or virtually attended the meetings. Nonparticipation was excused in each case.

Self-assessment of the supervisor board

In accordance with recommendation D.13 of the German Corporate Governance Code, the supervisory board again assessed how effectively it works overall and how its committees fulfill their work. This is done annually using a questionnaire, without external assistance. Each year, the questionnaire is revised according to the text of the current code. The questionnaire was assessed in the meeting on 12 November 2020, at which time the results were discussed and improvement recommendations made. The aim is to continuously improve the work of the supervisory board and its committees.

Compliance

On 12 January 2021, the executive board, external auditor, chairman of the supervisory board and audit committee sat for the regular fraud and corruption risks review meeting. The topics presented and discussed included the assessment of business risks and measures to limit the risks arising from fraud and corruption.

Corporate Governance

A detailed description of corporate governance at Südzucker, including the wording of the supervisory board's diversity goals for its future composition and the declaration of compliance for 2020 issued by the executive and supervisory boards,

can be reviewed in the corporate governance report. In addition, all relevant information is available on the Internet at www.suedzucker.de/en/Investor-Relations/Corporate-Governance/.

The executive board fully complied with its duties as prescribed by law and the standard rules of procedure regarding reporting to the supervisory board and did so in a timely manner. The supervisory board is confident that company management is acting properly, and that the company's organizational structure is effective. It discussed these subjects in detail with the auditors. The same applies to the effectiveness of Südzucker Group's risk management system. Here too, the supervisory board was updated in detail by the executive board.

Conflicts of interest

The supervisory board was not advised in fiscal 2020/21 of any conflict of interest on the part of any of its members, nor of members of the executive board, especially one that could arise as a result of a consultation or board duty related to customers, suppliers, creditors or other business partners.

Financial statements

The auditors PwC were selected by the shareholders at the ordinary annual general meeting on 16 July 2020 at the recommendation of the supervisory board. PwC has reviewed the financial statements and management report of Südzucker AG for fiscal 2020/21, the recommendation of the executive board for appropriation of retained earnings and the consolidated financial statements and management report for 2020/21 and issued a qualified audit opinion on each of them. The auditor also confirmed that the executive board suitably complied with its duties as outlined in article 91, paragraph 2 of the German Stock Corporation Act (AktG). In particular, it established an appropriate information and moni-

toring system that meets the needs of the company and that is suitable for early detection of developments that may threaten the company's survival. PwC has audited the group and individual financial statements since the 2003/04 fiscal year. Christina Pöpperl has been the responsible auditor at PwC for Südzucker AG since 2020/21.

In view of the declaration by Süddeutsche Zuckerrübenverwertungs-Genossenschaft eG (SZVG), Ochsenfurt, Germany, which states that SZVG holds over 50 % of the voting rights of Südzucker AG in terms of own holdings or minority interests, the executive board has prepared a report on related party transactions in accordance with article 312 of the German Stock Corporation Act (AktG). The auditor reviewed this report and reported its findings in writing. It confirmed that the facts set out in the report are true, that the contractual transactions itemized in the report are not unreasonably high and that there are no grounds for the measures referred to in the report or a significantly different assessment than that of the executive board.

The documents to be audited and the PwC audit reports were sent to each supervisory board member in a timely manner. Representatives of the auditors PwC participated virtually in the audit committee's 6 May 2021 meeting and in the supervisory board's financial review meeting of 19 May 2021 and provided a detailed report on the proceedings and result of the audit of the financial statements and the non-financial statement (Limited Assurance). After carefully reviewing the auditor's reports, the supervisory board agreed with the results of the PwC audit. The results of the preliminary review by the audit committee and the results of its own review are in complete agreement with the results of the external audit. The supervisory board raised no objections to the audit reports submitted. In its meeting of 19 May 2021, it endorsed the financial statements for Südzucker AG and consolidated Südzucker Group financial statements prepared by the executive

board. The financial statements of Südzucker AG are thus adopted.

The supervisory board concurs with the executive board's recommendation made on 24 March 2021 regarding the distribution of a dividend in the amount of € 0.20 per share.

Personnel

In the **supervisory board** resigned on the labor side Mr. Thomas Bernhard, works council secretary of Gewerkschaft Nahrung-Genuss-Gaststätten (NGG), from the supervisory board. He stepped down from the supervisory board as of 31 August 2020. On 1 September 2020, the Mannheim registration court appointed Mr. Fred Adjan, deputy chairman of the NGG, as his successor.

Mr. Adjan was also elected by the supervisory board to succeed Mr. Bernhard on the social committee.

The supervisory board wishes to express its sincere thanks to Mr. Bernhard for his dedicated work for the benefit of the company.

Dr. Niels Pörksen was appointed as Chief Executive Officer (CEO) in the **executive board** with effect from 1 March 2020. Ms. Ingrid-Helen Arnold was appointed as an additional member of the Executive Board (Chief Digital Officer, CDO) with effect from May 1, 2021. As successor to Mr. Johann Marihart, whose appointment was extended until 31. May 2021, Mr. Markus Mühleisen was appointed with effect from 1 June 2021 as a further member of the Executive Board.

Together with the executive board, the members of the supervisory board would like to pay their respect to those active and former employees and members of the supervisory board of the Südzucker Group who passed away during the year. The supervisory board thanks the executive board and all employees of Südzucker AG and its

affiliated companies for their performance during the year.

Mannheim, Germany, 19 May 2021

On behalf of the supervisory board

A handwritten signature in blue ink, appearing to read 'Gebhard', is positioned above the printed name.

Dr. Hans-Jörg Gebhard

Chairman

MANAGEMENT REPORT

About the group

Group structure

Südzucker AG, a German stock corporation based in Mannheim, is the parent company of Südzucker Group and also its largest operating company. The consolidated financial statements include the parent company – Südzucker AG – and 140 (152) other entities, of which Südzucker AG is directly or indirectly the majority shareholder. For additional details about Südzucker's share ownership in other companies, please see the list of shareholdings starting on page 88 "List of shareholdings in accordance with section 313 (2) HGB" in the notes to this annual report.

Südzucker Group comprises four segments: sugar, special products, CropEnergies and fruit. The sugar, special products and fruit segments are further subdivided into ten divisions that manage the corresponding operational businesses. AGRANA Beteiligungs-AG, comprising the sugar, starch, fruit preparations and fruit juice concentrates divisions, is managed as an independent exchange-listed company; CropEnergies AG is also an independent exchange-listed company. In the sugar segment, the sugar division management is in charge of the sugar activities in Belgium, Germany, France and Poland and of their respective distribution activities.

Corporate departments of Südzucker AG with group functions perform tasks and functions for several segments or divisions or for the entire Südzucker Group. Other subtasks are bundled in shared finance centers and research activities at several research centers.

Group management

Südzucker AG's executive board independently manages the businesses and is supervised and guided by the supervisory board. The executive board is bound to work in the corporation's interests and is responsible for increasing shareholder value. The executive board members are jointly responsible for managing the entire company. The executive board members jointly manage the sugar and special products segments, whereas specific executive board members are responsible for the CropEnergies and fruit segments. Individual executive board members bear sole responsibility for the executive board decisions related to the divisions and group functions assigned to them. The executive board's rules of procedure outline the details of the board's work. Südzucker AG's articles of association stipulate that important business transactions are subject to the consent of the supervisory board.

The executive board is responsible for appropriate risk monitoring and management at the company. It is also responsible for ensuring that executive management positions are appropriately filled. The executive board is also responsible for ensuring that the company complies with statutory requirements and inhouse corporate policies and that group companies adhere to these rules (compliance).

The segment and divisional management organizations also manage the day-to-day operational businesses in compliance with the aforementioned requirements. The company uses a matrix organizational structure, whereby the line func-

tions are supported and advised by central departments, which are authorized to issue directives.

VALUE BASED MANAGEMENT The corporation's policies focus on steadily improving shareholder value. The objective of Südzucker's value-based management system is to generate a higher return on capital employed than the cost of capital in each segment and division and thus create added value for the company's shareholders.

Südzucker uses a consistent group-wide reporting and budgeting system together with centrally defined key indicators. Main key indicator on segment level is the operating result as well as only on group level the return on capital employed (ROCE).

When calculating operating result, the result from operations reported in the income statement is adjusted to reflect the results of restructuring and special items as well as companies consolidated at equity. Capital employed comprises the invested items of property, plant and equipment plus acquired goodwill and working capital as of the reporting date. Return on capital employed is the ratio of operating result to capital employed. Südzucker calculates the cost of capital for the operating assets as the average of weighted equity and debt capital. The costs of capital are specified for the segments and divisions by taking into account the respective country and business risks. Currently Südzucker Group's primary indicators for management purposes are the financial performance indicators.

FINANCING MANAGEMENT Südzucker's growth is financed by a steady, strong cash flow, a stable relationship with the company's various shareholder groups, access to international capital markets and reliable bank relationships. Südzucker's clear strategy is to confirm its investment grade rating. Südzucker operates an optimal mix of financial instruments, taking into consideration terms to maturity and interest rates,

including hybrid equity capital, bonds, promissory notes and bank credits. The unique financing requirements during the fiscal year due to the seasonality of the sugar sector (financing beet purchases and inventories) means that securing short-term cash is an important aspect of our financing structure. These short-term financing needs are primarily secured through a commercial paper program in the amount of € 600 million. Südzucker Group has additional liquidity reserves from unused syndicated credit lines and other bilateral bank credit lines. These amounted to € 1.4 (1.2) billion as of the balance sheet date..

The capital structure is managed based on a long-term outlook and focuses on the factors associated with an investment grade rating. The key indicators Südzucker uses to manage its capital structure are the debt factor (ratio of net financial debt to cash flow), debt to equity ratio (net financial debt as a percentage of equity) and the equity ratio (equity as a percentage of total assets).

However, for Südzucker AG, pursuant to the provisions of the Commercial Code (HGB), the metrics operating result (HGB) and profit after tax are the key figures for corporate management.

Business model and strategy

BUSINESS MODEL

Südzucker's business model involves the use of plants to produce and market high-quality foods, food ingredients, animal feed, ethanol and other products, such as neutral alcohol.

The plant-based raw materials are procured and processed on a large scale using various technologies that are being further developed, particularly with regard to efficiency and sustainability.

Südzucker Group's product portfolio includes sugar and specialty sugar products, food ingredients, frozen and chilled pizzas, starch saccharification products, portion-pack articles, ethanol, animal feed, as well as fruit preparations and fruit juice concentrates.

The business activities to manufacture and market these products and the related services are allocated to four segments (→group structure).

We reliably serve the food, animal feed and petroleum industries as well as consumer markets such as retail and the food service market with our products in a customer-focused approach. In the industrial markets, requirements such as quantity, availability and price are decisive, while in the consumer markets taste, innovation and convenience are key factors.

Südzucker operates worldwide with its BENEÓ, Freiburger, PortionPack, starch, fruit preparations and the fruit juice concentrates divisions. The sugar and CropEnergies segment's business activities are mainly focused on Europe.

Our raw materials and the markets we serve are globally intertwined and subject to price fluctuations. Südzucker's diversified product portfolio and the various regional markets ensure a balance of risks.

Our business model is based on sustainable operations. We conserve resources when producing our products by using low-emission and energy-efficient technologies and utilize the agricultural raw materials to the fullest extent possible. Our business is founded on integrating our activities into rural regions, conforming to European standards for compliance, human rights and working conditions, and adhering to the requirements for healthy and safe food.

Our employees contribute diverse experience, skills, knowledge, personalities and cultures to Südzucker and thus make our company successful.

STRATEGY

Market situation

Current social developments and far-reaching changes in some of our markets are presenting us with new challenges. Present and emerging health trends combined with deliberations regarding sugar consumption in Europe, rising demand for sustainable, plant-based products, the desire for new technologies and CO₂ reduction and growing demand for food across the globe are changing the needs of our customers. Going forward, Südzucker Group sees these trends as an opportunity to even better meet those needs and those of society as a whole.



Group Strategy 2026 PLUS

We therefore presented our vision for the future, Group Strategy 2026 PLUS, which builds on our strengths as a diversified group of companies and our employees' expertise and experience. With this program, Südzucker Group has set some ambitious goals and launched a progressive transformation process. Our strategy's time horizon emphasizes a forward-looking, long-term approach to thinking and acting.

Guiding principle

Our new guiding principle forms the basis of our strategy and defines the framework for Südzucker Group's further development: We will be more innovative, more customer-focused, more sustainable and even more consistently geared toward profitable growth.

Purpose of our company

Our Purpose is to contribute to an enjoyable, healthy, and sustainable world based on the power of plants.

The potential of plants as a renewable resource, when treated with care, is close to inexhaustible. The starting point for our company was the sugar beet, but thanks to the expertise built up over many decades of close cooperation with our agricultural partners, we are able to continuously expand our portfolio through research on the utilization of other plant crops. Plants offer solutions for many avenues of daily life; in our food, energy, packaging, cosmetics and much more. The positive impact on our society is an important

source of inspiration and motivates us to drive developments forward and thereby contribute to a livable, healthy and sustainable world.

Our mission

Our Mission is to develop, to process and to deliver value from plants for nutrition, energy & beyond – being the partner of choice for farmers, customers and consumers.

Our mandate is to produce valuable solutions using plants as our raw material. In partnership with our customers, we consistently search for applications that add the highest value for the most diverse markets and consumers. Our innovation strength and wide-ranging expertise, together with sophisticated technologies, enables us to process plant-based raw materials and develop nutritious products (for example, sugar, sugar substitutes, fruit juices or frozen products), energy (for example, fuel components) and more (for example, animal feed and pet food, chemicals, cosmetics, packaging).

Südzucker sets the highest standards for itself – in coaching our raw material suppliers, as well as in development, production, processing and quality so that we can be the partner of choice for our customers, and for farmers and consumers.

Vision: Our future

Our Vision is to become the leading integrated group for plant-based solutions – locally, regionally & globally.

Our strategy establishes ambitious targets for the company and creates the conditions to achieve them. We will leverage the power of our Südzucker Group even more: We are building a network of employees, business partners and customers across all of our business segments in order to expand the markets for our plant-based products and concepts, as well as services. These markets offer growth potential – on our doorstep, in larger regional entities and also globally.

THE FIVE STRATEGIC DIRECTIONS OF THE GROUP STRATEGY 2026 PLUS

The five strategic directions developed within the framework of our strategy and strategic goals demonstrate how we intend to go about achieving our vision of being a leading integrated group for the development, production and provision of plant-based solutions.

OUR EMPLOYEES: Our employees are the cornerstones of our company. Their passion and diverse skills shape our corporate success. We will provide a framework of conditions that promotes stronger networking and closer conversations among our employees, throughout the group and across the divisions. In doing so, we bundle their diverse capabilities and identify potential opportunities at an early stage. Seizing these and executing the action plans helps us achieve our goals.

SUSTAINABILITY: We are committed to being socially responsible toward our employees, suppliers, customers and business partners. We consistently ensure that our activities along the entire value chain are sustainable – from cultivation to development and production, right through to the end product. This includes environmentally conscientious use of natural resources, efficiently utilizing our raw materials, reducing our emissions and taking into consideration the interests of all key Südzucker stakeholders.

MARKETS AND CUSTOMERS: We are shifting our focus to our customers and their needs. Understanding our markets and customers enables us to seize upon market trends at an early stage, which enables us to offer suitable solutions or develop them together with our customers. This strategy builds on the net-worked knowledge of our diversified group (group strength). We continuously and purposefully enhance our focused product portfolio in order to consolidate and expand our customer base. But we also penetrate new markets and acquire new customers.

PLANT-BASED SOLUTIONS: Our business model is based upon converting agricultural raw materials into high-quality products. Starting from this core concept, we have already successfully expanded and diversified our product portfolio. We intend to systematically stay the course and tap our group's expertise and the innovative strength of our employees to develop new products, concepts and services and successfully market them. We will therefore align our innovation processes with the market and systematically exploit synergies from our diversified product portfolio.

PROFITABLE GROWTH: We aim to grow profitably. We will pave the way to achieving this aim by consistently implementing the goals described in our action areas, in conjunction with aligning our corporate organization based on two key success factors: adaptability and competitive cost structures. Our focus is on increasing efficiency and revenues as well as establishing innovative products and business areas.

STRATEGIES FOR THE DIVISIONS

The strategies for our divisions were based on the objectives of the five key strategic directions of the group. The focus in all divisions is on competitive cost structures for profitable growth. To supplement internal growth, the group is also constantly on the lookout for acquisition opportunities in the various divisions. The requirements and trends in the respective markets are also taken into account.

Sugar segment

While the global demand for sugar continues to grow, the trend to consume more sugar is generally not apparent in the more mature markets of Western Europe. At the same time, there is increasing demand for organic sugar, clean label and regional products. In the EU, there are signs of increasing predatory pricing, which is significantly influenced by differing national production conditions and regulations.

- Adapt product portfolio to markets; develop new applications for sugar beets and sugar in the non-food sector.
- Optimize customer portfolio; expand customer service.
- Focus on European markets; exploit export opportunities.

Special products segment

BENEO

Plant-based nutrition, clean-label food, foods with added benefits and balanced and health-conscious nutrition are all trends that positively impact BENEIO's business development.

- Innovative concepts to expand existing product portfolio.
- Expand cooperation with customers to jointly address trends faster.
- Strengthen regional market strategies in the Asia-Pacific and North and South American regions.

Freiberger

The Freiberger division's target markets benefit from the continuous trend towards convenience food, single portions, organic products, vegetarian products and ready-to-go foods.

- Actively and flexibly orient product portfolio to trends; use new marketing concepts.
- Maintain and develop customer relationships by focusing on quality, innovations and sustainability.
- Strengthen market position in Europe; grow in North America through cost leadership and diversification.

Starch

The starch business benefits from market developments in the food and non-food sectors. Overall, there is rising demand for starch-based products and generally for foods containing plant protein and organic products in the animal feed, paper, textiles, construction chemicals, pharmaceuticals and cosmetics sectors. There is growing demand in the packaging industry for native and modified starches.

- Further develop and expand specialization strategy for the product portfolio.
- Strengthen customer relationships by offering innovative products and application consultation.
- Expand market position in Europe; grow selectively outside Europe.

PortionPack Europe

The PortionPack division benefits from the growing importance of the out-of-home consumption market and the increased trend towards hygienically packaged products.

- Continuously expand product portfolio with focus on sustainable packaging and retail solutions.
- Continue to grow in wholesale and food service, expand sales activities in retail, offer packaging solutions for food manufacturers (contract packaging).
- Expand market position in Europe; expand activities in South Africa.

CropEnergies segment

Climate change and greenhouse gas reduction goals demonstrate the importance of CropEnergies' contribution toward offering alternative solutions in this environment. The European Green Deal will require more sustainable, bio-based solutions. Fuels with higher ethanol blends (E10 to E85) continue to offer high revenue potential. At the same time, growth opportunities arise from the broadening of the raw material base and the increasing demand for protein food and feed products. The dynamic growth in demand for sustainable products such as bio-based chemicals, may give rise to new business opportunities for CropEnergies.

- Expand activities in ethanol, neutral alcohol and protein-rich food and animal feed; develop new businesses using the group's R&D expertise.
- Strengthen partnership with customers through satisfaction and open communication; jointly develop new areas of cooperation.
- Use European and regional raw materials and supply chains in Europe, the business focus.

Fruit segment

Fruit preparations

AGRANA Fruit benefits from the growing global demand for high-quality food and the trends towards convenience food, naturalness, sustainability and health. While the market for fruit yogurt is stagnating in Europe and North America, there are growth opportunities in sectors such as ice cream, bakery and food service. In addition, there are attractive regional growth opportunities, particularly in Asia, the Middle East, and Africa.

- Further develop product categories; strengthen diversification and marketing of innovative plant-based product solutions.
- Develop custom product solutions for customers; target expansion in the out-of-home consumption and ice cream segments.
- Expand global presence by entering geographically attractive markets.

Fruit juice concentrates

Growth opportunities for the fruit juice concentrates sector are arising from the increasing demand for natural – as opposed to synthetically produced – ingredients in the EU and around the world. Juice consumption will continue to increase in developing markets. Declining fruit juice content and rising demand for direct-pressed juices are European consumer trends that will have a weakening impact.

- Expand product portfolio.
- Strengthen customer relationships with global key accounts in the beverage segment; restructure sales organization.
- Consolidate local and regional customer bases.

Employees

People from widely differing backgrounds and cultures work hand in hand at our globally active group of companies. We focus on their individual skills and talents. Every day, we work to create a climate of mutual trust at our group of companies, as well as a work environment free of any type of prejudice and discrimination, where everyone is accepted and can contribute with their talents, knowledge, experience and opinions.

We want to continue to successfully follow this path together with our employees and social partners and create conditions that allow these principles to be lived day-to-day.

Südzucker AG employed an average of 2,512 (2,639) persons during the financial year.

AGE STRUCTURE AND LENGTH OF SERVICE The company's age structure continues to be relatively balanced. However, the upward adjustment of the legal age limit will in future be reflected in a higher percentage of older employees.

The average length of service within the group is almost unchanged from last year at over ten years and demonstrates the allegiance of our employees to their company.

EMPLOYEE DEVELOPEMENT/TRAINING AND CONTINUING EDUCATION

CAREER TRAINING Südzucker Group's apprenticeship program continues to be a key building block toward securing its own skilled workforce for the long term. The number of apprentices at Südzucker Group dropped to 354 (376) as of 28 February 2021. In total, 204 apprentices were enrolled in the dual system or as part of an in-company study program in various professions at Südzucker AG, Freiburger Group and AGRANA in Germany as of 28 February 2021.

PERSONAL DEVELOPMENT AND CAREER PLANNING Personnel development continues to play an increasingly important role given various challenges such as the so-called "war for talents" and digitalization.

An employee survey on corporate strategy provided useful information and suggestions for Südzucker Group's future development. The topics of career planning, continuing education and leadership attracted particular attention. The new futurework@Südzucker initiative aims to align personnel growth programs such as junior management development and talent management with Südzucker Group's strategic plans. Some of the programs included here are making it easier to work off site, introducing new digital collaboration tools or working in international project groups. Onboarding is a tool for familiarizing new employees with the organization, increasing their willingness to perform and retaining them in the long term. A common group-wide onboarding concept serves not only to facilitate rapid orientation of new employees, but also forms the basis for personnel development and the creation of networks in the divisions and departments.

To continuously support employees in their personal and professional development, Südzucker regularly offers feedback sessions where employees work with their supervisors to develop ideas for their further training and individual development.

Vacancies are advertised internally throughout the group and, if appropriate, preference is given to employees from within. This allows employees to further develop inside the company, which develops expertise and expands experience within the company.

EXECUTIVE DEVELOPMENT A comprehensive training program for management development was launched in fiscal 2020/21 as a pilot program, including the modules "fundamentals of contemporary leadership," "motivating employees" and "giving feedback". A parallel pilot program was launched to promote and better network women in management.

Thank you from the executive board

The executive board thanks all Südzucker Group employees for their hard work, commitment and dependability in these challenging times. We thank the employee representatives for their ongoing cooperation and constructive teamwork.

Research and development

Groupwide research and development responsibilities and projects reflect current and future social and political developments; for example, healthy nutrition or climate change.

The focus is increasingly shifting toward strategies for decarbonization, coal phaseout and CO₂ neutral production in the sugar, starch and bio-ethanol production units. Work has begun on examining possible alternatives for all divisions. R&D is conducting studies and using computer modeling to evaluate the economics of different options.

Recent investments in a modern research infrastructure and cooperation with experts in the different divisions of the Südzucker Group enable us to tackle market trends and potential innovations at an early stage. The resulting research projects are geared toward meeting customer needs. We also collaborate with research institutes, other companies, government institutions or universities, often on publicly funded projects.

R&D staff work on behalf of the whole group across borders on issues along the group's entire value added chain. We share and make information available to all Südzucker Group stakeholders to ensure that research results can be quickly transformed into practice. Patent applications safeguard our expertise.

158 (149) employees are responsible for tasks in the area of research, development and technological services at Südzucker AG; the total expenditure in 2020/21 for research, development and technological services was €'000 23,394 (21,782)

RAW MATERIALS

We conduct intensive research to maintain or increase the yield and quality of the agricultural raw materials we process to make our products. Sustainability is key to our work.

Most of our products are made from agricultural raw materials. Our research on plant protection, variety selection, cultivation, fertilization and raw materials with special properties aims to maintain or increase the yield and quality of the agricultural raw materials we convert, so that an adequate volume will continue to be available to us in future.

PLANT PROTECTION Sustainable cultivation of our agricultural materials includes combating weeds, diseases and pests. Increasing restrictions on approved substances and changing laws require us to continuously renew and innovate our approach to research in this area.

The focus in the sugar cultivation category is on testing various machines and robots that can substitute for or supplement pure chemical weed control. Both exclusively mechanical methods and the combination of mechanical and chemical solutions with significantly reduced application rates are being tested. The first promising approaches are being followed up.

We have been successfully using the same monitoring methods to systematically control leaf diseases for 25 years. Last year we began to apply it to aphids. When generally accepted thresholds are reached or exceeded, we inform the farmers in the affected region so that they can take targeted action to combat any diseases and pests. This allows the company to stay within the rules of integrated plant protection for both diseases and pests. Plant protection agents are only used when absolutely necessary.

One area of focus is on research into a bacterial disease called SBR (Syndrome Basses Richesses, low sugar content syndrome), which is transmitted by cicadas and threatens profitable cultivation of sugar beets in the affected regions. R&D is investigating various alternative approaches to the usual agrochemical measures; for example, adjusting crop rotation, strengthening plants' own defense mechanisms and using various natural antagonists. A combination of adjusted crop rotation and SBR (Syndrome Basses Richesses) robust varieties is showing great promise.

VARIETALS New diseases and pests, increasing resistance to pathogens that have been in use for years and extreme weather conditions are placing new demands on arable crops. Suitable newly developed sugar beet varieties are being field tested for performance in all of Südzucker Group's cultivation areas. The aim is to be able to recommend to farmers the best suited beet type for their particular region. New, more resistant varieties should make it possible to reduce the need for plant protection substances to a certain extent without serious negative yield impact.

One topic of discussion both nationally and at the EU level is whether new technologies such as CRISPR/CAS can be classified as a classic breeding method in order to make faster progress. Südzucker would welcome such a step.

LONG-TERM STORAGE One of the prerequisites for sugar factories seeking to lengthen their campaigns would be the ability to store sugar beets longer without incurring greater losses. Various multiyear test programs on long-term sugar beet storage are almost completed. We are currently looking for simple, cost-effective methods to transform the results from the trials into practice.

RAW MATERIALS WITH SPECIAL PROPERTIES The focus in the food segment is on products that are characterized by particularly functional properties or contain ingredients that have health benefits we can promote. Here Südzucker takes a holistic approach. Starting from the cultivation of the agricultural raw materials, we conduct research on technologies that enrich and separate the ingredients and develop product concepts for introducing these to market

RAW MATERIALS FOR STARCH Demand for specialty starches continues to expand. Intensive research into new corn and wheat varieties is required to extract these special starches.

In order to ensure problem-free extraction and further refinement of any new starch, we must therefore examine the suitability for processing of any new waxy corn varieties that are introduced each year.

We were able to successfully process new wheat varieties that are particularly rich in amylopectin. Comprehensive experiments demonstrated promising and interesting product properties for the extracted starch.

PROCESSING TECHNOLOGY

Our efforts to further develop and optimize our factories' production processes focus on energy (reduce energy requirements/use renewable energies), yields and product properties (quality, shelf life, storage).

The close interaction between process development and engineering in the research and development department enables Südzucker Group to make rapid, targeted investment decisions. Computer-based modeling systems are used to ensure that new processes can be quickly introduced at the production plants. Centralized expertise defines standards, guidelines, benchmarks and best practices. We manage strategic process, electrical and automation assets centrally over their lifecycle to ensure uniform standards and equip plants with state-of-the-art technology.

Improving sugar factory production processes is an ongoing task. The objectives include increasing overall yield, producing high-quality end products, reducing energy consumption and optimizing beet pulp compression.

For starch production, the focus is on developing processes and technologies for organic products that will enable the company to meet the increasingly strict requirements for organic quality certification in the EU going forward.

We completed a process optimization project to boost yields and improve crystal quality for functional carbohydrates. We are working closely with stakeholders to implement the process and technical changes. We modified the fructan process technology to produce new liquid variants that were subsequently introduced to the market. We developed new rice starch production processes in order to offer cold water soluble rice starches, which have a wide range of market applications.

We are in the process of developing concepts for using more CO₂ for the fermentation process at

our ethanol production plants, as well as for cutting primary energy demand and using regenerative power sources. Fermentation itself is one of the most challenging process steps of ethanol production. We are conducting research on new enzymes and yeasts to improve efficiency and profitability in addition to examining the influence of the raw material itself.

We continue to conduct large scale studies and experiments with various feedstocks and recyclables as potential raw materials for ethanol production – so-called 2G concepts. As part of these evaluations we are also investigating the use of materials containing lignocellulose and their further utilization.

We further assessed the process to reduce microorganisms for the fruit preparations division. In addition to simply using heat to pasteurize fruit preparations, we developed concepts for suppressing the growth of heat-resistant germs and tested them in various simulations.

We conducted a comprehensive study to lay the groundwork for developing products that have a longer shelf life and can be transported and stored at ambient temperature. The focus is on the influence of time and temperature on quality parameters such as microbiology, color, taste and micronutrients.

The aim is to ensure that the end products remain as natural as possible. The key indicators are the color, taste and texture of the fruit pieces. With the help of computer simulation, we are developing a fruit handling process that is designed to be as gentle as possible. It is to be used for producing fruit preparations when complete.

PRODUCTS, PRODUCT DEVELOPMENTS AND APPLICATION CONCEPTS

We are evaluating new raw materials and product concepts with the help of innovative technologies. The objective is to create a basis for penetrating new business sectors, especially from a sustainability and bioeconomic perspective.

Food

We focus on current trends in the food industry for the food division. We are aiming to create innovative product solutions that target the rapidly expanding market segments for vegetarian and vegan products, consumer-preferred clean label and organic products and reduced fat and sugar in processed foods.

SUGAR AND SPECIALTY SUGAR PRODUCTS We produced a sugar with a modified crystal structure and altered physical properties, on a pilot scale. It has a modified sweetness profile and is being tested for use in reduced sugar baked goods and fatty fillings.

We developed a natural raw beet sugar for use in foodstuffs using a special manufacturing process that completely dispenses with other additives.

A variant with thirty percent less sugar and ten percent fewer calories was developed for the fondant business. We continue to work on developing new varieties of Compri sugar

BETAINE Betaine is produced from molasses, a byproduct of the sugar production process. It has a wide variety of applications; for example, for use in animal feed, food supplements, sports drinks, and even cosmetics. We have now developed a crystalline variant to supplement the already launched liquid product.

FUNCTIONAL FOOD INGREDIENTS Researchers developed additional product concepts for functional food ingredients, often by working hand-in-hand with customers. Claims supporting nutritional and physiological benefits are essential to marketing these products, which is why we continue to conduct intensive nutritional research on Palatinose™, inulin and oligofructose. The studies focused on improved blood glucose management, metabolic regulation and bowel health. The results also enabled a corresponding claim to be filed with the European Food Safety Authority.

Researchers developed new recipes for the use of **Palatinose™** in beverages, baked goods, dairy products and sweets and brought them to market. We are continuing to promote the possibility of using Palatinose™ with technological advantages in foods. We are also investigating the influence of Palatinose™ on oxidative processes, color stability, taste, storage stability and food texture.

We conducted a comprehensive study on application possibilities for **inulin and oligofructose** in breads and sweet breads (brioche). We investigated the application properties of bioinulin – especially its influence on texture – and cheese spreads and their substitutes, as well as in baked goods. A further focal point is to develop so-called vegetarian formulations with functional dietary fibers, especially for spreads and frozen and fermented desserts.

RICE STARCH AND RICE FLOUR Rice starch and rice flour are primarily used for clean label products. The range of applications is broad, spanning from soups and sauces to baked goods, meats and baby food products. We developed and launched a new, cold-swelling functional rice starch.

PLANT-BASED PROTEINS We continue to focus on plant-based proteins for the rapidly growing vegetarian and vegan food market. Vegan products based on wheat proteins in combination with other proteins are now being made on a production scale. We developed products with varying textures for specific applications. Initial products have been established in the market.

We are conducting extensive research on protein enriched flours, extracted protein isolates and concentrates, as well as protein hydrolysates. In addition to the physiochemical properties, we are using the functional properties especially to incorporate them into food systems.

STARCH Our aim in developing new application concepts and formulations for food starches is to be able to respond quickly to current food industry and market trends. Extensive research is being conducted on innovative product solutions based on new technologies or raw materials.

FRUIT PREPARATIONS There is a clear trend toward developing innovations in the food sector. One of the ways we are addressing this is by developing fruit preparations suitable for use in 3D printers for imaging abstract structures.

So-called "brown sauces" are another initiative we are working on. We have developed appropriate formulations for the leading flavors chocolate, caramel and coffee, particularly for the baked goods and ice cream industries. Viscosity and rheology play a key role here.

Not all countries in which AGRANA operates are allowed to import chocolate. As a chocolate blend

is desired in a number of products, a simple process has been developed that aims to produce chocolate chips in the respective country.

Non Food

ORGANIC CHEMICALS One of our research goals is to develop sustainable product concepts in which carbohydrates are used as a raw material source and thereby create alternatives to petrochemical-based products.

In another project, we are looking for ways to utilize the high-purity CO₂ produced in large quantities at the bioethanol plants.

A potential approach is the utilization of CO₂ in combination with hydrogen, generated with power from renewable sources. This allows the production of sustainable products that can be applied as fuel additives, platform chemicals or monomer components in bio-based plastics.

Another approach is the material use of CO₂ obtained from ethanol fermentation. The "ZeroCarb FP" project sponsored by the German Federal Ministry of Education and Research (BMBF), has made further progress. A cultivation process for a microorganism that utilizes CO₂ to deliver intermediate chemical products was developed in the laboratory and a pilot plant was designed to prove the technical feasibility. The design and engineering phase was started in order to prepare the basis for an investment decision. The sustainable bio-based chemicals extracted in this manner are to be used as petrochemical product substitutes.

A consortium is analyzing implementation of a power to gas concept under the auspices of a BMBF project – also using CO₂ from fermentation. The focus is on optimizing biotechnological conversion of CO₂ into methane. A pilot plant was developed and started up to provide data that will enable implementation concepts to be designed. Hydrogen is supplied by coupling with an electrolysis unit fed with regenerative energy. With this concept now finalized, data will be generated and implementation concepts created. The transferability to the production of other substances such as methanol is also being conceptually investigated.

In a Power-to-X joint project sponsored by the German Federal Ministry for Economic Affairs and Energy (BMWi), a concept for the production of so-called "green methanol" was developed and the economic evaluation determined, considering location-specific conditions. Funding opportunities for a follow-up project, which envisages the construction of a demonstration plant and the use of the "green methanol" produced in this way as a synthetic fuel, are currently being examined.

R&D is also continuing to focus on producing C2 building blocks from ethanol. We are working with business and science community partners to find concepts for using it as an input material for industrial applications.

STARCH When it comes to industrial starches, our focus is on establishing gentle and efficient processes and researching innovative, sustainable starch products.

The market for adhesives, textile and paper coating demands cost-effective and highly effective starches. We were able to enhance the production process by significantly cutting energy requirements, resulting in both lower costs and lower CO₂ emissions. The starch products exhibit particularly good solubility and excellent stability.

At the same time, there is a rising tendency to use starches with eco-labels. Newly developed highly modified starch derivatives were launched to serve this market segment.

We developed a new product group based on wheat starch so that we can offer alternatives to conventional starch products. These products have already been successfully launched for various technical applications.

There is a steady trend toward home-compostable bioplastics, which is why we continue to focus research and development on appropriate starch-based product solutions. Another compounder is being used to ensure we are able to answer specific questions and develop custom solutions even faster and more efficiently. The compounds product portfolio was expanded by increasing the starch content and thus the so-called biobased carbon content, while the cost-effectiveness of the process control system was improved to make it more efficient. We successfully completed the TÜV (Technical Inspection Association) certification with regard to home compostability of the newly developed products.

In the area of biodegradable plastics, Südzucker is participating in a Bavarian project in which a practical test is being conducted on home-compostable t-shirt bags. Led by C.A.R.M.E.N. e.V. Straubing, the project maps the entire life cycle of a compostable plastic bag.

PACKAGING Packaging changes in the food sector are challenging and require intensive storage tests to confirm the suitability of the materials.

Here we are working on new packaging concepts for our retail sugar products that are as plastic-free as possible.

Business report

General and industry-specific business conditions

WORLD SUGAR MARKET In its March 2021 estimate of the world sugar balance for marketing year 2019/20 just ended (1 October – 30 September), market analyst IHS Markit (formerly F.O. Licht) projects a production deficit of about 3.6 million tonnes. The effects of the Corona pandemic had a significantly lower impact on the production deficit than was originally expected. On the one hand, countries, Brazil especially, expanded their sugar production significantly at the expense of ethanol production due to the drop in crude oil prices at the beginning of the Corona pandemic; on the other hand, the Corona pandemic weighed on world sugar consumption due to the restrictions on social life. Nevertheless, the production deficit led to lower sugar inventories.

IHS Markit now expects a larger deficit of 4.3 million tonnes for the current 2020/21 marketing year. Rising production expectations in India and the United States do not fully compensate weaker crop expectations in the EU, Russia and Brazil. The slight overall decline in world sugar production expected as a result together with a slight increase in world sugar consumption will further reduce inventories.

For the coming 2021/22 marketing year, IHS Markit forecasts an almost even world sugar balance despite increased world sugar production, due in particular to significant volumes in Thailand, Brazil and the EU, as world sugar consumption continues to grow.

In 2020, the world market price for white sugar had risen to as high as 413 €/t by mid-February due to excellent fundamentals. After that, crude oil prices and the currencies of emerging countries like Brazil dropped due to the Corona driven world economy downturn. Both factors exerted enormous pressure on the world market price for sugar and within a few weeks it had dropped to around 300 €/t, reaching a low of 283 €/t at the end of April. After that, world market prices fluctuated between 290 and 360 €/t for the remainder of the 2020 calendar year. At the beginning of calendar year 2021, world market prices in US dollars reached a four-year high and – despite the weak US dollar – at times traded at around € 400/t in February 2021. At the end of the reporting period, the world market price was 375 €/t.

Global sugar balance

Million of tonnes	2021 /22e	2020/21	2019/20	2018/19	2017/18
Opening stocks	69.1	73.4	77.0	76.0	66.9
Production	187.3	179.4	180.4	184.8	194.3
Consumption	-185.5	-182.1	-181.0	-182.4	-183.3
Corrections	-1.4	-1.6	-3.0	-1.4	-1.9
Ending stocks	69.5	69.1	73.4	77.0	76.0
In % of consumption	37.5	37.9	40.6	42.2	41.5

Source: IHS Markit, March 2021

EU SUGAR MARKET During the past 2019/20 sugar marketing year (1 October to 30 September), sugar production (EU including UK; including isoglucose) fell further to 18.0 (18.2) million tonnes due to smaller cultivation areas and renewed below-average sugar yields caused by drought. As a result, sugar again had to be imported to cover EU demand.

For the current 2020/21 sugar marketing year, the EU Commission is currently forecasting a further decline in beet sugar production (EU excluding UK; including isoglucose) of 1.9 million tonnes to 15.0 (16.8) million tonnes. This was due in part to a reduced cultivation area of around three percent along with weak yields in the main growing regions because of difficult weather conditions and increased infestation by the beet yellowing virus transmitted by aphids, especially in France. Production thus fell more than demand. So overall, the EU will remain a net importer of sugar for the third time in a row in sugar marketing year 2020/21, despite structurally driven lower sugar volumes for several years and, most recently, also corona-related reductions.

The EU price for sugar (food and non-food, ex factory) was quoted at 332 €/t at the beginning

of the last 2019/20 sugar marketing year in October 2019 and rose over the course of the sugar marketing year to about 380 €/t. The EU price remains at about this level at the beginning of the new 2020/21 sugar marketing year. The last published number in January 2021 was 388 €/t, but there are significant regional price differences across the deficit and surplus regions within the EU.

SUGAR MARKETS The largest markets for sugar are the beverage industry (soft drinks and alcoholic beverages), followed by the dairy industry and baked goods manufacturers. They represent about 60 % of total sugar processing industry demand in Western Europe in 2020, and as much as 66 % in Eastern Europe.

EU-wide lockdowns and the associated actions and rules of conduct have a major impact on consumer behavior and thus on sugar volumes. Cancellations of major events, closures of bars, restaurants and cafés, and the high percentage of people working from home offices have caused sugar volumes to decline, particularly in the soft drinks and convenience product categories. Out-of-home consumption has ground to a halt and

¹ Euromonitor International, Sugar Consumption Europe 2020.

so have volumes in the so-called HORECA sector (hotels, restaurants, catering).

ANIMAL FEED AND MOLASSES MARKETS Global molasses production is expected to increase to 65 (60) million tonnes in 2020/21. However, this global trend has no impact on the EU, where a decline to 3.00 (3.34) million tonnes is expected due to harvest factors. Dry pulp production in the EU is also forecast to decline to 2.78 (2.97) million tonnes.

According to the EU mixed feed industry's umbrella organization, mixed feed production is expected to decline 2.2 % to 161 million tonnes in 2020. This development is also related to the Corona pandemic and the associated government actions. As both molasses and dried pulp production are declining in the EU, the market appears stable despite lower consumption.

² Nielsen

Legal and political environment

WORD MARKET/WTO The Indian government exported about 4 million tonnes of heavily subsidized sugar in sugar marketing year 2018/19 and about 6 million tonnes in sugar marketing year 2019/20. Australia, Brazil and Guatemala filed legal complaints. At the meeting of the WTO Dispute Settlement Body, the three complaints (panels) against this practice were upheld. The EU Commission and twelve other WTO members are only participating as third parties at the panel. Australia, Brazil and Guatemala now have demonstrated that India did in fact fail to meet its WTO agreement obligations. Publication of the panel reports was postponed to Q2 2021 due to procedural difficulties. The further course of the proceedings in an additional, second instance depends to a large extent on whether or not the United States abandons its resistance to a pending new composition of the WTO arbitration tribunals.

FREE TRADE AGREEMENTS The EU is negotiating potential free trade agreements with various countries, such as Australia, and/or trade blocs. In the event sugar and sugary products are not defined as sensitive products – contrary to current trade practice – additional sugar volumes could in future be imported into the EU at preferential tariff rate.

It is becoming increasingly unlikely that the Mercosur agreement will be ratified after the German Council Presidency has now too criticized slash and burn activities in the Amazon region.

EU SUGAR MARKET INTERNATIONAL COMPETITIVE POSITION The EU has one of the world's least regulated sugar markets. In contrast to other major sugar producing countries, sugar exports are not subsidized. The EU Commission does not take strong enough action against this unfair competition and additional import concessions or imports that circumvent country of origin rules.

CONTINUED COUPLED DIRECT PAYMENTS IN THE EUROPEAN DOMESTIC SUGAR MARKET Coupled premiums for sugar beets continue to be paid in 11 of 19 EU countries that cultivate beets, without any regional differentiation. As a result, unfair competitive practices continue to exist within the domestic European sugar market, disadvantaging competitive cultivating regions. These coupled subsidies for sugar beets shall continue to be paid in the new funding period in accordance with a Commission recommendation.

EU agricultural policy reform In the fall of 2020, the 27 member states reached agreement on reforming the common Europe–an agricultural policy (CAP). The German Council Presidency has thus achieved one of its key goals. The EU commission, the EU Parliament and the EU Council of ministers are currently trilaterally discussing an agreement on implementation regulations. Parliament is scheduled to vote on the matter in June 2021.

STATUTORY RESTRICTIONS AND BANS AFFECTING PLANT PROTECTION IN THE EU IN THE EU, the ingredients of chemical plant protection substances must be reviewed regularly and registered. The registration criteria have become stricter, so we expect that a number of substances will in future no longer be approved.

The situation with neonicotinoids relating to cultivation in 2020 remained unchanged. Special approvals for continued use are still in effect in 13 of 19 EU countries. In Germany, the ban already came into force in cultivation years 2019 and 2020, so that farmers have to spray the entire sugar beet area from one to several times in order to protect them from insects and viral leaf diseases. Virus infestations in France and the UK resulted in yield losses of about thirty percent during the 2020 season. As a result, French and British legislators now also reacted and approved the

use of neonicotinoids there for a limited period in 2021 under strict conditions. In Germany, emergency approvals were granted in mid-December 2020 for specific cultivation areas under strict conditions. The respective seed may be used on about one-third of the cultivation area in 2021. The strict ban on the use of neonicotinoids thus now only applies in the Netherlands, Sweden and Italy.

BREXIT The UK's exit from the EU on 31 January 2020 was followed by a transitional period ending in 31 December 2020, during which time the trading arrangements in place until then were maintained. At the end of December 2020, the EU reached an agreement on trade with the UK. Despite this agreement, it must be assumed that imports of sugar from the EU to the UK will decline. In the past, the main European producing countries had exported between 300,000 and 400,000 tonnes of sugar to the UK.

Beet harvest and campaign chronology

Südzucker AG's cultivation area in Germany was 10.6% smaller in 2020 than the previous year because of the closure of the Brottewitz and Warburg factories.

The main seeding began in late March 2020, on average about one week later than last year. Excellent planting conditions made for a short seeding phase. However, cooler night time temperatures and a lack of precipitation after seeding slowed beet emergence considerably. Overall, beet development was very mixed. Differences in tillage, seed depth and time of seeding led to very different crop growth even within the same district during a severe spring drought. While in some fields the rows had closed by the beginning of June, there were still many plots where the beets at that time were very small. Fields with gaps in the rows and widely varied beet development, so-called tiered beets, were evident throughout the entire growing season.

The effects of the neonicotinoid treatment ban were apparent during the reporting period, above all in France, but also in Belgium and Germany. Despite multiple insecticide applications, the beet yellowing virus spread rapidly. The reed glass-winged cicada was again sighted in the German southwest. Leaf diseases were less widespread than last year due to the milder summer.

Growth conditions during the summer were reflected in corresponding yield forecasts, which varied considerably from region to region. Only the two southern Bavarian factories reported above-average yields, driven by wetter conditions. The overall average sugar yield in the entire region served by Südzucker AG was 13.3 (13.4) t/ha. Due to the expected harvest results and higher processing volumes following the closure of their neighboring factories, Wabern and Zeitz began processing already on September 11 and 18 respectively. All the remaining German factories had been started up by the end of September. Organic beets were processed in Rain from 16 to 24 September, before the conventional campaign as in previous years.

Harvest conditions in the fall of 2020 were mostly good almost everywhere; there was no heavy, prolonged rainfall. Despite the second Corona wave, beet deliveries to the sugar factories remained uninterrupted. The campaign ended in mid-February at the last factory in Wabern after an average 113 (116) processing days.



Business performance

Sugar prices across the EU were marked by a slow, steady climb in fiscal 2021/21. In Germany, the Brottewitz and Warburg sugar factories ceased operations after the 2019 campaign. The associated cost savings and other measures to reduce administrative costs led to an improved operating result in fiscal 2020/21.

REVENUE AND OPERATING PROFIT

(in € millions)	2020/21	2019/20
Revenues	1,181.3	1,264.1
Change in work in progress and finished goods and internal costs capitalized	67.9	55.4
Other operating income	27.2	48.0
Cost of materials	-884.1	-951.8
Personnel expenses	-213.9	-255.9
Depreciation of intangible assets and fixed assets	-67.5	-67.0
Other operating expenses	-208.7	-228.0
Operating profit (HGB)	-97.8	-135.2
Investment income/expense	-51.1	199.2
Depreciation of financial assets and marketable securities	-1.5	0.0
Interest income/expense	-18.9	-17.9
Income from ordinary activities	-169.3	46.1

Sales revenues were down 6.6% or € 82.8 million in fiscal 2020/21, from € 1,264.1 million to € 1,181.3 million, driven especially by lower sugar sales volumes because of the Brottewitz and Warburg sugar factory closures and corona-related reduced demand from industrial customers.

Other operating income in the amount of € 27.2 (48.0) million includes € 12.6 (27.0) million in income from prior periods. These result mainly from book profits and the release of provisions.

Also included is income from the reversal of a special item that included a reserve fund of € 0.2 (0.6) million.

The **cost of materials** was down € 67.7 million, to € 884.1 (951.8) million due to the reduced volume produced in the 2020/21 campaign because of the plant closures.

Personnel expenses fell € 42.0 million, to € 213.9 (255.9) million. Due to the smaller workforce after the plant closures, wages and salaries declined € 6.6 million to € 158.0 (164.6) million. Pension expenses were down € 33.7 million due to changes in the actuarial parameters for pension obligations.

Depreciation was € 67.5 (67.0) million, about the same as the year prior. Write-downs totaled € 0.3 (0.5) million.

Other operating expenses of € 208.7 (228.0) million were down on the previous year at € 19.3 million due to lower selling expenses.

Operating result (HGB) improved by € 37.4 million compared to the previous year, but at € -97.8 (-135.2) million remains substantially below our expectations.

At € -51.1 (199.2) million, **income from investments** was well below the previous year's due to the lower result transfer; that is, loss transfer. The loss transfer charges of € 220.1 million comprises obligatory write-downs of € -203.1 million in the ED&F Man Holding Limited investment and € -93.9 million in Saint Louis Sucre S.A.S. at the Südzucker Holding GmbH subsidiary. The losses were partly offset by retained earnings income of € 50.0 million received from a group company

during the same period and other income from Südzucker Holding GmbH investments.

The **net interest result** deteriorated slightly to € – 18.9 (–17.9) million, down € 1.0 million. The net interest result includes expenses from the accrual unwinding of the discount for pensions, other provisions and long-term liabilities totaling of pension provisions, other provisions and non-current liabilities totaling € 16.8 (18.3) million.

The **income from ordinary activities** decreased by € 215.4 million to € –169.3 (46.1) million.

(in € millions)	2020/21	2019/20
Income from ordinary activities	-169.3	46.1
Taxes on income	0.3	1.1
Profit after taxes/ Net earnings for the year	-169.0	47.2
Profit brought forward from the previous year	6.4	0.1
Allocations revenue reserves	204.0	0.0
Net earnings available for distribution	41.4	47.3

Taxes on income in the current financial year total € +0.3 (+1.1) million.

Net earnings were thus € –169.0 (47.2) million.

In fiscal 2020/21, € 204.0 (0.0) million were **withdrawn from revenue reserves**. **Net earnings available for distribution** totaled € 41.4 (47.3) million, including last year's profit of € 6.4 (0.1) million carried forward.

INVESTMENTS AND FINANCING

Investments in property, plant and equipment and intangible assets totalled € 58.4 (50.2) million in the financial year. The investments focused on environmental, replacement and optimization measures in the sugar factories.

Net financial debt

(in € millions)	28 Feb 21	29 Feb 20
Securities	-114.3	-165.8
Cash and cash equivalents	-13.2	-13.4
Receivables as part of group financing	-133.4	-374.7
Bonds	330.1	330.0
Financial liabilities to banks	105.7	238.1
Liabilities as part of group financing	731.8	719.4
Net financial debt	906.7	733.6

Net financial debt rose from € 733.6 million last year to € 906.7 million as of 28 February 2021, while cash flow from operating activities fell to € –73.9 (36.9) million. Investments in fixed and intangible assets climbed to € 58.4 (50.2) million. No financial assets were acquired, the same as last year. The dividend distribution for fiscal 2019/20 totaled € 40.8 million (40.8) million.

Südzucker has the following outstanding bonds as at 28 February 2021:

Coupon	Volume (€)	ISIN	Stock exchange listing
Hybrid bond 2015 Perceptual NC 10	3-Month- EU- RIBOR +310 BP 700 million	XS0222524372	Luxembourg (official market)
Bond 2016/2023	1,25 % 300 million	XS1524573752	Luxembourg (official market)
Bond 2017/2025	1,00 % 500 million	XS1724873275	Luxembourg (official market)

The financial instruments are generally issued via the group financing company Südzucker International Finance B.V., Oud-Beijerland, Netherlands, and used throughout the group. Südzucker AG provided guarantees for the bonds.

A commercial paper (CP) program with a volume of € 600 million is also available for seasonal campaign financing. This program was utilized in the amount of € 330.0 (330.0) million as at 28 February 2021.

The seasonal liquidity requirements are also secured by the € 600 million syndicated credit line concluded through July 2025.

See the section on “Corporate management” for information on corporate management at Südzucker AG.

BALANCE-SHEET

ASSETS

(in € millions)	28 Feb 21	29 Feb 20
Intangible assets	11.2	12.3
Property, plant and equipment	477.1	492.6
Financial assets	2,764.4	2,764.6
Fixed assets	3,252.7	3,269.5
Inventories	538.1	485.6
Receivables and other assets	412.7	663.4
Securities	114.3	165.8
Cash and cash equivalents	13.2	13.4
Current assets	1,078.3	1,328.2
Accrued and deferred items	2.3	2.5
	4,333.3	4,600.2

Südzucker AG's **total assets** as of 28 February 2021 were € 4,333.3 (4,600.2) million, down from last year.

Fixed assets totalled € 3,252.7 (3,269.5) million, € 16.8 million lower than last year.

Because the manufacturing costs of finished goods were higher than the year prior during 2020/21 campaign, **inventories** rose to € 538.1 (485.6) million.

Receivables and other assets of € 412.7 (663.4) million were lower than last year. Intra-group loans to affiliated companies declined sharply year over year. Other assets fell from € 52.9 million to € 45.2 million, mainly as a result of acquired CO₂ certificates.

LIABILITIES AND SHAREHOLDERS' EQUITY

(in € millions)	28 Feb 21	29 Feb 20
Shareholders' equity	1,956.5	2,166.4
Special items with an equity portion	28.3	28.4
Provisions for pensions and similar obligations	654.6	637.2
Other provisions	263.6	273.6
Liabilities	1,430.3	1,494.6
	4,333.3	4,600.2

Equity decreased to € 1,956.5 (2,166.4) million. The equity ratio was 45.2 % (47.1 %). As in the prior year, Südzucker AG's fixed assets at the balance sheet date were financed entirely through medium and long-term capital; the equity to fixed assets ratio decreased to 103.1 % (109.7 %).

Pension provisions were up € 17.4 million to € 654.6 (637.2) million. Adjustment of the discount rate from 2.64 to 2.23% boosted the number. Salary and pension parameter adjustments partially offset the gain.

The other provisions item consists of taxes, personnel expenses, litigation risks and recultivation obligations. This decrease relates to all provision areas.

Liabilities declined € 64.3 million, going from € 1,494.6 million to € 1,430.3 million, due to reduced bank liabilities.

CURRENT AND PROJECTED BUSINESS PERFORMANCE

In last year's outlook, we projected a moderate increase in revenues, but the price level improvement was less than expected. This led to a significantly worse operating result than forecast of € -97.8 million, despite the cost savings achieved.

Due to unplanned impairment losses of € -203.1 million on investments in ED&F Man Holding Limited and of € -93.9 million in Saint Louis Sucre S.A.S., result contributions from investments were not higher than last year (€ 199.2 million), but instead were negative at € -51.1 million. A € 50.0 million unappropriated profit contribution in the same period from a subsidiary partially offset the loss.

As a result, the forecast for a significant net income after taxes improvement did not come to fruition.

Outlook

Another world market deficit is expected for the current 2020/21 sugar marketing year, which will further reduce inventories. With world sugar production and consumption balanced in sugar marketing year 2021/22, the world market environment should remain positive. In Europe, the continuing difficult growing conditions will cause beet cultivation to decline further. If yields normalize, the EU is expected to produce more sugar. Nevertheless, the EU again expects net sugar imports for the 2021/22 sugar marketing year to satisfy demand. Overall, this should create a positive market environment for Südzucker. With rising production and sales volumes, Südzucker expects revenues to increase significantly over the course of fiscal 2021/22.

Despite the improved operating environment, the negative operating result (HGB) of € -97.8 million will not improve significantly due to expenses from the raw material hedging premium paid in 2019 for the finalization of the 2021 sugar beet supply contracts. We also expect personnel expenses to increase sharply due to a falling pension obligations discount rate. Income from investments will again build on the 2019/20 level. Assuming no change in net interest expense, we expect net income in 2021/22 to be in line with what would have been achieved in 2020/21 excluding the one-time charges from the impairment losses recognized in income from investments in affiliated companies.

The forecast accuracy is subject to further Corona pandemic effects unforeseeable at the time of preparing this report in April 2021.

Risks and opportunities report

Risk management

RISKS AND OPPORTUNITIES POLICY Südzucker Group's business policies aim to safeguard the company's continued life, to earn sustainable, reasonable returns and systematically and steadily improve shareholder value. Risk management systems are installed throughout the group to detect and actively manage risks.

Südzucker believes a responsible attitude toward business risks and opportunities is an important element of a sustainable, value-oriented management system. Südzucker views risks and opportunities as future developments and events that can negatively and/or positively influence implementation of strategic goals and operational plans. Südzucker uses an integrated system for the early identification and monitoring of group-specific risks. The guiding principle for successfully managing risk is to balance opportunities and risks. The company's risk culture is characterized by risk-aware conduct, clear responsibilities, independent risk controlling and internal audits. Insofar as it is possible and economically practical, insurable risks are covered by a group-wide insurance policy.

PURPOSE OF RISK MANAGEMENT The risk management system is embedded in Südzucker Group's value-oriented management and planning system. The purpose of the risk management system is to detect existing risks early and systematically, to evaluate them and to provide the relevant decision makers with properly organized risk information. This is accompanied by improving the internal transparency of all processes that have an element of risk and creating a culture of risk awareness among all employees. One of the key risk management tasks is to limit strategic, operative, legal and financial risks.

Südzucker Group's risk management system includes a monitoring system that ensures compliance with all actionable items.

RISK MANAGEMENT SYSTEM The executive board is responsible for the group-wide risk management system, as well as for the early detection and mitigation of existential and strategic risks. The risk management committee supports the board in this task. It regularly evaluates the suitability of the installed risk management rules and improves them if necessary. In addition, it continuously monitors material risks, including cross-business risks, and alerts those responsible if action is necessary. The auditor assesses the reliability and performance capability of the risk early warning system as part of the risk management system.

The supervisory board also examines the effectiveness of the risk management system as part of its executive board monitoring responsibility.

RISK MANAGEMENT ORGANIZATION The operating units (divisions and the CropEnergies segment) and the central departments are responsible as risk managers for identifying and assessing opportunities and risks as well as for risk management in their areas of responsibility. They take steps to reduce and hedge operational risks, as well as financial and legal risks.

Changes in market prices can exert considerable positive or negative pressure on the operating result. The company has therefore installed risk committees that evaluate how to handle such risks in those operating units in which operating results are materially affected by market price volatility. Market price risks resulting from commodity and selling prices, as well as currency exchange and interest-rate risks are also countered by selectively using derivatives. The executive board has defined the acceptable instruments for risk mitigation in a management directive of price risks from operating business, which also governs hedging strategies, responsibilities, processes and control mechanisms. Financial derivative instruments are only used to hedge underlying transactions and entered into with banks that have a high credit rating or on futures exchanges.

All relevant operating entities and group functions submit regular reports and documentation on operative, financial and strategic risks to the risk management and risk committees, and in accordance with the value-oriented management and planning system. All those responsible for managing risk thereby regularly evaluate and document all material corporate risks. In addition, ad hoc reports of any new risks or changes to the risk structure must immediately be submitted to the executive board. The risk management committee maintains a risk inventory by compiling the individual risks in a group-wide risk registry

Medium and long-term opportunities and risks are determined on the basis of strategic analyses, considering risk-relevant factors such as market developments in the sales and procurement markets, competitive position, technical innovations, cost structure development, employees and sustainability. Medium and long-term risks are identified and assessed annually as part of the group-wide conducted strategic development of the divisions and segments. It also aggregates the

group-wide risks and identifies any potential existential threats.

INTERNAL AUDIT The internal group auditors are a process-independent entity that monitors the parent company and the group companies. The department reports directly to the chairman of the executive board. It systematically and precisely assesses the effectiveness of the risk management system, control methods, management and monitoring processes on the basis of independent, objective auditing and consultation, focusing on continuously improving them and the underlying business processes.

RISK COMMUNICATION Openly communicating with the employees within the company who are responsible for the businesses and processes is essential to a properly functioning risk management system. As such, the executive board, division and business managers as well as group executives communicate risks quickly and transparently. Employees are required to be aware of and deal with risks proactively. Regular meetings between the executive board and division and business units heads to discuss earnings developments and budgets is one tool Südzucker uses to ensure that information flows directly between the parties. Mitigating measures are defined and initiated for any strategic or operational risks identified during the sessions. Not only the heads of divisions and business areas, but also the group departments regularly report to their respective department heads concerning current developments in their areas of responsibility.

Summary of risk and opportunity situation

The COVID-19 outbreak has led to massive interventions in public life, particularly in Europe, and has significantly impacted economies and societies. Südzucker Group's risks have considerably increased as a result. Maintaining production under pandemic conditions involved increased hygiene measures, restricted contact and employees who fell ill. These factors along with the challenges of selling our products led to high levels of stress at the company. The further course of the pandemic and the consequences for Südzucker Group are still highly uncertain, despite vaccinations against the virus having begun.

The price trends for the input agricultural raw materials and the sugar, ethanol and starch products made from them have a significant influence on the future development of the Südzucker Group. Key drivers that drive these changes, such as the impact of the COVID pandemic, regulation of agricultural production conditions, crop protection restrictions, weather and harvest conditions, climate policy for CO₂ reduction, blending targets for renewable raw materials and the demand for and supply of competing raw materials and substitutes, can only be affected by the company to a limited extent in the short term. Demand growth for foodstuff is undergoing changes that are accompanied by increasing EU consumer policy regulations.

Long-term competitiveness is ensured by measures to optimize the cost structure. These include concentrating beet cultivation on high-yielding areas close to the factory and continuously improving production, logistics and administrative processes.

Competition in the European Union's sugar production sector is high. Necessary capacity adjustments in non-competitive EU countries are being hindered by national subsidies for the cultivation of sugar beets.

The BENEOL, Freiburger and Starch divisions and the fruit segment contribute significantly to stabilizing Südzucker Group's risk and opportunity profile. The focus of climate policy on renewable energies has increased the long-term opportunities for additional market growth in the CropEnergies segment

The Group's overall risk position is significantly increased due to the uncertainties arising from the ongoing development of the coronavirus crisis. Nevertheless, currently there are still no apparent existential risks that threaten the organization.

SUMMARY OF SHORT TERM OPPORTUNITIES AND RISKS

The persons responsible for risk management quantify identified short-term risks and opportunities according to the dimensions of probability of occurrence and financial impact in the event of their occurrence. Subsequently, they are aggregated into risk factors using statistical methods.

The following section describes the main opportunity and risk factors for Südzucker and outlines their significance, considering the potential financial impact and likelihood of their occurrence on the results of the 2021/22 financial year.

	Occurrence probability	Financial impact (€)
low	○○●	<5 million
medium	○●●	5–20 million
high	●●●	>20 million

The price volatility of raw materials, risks associated with fluctuating product prices, changes to the legal and political framework as well as structural changes in the target markets are currently the most significant risks. The potential financial impact of the other risks outlined in this report is comparably minor.

Opportunities and risks	Occurrence probability in 2021/22	
	Risks	Opportunities
Environment and sector		
Market and competition	●●●	●○○
Risks of changes in legal and political environment	○○●	●○○
Company-specific opportunities and risks		
Raw materials	●●●	●●○
Production and investments	●●●	●○○
Sales markets	●●●	●●●
Information technology	○●●	●○○
Acquisition / Restructuring	○○●	●○○
Legal risks	○○●	●○○
Fraud and corruption risks	○○●	○○○
Financial		
Exchange rate fluctuation risks	○●●	●●○
Other financial Opportunities and risks	●●●	●●●

Corona pandemic

The COVID-19 outbreak has led to massive interventions in public life, particularly in Europe, and has significantly impacted the economy and society. Südzucker Group, a producer of food and animal feed and manufacturer of ethanol – primarily a component of fuels and disinfectants – is part of critical infrastructure.

Extensive safety programs were rolled out throughout the group to protect employees and maintain production. Specifically, the company established crisis teams, implemented local crisis management plans at each location, increased communication frequency, strengthened hygiene activities and ensured strict compliance with official recommendations and orders.

Furthermore, business trips were restricted, and working from a home office was facilitated and recommended. Virtual interaction is now the backbone of our communications. Some Südzucker Group employees also contracted COVID-19 during the pandemic, which directly impacted production and administration. However, some measures to contain the spread of the virus, such as home quarantines, further disrupt our operations in ways that cannot always be addressed with strategies such as working from a home office. In spite of the challenges, the group was able to continue operations at all of its factories, sometimes under difficult conditions and with curtailed production.

The crisis increased the price volatility of raw materials, directly impacting the price of ethanol and the world market sugar price, and most recently also grain prices. The months-long lock-downs and cancellation of almost all public events, together with tight restrictions in the food service sector also reduced sales volumes for some of our products. We still cannot predict how long this situation will last.

The financial and capital markets, as well as the commercial paper market, were sometimes significantly distorted following the outbreak of the pandemic. Further economic growth continues to be driven by macroeconomic uncertainty, and is affected by periods of lockdowns. Insolvency rates are expected to rise notwithstanding government support measures. Insurance companies already reduced coverage of goods in fiscal 2020/21. In some cases coverage was completely

canceled and new customers found it more difficult to secure initial insurance policies. The government intervened to mitigate the developments by announcing guarantees for credit insurers. How the situation develops once the state guarantees expire remains to be seen.

The financial impact of this extraordinary situation has been included in the assessment of the risks presented below to the extent foreseeable. However, these estimates are encumbered by high uncertainty.

Environment and sector

MARKET AND COMPETITION In the EU sugar market, necessary capacity adjustments in non-competitive EU regions will continue to be obstructed by nationally coupled premiums for sugar beet cultivation. Moreover, competition is also affected by differences in the approval practice for plant protection products. Changes in this area cannot be expected in the short term.

CHANGES IN LEGAL AND POLITICAL CONDITIONS

The companies of the Südzucker Group operate worldwide and thus also in regions suffering from unstable political conditions. As a result, there may also be short-term negative effects from social or political conflicts in these countries.

Changes to national taxation and tariff schemes, as well as interpretation by regional authorities, pose further risks associated with general legal and political conditions.

However, changes in the political framework can also create opportunities. For example, we consider the adoption of E10 in the context of climate policy to be an opportunity for a further increase in demand for ethanol in a growing number of European countries.

Company-specific opportunities and risks

RAW MATERIALS In fiscal 2020/21, Südzucker Group processed 31 (35) million tonnes of agricultural raw materials grown on more than 1,000,000 hectares of land. In addition to 24 (28) million tonnes of sugar beets, the crops comprise corn, wheat, barley, rice, triticale, chicory, potatoes and fruits.

As a processor of these raw materials, Südzucker is exposed – in spite of broad diversification of the cultivation regions – to procurement risks. These relate mainly to above-normal fluctuations of harvest yields, due primarily to extreme weather conditions (climate change), as well as pests and diseases that attack the company's crops. Massive yield losses were seen in important beet-growing regions in Europe in 2020 as a result of the neonicotinoid ban, which led to infestation by a beet mild yellowing virus transmitted by aphids. By now, temporary exemptions have been granted to allow neonicotinoid application for beet cultivation in most of the affected cultivation areas.

The EU ties the making of fuels produced from biomass to compliance with certain sustainability criteria. Ethanol produced at all of our plants meets these requirements, provided sustainably produced raw materials are available.

In addition to the procurement risks, agricultural raw materials are subject to price fluctuations that are driven primarily by fundamental global and regional market data such as availability, demand and inventories.

The price Südzucker Group pays for beets is partly aligned with its realized sugar sales revenues during a particular sugar marketing year. Other factors, such as the return on beet cultivation in comparison to growing other crops and the beet prices paid in relation to competitors, are also taken into consideration when setting beet prices. The latter applies particularly in regions with overlapping farming areas.

For producing ethanol agricultural raw materials containing carbohydrates, such as grain and sugar syrup, are required. Price fluctuations on global agricultural markets directly impact raw material costs. To assess the risk of producing ethanol, we calculate raw material costs minus sales revenues from food and animal feed (according to net raw material costs). Because changes in the grain market environment generally also have an impact on the market environment for food and animal feed containing protein, we are able to partly offset higher raw material costs with increased sales revenues from these products. Our business policy in ethanol production will mitigate residual risks of raw material price increases by entering into long-term supply agreements and utilizing commodity futures contracts as a hedge, as well as using alternative raw materials.

PRODUCTION AND INVESTMENTS We strive to avoid unplanned factory shutdowns – especially during the campaigns – by conducting comprehensive maintenance programs and continually upgrading our plants. We mitigate investment risks through comprehensive investment project planning and project controlling.

The price of energy and raw materials are key input cost factors, especially for the production of sugar, starch, inulin and ethanol. Price fluctuations directly impact production costs. This applies not only to the energy sources themselves, but also to CO₂ certificates that must be purchased if free allocations do not cover operating requirements. The company has a forward-looking procurement policy and utilizes long-term supply contracts or derivatives to price hedge some of the fuels or CO₂ certificates used during the campaign. This reduces the impact of price fluctuations on our results.

In addition, investments to improve the energy efficiency of the production plants and the reduction of CO₂ emissions throughout the group are an ongoing priority.

The availability of suitable transportation means for timely delivery of raw materials and finished products is also subject to fluctuation. For example, particularly high or low water levels, especially on the Rhine, can result in limited availability and loading capacity of inland waterway vessels and thus higher logistics costs.

Serious safety standards violation incidents for food and other products could impact on consumer health, damage Südzucker's reputation and reduce the volumes of our products. Our ambition is to supply customers with safe, high quality products at all times. In order to guarantee this, the company has a quality management system that documents responsibilities, activities and processes. The quality management system covers all processes; from the procurement of raw materials, through the production process itself, to delivery to customers.

Adherence to all internal and external specifications is regularly checked within the framework of the quality management system. The company takes any necessary steps to further optimize its products and processes, which contributes to further risk minimization.

TARGET MARKETS The sugar segment is exposed to opportunities and risks resulting from price fluctuations in the world sugar market, the EU common market and animal feed markets. If the expected moderate growth in world sugar consumption is not achieved, price pressure on the world market can be expected to increase. In the event that the deficit on the world sugar market increases or decreases more than expected, global market prices may fall or rise. The world market price trend also influences the sugar price level in the EU. Since many sales contracts are signed for one year at a fixed price, short-term market price changes have only a limited or delayed impact on earnings. The pandemic caused sugar volumes to decline in the 2019/20 sugar marketing year. Uncertainty surrounds further developments. Mobility restrictions have also significantly curtailed demand for fuels for the time being, and prices for bioethanol have fluctuated considerably as a result.

There is evidence that the EU domestic market will also be increasingly tied to the development of the world sugar market prices. For the volumes tied directly to global market prices, we enter into sugar futures contracts on the exchanges in London and New York according to market conditions. The company thus pays particular attention to consistency in its sales strategy and long-term planned customer loyalty to mitigate the volume and price risk for animal feed.

Ethanol prices in Europe are affected by various factors such as supply and demand at the local level, the price level and availability in the United States, Brazil and other exporting countries, as well as general political conditions, and may thus

fluctuate significantly. In order to reduce the impact of price fluctuations on earnings, these risks are controlled by structuring sales contracts, derivative instruments and the flexibly operating of its ethanol plant in Wilton, Great Britain, depending on the market situation and the associated costs and earnings. Ethanol sales volume numbers continue to be highly uncertain due to the pandemic.

INFORMATION TECHNOLOGY The management of our group is largely dependent on a sophisticated computer system, which is increasingly exposed to information security risks from internal and external sources. We apply appropriate processes and programs to protect the availability, confidentiality and integrity of business-related information and data processing systems. The processes and programs rely on relevant standards, and are operated, monitored and continuously updated by qualified internal and external experts. Südzucker Group operates an information security management system (ISMS) to identify information security risks and manage protection goals and minimum standards.

Südzucker Group companies are considered critical infrastructure, so they are subject to both national and EU regulation. New national requirements are expected in the coming months, especially in Germany. These must first be reviewed, then implemented. Higher statutory fines will require a reassessment of the maximum potential risk.

ACQUISITIONS/RESTRUCTURING Südzucker Group buys companies in order to expand its business activities. Acquisition risks include failing to meet strategic objectives or delaying the execution of operative plans. There are also risks associated with integrating the various corporate cultures and processes.

Restructuring programs can result in myriad expenses that exceed initial estimates and expected savings may not be achieved. Risks associated with the restructuring of production plants and administrative departments can impact the respective businesses and production processes.

Südzucker Group in addition owns shares in joint ventures and associated companies and has other shareholdings as well. These companies are subject to the business environment specific to their respective activities. With a minority interest, the possibility of integrating these companies is limited and the effects of restructuring measures such as the share of ED&F Man Holdings Limited, consolidated at equity, are only possible to a limited extent. Although ED&F Man's trading business continues to be profitable, Corona-related delays negatively impacted the strategic realignment of the company. In September 2020, ED&F Man was able to secure a three-year extension to its existing financing and thus gain the time required for its strategic realignment.

LEGAL RISKS Südzucker is exposed to potential changes in the legal environment, particularly as relates to food and environmental laws. Such risks are documented without delay, their impact on the group's business activities evaluated and appropriate action taken if necessary.

Südzucker analyzed the obligations and risks contained in the EU general data protection regulation and implemented the organizational steps in order to guarantee the protection and security of personal data, especially of its employees, customers, suppliers and other business partners.

There is a general risk that antitrust authorities may interpret the conduct of company organs and employees as violating antitrust laws, and that they may initiate proceedings. Such proceedings always negatively impact the company's reputation and can result in high fines and potentially, unfounded claims for compensation from third parties.

Südzucker is continuously pursuing antitrust compliance measures, in particular by conducting audits and in the area of internal reporting. Training courses and audits to prevent antitrust law violations are conducted at regular intervals.

As expected, following the conclusion of the German sugar cartel fine proceedings in February 2014, customers filed claims for damages and in some cases sued citing alleged cartel-related price surcharges. Südzucker is defending itself against the claims on the basis that customers did not suffer any disadvantages during the period identified by the Federal Cartel Office. The legal proceedings pending at various German regional courts are costly and tedious. The Cologne Regional Court issued the first case rulings in October 2020. All claims pending there were dismissed and costs assigned to the plaintiffs because the court could not identify a sufficiently high probability of injury. One of the judgments has already become final; in the other proceedings the plaintiffs have appealed. Südzucker will likely also have to continue to deal with these proceedings in the coming years.

At the beginning of February 2021, the Hanover Regional Court dismissed the lawsuit with the highest claim amount nationwide on formal grounds. The plaintiff had the potential claims of numerous sugar customers assigned to herself for the purpose of suing collectively. The court considered the assignments invalid. The ruling is not yet final.

The claim filed by the Austrian Federal Competition Authority in 2010 for setting a fine for suspected anticompetitive agreements against Südzucker AG and AGRANA Zucker GmbH, Vienna, Austria, was rejected by the Vienna Cartel Court in its decision of 15 May 2019. The Federal Competition Authority has appealed against this decision; no judgment has yet been issued. The Austrian Supreme Court, which now has jurisdiction, has referred a number of questions to the European Court of Justice for clarification under European law. Its final decision is pending.

FRAUD AND CORRUPTION RISKS Fraud and corruption risks can arise when Südzucker Group employees or managers break laws, contravene internal regulations or fail to comply with regulatory standards recognized by Südzucker. Persons outside the company may also commit fraud using forged identities to initiate payments or deliveries. Training courses were held in order to ensure that each and every employee behaves in a proper manner regarding legal conformity and social ethics. Specific recommendations on selected topics were developed and made available to employees.

Financial

Because it conducts business worldwide, Südzucker Group is exposed to a variety of financial risks. This includes risks associated with fluctuating currency exchange and interest rates, liquidity risks, as well as credit rating and default risks.

EXCHANGE RATE FLUCTUATIONS Financial impacts of exchange rate fluctuations are mainly due to intra-group financing of subsidiaries in currencies other than the local currency. In the US, the UK, Mexico and Eastern Europe, Südzucker Group finances some subsidiaries through intragroup loans denominated in euro. To a lesser extent, Group companies in the euro-zone also provide financing to subsidiaries in their differing national currencies.

OTHER FINANCIAL OPPORTUNITIES AND RISKS Südzucker Group is exposed to a limited extent to the impact of changes in interest rates on variable-rate or short-term financial obligations and investments. Exposure to these loans and investments fluctuates significantly over the course of the year because of campaign-related financing requirements.

Employees in the Südzucker Group are granted benefits under defined contribution or defined benefit plans. Company pension obligations are primarily covered by corresponding provisions in the balance sheet and partially by outsourced pension assets. In order to limit the risks of changing capital market conditions, the offer of defined contribution plans is now restricted.

The rating agencies Moody's and Standard & Poor's assess Südzucker's creditworthiness. Südzucker is committed to maintain a stable investment grade rating. A downgrade in the assigned rating could negatively impact the group's cost of capital for future financing needs.

Südzucker Group mitigates liquidity risks using long-term capital market and bank financing by way of issuing euro bonds, promissory note loans and bank loans. Short-term liquidity is secured through the Südzucker commercial paper program and syndicated and bilateral bank credit lines. Securities investments and emission certificates also offer liquidity reserves.

SUMMARY OF MEDIUM TO LONG-TERM OPPORTUNITIES AND RISKS

CHANGES IN THE LEGAL AND POLITICAL ENVIRONMENT The different national regulatory conditions existing within the EU mean that, despite existing overcapacities on the European sugar market, a market shakeout cannot occur as a result of inefficient competitors leaving the market. There is a risk that an oversupply in the EU sugar market will exert downward pressure on EU sugar prices. Changes in national agricultural policy; for example, the approval of plant protection products, can also constrain competition.

Internationally, free trade agreements between the EU and other nations are becoming increasingly important. Additional free trade agreements, especially the MERCOSUR trade agreement, and the elimination of import duties harbor the medium to long-term risk that additional volumes of sugar, fuel-grade ethanol and alcohol will be imported to the EU.

Potential risks to our sales opportunities and supply chains also arise from trade restrictions and the increasing renationalization of production in certain regions, partly as a result of the COVID-19 pandemic. There is also the risk that subsidized sugar production, especially in a number of Asian countries such as India and Thailand, will continue and prevent a sustainable recovery of world market sugar prices.

Climate targets and associated government policies to reduce CO₂ present an opportunity for significant market growth for renewable energies in the transportation sector. This will potentially result in additional sales of fuel-grade ethanol, especially if further market penetration of E10 succeeds and E20 can be launched. On the other hand, the government focus on e-mobility harbors the long-term risk for declining volumes of fuel-grade ethanol.

Regulatory changes in the energy sector, such as carbon taxation, allocation of Green Certificates, energy taxes and the promotion and/or elimination of specific energy sources bears the risk of increasing production costs and higher investment requirements.

On the other hand, changes in legislation and regulatory conditions in areas such as hygiene, packaging or ingredients for food can also open new market opportunities, even though change processes include risk.

CLIMATE CHANGE AND SUSTAINABILITY Risks associated with securing the long-term supply of raw materials occur due to extreme weather events, such as lengthy droughts, flooding, storms and hail, all of which can become more frequent and intense, and lead to above-average harvest yield fluctuations. Processing agricultural raw materials is a core component of the value-added process in all of our segments, so climate related harvest failures result in reduced production volumes and rising raw material costs. These risks are addressed to the greatest extent possible by appropriate cultivation planning and targeted cultivation consultation and research.

One of the five core elements of the new 2026 PLUS corporate strategy is a commitment to sustainable business practices. As part of our sustainability management program, we evaluate opportunities and risks associated with the primary impact of our activities, especially on the environment. For example, energy use, emissions, water and waste are continuously monitored, and we regularly investigate potential savings and substitutions.

Most Südzucker production locations are subject to the EU emissions trading system, especially in the sugar and CropEnergies segments, but also the BENEOL and starch divisions. This is why the company has always dealt intensively with potential regulatory (transitory) risks in the area of energy legislation. Government interventions related to the fight against climate change at the EU level (European Green Deal) and the national level of the countries in which Südzucker operates aimed at meeting the Paris Climate Protection Agreement and the United Nations Climate Convention targets mean that the company can expect potential restrictions on the use of or higher taxation of fossil energy sources in the coming years.

Reducing EU greenhouse gas emissions by at least 55 % by 2030 compared to 1990, phasing out coal by 2030, and achieving climate neutrality by 2050 pose unique transformation risks. Südzucker mainly uses natural gas as an energy source, but this is not good enough. The company is in the process of evaluating the viability of optional technologies. Implementing new energy technologies throughout the group will require substantial investment.

Achieving the environmental goals of sustainable water resource use, transition to a recycling economy, prevention of environmental pollution, and protection of ecosystems and biodiversity continue to be a top priority. This too demands

investments in our production sites whose magnitude and time to implement cannot yet be precisely estimated.

We see medium to long-term growth opportunities for using renewable raw materials or biogenic residues to produce chemicals (biobased chemicals).

A key objective of the EU's Green Deal is to steer investment decisions towards sustainable economic activities. This goes hand in hand with the need to classify sustainable economic activities and report on implementation of any initiatives, in particular in the area of climate protection and energy conservation. We can assume that sustainability ratings will become increasingly important. It cannot be ruled out that deteriorating sustainability ratings will threaten corporate financing or government subsidies. We are addressing this through transparent reporting and talking with external stakeholders.

DEMAND GROWTH AND TREND TOWARDS SUSTAINABLE CONSUMPTION

The increasing global demand for agricultural materials, sustainably produced food and animal feed, as well as renewable energies, offer long-term growth opportunities for Südzucker. These are driven primarily by the growing world population, rising prosperity and living standards in many countries.

The trend toward high-quality, healthy foods and the increasing awareness of hygiene as a result of the COVID-19 pandemic is creating new sales opportunities for Südzucker. Südzucker benefits from the long-term trend toward healthier eating habits, especially in the functional food segment.

On the other hand, there are also risks for some products, such as fruit yogurt or apple juice concentrates, due to changes in consumer preferences. Südzucker counters such risks by innovating and continually enhancing its product portfolio. This includes, for example, developing, producing and distributing alternative sweeteners or developing solutions based on plant proteins, among others for the meat substitute sector. Südzucker plans to seize such opportunities through a market-oriented innovation strategy.

Südzucker uses corporate acquisitions to supplement organic growth and further drive diversification. This requires that we expand the existing product portfolio, enter new geographical markets and extend the business activities into upstream and downstream segments of the value chain. Government policies as well as the public health debate and media mind-set influence sugar consumption. Sugar is often unilaterally declared the cause of obesity and diseases such as diabetes, dental cavities and subsequent illnesses. Südzucker strives to bring rationality to the debate by presenting the true interrelationships between sugar consumption, a balanced diet and a healthy lifestyle. We expect overall sugar volume to shrink in the EU in the medium to long-term.

We also expect increasing requirements to provide carbon footprints for products in all segments, as well as the absolute volume of greenhouse gas emissions associated with production. Demand for climate-neutral products is also expected to rise in future.

EMPLOYEES The recruitment and long-term retention of skilled employees is an increasing challenge due to demographic developments. Particularly in the IT, technology and natural sciences sectors, there is a risk of not being able to adequately fill vacancies again, or only with delay. In order to protect Südzucker's position when competing for qualified employees, we emphasize the attractiveness of Südzucker Group as an

employer through our human resources management policies, which aim to encourage specialists and managers to stay with the company for the long term. In addition to attractive social benefits and compensation policies, we offer a wide range of advanced and continuing education courses, trainee programs, measures to promote health and the reconciliation of work and private life and job opportunities. One-half of Südzucker's supervisory board constitutes employee representatives from inside the company or the unions. Südzucker is bound by collective bargaining agreements in many countries and social dialogue is common daily practice. Employees are kept abreast of current events and given the opportunity to discuss issues with management in regular employee meetings.

There are also risks associated with sick leave, along absences and the associated additional workload on staff members still on the job. Südzucker looks after the health and safety of its employees by providing them with company doctors, reintegration programs and information sessions. There are also extensive programs surrounding work safety that aim to achieve "zero accidents", in addition to in-depth analysis of any on-the-job accidents.

INNOVATIONS Innovations create additional market and sales opportunities. In addition, innovations in production processes provide opportunities to improve cost structure and working conditions. Digitalization projects in the production and administration areas can open the door to potential performance and efficiency improvements.

Südzucker's internal research and development competence and broad production expertise are important competitive advantages. One of the action items of the group strategy project 2026 Plus is to make greater use of Südzucker's innovation capabilities in the future in line with a market-oriented innovation strategy.

New market opportunities are arising for Südzucker in many different areas. This includes utilizing products obtained from plant-based raw materials in related and new markets. For example, using agricultural materials to produce bio-based chemicals offers diversification opportunities in the non-food sector. Improving the extraction of materials from secondary streams also provides new marketing opportunities. These materials can be used for example to produce high-quality food supplements and animal feed.

Internal control and risk management system as it applies to accounting systems

ESSENTIALS The aim of the risk management system in the accounting process is the identification, evaluation and management of risks, which are offset by the publication of a standards-based annual group report. Südzucker AG's accounting-related internal control system aims therefore to ensure that its financial reporting and accounting practices comply with recognized standards, are reliable and effective, and that they truly reflect the company's assets, financial and earnings situation at all times. The system is embedded in the underlying business processes in all relevant legal entities and central departments and is continuously being enhanced. The main elements of the system are the principles, procedures and controls that ensure thorough and complete financial reporting; for example, consistent accounting, valuation and balance sheet procedures, processes and practices throughout the group.

IFRS REPORTING GUIDELINE Südzucker Group's accounting and valuation guidelines, including the accounting principles as per International Financial Reporting Standards (IFRS), ensure that the accounting and valuation systems used for all business transactions by the German and foreign subsidiaries included in Südzucker's consolidated financial statements are consistent throughout the group. Südzucker's internal IFRS Reporting Guideline ensures that IFRS is applied as applicable to Südzucker and explains accounting topics. The contents of the IFRS Reporting Guideline are prepared centrally and are regularly updated.

INTERNAL AUDIT SYSTEM AS RELATES TO THE ACCOUNTING PROCESS The group accounting process starts with the group's individual companies. Individual organizational entities prepare and check their financial statements and send them to Südzucker AG's central consolidation department by uploading the data to the consolidation system. Clearly structured authorization rules are in place for all of the group's accounting-related IT systems.

Südzucker AG's central consolidation department is in charge of completing the overall consolidation and preparing the group management report and consolidated financial statements. It also oversees the group's binding standard chart of accounts and manages the IT consolidation tool.

External auditors are regularly appointed as part of the preparation of the financial statements for the valuation of provisions, primarily those for personnel.

Südzucker Group's internal monitoring system has two components: controls integrated into the processes and process-independent controls. There is a strong emphasis on the principle of segregation of duties and the principle of dual control, as well as compliance with guidelines and rules related to key business processes.

Automated validation rules and plausibility checks, especially in the IT-based consolidation system, ensure that the data entered by the individual companies is complete and correct.

Segregating the administrative, executive, accounting and approval functions and making different persons responsible greatly restricts the opportunities to engage in criminal activity. Nevertheless, it is impossible to fully exclude every eventuality, especially arbitrary personal decisions with negative ramifications, erroneous audits, criminal activities or other circumstances

The monitoring steps taken to ensure proper and reliable accounting include, for example, analyzing business developments on the basis of specific key indicator analyses, as well as analyzing individual transactions in detail. At the group level, specific audit activities to ensure that the group accounting is being properly and reliably carried out include analyzing and, if necessary, adjusting the individual group company financial statements, taking into consideration the external auditors' reports and/or the audit debriefings.

Before integrating newly acquired companies, their internal control systems are quickly adapted to meet Südzucker Group's high standards.

INTERNAL AUDIT The internal audit department audits the internal control system, compliance with legal requirements and internal corporate guidelines, as well as the risk management system. It makes recommendations and develops any necessary process changes accordingly, thereby contributing to continuous improvement of the internal control and risk management systems.

The audit committee deals mainly with compliance, monitoring the accounting process and the annual audit of the financial statements. It also reviews and verifies the effectiveness of the internal control systems, the risk management process and the internal auditing process.

EXTERNAL AUDIT The external auditor checks that the early risk identification procedure integrated into the risk management system is entirely suitable for timely identification of existential risks. The auditor also reports to the supervisory board any material weaknesses found in the internal control and risk management system. During the audit of the closing financial statements, the auditor confirmed that Südzucker's early warning system is capable of timely detection of existential risks. The auditor has not encountered any material weaknesses in the internal accounting-related auditing system during its audit.

Corporate management and – responsibility

In the section described below, Südzucker reports on corporate management in accordance with article 315d of the German Commercial Code (HGB) in conjunction with article 289f of the German Commercial Code and corporate governance as per item 3.10 of the German Corporate Gover-

nance Code. In addition, the following section reports on corporate responsibility regarding the non-financial statement in accordance with articles 315b and 315c of the German Commercial Code in conjunction with articles 289b and 289c of the German Commercial Code.

Supervisory board and executive board operating procedures

The following summary outlines the operating procedures of the executive and supervisory boards in accordance with articles 289f, paragraph 2, item 3 and 315d of the German Commercial Code.

GENERAL INFORMATION Südzucker AG is a German stock corporation and as such has a dual management structure consisting of an executive board and supervisory board, each having members with independent expertise in different areas. The executive and supervisory boards work on the basis of mutual trust and closely cooperate to manage and supervise the company.

EXECUTIVE BOARD Südzucker AG's executive board currently consists of four members. The management body independently manages the company's businesses in the interests of the corporation with the aim of generating sustainable added value. The supervisory board has provided the executive board with rules of procedure, which are in force as per the version dated 30 January 2020.

Some executive board members have dual responsibilities with respect to the subsidiary AGRANA Beteiligungs-AG, Vienna, Austria. The CEO of AGRANA Beteiligungs-AG, Johann Marihart, Limberg, Austria, is also a member of Südzucker AG's executive board and the CFO of Südzucker AG, Mr. Thomas Kölbl, Speyer, Germany, is also a member of the executive board of AGRANA Beteiligungs-AG.

Südzucker AG's executive board members are also either members or chairs of the supervisory boards of Südzucker Group's major subsidiaries.

SUPERVISORY BOARD The supervisory board supervises and advises the executive board in its management of the company. It is involved in strategy and planning, as well as all issues of material importance to the company. For important business processes, such as budgeting and strategic planning, acquisitions and divestments, the company's articles of incorporation and the rules of procedure of the executive board stipulate that decisions are subject to approval by the supervisory board. The chair of the supervisory board coordinates the supervisory board's work, chairs the meetings and speaks on behalf of the panel to the outside world.

The executive board submits comprehensive, timely reports regarding planning, business developments and the group's positioning to the supervisory board – in writing and at regular meetings. Risk management and compliance are additional key reporting topics. If necessary, extraordinary meetings are held with the supervisory board to discuss important issues. The supervisory board has established rules of procedure for its work, which are in force as per the version dated 12 November 2020 and published on the website of Südzucker AG (www.suedzucker.de/en/investor-relations/corporate-governance/aufsichtsrat). The share-

holder representatives and employee representatives always meet separately to prepare the supervisory board meetings.

SUPERVISORY BOARD SELF-ASSESSMENT The supervisory board regularly assesses how effectively it and its committees fulfill their duties. This is done annually using a questionnaire, with no outside assistance. Each year, the questionnaire is amended according to the latest revision of the code. The questionnaires are evaluated and the results and improvement suggestions discussed at each November meeting. The aim is to continuously improve the work of the supervisory board and its committees.

SUPERVISORY BOARD STRUCTURE Südzucker AG's supervisory board consists of twenty members as per the articles of incorporation, of which ten are elected by the shareholders and ten by the employees. The terms of office are identical: The term of office of all supervisory board members runs until the close of the annual general meeting at which shareholders will vote on ratifying the board's actions for fiscal 2021/22 (that is, until the end of the annual general meeting in 2022).

SUPERVISORY BOARD DIVERSITY POLICY As per a resolution passed on 16 November 2017, the supervisory board is aiming for the following targets and competence profiles for the full board in its future composition, in consideration of the sector, the size of the company and the share of international business activity (Supervisory board diversity policy):

- All supervisory board members shall have adequate corporate or operational experience and shall ensure they have sufficient time to fulfill their supervisory board duties.
- Each member of the supervisory board shall demonstrate the required reliability and personal integrity to fulfill the board's supervisory duties.
- At least two members of the supervisory board should be independent as per item 5.4.2 of the German Corporate Governance Code. Not independent as per item 5.4.2 of the German Corporate Governance Code is anyone who has a personal or business relationship with the company, its organs, a controlling shareholder or company associated with these, which could result in a material and not merely temporary conflict of interest.
- Not more than two former members of the executive board shall be members of the supervisory board.
- The supervisory board shall have at least two members with international experience or specialized knowledge in one of the company's key non-German markets.
- At least one member of the supervisory board shall be a financial expert.
- The supervisory board shall have at least three female and three male members to represent the employees.
- No candidate older than seventy shall be recommended for election or reelection to the supervisory board, unless it would be in the interests of the company.

There is no rule regarding the maximum term of office of a supervisory board member. This is to ensure continuity and long-term expertise on the supervisory board.

When recommending supervisory board members for election, the supervisory board will continue to focus primarily on the personal suitability of the candidates, their specialized skills and experience, their integrity and independence, as well as their motivation and capabilities.

The status of the supervisory board diversity policy is as follows:

The supervisory board's employee representatives were elected on 16 April 2017 by the company's workers and its shareholder representatives by shareholders at the annual general meeting on 20 July 2017. In the meantime, there have been five changes in the supervisory board, four on the employee side and one on the shareholder representatives side.

According to the supervisory board's evaluation, the supervisory board currently consists of two members, and thus – considering the ownership structure – a sufficient number of independent members. Ms. Susanne Kunschert, Stuttgart, Germany, and Ms. Julia Merkel, Wiesbaden, Germany, are independent of Südzucker AG, its executive board and the controlling shareholder Süddeutsche Zuckerrübenverwertungs-Genossenschaft eG (SZVG). At least two members especially meet the criterion of "internationality". The supervisory board has seven female members – four representing the employees and three representing shareholders. There are no former Südzucker AG executive board members on the supervisory board.

The financial expert on the supervisory board and on the audit committee is Ms. Veronika Haslinger, Vienna, Austria.

EXECUTIVE BOARD DIVERSITY POLICY The supervisory board has prepared a diversity concept for Südzucker AG's executive board that summarizes factors such as the age, gender, education and career as well as internationality of the company's employees. The aim is to select an executive board composition that guarantees that the

board will be fully able to discharge its duties. The executive and supervisory boards work together to ensure long-range succession planning for board members. Every effort is made to select executive board members from candidates who have progressed within the company. The following criteria are especially important for systematic management development and long-term succession planning:

- Early identification of suitable candidates from different disciplines, professional and personal experience, internationality and gender
- Systematic development of managers by assigning ever greater responsibilities
- Demonstrable strategic and operative creative drive and leadership skills
- Proven role model approach toward implementing our corporate values

Key to the appointment of a Südzucker AG executive board member is ultimately an appraisal of their professional and personal qualifications. The supervisory board primarily focuses on candidates' personal suitability, their professional skills and experience, their integrity and independence, as well as their motivation and capabilities to ensure that they can responsibly fulfill their duties at the company.

Accordingly, as per a resolution passed on 14 November 2019 regarding the composition of the executive board – in consideration of the sector, the size of the company and the share of international business activity – Südzucker AG's supervisory board aims to meet the following objectives:

- Number: Given the size of the company and the current organizational and responsibility structure at Südzucker Group, it is recommended that Südzucker AG have at least four executive board members. The supervisory board can appoint a chairperson or speaker from this panel.

- **Age:** An executive board member should hold office no longer than the end of the fiscal year in which he or she reaches the age of sixty-five.
- **Gender:** The supervisory board prioritizes qualifications rather than gender when selecting candidates. In its meeting of 17 May 2017, the board decided to extend the target quota for female executive board members of zero % until 16 May 2022.
- **Education and career:** The educational and career background of members of Südzucker AG's executive board should satisfy the required competencies of general executive board duties, as well as of the member's specific portfolio assignment. These competencies could have been acquired by completing a university degree, some other occupational training or by some other means.
- **Internationality:** It is recommended that the executive board have at least one member with international experience or specialized knowledge in one of the company's key non-German markets.

SUPERVISORY BOARD COMMITTEES The supervisory board has formed an executive committee, audit committee, agricultural committee, social committee and mediation committee from among its members. These committees prepare and supplement its work. The executive and mediation committees each consist of four members. The other committees have six members each, with an equal number of shareholder and employee representatives. The nomination committee newly formed by resolution of the supervisory board on 12 November 2020 is composed of four shareholder representatives. The duties of the executive board and the other committees are outlined in the supervisory board rules of procedure version dated 16 November 2017. In addition, the audit committee's rules of procedure version dated 21 July 2009 apply to the audit

committee. The current members of the committees are presented in the notes under item 37 "Supervisory board and executive board".

The chairman of the supervisory board is not simultaneously the chairman of the audit committee.

SHAREHOLDERS AND ANNUAL GENERAL MEETING

Südzucker AG's shareholders exercise their voting and control rights at general meetings held at least once a year. On an annual general meeting, shareholders vote on all issues as per the statutory requirements. The decisions are binding for all shareholders and the company. Shareholders are entitled to one vote for each share held.

Every shareholder who meets the general requirements for participating and exercising voting rights and who registered by the due date is entitled to participate in the annual general meeting. Shareholders who are unable to attend personally have the option of exercising their voting rights by proxy through a financial institution, a shareholder association, Südzucker AG appointees who are bound by the directives of the shareholders or by some other authorized representative of their choice. Shareholders also have the option of submitting their vote in advance of the general meeting via Südzucker AG's website or by assigning power of attorney to Südzucker AG's proxies or to a third party.

RISK MANAGEMENT Responsible management of business risks is fundamental to good corporate governance. Südzucker AG's executive board and Südzucker Group's managers make use of group-wide, company-specific reporting and control systems to detect, evaluate and manage these risks. The executive board regularly keeps the supervisory board abreast of existing risks and how they evolve. The audit committee deals mainly with monitoring the accounting process and the annual audit of the financial statements. It also reviews and verifies the effectiveness of the internal control systems, the risk management process and the internal auditing process. Details

regarding risk management are outlined in the risk report.

Corporate governance report

Corporate governance aims to ensure that companies are managed and controlled responsibly and that they provide lasting shareholder value. The following corporate governance report is prepared in accordance with articles 289f, paragraph 2, item 1, 4–6 and 315d of the German Commercial Code. Effective and efficient cooperation between the executive and supervisory boards ensures transparency and the claim to keep shareholders and the public fully informed in a timely manner. The corporate governance report published here by Südzucker AG complies with legal requirements and the German Corporate Governance Code rules.

Good corporate governance is a given at Südzucker and has been practiced since many years. The company's policies are consistent with the recommendations of the Code and compliance is a key executive board and supervisory board responsibility.

In our opinion, the current version of the Code dated 16 December 2019, published on 20 March 2020, is largely balanced, practical and of high standard when compared internationally. As in previous years, we have thus not found it necessary to prepare individual, company-specific corporate governance principles.

The 2019 declaration of compliance is based on the version of the Code dated 7 February 2017. We comply with the recommendations of the code with the exception of the items outlined in the declaration of compliance.

2020 DECLARATION OF COMPLIANCE

In November 2020, the executive and supervisory boards issued a declaration of compliance with the recommendations of the German Corporate Governance Code in the versions dated 7 February 2017 and 16 December 2019 as per section 161 of the German Stock Corporation Act (AktG).

Südzucker AG complies with the recommendations of the code with the exception of the items outlined in the declaration of compliance. There are no recommendations in the code that do not apply to Südzucker AG due to overriding legal requirements. Südzucker AG complies with the suggestions of the currently valid code with one exception: Contrary to suggestion G.18, the remuneration of the supervisory board is not purely fixed.

The complete version of the mutual 2019 declaration of compliance by the executive board and supervisory board – as well as the declaration of compliance for prior years – is posted on Südzucker AG's website www.suedzucker.de/en/investor-relations/corporate-governance/declarations-of-compliance.

GENDER QUOTA

The German Stock Corporation Act stipulates that listed and co-determined companies have a fixed gender quota of 30 % on the supervisory board and set targets for the number of women on the executive board and the two management levels below the executive board. 35 % of the supervisory board's members are women. The legal quota requirement is thus fulfilled.

In its meeting on 17 May 2017, the supervisory board resolved to keep the number of women on the executive board at 0 % until 16 May 2022, taking into consideration all relevant factors and especially the current status quo.

In its meeting of 12 June 2017, the executive board resolved to raise the percentage of women at Südzucker AG at the first and second management levels below the executive board level to 9 and 13 %, respectively, from the former 8.3 % and 12.2 %, respectively, by 11 June 2022.

EDUCATION AND TRAINING

Members of the supervisory board are solely responsible for any education and training measures they may require to fulfill their duties. They are appropriately supported by Südzucker. Another information seminar regarding corporate governance topics was presented by an external legal expert in fiscal 2020/21.

REMUNERATION

Executive board Südzucker AG's executive board compensation consists of a fixed annual base salary, a variable incentive component based on the average dividends of the previous three years, a company pension plan plus payments in kind. The remuneration does not include any share-based compensation or comparable long-term remuneration components. Since the Act on the Appropriateness of Management Board Compensation (VorstAG) came into force, the executive committee has prepared the executive board's

compensation, which is defined by the full supervisory board and reviewed at regular intervals. Article 87, paragraph 1 of the German Stock Corporation Act, revised by VorstAG, states that the remuneration system for listed companies must be based on sustainable corporate growth and that variable compensation components must therefore be based on terms longer than one year. The statutory requirement regarding a term longer than one year is met by basing the variable component on the average dividend of the three previous fiscal years. The compensation system will be revised and submitted to Südzucker's annual general meeting on 15 July 2021 for approval.

Some executive board members have dual responsibilities with respect to the subsidiary AGRANA Beteiligungs-AG, Vienna, Austria. The CEO of AGRANA Beteiligungs-AG, Johann Marihart, Limberg, Austria, is also a member of Südzucker AG's executive board and the CFO of Südzucker AG. Mr. Thomas Kölbl, Speyer, Germany, is also a member of the executive board of AGRANA Beteiligungs-AG. Mr. Johann Marihart receives no executive board compensation from Südzucker AG, nor does Mr. Thomas Kölbl receive any executive board compensation from AGRANA Beteiligungs-AG, Vienna, Austria.

Shareholders at the annual general meeting of Südzucker AG resolved on 16 July 2015 to waive disclosure of individual remuneration of executive board members for five years. The company therefore refrained from disclosing information on the compensation of individual executive board members in the compensation report for the last time for fiscal 2019/20.

SUPERVISORY BOARD The supervisory board is compensated in accordance with article 12 of Südzucker AG's articles of incorporation.

Each member of the supervisory board receives a basic remuneration in addition to the reimbursement of his or her cash outlays and the value-added tax incurred arising from supervisory

board activities. This base amount consists of a fixed sum of € 60,000 payable at the end of the fiscal year plus a variable remuneration of € 500 for each € 0.01 of distributed dividends on ordinary shares exceeding € 0.50. Tax-related special dividends are not considered in the remuneration calculation. The chair receives triple this amount and the deputy and other members of the executive committee receive one- and-a-half times this remuneration. Committee members' remuneration increases by 25 % for each committee of which they are a member and committee chairs' by 50 %, assuming the committee actually met during the fiscal year. The latter does not apply to members of the executive and mediation committees.

The total remuneration of executive and supervisory board members is presented under item (23) "Total compensation of the executive board and supervisory board and former executive board and supervisory board members" of the notes to the annual report.

ASSET LOSS LIABILITY INSURANCE

The company has taken out asset loss liability insurance with a deductible, which covers the activities of members of the executive and supervisory boards (D&O insurance). Article 93, paragraph 2 of the German Stock Corporation Act (AktG) states the deductible for supervisory board members shall be at least 10 % of the damage up to at least 1.5 times their fixed annual remuneration.

The current version of the German Corporate Governance Code dated 16 December 2019 no longer recommends such insurance for supervisory board members. Accordingly, the D&O insurance deductibles for supervisory board members have been suspended effective 1 March 2021.

SHARES HELD BY MEMBERS OF THE EXECUTIVE AND SUPERVISORY BOARDS/SECURITY TRANSACTIONS SUBJECT TO DISCLOSURE

No member of the executive or supervisory board owns shares or related financial instruments that either directly or indirectly represent more than 1 % of Südzucker AG's total share capital. Furthermore, the total shareholdings of all executive and supervisory board members are less than 1 % of the total shares issued by the company.

In fiscal 2020/21, the members of the executive and supervisory boards have not informed Südzucker AG about any notifiable dealings in securities.

Compliance

The following summary relates to disclosures about corporate policy regarding compliance in accordance with articles 289f, paragraph 2, item 2 and 315d of the German Commercial Code.

COMPLIANCE – MANAGEMENT SYSTEM

Compliance is embedded in Südzucker's corporate mission and documented in a compliance management system (CMS).

Südzucker's CMS contains all rules and measures required to guarantee that everyone at the company knows they must conduct themselves in accordance with the law and to recognize associated risks. It specifies responsibilities, training and reporting paths and is based on the seven principles of the IDW (Germany's Institute of Public Auditors) Prüfungsstandards 980 "Prüfung von Compliance-Management-Systemen" [*IDW audit standard 980 "compliance management system auditing"*].

COMPLIANCE CULTURE At Südzucker, practicing compliance is the responsibility of the executive board, as well as the managers of all the group departments, divisions and subsidiaries or companies in which Südzucker Group holds a stake. Through their actions and communications, the executive board and managers create an environment clarifies the importance of compliance within the company ('set the tone from the top').

COMPLIANCE OBJECTIVES The aim of CMS at Südzucker is to guarantee that the company and its employees conduct themselves in accordance with applicable laws, that non-compliance risks are recognized early and that such risks are prevented through appropriate countermeasures. Any violations shall be tracked and communicated to the responsible parties.

COMPLIANCE RISKS Compliance risks arise when there is any kind of non-conformance with laws

and regulations. The main focus at Südzucker is in the areas of antitrust laws, corruption and bribery prevention, capital market/reporting obligations and data security.

COMPLIANCE PROGRAM Südzucker's compliance program contains all of the steps required to achieve the aforementioned objectives. Among other things, it comprises establishing appropriate guidelines, internal safeguards to maintain capital market reporting and documentation obligations and using a software solution to guarantee third-party compliance.

All of the company's divisions conduct regular training on compliance topics. In fiscal 2020/21 approximately 6.692 employees were trained throughout the company, representing about 90% of the target group (salaried employees including management). In 2020, Südzucker expanded the e-learning program to include a mandatory multi-year training program on compliance basics, antitrust law, corruption and bribery prevention, IT security, data protection, capital market compliance, and fraud through identity forgery. It will be rolled out successively to other companies. On completion of the program, participants must complete and pass a final test.

COMPLIANCE ORGANIZATION A groupwide compliance structure with clearly defined reporting paths for all operating companies and key departments forms the core of Südzucker's compliance organization. All reports of potential violations are tracked. The compliance officers of the main operating subsidiaries and/or the compliance officers of the Südzucker AG departments considered to be material submit case-related and periodic reports to the compliance officer and executive board of Südzucker AG. The executive board in turn regularly reports to the supervisory board and Südzucker AG's audit committee regarding compliance issues.

In addition, the company has set up a compliance committee that discusses fundamental and current issues at regular meetings.

COMPLIANCE COMMUNICATION All employees were informed about Südzucker's code of conduct on Südzucker's website at www.suedzucker.de/en/company/profile/code-of-conduct and about corporate compliance principles at www.suedzucker.de/en/investor-relations/corporate-governance/compliance.

Posters are put up at the company sites to sensitize employees to compliance principles during their day-to-day activities. Suspicious conduct can also be reported using anonymous whistleblower systems.

11 notifications were received through these channels in fiscal 2020/21. The allegations in

these notifications proved unsubstantiated so no further legal action was taken.

COMPLIANCE MONITORING AND DEVELOPMENT

Südzucker's internal audit department carries out scheduled and ad hoc audits and thereby monitors adherence to all legal requirements and internal guidelines. In fiscal 2020/21, selected departments, such as purchasing or logistics, were also audited for corruption and fraud at 38 % of the production sites. No material violations of statutory regulations could be identified.

Südzucker AG is considered a so-called critical infrastructure operator and is thus subject to an audit of its information technology systems in accordance with the German Federal Office for Information Security Act (KRITIS audit). The audit did not report any negative findings.

Disclosures on takeovers

The following disclosures provide further details in accordance with articles 289a, paragraph 1 and 315a, paragraph 1 of the German Commercial Code and an explanatory report as per article 176, paragraph 1, clause 1 of the German Stock Corporation Act (AktG); they form part of the audited group management report.

COMPOSITION OF SUBSCRIBED CAPITAL AND VOTING RIGHTS As of 28 February 2021, Südzucker's subscribed capital amounts to € 204,183,292 million and consists of 204,183,292 ordinary bearer shares, each of which represents a notional holding of € 1 per share. The company held no treasury shares as of the balance sheet date.

VOTING RIGHTS, SHARE TRANSFERS All shares entitle holders to the same rights and each share is worth one vote at the annual general meeting. Voting rights for the shares may be restricted as per German Stock Corporation Act regulations. Under certain conditions, shareholders may not

be entitled to vote (article 136 of the German Stock Corporation Act [AktG]).

A voting agreement exists between Süddeutsche Zuckerrübenverwertungs-Genossenschaft eG (SZVG), Ochsenfurt, and Zucker Invest GmbH (Zucker Invest), Vienna /Austria, one of the companies of the registered Raiffeisen Holding Niederösterreich-Wien cooperative with limited liability (Raiffeisen-Holding), Vienna / Austria. Additional voting agreements exist between companies of the Raiffeisen group. Furthermore, SZVG has a preemptive right to buy 18,797,796 of Zucker Invest's Südzucker shares and Zucker Invest has a preemptive right to buy 246,368 of the Südzucker shares held by SZVG.

SÜDZUCKER AG SHAREHOLDINGS EXCEEDING 10 %

Südzucker AG knows of two direct equity investments in the company that exceed 10 %: SZVG owns 60.0 % of total share capital and Zucker Invest 10.3 %. Raiffeisen-Holding and its associated companies hold a direct interest via Zucker Invest. The shareholdings are reciprocally attributed to the companies, so that each holds a share of about 70.3 % of total share capital, according to the German Securities Trading Act.

SHARES WITH SPECIAL RIGHTS, VOTING RIGHTS CONTROL FOR SHARES HELD BY EMPLOYEES

Shares with special rights that would impart controlling authority do not exist at Südzucker. No employees who hold shares of Südzucker AG are subject to voting rights control.

APPOINTMENT AND DISMISSAL OF EXECUTIVE BOARD MEMBERS

Executive board members are appointed and dismissed by the supervisory board in accordance with articles 84 and 85 of the German Stock Corporation Act (AktG) and article 31 of the German Codetermination Act (MitbestG). In accordance with article 5, item 2 of Südzucker AG's articles of incorporation in the current version dated 18 July 2019, the supervisory board determines the number of executive board members and the supervisory board has the authority to appoint deputy members.

AMENDMENTS TO THE ARTICLES OF ASSOCIATION

Amendments to the articles of association are governed by articles 179 and following of the German Stock Corporation Act (AktG). Article 22 of the articles of incorporation (current version as of 16 July 2020) authorizes the supervisory board to make amendments to the company's articles of association that only affect the wording.

AUTHORITY OF THE EXECUTIVE BOARD, ESPECIALLY AS RELATES TO ISSUING AND SHARE BUY-BACK

Subject to approval by the supervisory board, the executive board is authorized to increase the company's share capital once or several times up until 17 July 2024 by up to € 20,000,000 by issuing new no-par value bearer shares in exchange for cash contributions and/or contributions in kind, for the entire amount or in tranches (Authorized Capital 2019). Subject to approval by the supervisory board and according to article 4, paragraph 4 of the articles of incorporation, the executive board may exclude subscription rights of shareholders in certain cases, provided the shares issued under exclusion of the subscription rights do not exceed 10 % of total share capital, neither at the time of the coming into force of this authorization, nor at the time of exercising same. Details are outlined in article 4, paragraph 4 of the articles of association. Authorized Capital 2019 has not been utilized to date.

Shareholders at the 18 July 2019 annual general meeting authorized the executive board to buy back up to 10 % of the company's total share capital existing at that time until 17 July 2024 in accordance with article 71, paragraph 1, item 8 of the German Stock Corporation Act (AktG). The shares may be acquired on the open stock market or via a public offer to purchase to all shareholders. The costs of buying back own shares may be charged against net retained earnings or other revenue reserves. The executive board was also authorized, subject to approval by the supervisory board, to sell the shares bought back to third parties and to exclude shareholder subscription rights in the case of corporate mergers or when purchasing companies or parts of companies or shares of companies. Details are provided in the authorization approved at the annual general meeting on 18 July 2019. To date, the board has not exercised the right granted to purchase own shares.

CHANGE OF CONTROL AND COMPENSATION AGREEMENTS

Südzucker AG has signed an agreement with a banking consortium providing access to a line of credit in the amount of € 600 million. In the event of a change of control, each member of the bank consortium would under certain conditions have the right to terminate the line of credit and its share of the outstanding loans, and demand immediate repayment of same, including interest. Other than that, there are no material agreements pursuant to articles 289a, paragraph 1, clause 1, item 8 and 315a, paragraph 1, clause 1, item 8 of the German Commercial Code that

would be affected by a change of control resulting from a takeover offer. Compensation agreements with members of the executive board or in favor of employees that would come into effect in the event of a change of control do not exist either.

Details regarding the executive and supervisory boards' compensation are outlined in the section "compensation report" section of the corporate governance report, which forms part of this management report.

Separate non-financial reporting section 289b (3) HGB

The non-financial statement provided for the group is equally applicable to Südzucker AG. All of the guidelines and associated management approach apply for the entire Südzucker group. There are no non-financial targets that only apply to Südzucker AG. Information on Südzucker AG's non-financial reporting in accordance with articles 289b and following of the German Commercial Code is included.

The non-financial group declaration in the group management report and the results of the audit form part of Südzucker AG's 2020/21 annual report. They are also accessible at Südzucker's website at www.suedzucker.de/en/investor-relations/publikationen/finanzberichte#2020/21

Recommendation on appropriation of profits

The executive and supervisory boards will recommend a dividend of € 0.20 (0.20) per share to the annual general meeting on 15 July 2021. With dividend-bearing capital of € 204.2 (204.2) million, this represents a total dividend pay-out of € 40.8 (40.8) million. The dividend is expected to be paid on 20 July 2021.

Concluding declaration regarding the dependent company report pursuant to section 312 (3) of the stock corporation act (AktG)

According to notice received from Süddeutsche Zuckerrübenverwertungs-Genossenschaft eG (SZVG), Ochsenfurt, the entity holds a majority interest in our company through its own holdings of Südzucker shares and the shares it holds in trust for its associated shareholders. The report in this regard, based on article 312 of the German Stock Corporation Act, closes with the following declaration:

"For the legal transactions or measures listed in the report regarding the relationship to SZVG, the association of Association of Süddeutsche Zuckerrübenanbauer e.V., Ochsenfurt, its regional associations and beet farmers, our company received appropriate compensation for every legal transaction or measure in accordance with the conditions known at the time such transactions or measures were undertaken, and were not disadvantaged by implementation of the measures."

FINANCIAL STATEMENTS

Balance sheet as of 28 February 2021

ASSETS

(€ '000)	Notes	28 February 2021	29 February 2020
Intangible assets		11,174	12,267
Property, plant and equipment		477,091	492,643
Financial assets		2,764,439	2,764,574
Fixed assets	1	3,252,704	3,269,484
Inventories	2	538,117	485,564
Receivables and other assets	3	412,704	663,350
Securities	4	114,327	165,829
Cash and cash equivalents		13,164	13,375
Current assets		1,078,312	1,328,118
Accrued and deferred items	5	2,245	2,620
		4,333,261	4,600,222

LIABILITIES AND SHAREHOLDERS' EQUITY

(€ '000)	Notes	28 February 2021	29 February 2020
Subscribed capital		204,183	204,183
Capital reserve		1,620,579	1,620,579
Revenue reserves		90,378	294,378
Net earnings available for distribution		41,390	47,252
Shareholders' equity	6	1,956,530	2,166,392
Special items with an equity portion	7	28,340	28,431
Provisions for pensions and similar obligations	8	654,572	637,205
Other provisions	9	263,630	273,589
Provisions		918,202	910,794
Liabilities	10	1,430,189	1,494,605
		4,333,261	4,600,222

Income statement 1 March 2020 to 28 February 2021

(€ '000)	Notes	1 March 2020– 28 February 2021	1 March 2019– 29 February 2020
Revenues	12	1,181,271	1,264,157
Change in work in progress and finished goods and internal costs capitalized	13	67,933	55,460
Other operating income	14	27,216	48,042
Cost of materials	15	-884,107	-951,822
Personnel expenses	16	-213,983	-255,861
Depreciation of intangible assets and fixed assets		-67,483	-67,034
Other operating expenses	17	-208,668	-228,128
Investment income/expense	18	-51,083	199,183
Depreciation of financial assets and marketable securities	19	-1,458	0
Interest income/expense	20	-18,962	-17,868
Taxes on income	21	299	1,036
Profit after taxes/ Net earnings for the year		-169,025	47,165
Profit brought forward from the previous year		6,415	87
Allocations revenue reserves		204,000	0
Net earnings available for distribution		41,390	47,252

Notes to the financial statements

Application of German GAAP (HGB)

The financial statements of Südzucker AG, Mannheim, (register court: district court of Mannheim HRB 0042) were prepared in accordance with the rules of the German Commercial Code (HGB) in the version of the Accounting Directive Implementation Act (BilRUG) as well as the Stock Corporation Act (AktG).

The income statement has been prepared using the nature of expense method. Certain items in the balance sheet and income statement have been combined in order to improve the clarity of presentation. These items are shown separately and described in the notes to the financial statements.

The financial statements have been prepared in euros. Unless otherwise indicated, all amounts are disclosed in thousands of euros (€ '000) or millions of euros (€ million). The previous year's numbers are generally put in parentheses in the notes.

Accounting policies

The accounting and valuation methods have not changed from last year.

Transactions in foreign currencies are recognized at the historical exchange rate at the time of initial recognition.

Long-term foreign currency receivables are recognized at the asking price when the claim arises or at the lower fair value on the basis of the average spot exchange rate on the financial reporting date (impairment principle). **Short-term foreign currency receivables** (remaining term of one year or less) and cash or other current assets denominated in foreign currencies are translated at the average spot exchange rate at the balance sheet date.

Long-term foreign currency liabilities are measured at the bid price when the liability arises or at the higher closing rate on the basis of the average spot exchange rate on the financial reporting date (impairment principle). **Short-term foreign currency liabilities** (remaining term of one year or less) are translated at the average spot exchange rate at the balance sheet date.

Exchange gains or losses from different average spot exchange rates between the transaction date and the balance sheet date are reported under other operating income or expense.

Fixed assets

Intangible assets and fixed assets are measured at acquisition or production cost less depreciation and write-downs. In addition to the wear and tear of the fixed assets, production costs for internally-constructed equipment also include the production material, labor costs, and appropriate components of the overheads required.

Items subject to depreciation according to requirements of German commercial law are depreciated using the declining-balance or straight-line method.

Intangible assets are depreciated using the straight-line method.

Fixed assets acquired on or after 1 January 2001 were offset at a rate of maximum 20 percent when depreciated using the declining-balance method. Fixed assets acquired on or after 1 January 2006 to 31 December 2007 were offset pursuant to tax provisions at a rate of maximum 30 percent when depreciated using the declining-balance method.

Fixed assets acquired after 31 December 2008 were offset at a rate of maximum 25 percent when depreciated using the declining-balance method. The transition from the declining-balance to the straight-line method takes place at the date at which the remaining carrying amount distributed in equal annual amounts over the remaining useful life leads to higher depreciation rates.

The straight-line method was used exclusively for fixed assets acquired or produced on or after 1 March 2010. Südzucker AG exercises the option of using the reduced carrying amount (Beibehaltungswahlrecht) pursuant to note 67 (4) sentence 1 of the Introductory Act to the German Commercial Code (EGHGB).

Independently usable movable items of fixed assets subject to depreciation are fully depreciated in the year of initial recognition if their acquisition or production costs do not exceed € 250 (until 31 December 2017 € 150). Depreciable movable assets under fixed assets acquired or produced after 31 December 2007 whose acquisition or production costs are greater than € 250 (until 31 December 2017 € 150) but do not exceed € 1,000 were combined into compound items. Compound items are depreciated at the same rate over a period of five years. Depreciable movable assets under fixed assets acquired or produced after 1 March 2018 whose acquisition or production costs do not exceed € 800 are fully depreciated in the year of acquisition. There will no longer be a compound item for this after 1 March 2018.

Depreciation of fixed assets and of intangible assets is based on the following useful lives:

Intangible assets	2 to 9 years
Buildings	10 to 50 years
Technical equipment and machinery	5 to 15 years
Factory and office equipment	3 to 10 years

Shares in affiliated companies and the **participations** are measured at acquisition cost or the lower fair value. **Borrowings** are recognized at their nominal amount.

Lower fair values of fixed assets are accounted for with write-downs if continued impairment is expected. Write-downs are reversed if the reasons for the write-downs no longer exist.

Current assets

Materials and other supplies are measured according to the principles of valuation on a separate or standard value basis at acquisition costs with due respect for the lower-of-cost-or-market principle. **Merchandise** is measured at acquisition cost with due respect for the lower-of-cost-or-market principle. Appropriate valuation reductions are made each time realizability is limited.

Finished goods and work in progress are measured in accordance with notes 253 to 256 HGB at production costs or at the recoverable net proceeds derived from the sale price with due respect for the principle of loss-free evaluation. The FIFO method is used in the measurement of finished goods. Valuation reductions are made if inventory risk arises from extended storage duration or reduced realizability.

The depreciation of the fixed assets in use (wear and tear), the directly attributable material and production costs and the appropriate components of the necessary material and production overheads are considered when determining production costs for sugar. Interest expense is not included.

Advance payments for inventories are recognized at their nominal value.

Receivables and other assets are measured either at nominal value with due respect for the lower-of-cost-or-market principle or at discounted value. Individual allowances are made in the estimated amount of default risk for doubtful receivables. General credit risk is accounted for with general allowances.

CO₂ emission certificates allocated free of charge are capitalized with an acquisition value of zero; certificates acquired for a fee are recognized at their acquisition cost. Provisions are recognized in the amount of the acquisition cost for the certificates if CO₂ emissions exceed the allocated certificates.

Short-term financial investments are reported at acquisition cost, less depreciation of the respective lower quoted or market price at the end of the financial year.

Cash and cash equivalents are recognized at their nominal value.

Prepaid expenses

Expenses paid prior to the balance sheet date are classified as an asset and recorded as prepaid expenses insofar as they represent expenses for a particular period after the reporting date.

Subscribed capital

Subscribed capital is recognized at nominal value.

Special untaxed reserves

Special untaxed reserves for differences from increased depreciation permissible according to tax law and special depreciation as well as regular depreciation on a straight-line or declining balance basis were recognized until 28 February 2010.

Südzucker AG exercises the option of using the reduced carrying amount (continuation option) pursuant to note 67 (3) s. 1 of the Introductory Act to the German Commercial Code (EGHGB).

Provisions

Provisions for **pensions and similar obligations** are determined on the basis of biometric probabilities (Heubeck 2018 G actuarial tables) using the projected unit credit method. The wage and pension inflation parameters were adjusted as follows on the basis of current wage and pension inflation and medium-term projections: The future salary and income threshold increase rates were as in the previous year set at 2.00 (2.50) percent, of an income threshold trend ("Beitragsbemessungsgrenze") of 2.00 (2.50) percent, the future pension increase rate at 1.30 (1.50) percent and the average employee turnover rate at 1.00 (1.00) percent. An actuarial interest rate of 2.23 (2.64) percent was used as a basis for the discount rate for pension obligations as at 28 February 2021.

This corresponds to the average market interest rate from the past ten fiscal years as determined by Deutsche Bundesbank as of 28 February 2021 for an assumed time to maturity of 15 years. The impact on the result of changes to the discount rate that affect net income are reported under personnel expenses and fair value changes to fund assets in the financial results. For reinsured obligations from deferred compensation, the asset value of the reinsurance policy is recognized.

Provisions for pensions and similar obligations are offset with existing fund assets (pension liability) which were recognized at fair value. The fair value of fund assets is the actuarial asset value of the liability insurance, which corresponds to the historic acquisition costs.

For the measurement of **provisions for partial retirement** ("Altersteilzeit"), increases are treated as "payments with compensation character" according to the rules outlined in the latest applicable version of IDW RS HFA 3. The discount rate for provisions for part-time early retirement credits is 0.60 (0.55) % and 1.54 (1.91) % for anniversary claims. The salary trend corresponds to that of the provisions for pensions and similar obligations.

Other provisions are recognized for **contingent liabilities** and **imminent losses** from pending business transactions. Provisions are also recognized for maintenance expenses that have been put off and are made up for within three months of the following financial year. Other provisions are measured in the

amount of the settlement value required according to reasonable commercial assessment that also includes price and cost increases. Provisions with a remaining term of more than one year are discounted corresponding to their remaining term with the relevant average market interest rate.

Liabilities

All liabilities are reported using their settlement value.

Deferred tax

Deferred tax is measured for temporary differences between legal commercial and tax valuations of assets, liabilities and accrued and deferred items. Interest carry forwards and tax loss carry forwards are also considered in addition to temporary accounting differences.

Deferred tax is calculated on the basis of the combined income tax rate of 29.1 percent currently applicable for the Südzucker AG tax group. The combined income tax rate comprises the German corporate income tax (Körperschaftsteuer), the trade tax on income (Gewerbsteuer) and the solidarity tax (Solidaritätszuschlag).

If applicable, a resulting tax burden is recognized in the balance sheet as a deferred tax liability. If deferred tax assets are greater than deferred tax liabilities the option of not recognizing any deferred tax assets is exercised. In the financial year under review deferred tax assets were greater and thus not recognized.

Research and development expenses

The option of capitalizing development expenses is not exercised.

Research expenses are recognized directly in the income statement as expenses that cannot be capitalized.

Creation of valuation units for hedging instruments

Accounting for valuation units is based on the principle that comparable risks from a hedged item are offset economically by opposite changes in value or cash flows from a hedge. Unrealized gains and losses are therefore not considered in the scope and for the period in which opposite changes or cash flows from a hedged item and hedge offset each other.

Hedging instruments are considered a valuation unit with the hedged item if the requirement for the creation of valuation units is met. When disclosing the market values the amount is applied which would flow to or from Südzucker AG assuming the hedge were reversed at the balance sheet date. As hedge transactions only comprise normal market tradable financial instruments, the market value is derived from quoted prices on exchanges without offsetting any possible value changes relating to the underlying transaction being hedged.

Net unrealized losses are recognized as an expense provision for valuation units if changes in the value of the hedged item and hedging instrument relating to the hedged risk result from offsetting. As a

general rule, the effective portions of the valuation units are accounted for using the net hedge presentation method. The gross hedge presentation method is used for hedging of commercial transactions.

Notes to the balance sheet

(1) Fixed assets

Intangible assets

(€ '000)	Acquired concessions, industrial property rights, licences	Intangible assets
Acquisition or production cost		
As of 1 March 2020	67,665	67,665
Addition	3,529	3,529
Disposal	-920	-920
Transfer	729	729
As of 28 February 2021	71,003	71,003
Accumulated depreciation		
As of 1 March 2020	55,398	55,398
Annual depreciation	5,351	5,351
<i>thereof extraordinary</i>	<i>0</i>	<i>0</i>
Disposal	-920	-920
As of 28 February 2021	59,829	59,829
Net book value		
29 February 2020	12,267	12,267
28 February 2021	11,174	11,174

Property, plant and equipment

(€ '000)	Land and build- ings	Technical equipment and machinery	Other plant, factory and office equipment	Advances paid and construc- tion in pro- gress	Property, plant and equipment
Acquisition or production cost					
As of 1 March 2020	480,287	1,411,334	138,175	13,985	2,043,781
Addition	8,436	30,391	6,628	9,453	54,908
Disposal	-3,533	-44,267	-15,141	0	-62,941
Transfer	3,547	7,340	286	-11,902	-729
As of 28 February 2021	488,737	1,404,798	129,948	11,536	2,035,019
Accumulated depreciation					
As of 1 March 2020	273,656	1,170,539	106,943	0	1,551,138
Annual depreciation	9,744	43,438	8,950	0	62,132
<i>thereof extraordinary</i>	<i>199</i>	<i>118</i>	<i>0</i>	<i>0</i>	<i>317</i>
Disposal	-2,694	-42,011	-10,637	0	-55,342
As of 28 February 2021	280,706	1,171,966	105,256	0	1,557,928
Net book value					
29 February 2020	206,631	240,795	31,232	13,985	492,643
28 February 2021	208,031	232,832	24,692	11,536	477,091

Financial assets

(€ '000)	Shares in affli- ated companies	Participations	Other loans	Financial assets
Acquisition or production cost				
As of 1 March 2020	2,764,388	129	57	3,550,235
Addition	280,123	0	0	280,123
Disposal	-280,123	-115	-20	-280,258
As of 28 February 2021	2,764,388	14	37	2,764,439
Net book value				
29 February 2020	2,764,388	129	57	3,550,235
28 February 2021	2,764,388	14	37	2,764,439

In the course of the merger of Südzucker Tiefkühl-Holding GmbH with Freiberger Holding GmbH, the book values of the investments were continued at Südzucker AG level.

(2) Inventories

(€ '000)	28 February 2021	29 February 2020
Raw materials and supplies	35,000	43,431
Work in progress	107,022	79,769
Finished goods, merchandise	317,198	290,954
Advance payments for inventories	78,897	71,410
	538,117	485,564

The increase in **finished goods** as of 28 February 2021 is due to higher valuation of sugar inventories than last year and reduced inventories due to lower production. Some finished goods had to be written down to reflect lower expected sales revenues. The **prepayments** as of 28 February 2021 relate to the 2019/20 raw material hedging premium that was paid in June 2020 for the finalization of the sugar beet supply contracts for the 2021 campaign. Last year, they related to the 2018/19 raw material hedging premium, which was paid to finalize the sugar beet 2020 campaign supply contracts and is now included in the valuation of sugar inventories as of 28 February 2021.

(3) Receivables and other assets

(€ '000)	28 February 2021	29 February 2020
Trade receivables	126,643	144,414
Receivables owed by affiliated companies	231,188	473,592
<i>thereof with remaining term of more than 1 year</i>	0	11,409
Receivables owed by companies in which participations are held	1,985	194
Other assets	52,888	45,150
	412,704	663,350

Individual impairments of €'000 1,328 (2,364) have been made for **trade receivables** totalling €'000 126,643 (144,414).

Receivables from affiliated companies comprise financial receivables from group loans in the amount of €'000 11,409 (11,409), trade receivables of €'000 48,163 (63,236) and other receivables in the amount of €'000 171,616 (398,947), which relate to short-term group financing of subsidiaries (Cash-Pool) of subsidiaries.

Receivables from companies in which Südzucker holds an equity investment are trade accounts receivable.

Other assets totalling €'000 52,888 (45,150) at the effective date included receivables from VAT receivables and energy tax and insurance reimbursement claims. Positive market values and securities

related to sugar and wheat derivatives amounting to € 8,512 (4,314) thousand resulted from the centralized export activity and the securing of raw materials for the starch factory in Zeitz. CO₂ certificates amounting to € 21,309 (18,915) thousand acquired during the reporting year are also included.

(4) Securities

(€ '000)	28 February 2021	29 February 2020
Shares in affiliated companies	14,080	14,048
Other securities	100,247	151,781
	114,327	165,829

Shares in affiliated companies include the shares of AGRANA Beteiligungs-AG, Wien, Austria.

(5) Accrued and deferred items

This item primarily includes accrued interest expense.

(6) Shareholders' equity

Changes in equity

(€ '000)	1 March 2020	Divided for 2020/21	Net earnings for the year	Allocation	28 February 2021
Subscribed capital	204,183				204,183
Capital reserve	1,620,579				1,620,579
Revenue reserves	294,378			-204,000	90,378
Net earnings available for distribu- tion	47,252	40,837	-169,025	204,000	41,390
	2,166,392	40,837	-169,025	0	1,956,530

As of 28 February 2021, the **subscribed capital** is valued at € 204,183,292 and consists of 204,183,292 bearer shares; this exclusively concerns no-par value ordinary shares, each of which represents a notional holding of € 1 per share. The company had no treasury shares as of the period end.

Subject to approval by the supervisory board, the executive board is authorized to increase the company's share capital once or several times up until 17 July 2024 by up to € 20,000,000 by issuing new no-par value bearer shares in exchange for cash contributions and/or contributions in kind, for the entire amount or in tranches (Authorized Capital 2019). Subject to approval by the supervisory board and according to article 4, paragraph 4 of the articles of incorporation, the executive board may exclude subscription rights of shareholders in certain cases, provided the shares issued under exclusion of the subscription rights do not exceed 10 % of total share capital, neither at the time of the coming into

force of this authorization, nor at the time of exercising same. Details are outlined in article 4, paragraph 4 of the articles of association. Authorized Capital 2019 has not been utilized to date.

Shareholders at the 18 July 2019 annual general meeting authorized the executive board to buy back up to 10 % of the company's total share capital existing at that time until 17 July 2024 in accordance with article 71, paragraph 1, item 8 of the German Stock Corporation Act (AktG). The shares may be acquired on the open stock market or via a public offer to purchase to all shareholders. The costs of buying back own shares may be charged against net retained earnings or other revenue reserves. The executive board was also authorized, subject to approval by the supervisory board, to sell the shares bought back to third parties and to exclude shareholder subscription rights in the case of corporate mergers or when purchasing companies or parts of companies or shares of companies. Details are provided in the authorization approved at the annual general meeting on 18 July 2019. To date, the board has not exercised the right granted to purchase own shares.

The **revenue reserves** comprise other retained earnings pursuant to section 266 para. 3 A III No. 4 of the German Stock Corporation Act (AktG).

As at 28 February 2021, the freely available reserves plus profit carried forward exceed the total amount of the amounts subject to a distribution restriction. Thus there is no distribution restriction in relation to the net earnings of the financial year. Südzucker AG did not exercise any accounting options that trigger a distribution restriction. Südzucker AG did not exercise any accounting options that trigger a distribution restriction.

(7) **Special untaxed reserves**

Special untaxed reserves included only impairment losses for tax purposes.

(8) **Provisions for pensions and similar obligations**

Current obligations for pensions and benefits are reported under provisions for pensions and similar obligations. The amount required to fund provisions for pensions and similar obligations in the amount of €'000 656,584 (639,544) is offset against the pension fund assets (funding sources) in the amount of €'000 2,012 (2,339). The fair value of fund assets is the actuarial asset value of insurance policies, which corresponds to the historic acquisition costs.

The difference between the recognized provisions in accordance with the corresponding average market interest rate derived from the previous ten financial years and the recognized provisions in accordance with the corresponding average market interest rate from the previous seven financial years pursuant to section 253 (6) HGB is €'000 81,022.

(9) Other provisions

(€ '000)	28 February 2021	29 February 2020
Tax provisions	19,321	21,861
Provisions for litigation risks and risk precautions	140,060	145,160
Other provisions	104,249	106,568
	263,630	273,589

The provisions for litigation risks and risk precautions are for lawsuits related to market regulation procedures, operational contract procedures and antitrust risks, including fines and damage claims.

Other provisions mainly comprised obligations for personnel expenses (profit sharing, vacation, flex-time and severance claims) and expenses for exporting beet soil and recultivation of sludge ponds and/or earth-moving operations for soil cultivation and improvement, and risk provisions.

Provisions were also recognized for maintenance expenses that were put off in the financial year under review and will be made up for within three months of the following financial year.

The provision for part-time early retirement was recognized for such agreements already concluded prior to and those already committed as of the balance sheet date. It includes top-up contributions and accumulated settlement amounts accrued up to the balance sheet date.

(10) Liabilities

(€ '000)	28 February 2021			29 February 2020		
	Total	< 1 year	> 1 year	Total	< 1 year	> 1 year
Bonds and debt securities	330,098	330,098	0	329,964	329,964	0
Liabilities to banks	105,685	29,022	76,663	238,107	133,722	104,385
Trade payables	174,329	174,329	0	107,505	107,505	0
Liabilities to affiliated companies	756,467	281,697	474,770	736,529	265,629	470,900
<i>thereof trade payables</i>	<i>23,519</i>	<i>23,519</i>	<i>0</i>	<i>17,133</i>	<i>17,133</i>	<i>0</i>
Liabilities to companies with which there is a participating interest	74	74	0	22	22	0
Other liabilities	63,536	63,536	0	82,478	82,478	0
<i>thereof for taxes</i>	<i>4,605</i>	<i>4,605</i>	<i>0</i>	<i>5,335</i>	<i>5,335</i>	<i>0</i>
<i>thereof for social security</i>	<i>7,831</i>	<i>7,831</i>	<i>0</i>	<i>7,716</i>	<i>7,716</i>	<i>0</i>
	1,430,189	878,756	551,433	1,494,605	919,320	575,285

Liabilities to banks amount to €'000 105,685 (238,107). The drop is mainly attributable to short-term financing requirements. Of the liabilities to banks with a remaining term of more than one year, €'000 725 (43,625) had a term to maturity of over five years.

Obligations to beet growers of €'000 102,952 (37,259) are reported under **trade payables**.

To measure the liabilities, we used the minimum beet price for the 2020/21 campaign, and for the previous year a beet price corresponding to the contractual formula derived from the sugar price for the 2019/20 campaign.

Liabilities to affiliated companies totalling €'000 756,467 (736,529) primarily concern borrowing from bonds issued through Südzucker International Finance B.V., Oud-Beijerland/Netherlands, and through Tiense Suikerraffinaderij Services g.c.v., Bruxelles/Belgium.

Other liabilities primarily include liabilities to insurance institutions, tax liabilities and liabilities from payroll accounting.

All liabilities are unsecured.

(11) **Contingent liabilities, other financial commitments and derivative financial instruments**

Of the future liabilities from lease agreements € 14.8 (14.6) million is due within one year, € 24.4 (30.6) million in more than one year – with € 4.2 (7.1) million due in more than five years; € 0.1 (0.1) million relates to affiliated companies and is due within one year. Leasing is mainly used for warehousing, logistics and agricultural land. There is no evidence of material risks from the leases. Other financial commitments from open orders totaled € 17.9 (29.1) million as of the balance sheet date.

For bonds issued by Südzucker Finance B.V. in favor of the creditors, Südzucker AG issued guarantees totaling € 800.0 million (€ 800.0 million) and, in the case of the subordinate hybrid bond, a subordinated guarantee totaling € 700.0 million (€ 700.0 million). A further guarantee was issued in favor of the creditors of BENE Orafti Chile S.A. for a maximum credit line of USD 10.0 (35.0) million and in favor of the creditors of S.Z.I.L. LDT for a maximum credit line of ILS 10 (10) million (approximately € 2.5 million). Due to the financial situation of the companies, utilization of the guarantees issued is not currently anticipated.

Besides the other financial commitments and contingent liabilities presented, there are no off-balance-sheet transactions that would be of importance for the financial position of the company.

For a loan in the amount of GBP 10.0 million to a subsidiary, Südzucker AG entered into a currency swap to hedge the currency risk associated with interest payments and loan repayment. The hedged item (loan granted in a foreign currency) and the hedging instrument (cross currency swap) are considered a micro-hedge because together they meet the requirements for hedging a single asset. Accordingly, no depreciation of the GBP receivable is taken due to currency fluctuations and no provision is recognized in the event of a negative market value of the hedging instrument. Cross-currency swaps had a negative market value of € -0.2 (-0.4) million on the balance sheet date, which reflects the risk level of the valuation units hedged on the closing date. The maturity date of the hedging instrument is 21 October 2021.

Price guarantees were concluded for sugar sales contracts in the volume of tonnes 224,109 (181,054) with world market price-based price determination using sugar futures contracts and forex forwards. The hedged item (sugar sales contracts finalized or expected to be with a high degree of probability) and the hedging instruments (sugar futures and forex forwards) are considered a single valuation unit (micro hedge) because the requirements for the creation of valuation units are met. Accordingly, no provision is recognized in the case of a negative market value for the hedging instruments (net hedge presentation method). On 28 February 2021, there were open sugar futures contracts to hedge sugar sales with world market price based price adjustments. The positive market value amounts to € +0.6 (+5.3) million; the negative market value is € -4.8 (-1.6) million. Positive and negative market values of € +0.5 (+0.8) and € -0.3 (-1.2) million, respectively, exist for the associated forex forwards. Acquired sugar options with a volume of 30,031 (200,597) tonnes had positive market values of € +0.4 (+1.4) million as of 28 February 2021.

Südzucker uses longer-term supply contracts and derivative hedging instruments (wheat futures) to hedge raw material prices for the wheat starch plant in Zeitz. Considered here are the future demand for raw materials or the corresponding framework contracts as the hedged item together with the hedging instruments as the valuation unit (micro hedge) because the requirements for the creation of valuation units are met. Accordingly, no provision is recognized in the case of a negative market value for the hedging instruments (Einfrierungsmethode). As at 28 February 2021, open wheat futures in the volume of tonnes 28,000 (30,500) were concluded for deliveries in the 2021/22 financial year and the market value totaled € +0.5 (0.0) million.

The compliance of these parameters is reviewed prospectively, and the effectiveness of the hedge is assessed regularly as part of the risk management system. The effectiveness test determined that the significant value-determining parameters (critical terms) such as nominal amounts, currency, beginning, maturity, etc. of the hedged item and hedge are compliant in each case, which is why it can be assumed that the opposite cash flows will completely offset each other in the future.

Notes to the income statement

(12) Sales

(€ '000)	2020/21	2019/20
Classification according to activities		
Own production	864,124	854,469
<i>thereof sugar</i>	<i>691,028</i>	<i>674,096</i>
<i>thereof other revenue</i>	<i>173,096</i>	<i>180,373</i>
Revenues from services	135,448	172,182
Merchandise revenue	181,699	237,506
<i>thereof sugar</i>	<i>105,103</i>	<i>163,074</i>
<i>thereof by products</i>	<i>45,878</i>	<i>43,204</i>
	1,181,271	1,264,157
Classification according to geographical markets		
Germany	777,947	787,435
EU	330,446	373,303
United Kingdom	2,432	2,933
Others	70,446	100,486
	1,181,271	1,264,157

(13) Change in work in progress and finished goods inventories and internal costs capitalized

(€ '000)	2020/21	2019/20
Change in finished goods and work in progress	64,707	52,134
Internal costs capitalized	3,226	3,326
	67,933	55,460

(14) Other operating income

Other operating income includes income from prior periods totalling €'000 12,615 (27,033). These are mainly the result of repayment of production levies from previous years totaling €'000 11.708 (0), accounting profits and the reversal of provisions. Also included is income from currency translation totalling €'000 307 (2,432).

Other operating income included income from the release of special untaxed reserves in the amount of €'000 175 (631) and income from insurance settlements for damage claims.

(15) Cost of materials

(€ '000)	2020/21	2019/20
Cost of raw materials and consumables and merchandise	746,172	767,363
Cost of purchased services	137,935	184,459
	884,107	951,822

(16) Personnel expenses

(€ '000)	2020/21	2019/20
Wages and salaries	157,987	164,575
Social contributions and expenses for retirement and other benefits	55,996	91,286
<i>thereof retirement benefits</i>	<i>25,602</i>	<i>59,285</i>
– <i>Service cost</i>	<i>16,589</i>	<i>16,463</i>
– <i>Parameter adjustments, among others</i>	<i>9,013</i>	<i>42,822</i>
	213,983	255,861
Average number of employees during the year		
Industrial employees	1,220	1,298
Salaried employees	1,106	1,142
Apprentices	186	199
	2,512	2,639

Expenses for wages and salaries and the average number of employees for the year decreased as a result of the plant closures in Brottewitz and Warburg. Expenses for severance payments totaled €'000 4,389 (10).

(17) Other operating expenses

Other operating expenses include expenses from prior periods from losses from the disposal of fixed assets totalling €'000 1,235 (698). Also included are expenses from currency translation totalling €'000 2,395 (989).

(18) Investment income/expense

(€ '000)	2020/21	2019/20
Income from profit transfer agreements	79,019	161,066
Income from investments	90,038	38,136
<i>thereof from affiliated companies</i>	90,036	37,003
<i>thereof from other investments</i>	2	1,133
Expenses from transfer of losses	-220,140	-19
	-51,083	199,183

Expenses from loss transfers consist mainly of write-downs of Südzucker Holding GmbH's investments in ED&F Man Holdings Limited, London, United Kingdom, in the amount of € -203.1 million, and Saint Louis Sucre S.A.S., Paris/France, in the amount of € -93.9 million. The charges that had to be recognized for ED&F Man Holdings Limited were the result of the delay in implementing the strategic realignment, and at Saint Louis Sucre S.A.S., charges resulting from the losses of the last three fiscal years had to be taken into account. A € 50.0 million unappropriated profit contribution in the same period from a subsidiary partially offset the loss.

(19) Depreciation of financial assets and marketable securities

No write-down to the lower stock market price was necessary in the financial year under review; in the previous year this was the case in the amount of € 7,108 thousand.

(20) Interest income/expense

(€ '000)	2020/21	2019/20
Expenses / Income from other long-term financial investments and loans	207	2,165
Other interest and similar income	9,843	10,653
<i>thereof from affiliated companies</i>	1,905	2,746
Interest and similar expenses	-29,012	-30,686
<i>thereof from discounting</i>	-16,817	-18,269
<i>thereof from affiliated companies</i>	-6,693	-8,108
	-18,962	-17,868

Expenses from the unwinding of the discount for long-term obligations totaling € 16,817 (18,269) thousand are recognized in the interest result in the year under review. This is primarily attributable to the unwinding of the discount for provisions for pensions and similar obligations totaling € 16,455 (17,834) thousand and/or non-current provisions for personnel expenses and liabilities totaling € 362

(435) thousand, which are netted against income of € 92 (115) thousand from the fair value measurement of plan assets of € 2,012 (2,339) thousand.

(21) Taxes on income

Taxes on income and earnings include tax expenses and refunds from previous years.

Deferred tax is measured for temporary differences between legal commercial and tax valuations of assets and provisions and accruals.

A backlog of deferred tax assets results for the Südzucker AG consolidated tax group for the fiscal year. This is due primarily to temporary differences between legal commercial and tax valuations for pensions, part-time early retirement and anniversaries, as well as other provisions.

Südzucker AG does not exercise the option of recognizing the deferred tax asset backlog.

The deferred tax assets were determined on the basis of a combined income tax rate of 29.1 %, comprising corporate income tax, reunification tax and trade tax.

Other disclosures

(22) Research and development expenses

Research and development expenses totalled €'000 23,394 (21,782) and were completely recognized in the income statement.

(23) Total compensation of the executive board and supervisory board and former executive board and supervisory board members

Südzucker AG's total compensation of its executive board amounted to € 2.6 (2.8) million in fiscal 2020/21. The variable remuneration is 23 (29)% of cash compensation and is based on the dividend amount still to be declared by the shareholders at the annual general meeting. A total of € 34.6 million was accrued for pension obligations to former members of Südzucker AG's executive board and their surviving dependents, and a total of € 15.7 million was accrued for pension obligations to active members of Südzucker AG's executive board. Pension payments to former members of Südzucker AG's executive board and their dependents amounted to € 2.6 (€ 2.3) million.

€	Fixed compensation including fringe benefits	Variable compensation	Total	Pension expenses
Dr. Niels Pörksen (Chairman)	780.040	200.000	980.040	150.000
Dr. Thomas Kirchberg	604.215	176.660	780.875	12.107
Thomas Kölbl	624.797	176.660	801.457	247.046
Summe	2.009.052	553.320	2.562.372	409.153

Total remuneration paid to Südzucker AG's supervisory board for all activities was € 1.6 million (€ 1.6 million) in the 2020/21 financial year. The remuneration systems for the executive board and supervisory board are discussed under "Remuneration" in the Südzucker group management report.

(24) Disclosures pursuant to section 160 (1) No. 8 AktG

Südzucker AG knows of two direct equity investments in the company that exceed 10 %: SZVG owns 58.3 % of total share capital and Zucker Invest 10.3%. Raiffeisen-Holding and its associated companies hold a direct interest via Zucker Invest. The shareholdings are reciprocally attributed to the companies, so that each holds a share of about 68.6 % of total share capital, according to the German Securities Trading Act.

(25) Events after the balance sheet

There were no significant changes to the economic environment or to the situation in our industry after the close of the fiscal year. There are also no other special events for Südzucker AG that would require reporting.

(26) Consolidated financial statements

As the parent company of Südzucker Group, Südzucker AG has prepared consolidated financial statements as at 28 February 2021 according to the International Financial Reporting Standards (IFRS) as adopted by the EU. These are provided to the operator of the Federal Gazette (Bundesanzeiger) for publication.

(27) Shareholdings

Both equity and the annual results of German participations are disclosed uniformly according to the German Commercial Code (HGB). If a profit and loss transfer agreement exists with the relevant participation, the annual results are disclosed as zero. The list of shareholdings is found on pages 88 ff in these notes to the financial statements. Disclosures are presented in compliance with section 313 (2) and section 285 No. 11 HGB.

(28) Supervisory board and executive board**Supervisory board****Dr. Hans-Jörg Gebhard, Eppingen**
Chairman

Chairman of the executive board of the Association of Süddeutscher Zuckerrübenanbauer e. V.

Memberships in other domestic, statutory supervisory boards

- CropEnergies AG, Mannheim

Memberships in comparable German and foreign supervisory committees

- AGRANA Beteiligungs-AG, Wien, Austria (1. deputy Chairman)
- AGRANA Zucker, Stärke und Frucht Holding AG, Wien, Austria (2. deputy Chairman)
- Freiburger Holding GmbH, Berlin
- Süddeutsche Zuckerrübenverwertungs-Genossenschaft eG, Ochsenfurt (Chairman)
- Vereinigte Hagelversicherung VVaG, Gießen
- Z & S Zucker und Stärke Holding AG, Wien, Austria (until 24 September 2020)

Franz-Josef Möllenberg*, Rellingen
1. deputy Chairman

Former Chairman of the Food and Catering Union

Memberships in other domestic, statutory supervisory boards

- CropEnergies AG, Mannheim

Erwin Hameseder, Mühldorf, Austria
2. deputy Chairman

Chairman of Raiffeisen-Holding Niederösterreich-Wien reg.Gen.m.b.H.

Memberships in comparable German and foreign supervisory committees

- Österreichische Nationalbank AG, Wien, Austria (until 3 July 2020)
- RWA Raiffeisen Ware Austria AG, Korneuburg, Austria
- RWA Raiffeisen Ware Austria Handel und Vermögensverwaltung eGen, Korneuburg, Austria

- UNIQA Insurance Group AG, Wien, Austria (2. deputy Chairman) (until 3 July 2020)

Group mandates

- AGRANA Beteiligungs-Aktiengesellschaft, Wien, Austria (Chairman)
- KURIER Redaktionsgesellschaft m.b.H, Wien, Austria (Chairman)
- KURIER Zeitungsverlag und Druckerei Gesellschaft m.b.H, Wien, Austria (Chairman)
- Leipnik-Lundenburger Invest Beteiligungs-AG, Wien, Austria (Chairman)
- Mediaprint Zeitungs- und Zeitschriften GmbH & Co. KG, Wien, Austria (Chairman)
- Raiffeisen Bank International AG, Wien, Austria (Chairman)
- Raiffeisenlandesbank Niederösterreich-Wien AG, Wien, Austria (Chairman)
- STRABAG SE, Villach, Austria (deputy Chairman)

Fred Adjan*, Hamburg (since 31 August 2020)
Deputy Chairman of the Food and Catering Union

Thomas Bernhard*, Wunstorf (until 31 August 2020)

Union Secretary of the Food and Catering Union

Memberships in comparable German and foreign supervisory committees

- Dussmann Stiftung & Co. KGaA, Berlin

* *Employee representatives*

Helmut Friedl, Egling a. d. Paar

Chairman of the Association of Bayerische Zuckerrübenanbauer e. V.

Memberships in comparable German and foreign supervisory committees

- BMG Donau–Lech eG, Mering
- AGRANA Beteiligungs–AG, Wien, Austria
- AGRANA Zucker, Stärke und Frucht Holding AG, Wien, Austria
- Z & S Zucker und Stärke Holding AG, Wien, Austria (until 24 September 2020)

Ulrich Gruber, Plattling

Deputy Chairman of the supervisory board chairman of the general works council of Südzucker AG

Veronika Haslinger, Wien, Austria

Managing director of Raiffeisen–Holding Nieder–österreich–Wien reg.Gen.m.b.H.

- Süddeutsche Zuckerrübenverwertungs–Genossenschaft eG, Ochsenfurt

Group mandates in the group of Raiffeisen–Holding Niederösterreich–Wien reg.Gen.m.b.H.

- KURIER Beteiligungs–Aktiengesellschaft, Wien, Austria (Chairman)
- Mediaprint Zeitungs– und Zeitschriftenverlag Gesellschaft m.b.H., Wien, Austria
- NÖM AG, Baden, Austria
- Österreichische Rundfunksender GmbH, Wien, Austria
- Raiffeisen Informatik Geschäftsführungs–GmbH, Wien, Austria

Georg Koch, Wabern

Chairman of the board of the Association of Zuckerrübenanbauer Kassel e.V. and deputy Chairman of the board of the Association of Zuckerrübenverwertungs–Genossenschaft eG

Susanne Kunschert, Stuttgart

Managing director of Pilz GmbH & Co. KG

Memberships in comparable German and foreign supervisory committees

- Karlsruher Institut für Technologie, Karlsruhe

- Süddeutsche Zuckerrübenverwertungs–Genossenschaft eG, Ochsenfurt

Ulrike Maiweg*, Bellheim

Deputy Chairman of the works council of the Mannheim head office of Südzucker AG

Walter Manz, Dexheim

Chairman of the board of the Association of Hessisch–Pfälzischen Zuckerrübenanbauer e.V.

Julia Merkel, Wiesbaden

Boardmember of the R+V Versicherung AG

Memberships in comparable German and foreign supervisory committees

- Süddeutsche Zuckerrübenverwertungs–Genossenschaft eG, Ochsenfurt

Group mandates in the group of R+V Versicherung AG

- KRAVAG–ALLGEMEINE Versicherungs–AG, Hamburg
- KRAVAG–SACH Versicherung des Deutschen Kraftverkehrs VaG, Hamburg
- R+V Pensionskasse AG, Wiesbaden

Sabine Möller*, Hamburg

Divisional officer of the Food and Catering Union

Angela Nguyen*, Gerwisch

Deputy Chairman of the central works council of the Freiburger Lebensmittel GmbH & Co. Produktions– und Vertriebs KG

* *Employee representatives*

Joachim Rukwied, Eberstadt

Chairman of the German Farmers Association

Memberships in other domestic, statutory supervisory boards

- BAYWA AG, München
- R+V Versicherung AG, Wiesbaden

Memberships in comparable German and foreign supervisory committees

- Buchstelle Landesbauernverband Baden-Württemberg GmbH, Stuttgart (Chairman)
- Kreditanstalt für Wiederaufbau, Frankfurt am Main
- LAND-DATA GmbH, Visselhövede (Chairman)
- Landwirtschaftliche Rentenbank, Frankfurt am Main (Chairman)
- LBV-Unternehmensberatungsdienste GmbH, Stuttgart (Chairman)
- Messe Berlin GmbH, Berlin

Frank Sachse*, Zeitz

Chairman of the works council at the Zeitz factory of Südzucker AG

Nadine Seidemann*, Donauwörth

Deputy Chairman of the works council at the Rain factory of Südzucker AG

Dr. Stefan Streng, Uffenheim

Chairmen of the board of the Association of Fränkische Zuckerrübenbauer e.V.

Wolfgang Vogl*, Bernried

Manager of the Plattling and Rain factories of Südzucker AG

Memberships in comparable German and foreign supervisory committees

- BGD Bodengesundheitsdienst GmbH, Mannheim

Rolf Wiederhold*, Wabern

Chairman of the general works council of Südzucker AG

* *Employee representatives*

Executive board

Dr. Niels Pörksen (Chairman), Limburgerhof

(Appointed until 28 February 2023)

Group mandates

- AGRANA Zucker, Stärke und Frucht Holding AG, Wien, Austria (Chairman)
- ED&F Man Holdings Limited, London, United Kingdom (since 1 March 2020)
- Freiburger Holding GmbH, Berlin
- PortionPack Europe Holding B. V., Oud-Beijerland, Netherlands (Chairman) (since 23 April 2020)

Dr. Thomas Kirchberg, Würzburg

(Appointed until 31 August 2022)

Memberships in other domestic, statutory supervisory boards

- Ekosem-Agrar AG, Walldorf

Group mandates

- AGRANA Beteiligungs-Aktiengesellschaft, Wien, Austria
- CropEnergies AG, Mannheim (since 16 March 2020)
- Freiburger Holding GmbH, Berlin, (Chairman)
- Südzucker Moldova S.R.L., Chişinău, Moldova (Chairman until 8 April 2020)
- Südzucker Versicherungs-Vermittlungs-GmbH, Mannheim

Memberships in comparable German and foreign supervisory committees

- Forum Moderne Landwirtschaft e.V. (deputy Chairman)

Thomas Kölbl, Speyer

(Appointed until 31 May 2024)

Memberships in other domestic, statutory supervisory boards

- K+S Aktiengesellschaft, Kassel

Group mandates

- AGRANA Stärke GmbH, Wien, Austria
- AGRANA Zucker GmbH, Wien, Austria

- CropEnergies AG, Mannheim (deputy Chairman)
- ED&F Man Holdings Limited, London, United Kingdom (bis zum 14. September 2020)
- Freiburger Holding GmbH, Berlin
- PortionPack Europe Holding B. V., Oud-Beijerland, Netherlands (Chairman until 23 April 2022)
- Südzucker Versicherungs-Vermittlungs-GmbH, Mannheim (Chairman)

Dipl. Ing. Johann Marihart, Limberg, Austria

(Appointed until 31 May 2021)

Memberships in comparable German and foreign supervisory committees

- BBG Bundesbeschaffungsges. m. b. H., Wien, Austria
- Österreichische Forschungsförderungsgesellschaft mbH, Wien, Austria (deputy Chairman)
- Ottakringer Getränke AG, Wien, Austria
- Spanische Hofreitschule – Lipizzanergestüt Piber, Wien, Austria (Chairman)
- tecnet equity NÖ Technologiebeteiligungs-Invest GmbH, St. Pölten, Austria
- TÜV Austria Holding AG, Wien, Austria (Chairman)

Group mandates

- AGRANA Research & Innovation Center GmbH, Wien, Austria (Chairman)
- AGRANA Stärke GmbH, Wien, Austria
- AGRANA Zucker GmbH, Wien, Austria (Chairman)
- AUSTRIA JUICE GmbH, Allhartsberg, Austria
- Freiburger Holding GmbH, Berlin
- Österreichische Rübensamenzucht Gesellschaft m.b.H., Wien, Austria (Chairman)

(29) Fees for services by the company's external auditors

The following expenses were incurred in the 2020/21 financial year for services provided by PricewaterhouseCoopers Aktiengesellschaft Wirtschaftsprüfungsgesellschaft:

(€ '000)	2020/21	2019/20
Auditing services	442	481
Other assurance services	63	59
Tax advisory services	0	16
Other services	0	0
	505	556

The auditing services include expenses relate to auditing the consolidated financial statements and Südzucker AG's legally prescribed year-end closing. The fees for other confirmation services essentially include various other certification services outside of the annual audit.

(30) Declaration of compliance per note 161 AktG

The executive board and supervisory board issued the declaration of compliance relating to the German Corporate Governance Code in accordance with note 161 of the German Stock Corporation Act (AktG) on 12 November 2020. It is available on the Internet via our website at: www.suedzucker.de/en/Investor-Relations/Corporate-Governance/.

(31) Proposed appropriation of earnings

Net earnings available for distribution of Südzucker AG amount to €'000 41,390 (47,252). It will be proposed to the annual general meeting that a dividend of € 0.20 (0.20) per share be distributed and be appropriated as follows:

(in €)	2020/21
Distribution of a dividend of € 0.20 per share on 204,183,292 shares	40,836,658.40
Profit carried forward	552,867.73
Net earnings available for distribution	41,389,526.13

If on the day of the annual general meeting treasury shares exist, the resolution proposal will be modified – in the event of a distribution of € 0.20 per qualifying share – to have the corresponding higher remaining value carried forward.

The dividend is probably to be paid on 20 July 2021.

List of shareholdings

	Shortcut	Location	Country	Direct Shareholder	%	Equity € million	Earnings after tax € million
I. Affiliated companies							
Sugar segment							
Division business unit sugar							
Südzucker and sales companies							
Südzucker AG	SZAG	Mannheim	Germany				
Südzucker Hellas E.P.E.		Agios Dimitrios	Greece	SZH	99.94	1.7	0,17
				SZV	0.06		
Südzucker Ibérica, S.L.U.		Barcelona	Spain	SZH	100.00	1.2	0,27
Südzucker United Kingdom Limited		Edinburgh	United Kingdom	SZH	100.00	0.9	0,49
S.Z.I.L. LTD		Kfar Saba	Israel	SZH	100.00	1.1	0,41
Sugar Belgium							
Raffinerie Tirlémontoise S.A.	RT	Tienen	Belgium	SZH	99.41	871.2	0.90
Nougat Chabert & Guillot SA	NC&G	Montélimar	France	SOGELAF	100.00	0.4	-4,41 ³⁾
S.C.I. DU MARINET		Montélimar	France	SOGELAF	99.75		³⁾
				NC&G	0.25		
Rafti B.V.		Wijchen	Netherlands	TSNH	100.00	9.7	0,80
S.O.G.E.L.A.F. SARL	SOGELAF	Paris	France	RT	100.00	5.1	-0,06
Tiense Suikerraffinaderij Nederland Holding B.V.	TSNH	Wijchen	Netherlands	RT	100.00	2.3	0,00
Tiense Suikerraffinaderij Services g.c.v.		Bruxelles	Belgium	RT	100.00	22.9	0,03
Sugar France							
Saint Louis Sucre S.A.S.	SLS	Paris	France	SZH	100.00	32.2	-90,29
Sugar Poland							
Südzucker Polska S.A.	SZPL	Wrocław	Poland	SZH	100.00	310.5	4.28
"POLTERRA" Sp. z o.o.		Wrocław	Poland	SZPL	100.00	0.9	0,01
Przedsiębiorstwo Rolne "KLOS" Sp. z o.o.		Wrocław	Poland	SZPLN	100.00	0.4	0,06
Südzucker Polska Nieruchomosci Sp. z o.o.	SZPLN	Wrocław	Poland	SZPL	100.00	-1.5	0,01
Division AGRANA sugar							
Agrana Sugar Sales							
AGRANA Sales & Marketing GmbH	ASM	Wien	Austria	AB	100.00	107.9	-25,38
Sugar Austria							
AGRANA Zucker GmbH	AZ	Wien	Austria	AB	98.91	143.0	-0,06
				ASM	1.09		
Österreichische Rübensamenzucht Gesellschaft m.b.H.		Wien	Austria	ASM	86.00	2.2	0,51
Sugar Romania							
AGRANA AGRO S.r.l.		Roman	Romania	AR	99.00	-0.1	-0,10
				AZ	1.00		
AGRANA BUZĂU S.r.l.		Buzău	Romania	AR	99.00	-1.3	1,14
				AZ	1.00		
AGRANA Romania S.R.L.	AR	Bukarest	Romania	ASM	100.00	9.9	8,56
Sugar Slovakia							
Slovenské Cukrovary s.r.o.		Sereď	Slovakia	ASM	100.00	20.5	3,25
Sugar Czech Republic							
Moravskoslezské Cukrovary s.r.o.		Hrušovany	Czech Republic	ASM	100.00	27.6	5,37

* Profit and loss transfer agreement

** Profit and loss transfer agreement/Exemption pursuant § 264 Abs. 3 HGB at the level of CropEnergies AG

1) Exemption pursuant § 264 (3) HGB

2) Voting majority

3) Disclosures for Subgroup / Group consolidated financial statements

4) Disclosures for the last applicable financial closing

	Shortcut	Location	Country	Direct Shareholder	%	Equity € million	Earnings after tax € million
Sugar Hungary							
AGRANA Magyarország Értékesítési Kft.	AME	Budapest	Hungary	MCEf	99.70	2.3	-0,12
				AZ	0.30		
Biogáz Fejlesztő Kft.		Kaposvár	Hungary	AME	100.00	1.8	0,03
Koronás Irodaház Szolgáltató Korlátolt Felelős-ségű Társaság		Budapest	Hungary	MCEf	100.00	1.3	0,04
Magyar Cukorgyártó és Forgalmazó Zrt.	MCEf	Budapest	Hungary	ASM	87.61	65.1	4,24
Sugar Bulgaria							
AGRANA Trading EOOD		Sofia	Bulgaria	ASM	100.00	2.3	0,65
Sugar Bosnia							
AGRANA BIH Holding GmbH	ABIH	Wien	Austria	ASM	75.00	11.2	0,01
				SZH	25.00		
AGRANA Holding/other							
AGRANA Beteiligungs-Aktiengesellschaft	AB	Wien	Austria	AZS	78.34	746.9	47,03
				SZAG	2.74		
AGRANA Group-Services GmbH		Wien	Austria	AB	100.00	4.4	-1,46
AGRANA Research & Innovation Center GmbH		Wien	Austria	AB	100.00	6.4	1,23
INSTANTINA Nahrungsmittel Entwicklungs- und Produktionsgesellschaft m.b.H.		Wien	Austria	AB	66.67	8.5	0,76
Division sugar Moldava							
Südzucker Moldova S.R.L.	SZM	Chişinău	Moldova	SZH	99.97	37.4	-2,67
Agro Credit S.R.L.		Drochia	Moldova	SZH	100.00	0.3	0,02
Agro-SZM S.R.L.		Drochia	Moldova	SZM	100.00	7.9	-1,03
Division agriculture							
Loberaue Agrar GmbH	LOB	Rackwitz	Germany	SZAG	100.00	21.8	3,49
Rackwitzer Biogas GmbH		Rackwitz	Germany	LOB	100.00	0.0	0,00
Terra Sömmerda GmbH		Sömmerda	Germany	SZVW	100.00	8.8	0,46
Wolteritzer Agrar GmbH		Rackwitz	Germany	LOB	100.00	0.2	0,00
Zschortauer Agrar GmbH		Rackwitz	Germany	LOB	100.00	0.0	0,00
Zschortauer Futtermittel GmbH		Rackwitz	Germany	LOB	74.00	5.4	0,26
Sugar other							
AHG Agrar-Holding GmbH		Mannheim	Germany	SZAG	100.00	0.0	* 1)
AGRANA Zucker, Stärke und Frucht Holding AG	AZS	Wien	Austria	SZAG	50.00	523.1	41,53 2)
AIH Agrar-Industrie-Holding GmbH		Mannheim	Germany	SZAG	100.00	0.2	0,00
BGD Bodengesundheitsdienst GmbH		Mannheim	Germany	SZAG	100.00	0.0	* 1)
Südzucker Holding GmbH	SZH	Mannheim	Germany	SZAG	100.00	715.8	* 1)
Südzucker International Finance B.V.		Oud-Beijerland	Netherlands	SZAG	100.00	18.6	1,15
Südzucker Versicherungs-Vermittlungs-GmbH		Mannheim	Germany	SZAG	51.00	1.8	1,72
Südzucker Verwaltungs GmbH	SZVW	Mannheim	Germany	SZAG	100.00	10.0	* 1)
Special products segment							
Division Beneo							
BENE0 GmbH	B	Mannheim	Germany	SZAG	100.00	180.5	* 1)

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BENEO Asia Pacific Pte. Ltd.		Singapore	Singapore	BP	100.00	2.2	0,30
BENEO Iberica S.L. Unipersonal		Barcelona	Spain	BO	100.00	0.2	0,01
BENEO Inc.		Parsippany	USA	BP	100.00	20.5	2,04
BENEO India Private Limited		New Delhi	India	BP	99.99	0.2	-0,01
				B	0.01		
BENEO Latinoamerica Coordenação Regional Ltda.		São Paulo	Brazil	BO	100.00	0.3	0,11
BENEO-Orafti S.A.	BO	Oreye	Belgium	BR	100.00	301.4	23,40
BENEO-Palatinit GmbH	BP	Mannheim	Germany	B	85.00	23.6	* 1)
				SZAG	15.00		
BENEO-Remy N.V.	BR	Wijgmaal (Leuven)	Belgium	B	100.00	266.7	16,29
Orafti Chile S.A.		Pemuco	Chile	BO	99.99	160.6	1,72
				BP	0.01		
REMY ITALIA S.P.A.		Confianza (PV)	Italy	BR	66.70	0.7	0,01
Veniremy N.V.		Wijgmaal (Leuven)	Belgium	BR	100.00	7.1	0,27
Division Freiberger							
Freiberger Holding GmbH	FH	Berlin	Germany	SZAG	100.00	75.2	* 1)
Alberto Lebensmittel GmbH		Berlin	Germany	FLG	100.00	0.0	0,00
Feinschmecker Eiscrème und Tiefkühlkost GmbH		Berlin	Germany	FH	100.00	0.1	0,00
Freiberger France S.A.R.L.		St. Didier au Mont d'Or	France	FIB	100.00	1.8	1,20
Freiberger GmbH		Berlin	Germany	FLG	100.00	0.0	0,00
Freiberger Internationale Beteiligungs GmbH	FIB	Berlin	Germany	FLG	100.00	212.5	* 1)
Freiberger Lebensmittel GmbH	FLG	Berlin	Germany	FH	100.00	70.0	* 1)
Freiberger Osterweddingen GmbH		Sülzetal	Germany	FLG	100.00	2.1	* 1)
Freiberger Polska Sp.z o.o.		Warszawa	Poland	FIB	100.00	2.5	0,78
Freiberger UK Ltd.		Spalding	United Kingdom	FIB	100.00	12.6	12,11
Freiberger USA Inc.	FLU	Parsippany	USA	FIB	100.00	161.7	15,93
HASA GmbH		Burg	Germany	FLG	100.00	10.0	* 1)
Prim AS Tiefkühlprodukte Gesellschaft m.b.H.		Oberhofen	Austria	FIB	100.00	13.0	5,78
Richelieu Foods Inc.		Braintree	USA	FLU	100.00	386.2	-1,43
Sandhof Limited	SL	Westhoughton	United Kingdom	FIB	100.00	37.3	11,13
Stateside Foods Ltd.		Westhoughton	United Kingdom	SL	100.00	23.4	6,34
Division starch							
AGRANA Stärke GmbH	AS	Wien	Austria	AB	98.91	348.2	56,33
				ASM	1.09		
Marroquin Organic International, Inc.		Santa Cruz	USA	AS	100.00	11.5	1,23
S.C. A.G.F.D. Tandarei S.r.l.		Tandarei	Romania	AS	100.00	4.3	0,23
Division PortionPack Europe							
PortionPack Europe Holding B.V.	PPEH	Oud-Beijerland	Netherlands	SZAG	100.00	25.3	0,07

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	Shortcut	Location	Country	Direct Shareholder	%	Equity € million	Earnings after tax € million
Collaborative Packing Solutions [Pty] Ltd	CoSo	Johannesburg	South Africa	PPEH	75.00	2.6	0,53
Elite Portion Pack Belgium NV		Herentals	Belgium	PPEH	100.00	0.2	0,06
				PPH	0.00		
Hellma Gastronomicky Servis Praha spol. s.r.o.		Praha	Czech Republic	PPEH	100.00	6.8	0,41
Hellma Gastronomie-Service GmbH		Nürnberg	Germany	PPEH	100.00	4.4	*
Hellma Lebensmittel-Verpackungs-Gesellschaft m.b.H		Wien	Austria	PPEH	100.00	0.6	0,07
Portion Solutions Limited	PSL	Telford / Shropshire	United Kingdom	PPEH	100.00	9.6	-1,17
CustomPack Ltd		Telford / Shropshire	United Kingdom	PSL	100.00		
PortionPack Holland B.V.	PPH	Oud-Beijerland	Netherlands	PPEH	100.00	5.0	-0,51
SAES The Portion Company, S.L.		La Llagosta (Barcelona)	Spain	PPEH	100.00	0.3	-0,45
Van Oordt Drukkerij B.V.		Oud-Beijerland	Netherlands	VOP	100.00	0.2	0,00
Van Oordt Landgraaf B.V.		Landgraaf	Netherlands	PPH	100.00	2.4	0,00
Van Oordt the portion company B.V.	VOP	Oud-Beijerland	Netherlands	PPH	100.00	11.9	-2,21
CropEnergies segment							
CropEnergies AG	CEAG	Mannheim	Germany	SZAG	69.19	544.4	86,16
Biowanze S.A.		Wanze	Belgium	CEAG	100.00	260.5	29,00
Compagnie Financière de l'Artois SAS	CF	Loon-Plage	France	CEAG	100.00	20.2	2,43
CropEnergies Beteiligungs GmbH	CEBet	Mannheim	Germany	CEAG	100.00	152.1	**
CropEnergies Bioethanol GmbH		Zeitz	Germany	CEBet	85.00	72.4	**
				CEAG	15.00		
Ensus UK Limited		Yarm	United Kingdom	CEBet	100.00	105.8	22,95
RYSSSEN ALCOOLS SAS		Loon-Plage	France	CF	100.00	18.6	10,99
Fruit segment							
Division fruit preparations (AGRANA Fruit)							
AGRANA Fruit S.A.S.	AF	Mitry-Mory	France	FA	100.00	156.6	25,17
"YUBE" doo – u likvidaciji		Požarevac	Serbia	DFFI	100.00	0.4	0,30
AGRANA Fruit (Jiangsu) Company Limited		Xinbei Zone/ Changzhou	China	AF	100.00	11.3	0,33
AGRANA Fruit Algeria Holding GmbH	AFAH	Wien	Austria	AIV&A	55.00	5.1	0,08
AGRANA Fruit Argentina S.A.		Buenos Aires	Argentina	AF	91.76	22.7	-1,13
				AFSS	8.24		
AGRANA Fruit Australia Pty Ltd.	AF Aus	Sydney	Australia	AF	100.00	21.9	2,94
AGRANA Fruit Austria GmbH	AFA	Gleisdorf	Austria	AF	99.98	24.0	0,72
				AIV&A	0.02		
AGRANA Fruit Brasil Indústria, Comércio, Importação e Exportação Ltda.		São Paulo – Cabreúva	Brazil	AF	99.99	6.5	0,71
				AFA	0.01		
AGRANA Fruit Dachang Co., Ltd.		Dachang Hui Autonomous County, Hebei Province	China	AF	75.00	26.4	2,87
				AFK	25.00		

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	Shortcut	Location	Country	Direct Shareholder	%	Equity € million	Earnings after tax € million
AGRANA Fruit France S.A.S.		Mitry-Mory	France	AF	100.00	19.5	0,33
AGRANA Fruit Germany GmbH		Konstanz	Germany	AF	100.00	11.3	-0,20
AGRANA FRUIT INDIA PRIVATE LIMITED		Pune	India	AF	99.99	0.2	-0,96
				AFSG	0.01		
AGRANA Fruit Istanbul Gıda Sanayi ve Ticaret A.S.		Istanbul	Turkey	AF	100.00	5.1	1,10
AGRANA Fruit Korea Co. Ltd.	AFK	Seoul	South Korea	AF	100.00	14.3	1,38
AGRANA Fruit Latinoamerica S. de R.L. de C.V.		Michoacan	Mexico	AF	99.99	17.2	2,60
				AFSG	0.01		
AGRANA Fruit Luka TOV		Vinnitsa	Ukraine	AF	99.97	1.2	0,00
AGRANA Fruit Management Australia Pty Limited		Sydney	Australia	AF Aus	100.00	0.4	0,07
AGRANA Fruit México, S.A. de C.V.		Michoacan	Mexico	AFUS	100.00	16.6	2,30
AGRANA Fruit Polska SP z.o.o.		Ostroleka	Poland	AF	100.00	14.4	1,01
AGRANA Fruit Services GmbH	AFSG	Wien	Austria	AF	100.00	18.2	3,29
AGRANA Fruit Services S.A.S.	AFSS	Mitry-Mory	France	AF	100.00	-1.5	1,14
AGRANA Fruit South Africa (Proprietary) Ltd.		Johannesburg	South Africa	AF	100.00	0.7	-0,40
AGRANA Fruit Ukraine TOV		Vinnitsa	Ukraine	AF	99.80	19.6	3,98
AGRANA Fruit US, Inc.	AFUS	Brecksville	USA	AF	100.00	71.8	5,84
AGRANA Nile Fruits Processing SAE		Qalyoubia	Egypt	AF	51.00	2.0	-3,30
Dirafrost FFI N. V.	DFFI	Lummen	Belgium	AF	100.00	-4.3	-5,27
Dirafrost Maroc SARL		Larach	Morocco	DFFI	100.00	1.3	0,12
Financière Atys S.A.S.	FA	Mitry-Mory	France	AIV&A	100.00	107.2	0,76
o.o.o. AGRANA Fruit Moscow Region		Serpuchov	Russia	AF	100.00	25.9	6,56
SPA AGRANA Fruit Algeria		Akbou	Algeria	AFAH	48.97	6.2	0,67
Division fruit juice concentrates (AUSTRIA JUICE)							
AUSTRIA JUICE GmbH	AJU	Allhartsberg	Austria	AIV&A	50.01	52.6	-12,91
AGRANA JUICE (XIANYANG) CO., LTD		Xianyang City	China	AJU	100.00	11.3	-0,47
AUSTRIA JUICE Germany GmbH		Bingen	Germany	AJU	100.00	-1.8	0,15
AUSTRIA JUICE Hungary Kft.		Vásárosnámény	Hungary	AJU	100.00	17.1	0,40
AUSTRIA JUICE Poland Sp. z.o.o		Chelm	Poland	AJU	100.00	40.9	1,69
AUSTRIA JUICE Romania S.r.l.		Vaslui	Romania	AJU	100.00	2.5	0,01
AUSTRIA JUICE Ukraine TOV		Vinnitsa	Ukraine	AJU	100.00	4.6	0,02
Frucht Übrige							
AGRANA Internationale Verwaltungs- und Asset-Management GmbH	AIV&A	Wien	Austria	AB	98.91	290.9	11,00
				ASM	1.09		
II. Joint ventures / associated companies							
Sugar segment							
Division business unit sugar							
Südzucker and sales companies							
Maxi S.r.l.		Bolzano	Italy	SZH	50.00	3.0	1,77
Division AGRANA sugar							
Agrana Betain							
Beta Pura GmbH		Wien	Austria	ASM	50.00	15.3	-4,26
Sugar Bosnia							
"AGRAGOLD" d.o.o.		Brčko	Bosnia-Herzegovina	ASB	100.00	2.9	0,17
AGRAGOLD d.o.o.		Zagreb	Croatia	ASB	100.00	1.4	0,05
AGRAGOLD doel Skopje		Skopje	North-Macedonia	ASB	100.00	0.4	0,05
AGRAGOLD trgovina d.o.o.		Ljubljana	Slovenia	ASB	100.00	5.4	0,08
AGRANA Studen Sugar Trading GmbH		Wien	Austria	ABIH	50.00	4.9	0,03
AGRANA-STUDEN Albania sh.p.k.		Tirane	Albania	ASB	100.00	0.3	-0,02

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	Shortcut	Location	Country	Direct Shareholder	%	Equity € million	Earnings after tax € million
AGRANA-STUDEN Beteiligungs GmbH	ASB	Wien	Austria	ABIH	50.00	21.3	0,05
AGRANA-STUDEN Kosovo L.L.C.		Prishtina	Kosovo	ASB	100.00	0.3	-0,07
Company for trade and services AGRANA-STUDEN Serbia d.o.o. Beograd		Beograd	Serbia	ASB	100.00	-0.1	-0,25
STUDEN-AGRANA Rafinerija Secera d.o.o.		Brčko	Bosnia-Herzegovina	ASB	100.00	0.6	0,31
Sugar other							
ED&F Man Holdings Limited		London	United Kingdom	SZH	34.37	272.3	-224,46
Special products segment							
Division starch							
GreenPower Services Kft.		Szabade-gyháza	Hungary	HK	100.00	0.0	0,00
HUNGRANA Keményítő- és Isocukorgyártó és Forgalmazó Kft.	HK	Szabade-gyháza	Hungary	AS	50.00	104.8	38,80
CropEnergies segment							
CT Biocarbonic GmbH		Zeitz	Germany	CEBet	50.00	3.7	0,38
III. Companies of minor importance and other investments > 20 %							
Affiliated companies							
Sugar segment							
Sugar other							
Açúcar e Álcool do Sul Participações Ltda.		São Paulo	Brazil	SZH	100.00	0.0	-0.01
Arbeitsgemeinschaft für Versuchswesen und Beratung im Zuckerrübenanbau Zeitz GmbH		Kretzschau	Germany	SZAG	80.00	0.1	0,02
Südtrans GmbH		Mannheim	Germany	SZAG	100.00	0.1	0,00
Südzucker International GmbH		Ochsenfurt	Germany	SZH	100.00	0.0	0,00
Südzucker Reise-Service GmbH		Mannheim	Germany	SZAG	100.00	0.0	0,00
Südzucker Verkauf GmbH	SZV	Mannheim	Germany	SZH	100.00	0.0	0,00
Special products segment							
Division starch							
AGRANA Amidi srl		Sterzing (BZ)	Italy	AS	100.00	0.0	0,01
Fruit segment							
Division fruit preparations (AGRANA Fruit)							
AGRANA Fruit Japan Co., Ltd.		Tokyo	Japan	AIV&A	100.00	0.8	-0,46
Associated companies							
Sugar segment							
Division business unit sugar							
Sugar Belgium							
Food Port N.V.		Tienen	Belgium	RT	35.71	1.8	-0,04
Division agriculture							
Zschortauer-Glesiener Rübenrode GmbH		Schkeuditz	Germany	LOB	45.83	0.5	0,01 4)
Sugar other							
Felix Koch Offenbach Couleur und Karamel GmbH		Offenbach	Germany	SZH	25.10	7.7	1,24 4)
Liquid Feed Europe Holding B.V.	LFEH	Oud-Beijerland	Netherlands	SZH	50.00	1.3	-0,01
Liquid Feed France S.A.S.		Cagny	France	LFEH	100.00	1.4	0,10

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	Shortcut	Location	Country	Direct Shareholder	%	Equity € million	Earnings after tax € million
Maritime Investment Holdings Pte. Ltd		Singapore	Singapore	SZH	25.00	4.6	-4,38 4)
Special products segment							
Division Beneo							
INVITA Australia PTE Ltd		Balgowlah	Australia	BP	35.00	5.5	0,77
Division PortionPack Europe							
Collaborative Blending Solutions Proprietary Limited		Johannesburg	South Africa	CoSo	49.00	-0.4	-0,05
Other participations > 20 %							
Sugar segment							
Division business unit sugar							
Sugar France							
GARDEL S.A.		Le Moule	France	SLS	24.28	56.0	2,47
S.C.I.C.A ROYE DESHYDRATATION S.A.		Roye	France	SLS	20.21	5.5	0,28
Division AGRANA sugar							
Sugar Hungary							
Cukoripari Egyesülés		Budapest	Hungary	MCeF	44.27	0.1	0,01

Mannheim, 30 April 2021

THE EXECUTIVE BOARD

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RESPONSIBILITY STATEMENT

To the best of our knowledge, and in accordance with the applicable reporting principles for financial reporting, the consolidated financial statements give a true and fair view of the assets, liabilities, financial position and profit or loss of the company, and the management report of the company includes a fair review of the development and performance of the business and the position of the company, together with a description of the principal opportunities and risks associated with the expected development of the company.

Mannheim, 30 April 2021

THE EXECUTIVE BOARD



Dr. Niels Pörksen
(Chairman)



Dr. Thomas Kirchberg



Thomas Kölbl



Johann Marihart

INDEPENDENT AUDITOR'S REPORT

To Südzucker AG, Mannheim

REPORT ON THE AUDIT OF THE ANNUAL FINANCIAL STATEMENTS AND OF THE MANAGEMENT REPORT

Audit Opinions

We have audited the annual financial statements of Südzucker AG, Mannheim, which comprise the balance sheet as at 28 February 2021, and the statement of profit and loss for the financial year from 1 March 2020 to 28 February 2021, and notes to the financial statements, including the recognition and measurement policies presented therein. In addition, we have audited the management report of Südzucker AG for the financial year from 1 March 2020 to 28 February 2021, we have not audited the content of those parts of the management report listed in the “Other Information” section of our auditor’s report.

In our opinion, on the basis of the knowledge obtained in the audit,

- the accompanying annual financial statements comply, in all material respects, with the requirements of German commercial law and give a true and fair view of the assets, liabilities and financial position of the Company as at 28 February 2021 and of its financial performance for the financial year from 1 March 2020 to 28 February 2021 in compliance with German Legally Required Accounting Principles, and
- the accompanying management report as a whole provides an appropriate view of the Company’s position. In all material respects, this management report is consistent with the annual financial statements, complies with German legal requirements and appropriately presents the opportunities and risks of future development. Our audit opinion on the management report does not cover the content of those parts of the management report listed in the “Other Information” section of our auditor’s report.

Pursuant to § [Article] 322 Abs. [paragraph] 3 Satz [sentence] 1 HGB [Handelsgesetzbuch: German Commercial Code], we declare that our audit has not led to any reservations relating to the legal compliance of the annual financial statements and of the management report.

Basis for the Audit Opinions

We conducted our audit of the annual financial statements and of the management report in accordance with § 317 HGB and the EU Audit Regulation (No. 537/2014, referred to subsequently as “EU Audit Regulation”) and in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer [Institute of Public Auditors in Germany] (IDW). Our responsibilities under those requirements and principles are further described in the “Auditor’s Responsibilities for the Audit of the Annual Financial Statements and of the Management Report” section of our auditor’s report. We are independent of the Company in accordance with the requirements of European law and German commercial and professional law, and we have fulfilled our other German professional responsibilities in accordance with these requirements. In addition, in accordance with Article 10 (2) point (f) of the EU Audit Regulation, we declare that we have not provided non-audit services prohibited under Article 5 (1) of the EU Audit Regulation. We believe that the audit evidence we

have obtained is sufficient and appropriate to provide a basis for our audit opinions on the annual financial statements and on the management report.

Key Audit Matters in the Audit of the Annual Financial Statements

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the annual financial statements for the financial year from 1 March 2018 to 28 February 2019. These matters were addressed in the context of our audit of the annual financial statements as a whole, and in forming our audit opinion thereon; we do not provide a separate audit opinion on these matters.

In our view, the matters of most significance in our audit were as follows:

- ① Measurement of shares in affiliated companies
- ② Provisions for litigation and risk provisioning

Our presentation of these key audit matters has been structured in each case as follows:

- ① Matter and issue
- ② Audit approach and findings
- ③ Reference to further information

Hereinafter we present the key audit matters:

- ① Measurement of shares in affiliated companies

① In the Company's annual financial statements shares in affiliated companies amounting to € 2,764.4 million (63.8% of total assets) are reported under the "Financial assets" balance sheet item. Shares in affiliated companies are measured in accordance with German commercial law at the lower of cost and fair value. The market price of the respective financial investment – if available – is used for the purpose of determining the fair value. In addition, the fair values of the material equity investments are calculated using discounted cash flow models as the present values of the expected future cash flows according to the planning projections prepared by the executive directors. Expectations relating to future market developments and assumptions about the development of macroeconomic factors are also taken into account. The discount rate used is the individually determined cost of capital for the relevant financial investment. On the basis of the values determined and supplementary documentation, no write-downs were required for the financial year. The outcome of this valuation is dependent to a large extent on the estimates made by the executive directors of the future cash flows, and on the respective discount rates and rates of growth used. The valuation is therefore subject to material uncertainties. Against this background and due to the highly complex nature of the valuation and its material significance for the Company's assets, liabilities, and financial performance, this matter was of particular significance in the context of our audit.

② As part of our audit, we assessed the methodology used for the purposes of the valuation, among other things. In particular, we assessed whether the fair values of the material equity investments had been appropriately determined using discounted cash flow models in compliance with the relevant measurement standards. We based our assessment, among other things, on a comparison with general and sector-specific market expectations as well as on the executive directors' detailed explanations regarding the key value drivers underlying the expected cash flows. In the knowledge that even relatively small changes in the discount rate applied can have a material impact on the value of the entity calculated in this way, we focused our testing in particular on the parameters used to determine the discount rate applied, and assessed the calculation model. In our view, taking into consideration the information available, the valuation parameters and underlying assumptions used by the executive directors are appropriate overall for the purpose of appropriately measuring the shares in affiliated companies.

③ The Company's disclosures on financial investments are contained in the sections "Accounting policies" and "Fixed assets" of the notes to the financial statements.

② Provisions for litigation and risk provisioning

① In the annual financial statements of Südzucker AG provisions for litigations and risk provisioning amounting to € 140.1 million are reported under the "Other provisions" balance sheet item. These concern litigation under market regulation proceedings, proceedings relating to operational contractual relationships and antitrust law risks, including fines and damages. The risk assessment to be carried out on developments in litigation and the appraisal of whether or not an existing legal dispute requires a provision to be recognized to cover the risk, and if so, in what amount the current obligation must be measured, is influenced to a high extent by estimates and assumptions on the part of the executive directors. Against this background, this matter is of particular significance from our point of view.

② As part of our audit we assessed the process established by the Company for ensuring that a legal dispute is reported, its outcome is assessed, and the dispute is accounted for. This assessment also included a substantive evaluation of the material legal risks. With the knowledge that estimated values result in an increased risk of accounting misstatements and that the executive directors' recognition and measurement decisions have a direct effect on net profit for the year, we evaluated the appropriateness of the carrying amounts, including by comparing these with historical data, examining the consistent application of the calculation model and inspecting the underlying documents. Furthermore, we also hold regular meetings with the Company's legal department in order to receive updates on current developments and the reasons for the corresponding estimates. The development of material legal disputes, including the executive directors' estimates on their potential outcomes, is provided to us by the Company in writing. As at the balance sheet date, we also obtained external legal confirmations that support the executive directors' assessments. We were able to examine the estimates made by the executive directors in respect of recognizing and measuring the provisions for litigation and the associated risk provisioning in the annual financial statements. We consider the estimates made by the executive directors to be appropriate.

- ③ The Company's disclosures on provisions for litigation and risk provisioning are contained in the sections "Accounting policies" and "Other provisions" of the notes to the annual financial statements.

Other Information

The executive directors are responsible for the other information. The other information comprises the following non-audited parts of the management report:

- the statement on corporate governance pursuant to § 289f and § 315d HGB included in section "Corporate management and – responsibility" of the management report
- the separate non-financial report pursuant to §289b Abs. 3 HGB

The other information comprises further the remaining parts of the finance report – excluding cross-references to external information – with the exception of the audited annual financial statements, the audited management report and our auditor's report.

Our audit opinions on the annual financial statements and on the management report do not cover the other information, and consequently we do not express an audit opinion or any other form of assurance conclusion thereon.

In connection with our audit, our responsibility is to read the other information and, in so doing, to consider whether the other information

- is materially inconsistent with the annual financial statements, with the management report or our knowledge obtained in the audit, or
- otherwise appears to be materially misstated.

Responsibilities of the Executive Directors and the Supervisory Board for the Annual Financial Statements and the Management Report

The executive directors are responsible for the preparation of the annual financial statements that comply, in all material respects, with the requirements of German commercial law, and that the annual financial statements give a true and fair view of the assets, liabilities, financial position and financial performance of the Company in compliance with German Legally Required Accounting Principles. In addition, the executive directors are responsible for such internal control as they, in accordance with German Legally Required Accounting Principles, have determined necessary to enable the preparation of annual financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the annual financial statements, the executive directors are responsible for assessing the Company's ability to continue as a going concern. They also have the responsibility for disclosing, as applicable, matters related to going concern. In addition, they are responsible for financial reporting based on the going concern basis of accounting, provided no actual or legal circumstances conflict therewith.

Furthermore, the executive directors are responsible for the preparation of the management report that as a whole provides an appropriate view of the Company's position and is, in all material respects, consistent with the annual financial statements, complies with German legal requirements, and appropriately presents the opportunities and risks of future development. In addition, the executive directors are responsible for such arrangements and measures (systems) as they have considered necessary to enable the preparation of a management report that is in accordance with the applicable German legal requirements, and to be able to provide sufficient appropriate evidence for the assertions in the management report.

The supervisory board is responsible for overseeing the Company's financial reporting process for the preparation of the annual financial statements and of the management report.

Auditor's Responsibilities for the Audit of the Annual Financial Statements and of the Management Report

Our objectives are to obtain reasonable assurance about whether the annual financial statements as a whole are free from material misstatement, whether due to fraud or error, and whether the management report as a whole provides an appropriate view of the Company's position and, in all material respects, is consistent with the annual financial statements and the knowledge obtained in the audit, complies with the German legal requirements and appropriately presents the opportunities and risks of future development, as well as to issue an auditor's report that includes our audit opinions on the annual financial statements and on the management report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with § 317 HGB and the EU Audit Regulation and in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer (IDW) will always detect a material misstatement. 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 annual financial statements and this management report.

We exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the annual financial statements and of the management report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our audit opinions. 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 controls.
- Obtain an understanding of internal control relevant to the audit of the annual financial statements and of arrangements and measures (systems) relevant to the audit of the management report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an audit opinion on the effectiveness of these systems of the Company.

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- Evaluate the appropriateness of accounting policies used by the executive directors and the reasonableness of estimates made by the executive directors and related disclosures.
 - Conclude on the appropriateness of the executive directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in the auditor's report to the related disclosures in the annual financial statements and in the management report or, if such disclosures are inadequate, to modify our respective audit opinions. 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 the Company to cease to be able to continue as a going concern.
 - Evaluate the overall presentation, structure and content of the annual financial statements, including the disclosures, and whether the annual financial statements present the underlying transactions and events in a manner that the annual financial statements give a true and fair view of the assets, liabilities, financial position and financial performance of the Company in compliance with German Legally Required Accounting Principles.
 - Evaluate the consistency of the management report with the annual financial statements, its conformity with German law, and the view of the Company's position it provides.
 - Perform audit procedures on the prospective information presented by the executive directors in the management report. On the basis of sufficient appropriate audit evidence we evaluate, in particular, the significant assumptions used by the executive directors as a basis for the prospective information, and evaluate the proper derivation of the prospective information from these assumptions. We do not express a separate audit opinion on the prospective information and on the assumptions used as a basis. There is a substantial unavoidable risk that future events will differ materially from the prospective information.

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 deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with the relevant independence requirements, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, the related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the annual financial statements of the current period and are

therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter.

OTHER LEGAL AND REGULATORY REQUIREMENTS

Assurance Report in Accordance with § 317 Abs. 3b HGB on the Electronic Reproduction of the Annual Financial Statements and the Management Report Prepared for Publication Purposes

Reasonable Assurance Conclusion

We have performed an assurance engagement in accordance with § 317 Abs. 3b HGB to obtain reasonable assurance about whether the reproduction of the annual financial statements and the management report (hereinafter the "ESEF documents") contained in the attached electronic file [Suedzucker_AG_JA_LB-2021-02-28.zip] and prepared for publication purposes complies in all material respects with the requirements of § 328 Abs. 1 HGB for the electronic reporting format ("ESEF format"). In accordance with German legal requirements, this assurance engagement only extends to the conversion of the information contained in the annual financial statements and the management report into the ESEF format and therefore relates neither to the information contained within this reproduction nor to any other information contained in the above-mentioned electronic file. In our opinion, the reproduction of the annual financial statements and the management report contained in the above-mentioned attached electronic file and prepared for publication purposes complies in all material respects with the requirements of § 328 Abs. 1 HGB for the electronic reporting format. We do not express any opinion on the information contained in this reproduction nor on any other information contained in the above-mentioned electronic file beyond this reasonable assurance conclusion and our audit opinion on the accompanying annual financial statements and the accompanying management report for the financial year from 1 March 2020 to 28 February 2021 contained in the "Report on the Audit of the Annual Financial Statements and on the Management Report" above.

Basis for the Reasonable Assurance Conclusion

We conducted our assurance engagement on the reproduction of the annual financial statements and the management report contained in the above mentioned attached electronic file in accordance with § 317 Abs. 3b HGB and the Exposure Draft of IDW Assurance Standard: Assurance in Accordance with § 317 Abs. 3b HGB on the Electronic Reproduction of Financial Statements and Management Reports Prepared for Publication Purposes (ED IDW AsS 410) and the International Standard on Assurance Engagements 3000 (Revised). Accordingly, our responsibilities are further described below in the "Auditor's Responsibilities for the Assurance Engagement on the ESEF Documents" section. Our audit firm has applied the IDW Standard on Quality Management: Requirements for Quality Management in the Audit Firm (IDW QS 1).

Responsibilities of the Executive Directors and the Supervisory Board for the ESEF documents

The executive directors of the Company are responsible for the preparation of the ESEF documents including the electronic reproduction of the annual financial statements and the management report in accordance with § 328 Abs. 1 Satz 4 Nr. 1 HGB.

In addition, the executive directors of the Company are responsible for such internal control as they have considered necessary to enable the preparation of ESEF documents that are free from material non-compliance with the requirements of § 328 Abs. 1 HGB for the electronic reporting format, whether due to fraud or error.

The executive directors of the Company are also responsible for the submission of the ESEF documents together with the auditor's report and the attached audited annual financial statements and audited management report as well as other documents to be published to the operator of the German Federal Gazette [Bundesanzeiger].

The supervisory board is responsible for overseeing the preparation of the ESEF documents as part of the financial reporting process.

Auditor's Responsibilities for the Assurance Engagement on the ESEF Documents

Our objective is to obtain reasonable assurance about whether the ESEF documents are free from material non-compliance with the requirements of § 328 Abs. 1 HGB, whether due to fraud or error. We exercise professional judgment and maintain professional skepticism throughout the assurance engagement. We also:

- Identify and assess the risks of material non-compliance with the requirements of § 328 Abs. 1 HGB, whether due to fraud or error, design and perform assurance procedures responsive to those risks, and obtain assurance evidence that is sufficient and appropriate to provide a basis for our assurance conclusion.
- Obtain an understanding of internal control relevant to the assurance engagement on the ESEF documents in order to design assurance procedures that are appropriate in the circumstances, but not for the purpose of expressing an assurance conclusion on the effectiveness of these controls.
- Evaluate the technical validity of the ESEF documents, i.e., whether the electronic file containing the ESEF documents meets the requirements of the Delegated Regulation (EU) 2019/815 in the version applicable as at the balance sheet date on the technical specification for this electronic file.
- Evaluate whether the ESEF documents enables a XHTML reproduction with content equivalent to the audited annual financial statements and to the audited management report.

Further Information pursuant to Article 10 of the EU Audit Regulation

We were elected as auditor by the annual general meeting on 16 July 2020. We were engaged by the supervisory board on 16 July 2020. We have been the auditor of Südzucker AG, Mannheim, without interruption since the financial year 2003/2004.

We declare that the audit opinions expressed in this auditor's report are consistent with the additional report to the audit committee pursuant to Article 11 of the EU Audit Regulation (long-form audit report).

German public auditor responsible for the engagement

The German Public Auditor responsible for the engagement is Christina Pöpperl

Frankfurt am Main, 30 April 2021

**PricewaterhouseCoopers GmbH
Wirtschaftsprüfungsgesellschaft**



Michael Conrad
German public auditor



Christina Pöpperl
German public auditor

FORWARD-LOOKING STATEMENTS / FORECASTS

This annual report contains forward looking statements based on assumptions and estimates made by the executive board of Südzucker AG. Although the executive board may be convinced that these assumptions and estimates are reasonable, future actual developments and future actual results may vary considerably from the assumptions and estimates due to many external and internal factors. For example, matters to be mentioned in this connection include pending negotiations relating to the world trade agreement (WTA), changes to the overall economic situation, changes to EU sugar policies, consumer behaviour and state food and energy policies. Südzucker AG assumes no responsibility and accepts no liability that future developments and future actual results achieved will be the same as the assumptions and estimates included in this annual report.

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Südzucker on the internet

More detailed information about Südzucker Group is available at the company's website:

www.suedzucker.de

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