Integrated Annual Report 2019|20

#HELLO TOMORROW

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2019|20 at a glance

- Revenue: € 2,480.7 million (+1.5%; prior year: € 2,443.0 million)
- Operating profit (EBIT): € 87.1 million (+30.8%; prior year: € 66.6 million)
- EBIT margin: 3.5% (prior year: 2.7%)
- Profit for the period: € 51.3 million (+68.8%; prior year: € 30.4 million)
- Earnings per share: € 0.77 (+87.8%; prior year: € 0.41)
- Equity ratio: 54.4% (prior year: 59.0%)
- Gearing ratio[1]: 33.5% (prior year: 22.9%)
- Dividend proposal of € 0.77 per share (dividend in prior year: € 1.00 per share)
- Number of employees (FTE)[2]: 9,342 (+1.2%; prior year: 9,230)

Quick facts about AGRANA

- World market leader in the production of fruit preparations
- Largest manufacturer of fruit juice concentrates in Europe
- Major European producer of custom starch products and bioethanol
- The leading sugar manufacturer in Central, Eastern and Southeastern Europe
- 57 production sites[3] in 25 countries around the world

Financial calendar for 2020|21

23 Jun 2020	Record date for participation in Annual General Meeting
3 Jul 2020	Annual General Meeting in respect of 2019|20
8 Jul 2020	Ex-dividend date
9 Jul 2020	Results for first quarter of 2020|21
9 Jul 2020	Record date for dividend
10 Jul 2020	Dividend payment date
8 Oct 2020	Results for first half of 2020|21
14 Jan 2021	Results for first three quarters of 2020|21

[1] Debt-equity ratio (ratio of net debt to total equity).
[2] Average number of full-time equivalents in the reporting period.
[3] Number of sites as of 29 February 2020; also see "Global presence", from page 30.

Dear Investor,

In this integrated report we look back at the 2019|20 financial year.

At the same time, we take the opportunity to look ahead, as AGRANA's long-term success will be determined by how we position ourselves in the future. In this annual report we would thus also like to highlight why we feel well equipped and "Ready for the future".

Bringing the slogan of this year's annual report to life, we also invite you to launch the digital experiences on the image pages of our report.

Sincerely

Johann Marihart
Chief Executive Officer

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#HELLO TOMORROW

Ready for the future.

Vision. Future. Strength.

Ready for the future today through the biorefinery of tomorrow. Utilising all parts of the raw material efficiently, we model a bioeconomy and circular economy.

02

The digitalisation of our manufacturing.

Ready for the future through the digital networking of our production plants. Achieving higher yields with lower production losses and reduced energy consumption.

04

Powered by people.

Ready for the future with motivated and highly skilled employees. Our people drive innovation and growth at AGRANA.

06

Progress through research.

Ready for the future through continual investment in leading-edge lab and application technology. Maintaining and expanding market leadership through research and development.

08

Vision.
Future.
Strength.

#HELLOTOMORROW

The biorefinery of tomorrow, today.

The Pischelsdorf facility represents an innovative and forward-looking biorefinery concept. At this site, we make many high-quality products from a single raw material. With the second wheat starch plant at this location, we have taken an important step to cement our market position in the Starch segment and continued to invest in our showpiece facility for the complete utilisation of raw materials. All parts of the grain are efficiently used, thus modelling a bioeconomy and circular economy.

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The digitalisation of our manufacturing.

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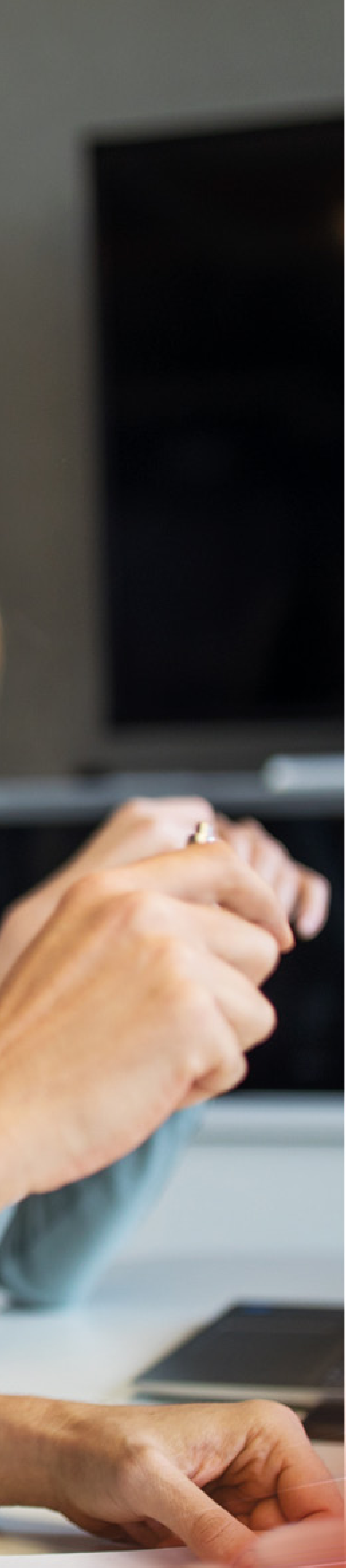
Proven know-how meets high tech.

AGRANA is constantly working to optimise operational and business processes. Through the digital networking of our production plants, the programming of automatic startup and shutdown logic for plant processes, the optimisation of fermentation for bioethanol production using advanced control loops, and the digital integration of operational expert knowledge, we increase our efficiency and generate higher yields while lowering production losses and energy use. Our employees are experts in their field and make AGRANA what it is – a company with long tradition and a high-tech heart.



Powered by people.

#HELLOTOMORROW

The engine of our performance.

Our employees are the lifeblood of the company. Their expertise, their ideas and their skills ensure AGRANA's competitive edge. Their ability and commitment drive innovation and growth and form our foundation for the future. As a global player with operations in 25 countries, we embrace cultural diversity and attach great importance to respectful and collaborative relations with one another. We view and support the ability to balance family and career as a basic requirement for employee motivation.

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Progress through research.

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A step ahead, worldwide.

300 R&D employees and annual R&D spending of about € 20 million underline the importance of research and development for the AGRANA Group. To safeguard and expand our market leadership, we are focusing even more strongly on innovations. That is why we are continually investing in state-of-the-art lab and application technology.

Our AGRANA Research & Innovation Center (ARIC) in Tulln, Austria, the Group's central research and development organisation, is currently being expanded.

Besides the ARIC facility, AGRANA also operates 17 new-product development centers worldwide for the fruit preparations business, which work closely with customers on new recipes, special ingredients and raw materials, and new applications for existing products. For example, in Mitry-Mory, France, where we strive to be first movers in bringing new development trends to the regional market as early as possible.

Key figures

		2019|20	2018|19	2017|18	2016|17	2015|16	2014|15
Financial performance[1]							
Revenue	€m	2,480.7	2,443.0	2,566.3	2,561.3	2,477.6	2,493.5
EBITDA[2]	€m	183.1	147.7	254.2	235.2	192.0	181.9
Operating profit before exceptional items and results of equity-accounted joint ventures	€m	73.1	51.1	164.1	150.8	107.5	102.0
Share of results of equity-accounted joint ventures	€m	16.7	12.2	29.4	30.6	24.5	25.4
Exceptional items	€m	(2.8)	3.3	(2.9)	(9.0)	(3.1)	(5.7)
Operating profit [EBIT][3]	€m	87.1	66.6	190.6	172.4	129.0	121.7
EBIT margin	%	3.5	2.7	7.4	6.7	5.2	4.9
Profit before tax	€m	69.9	51.2	176.2	154.5	104.4	116.5
Profit for the period	€m	51.3	30.4	142.6	117.9	80.9	84.6
Attributable to shareholders of the parent	€m	48.2	25.4	140.1	111.3	82.7	80.9
Attributable to non-controlling interests	€m	3.1	5.0	2.5	6.6	(1.8)	3.7
Operating cash flow before changes in working capital	€m	187.8	177.5	302.7	258.0	225.9	208.1
Investment[4]	€m	149.7	183.8	140.9	114.7	116.0	91.2
Return on sales[5]	%	2.8	2.1	6.9	6.0	4.2	4.7
Return on capital employed[6]	%	3.9	2.9	9.7	9.0	6.7	6.7
Non-financial metrics							
Number of employees[7]		9,342	9,230	8,678	8,638	8,510	8,550
Injury rate[8]		1.6	1.8	2.3	2.5	2.0	2.5
Energy consumption (Scope 1+2)	GJ million	14.2	14.4	14.9	15.7	14.7	16.1
Emissions (Scope 1+2)	Tonnes of CO_{2e}[9]	929,635	918,818	917,999	948,840	879,282	969,564
Water consumption[10]	m^3 million	(0.9)	(1.5)	(1.8)	(3.2)	(2.5)	(3.2)
Share data at last day of February							
Closing price[11]	€	17.56	17.40	99.10	106.00	80.50	80.51
Earnings per share[11,12]	€	0.77	0.41	8.97	7.13	5.82	5.70
Dividend per share[11,12]	€	0.77[13]	1.00	4.50	4.00	4.00	3.60
Dividend yield	%	4.4[13]	5.7	4.5	3.8	5.0	4.5
Dividend payout ratio	%	100.0[13]	243.9	50.2	56.1	68.7	63.2
Price/earnings ratio		22.8	42.4	11.0	14.9	13.8	14.1
Market capitalisation	€m	1,097.3	1,087.3	1,548.2	1,656.0	1,143.3	1,143.4
Number of shares	’000	62,489.0	62,489.0	15,622.2	15,622.2	14,202.0	14,202.0
Financial strength							
Total assets	€m	2,549.4	2,389.4	2,356.4	2,481.4	2,243.2	2,406.9
Share capital	€m	113.5	113.5	113.5	113.5	103.2	103.2
Core non-current assets[14]	€m	1,305.3	1,229.8	1,138.5	1,113.8	1,002.2	1,093.4
Equity	€m	1,387.1	1,409.9	1,454.0	1,411.9	1,200.1	1,194.4
Equity ratio	%	54.4	59.0	61.7	56.9	53.5	49.6
Net debt	€m	464.0	322.2	232.5	239.9	405.8	330.3
Gearing ratio[15]	%	33.5	22.9	16.0	17.0	33.8	27.7

1 Detailed information concerning the calculation methods of individual performance indicators can be found on page 204.
2 EBITDA represents operating profit before exceptional items, results of equity-accounted joint ventures, and operating depreciation and amortisation.
3 Operating profit (EBIT) is after exceptional items and results of equity-accounted joint ventures.
4 Investment represents purchases of property, plant and equipment and intangible assets, excluding goodwill.
5 Profit before tax, divided by revenue.
6 Operating profit before exceptional items and results of equity-accounted joint ventures, divided by capital employed.
7 Average number of full-time equivalents in the reporting period.
8 See definition on page 88.
9 CO_2 equivalent.
10 Net water consumption is negative, as AGRANA discharges more water than it withdraws.
11 Reflecting the four-for-one stock split performed in July 2018.
12 Based on the number of shares outstanding at the balance sheet date of the respective year.
13 Based on the dividend proposal to the Annual General Meeting on 3 July 2020.
14 Non-current assets excluding deferred tax assets and the item “other assets”.
15 Ratio of net debt to total equity.

Integrated Annual Report 2019|20

of AGRANA Beteiligungs-AG
for the year ended 29 February 2020

Within this annual report on the 2019|20 financial year, AGRANA fulfils its obligation under the Austrian Sustainability and Diversity Improvement Act (also known in German as NaDiVeG) to prepare a non-financial information statement in accordance with section 267a Austrian Commercial Code. This statement is provided from page 40. The non-financial information statement has been prepared in accordance with the framework of the Global Reporting Initiative (GRI), specifically GRI Standards: Core option. In this annual report 2019|20, the reporting of the sustainability topics that are material to AGRANA's business activities is integrated directly in the corporate governance report and Group management report. To make the non-financial information easier to find, the relevant passages are cross-referenced in the non-financial information statement, and a content index of all GRI disclosures in the report, organised by individual GRI Standard addressed, is provided from page 196. In addition, relevant passages are marked with a green fingerprint on the respective pages.

Letter from the CEO

Dear Investor,

#HELLOTOMORROW for us means not only the goal of becoming climate neutral by 2040, but also a heightened focus on crucial drivers of future growth and profitability: innovation, digitalisation, highly skilled staff, and research and development. This applies to all three of our business segments, as we believe that diversification and our specialties strategy are critical for the Group's long-term positive performance and profitable growth.

On the first pages of this integrated annual report, and through embedded digital experiences, we show you examples of specific ways in which we are "Ready for the future". Please use your smartphone to launch the videos.

When we developed the concept for the annual report 2019|20, it could not yet be foreseen that an initially local health crisis in China would develop into a global pandemic (COVID-19) which would subsequently trigger a worldwide economic crisis. The slogan "#HELLOTOMORROW. Ready for the future." thus took on additional meaning for us as we prepared this report. We must now be prepared to face new and unexpected, urgent challenges for the future. Economic uncertainty in 2020 will be high, and slumping demand and production losses related to the pandemic will weigh heavily on global growth. This will ultimately also affect AGRANA.

At this point I would like to emphasise that, as suppliers to the food and beverage industry, we not only have the responsibilities of that role, but are also considered part of "critical infrastructure". Our diversified business model with the three segments of Fruit, Starch and Sugar will be a stabilising factor for us even in challenging times. A healthy balance sheet and a solid funding and liquidity position will enable us to avoid any lasting damage from this crisis.

Although the current daily challenges are demanding for all of us at the moment, we would like to give you a review of the past financial year, in keeping with the purpose of an annual report.

#Review of 2019|20

In 2019|20 we achieved our goal of a significant improvement in operating profit (EBIT) at Group level.

The business performance was very good in the Starch segment, where we also benefited from high bioethanol prices. But the Group's overall growth in EBIT was also due to a slight recovery in the Sugar segment: its EBIT improved, albeit remaining in negative territory. While the sugar price situation, especially in the spot markets in Eastern Europe, has improved, considerable idle-capacity costs continued to weigh on results in the 2019 campaign, as the dry weather in late summer and early autumn led to a much-reduced sugar beet crop and short processing campaigns.

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New challenges arose in the Fruit segment, where the original goal of an EBIT improvement had to be revised during the year. In the fruit preparations business in particular, earnings were below our expectations despite higher sales volumes overall – although we gained market share in the flat markets of the western industrialised countries and our successfully commissioned second Chinese factory generated additional sales. It was not possible to fully compensate for the year's cost increases through higher sales volumes in 2019|20. An additional downside factor was the generally difficult economic situation in South America.

In the fruit juice concentrate business, the record 2018 crop in Europe was followed by a weaker apple harvest in 2019 with significantly higher raw material prices, which meant that our facilities in Poland and Hungary could not be fully utilised. However, smaller harvests throughout Europe also resulted in higher market prices for apple juice concentrate.

#HELLOTOMORROW. Prepared for the future.

The € 100 million, second wheat starch plant in Pischelsdorf, Austria, came on stream at the end of November 2019 as scheduled and already contributed significant product quantities to the starch and gluten sales volumes in the financial fourth quarter of 2019|20. This investment has set the stage for further growth in the specialties sector. At our biorefinery with its 100% utilisation of the raw materials used, almost one-half of the bioethanol is now made from the residues left from the production of wheat starch.

The construction of the betaine crystallisation plant in Tulln, Austria, also initially progressed rapidly. Due to delays associated with the coronavirus crisis, this investment will now only generate additional value-added in the Sugar segment from the third quarter of 2020|21.

Investments were also made in research and development. The Starch and Fruit segments in particular are innovation-driven, as a specialty manufacturer and world market leader, respectively. Thus, the necessary laboratory rooms and application test facilities are currently being created, for example, at the AGRANA Research & Innovation Center in Tulln, Austria, and at the new-product development lab in Mitry-Mory, France.

#HELLOTOMORROW. Ready for decarbonisation.

While the last European Commission focused on the "reindustrialisation" of Europe, this is now being followed by the New Green Deal with goals that include decarbonisation by 2050 and making Europe a global leader in sustainable agriculture. For Austria, the country's new federal government has set the goal of CO_2 neutrality by 2040.

For reasons of demand and productivity, AGRANA relies on the coexistence of organic and conventional farming. After all, organic practices and products are more expensive, and the necessary rapid switch to renewable energy sources can only succeed if there is adequate farm productivity.

AGRANA is affected by climate change, but is also part of many solutions to the problem. We are committed to CO_2-neutral production by 2040. With our years of experience in this field, this is a natural evolution for us. For instance, our Hungarian sugar factory in Kaposvár has been operated for years largely with biogas produced in-house from beet pulp[1], and our joint venture company HUNGRANA burns straw to generate energy. In order to achieve the ambitious decarbonisation targets, we will have to utilise low-protein by-products and other residual materials for energy generation in the future.

[1] For details, see page 79.

About 56%[1] of our products already make a significant contribution to protecting the climate and ecosystems and to the circular economy. Bioethanol produced by AGRANA not only saves 400,000 tonnes of CO_2 emissions annually compared to petrol but also reduces particulate matter in exhaust gases by a quarter. Our thermoplastic starch is replacing petroleum-based plastics, and our wheat starch is indispensable in recycling waste paper for packaging purposes. Our starch and sugar production facilities are already biorefineries that utilise every part of their raw materials on a cascading basis, true to the principle of a bioeconomy. Protein, a particularly valuable component, is concentrated through starch extraction or starch fermentation. In this way, we obtain a high-quality, GMO-free protein feed, which also replaces imports of genetically modified feed from overseas.

#HELLOTOMORROW. Ready for the future.

Regarding our financial outlook for the new 2020|21 financial year, we would like to emphasise that currently, in view of the impacts of the COVID-19 pandemic, any forecast requires complex assumptions and is highly uncertain. In this context, please refer to our comments in the “Outlook” section of this report. What I will say here, though, is that we believe we are well-positioned to meet the coronavirus challenges thanks to our diversified business model. In the Fruit segment, we have a number of tasks to accomplish. One focus here is on the utilisation of the capacities we have created, and another is on pushing ahead with diversification in the non-dairy product segments[2]. In the Sugar segment, given a continuing positive EU market price trend and a normal beet harvest, the objective is a break-even result. The earnings trend in the Starch segment this year will again be defined by the ethanol price volatility, and the full capacity utilisation of our second wheat starch plant is to generate revenue growth.

After several years of investment well above the level of depreciation, sufficient capacity is now in place to allow us to focus on specialty projects in the coming years. The objective now is to profitably leverage the major investments of the previous years.

In line with our focus on long-term, profitable growth, for 2019|20 we will once again propose to our shareholders that we pay an appropriate dividend.

Finally, on behalf of the Management Board, I would like to thank our shareholders for their trust, our employees for their extraordinary commitment and loyalty – especially in the past weeks – and our customers and other partners for the valued collaboration.

Wishing you all the best and good health in a challenging time

Sincerely

Johann Marihart
Chief Executive Officer

[1] The calculation is guided by the criteria for environmentally sustainable economic activities from the Proposal for a Regulation of the European Parliament and of the Council on the Establishment of a Framework to Facilitate Sustainable Investment, May 2018; see the non-financial information statement, page 51.

[2] The non-dairy product segments are ice-cream, bakery, and food service.

Supervisory Board's report

AGRANA's 2019|20 financial year was marked by a sustained extremely challenging business environment. The enduring effects of the expiry of the sugar and isoglucose quotas in the European common market continued to put pressure on financial results in the Sugar segment and also weighed on the Starch segment, which, however, benefited from the high ethanol quotations. The Fruit segment faced new, market-related challenges. All three business segments are affected by climate change – through measures that are being taken to cushion its impacts, and with a view to securing the supply of raw materials.

The Supervisory Board actively oversaw the Group's performance in the 2019|20 financial year and exercised its responsibilities and powers under the law and the Articles of Association while observing the provisions of the Austrian Code of Corporate Governance. Regular key agenda items of the Supervisory Board's deliberations were the measures for the further strategic development of the Group and the optimisation of business performance in all segments. Convening for a total of four meetings in the year, the Supervisory Board, on the basis of the reports of the Management Board and extensive written material, considered the business situation and financial position of the Group and its subsidiaries, all relevant matters concerning the business performance, and exceptional business transactions. The Management Board briefed the Supervisory Board in a timely and comprehensive manner on measures requiring the approval of the Supervisory Board. The Supervisory Board members' overall attendance at the meetings in 2019|20 was approximately 96%. All members of the Supervisory Board attended at least half of its meetings. In addition to the regular meetings, the Chairman of the Supervisory Board had numerous conversations with the Management Board and communicated regularly with the Chief Executive Officer to discuss ongoing developments in the Group's economic and business environment, their impact on current business results, and the risk situation.

In its meeting on 10 May 2019, the Supervisory Board dealt with the audit of the parent company and consolidated financial statements for the year ended 28 February 2019. The independent auditor attended this meeting and reported on the audit priorities and results, which also included the accounting-related elements of the internal control system. The Supervisory Board adopted the parent company financial statements and approved the 2018|19 consolidated financial statements. Another agenda item at this meeting was the nomination of the independent auditor for election for the 2019|20 financial year. In addition, the Supervisory Board approved the issue of a Schuldscheindarlehen (bonded loan) and deliberated on the medium-term investment planning. At this meeting the Supervisory Board renewed the appointment of Stephan Büttner as a Management Board member for another five years and appointed Norbert Harringer as a new member of the Management Board with effect from 1 September 2019.

The meeting on 5 July 2019 discussed and approved the medium-term planning (this involved in-depth discussion on securing the raw material supply in times of changing climatic conditions) and the organisational restructuring of the Sugar segment.

The meeting on 20 November 2019 focused on the reporting of the 2019|20 earnings forecast and on corporate governance matters, on the approval of the acquisition of a US trading company and on two other acquisition projects.

In its meeting on 26 February 2020, the Supervisory Board deliberated especially on the financial planning and the capital investment projects for the 2020|21 financial year. In 2019|20 the Supervisory Board performed a check of its effectiveness, based on a self-assessment, with the aim of evaluating its organisation and procedures so as to ensure the ability to fulfil its responsibilities appropriately in the interests of the shareholders and all other stakeholders. The results of this self-assessment were discussed in detail in the February 2020 meeting.

Audit Committee

The Audit Committee convened for two meetings in the 2019|20 financial year. With the independent auditor in attendance, the Audit Committee dealt exhaustively with the 2018|19 parent company and consolidated financial statements of AGRANA Beteiligungs-AG and discussed the Management Board's proposal for the appropriation of profit. Other topics of the Committee's deliberations were the audit of the corporate governance report, the report from Internal Audit, and the risk management system and system of internal control. The Audit Committee also dealt with the planning and priorities for the audit of the 2019|120 financial statements and discussed the subjects of anti-corruption and compliance.

The Committee chairman reported to the Supervisory Board in detail on the work of the Committee.

The Nomination and Remuneration Committee held one meeting in the 2019|20 financial year, dealing with succession planning for the Management Board and preparing the Management Board appointment and term renewal.

Parent company and consolidated financial statements

The independent auditor appointed for the financial year ended 29 February 2020, PwC Wirtschaftsprüfung GmbH, Vienna, has audited the parent company financial statements of AGRANA Beteiligungs-AG for the year ended 29 February 2020 prepared in accordance with Austrian Generally Accepted Accounting Principles and submitted by the Management Board, and the parent company management report of the Management Board. The independent auditor has reported the result of the audit in writing and issued an unqualified audit opinion.

The Supervisory Board has received and reviewed the audit report of the independent auditor. The Audit Committee has reported to the Supervisory Board on the result of the audit of the financial statements, in accordance with section 92 Austrian Stock Corporation Act.

After detailed review and discussion by the Audit Committee and the Supervisory Board, the Supervisory Board has approved the parent company financial statements for the year ended 29 February 2020 submitted by the Management Board (including the notes) and the parent company management report, corporate governance report, and proposal for the appropriation of profit. The parent company financial statements for the year ended 29 February 2020 are thus adopted for the purposes of section 96 (4) Austrian Stock Corporation Act. The Supervisory Board is in agreement with the Management Board's proposal for the appropriation of profit.

The consolidated financial statements were prepared in accordance with International Financial Reporting Standards (IFRS), were audited by PwC Wirtschaftsprüfung GmbH, Vienna, and received an unqualified audit opinion. The Audit Committee has reviewed the consolidated financial statements (including the notes) and the group management report, and reported thereon to the Supervisory Board; the Supervisory Board has endorsed the consolidated financial statements (including the notes) and the group management report.

On 4 March 2020, Wolfgang Heer announced that he was stepping down from the position of Vice-Chairman of the Supervisory Board. The Supervisory Board thanks Mr. Heer for his many years of constructive work on the Board.

On behalf of the Supervisory Board, I would like to express my special thanks to all employees and the members of the Management Board for their commitment and successful hard work in the year.

Vienna, 4 May 2020

Erwin Hameseder
Chairman of the Supervisory Board

Corporate Governance.

MANAGEMENT BOARD

Norbert Harringer
Member of the Management Board

First appointed 1 September 2019
Appointed until 31 August 2022

Born 1973. Studied chemistry and chemical technology at Johannes Kepler University in Linz, Austria. Began his career with the AGRANA Group in the Starch segment in 2005 as head of the quality control and quality management department at the Aschach site in Austria. In 2009 joined the production management of the plant in Gmünd, Austria, where he was plant manager from 2014 to 2016. Then plant manager in Aschach until June 2019. Since the end of 2018 is Chief Operating Officer of the Starch segment. On 1 September 2019 additionally became the Group's Chief Technology Officer on the Management Board of AGRANA Beteiligungs-AG.

Responsibilities:
Production Coordination, Investment

Fritz Gattermayer
Member of the Management Board

First appointed 1 January 2009
Appointed until 31 August 2022

Born 1957. Studied agricultural economics at University of Natural Resources and Applied Life Sciences, Vienna, and history and political science at University of Vienna. In 1995 was appointed head of the Group-level "Business Strategy and Raw Materials" department at AGRANA Beteiligungs-AG, with "Prokura"[1]. In 2000 became a management board member of AGRANA Zucker und Stärke AG. From 2004 to 2008 was a member of the senior management of the Starch segment and Sugar segment. In 2008 became CEO of the Sugar segment. Member of the Management Board of AGRANA Group since 2009.

Responsibilities:
Sales, Raw Materials, Purchasing & Logistics

Johann Marihart
Chief Executive Officer

Chief Executive Officer since 1992
First appointed 19 September 1988
Appointed until 28 February 2021

Born 1950. Studied chemical engineering at Vienna University of Technology, majoring in biotechnology and food chemistry. After professional experience in a pharmaceutical company, began his career with AGRANA in 1976 at the starch factory in Gmünd (head of research and development, plant manager, managing director of starch activities). Member of the Management Board of AGRANA Beteiligungs-AG since 1988. Appointed CEO of AGRANA Beteiligungs-AG in 1992.

Responsibilities:
Business Strategy, Communication (including Investor Relations), Quality Management, Human Resources, Research and Development

Stephan Büttner
Member of the Management Board

First appointed 1 November 2014
Appointed until 31 October 2024

Born 1973. After business studies at Vienna University of Economics and Business, worked in auditing and other areas. In 2001, moved to Raiffeisen Ware Austria AG and in 2004 became CEO of its subsidiary Ybbstaler Fruit Austria GmbH. Working for the AGRANA Group since 2012, most recently as CEO of AUSTRIA JUICE GmbH. Joined the Management Board of AGRANA Beteiligungs-AG on 1 November 2014 and took over the CFO responsibilities on 1 January 2015.

Responsibilities:
Finance, Controlling, Treasury, Information Technology and Organisation, Mergers & Acquisitions, Legal, Compliance

Thomas Kölbl
Member of the Management Board

First appointed 8 July 2005
Appointed until 7 July 2025[2]

Born 1962. Trained in industry, then studied business administration at Mannheim University. Held various positions in the Südzucker group since 1990; was Director in charge of strategic corporate planning, group development and investments prior to his appointment to the Executive Board of Südzucker AG in 2004. Member of the Management Board of AGRANA Beteiligungs-AG since 2005.

Responsibilities:
Internal Audit

[1] General commercial power of attorney.
[2] The appointment of Thomas Kölbl as a Management Board member was renewed for another five years by the Supervisory Board at its meeting on 4 May 2020.

Corporate governance report

This corporate governance report combines the corporate governance report of AGRANA Beteiligungs-AG and the consolidated corporate governance report of AGRANA Beteiligungs-AG pursuant to sections 243c and 267a Austrian Commercial Code (UGB) in conjunction with section 251 UGB.

AGRANA Beteiligungs-AG is a public limited company (a stock corporation) under Austrian law and is listed on the Vienna Stock Exchange. The legal framework for corporate governance at AGRANA is provided by Austrian stock corporation law and capital market law, the regulations on employee co-determination, the Articles of Association and the terms of reference (the charters) of the Supervisory Board and Management Board of AGRANA Beteiligungs-AG. In addition, the Austrian Code of Corporate Governance (ACCG), which can be found on the website of the Austrian Working Group for Corporate Governance at www.corporate-governance.at, provides the framework for the direction and oversight of the company with the aim of ensuring a high degree of transparency for all stakeholders.

The ACCG consists of binding so-called L rules (these are based on legal requirements); of C rules (comply-or-explain rules), which are expected to be adhered to, with deviations to be explained in order to achieve compliance with the ACCG; and of R rules (recommendations), non-compliance with which requires neither disclosure nor explanation.

Commitment to the Austrian Code of Corporate Governance

AGRANA is committed to the provisions of the Austrian Code of Corporate Governance. In the 2019|20 financial year, AGRANA applied the ACCG in the version of January 2018. At its meetings on 20 November 2019 and 26 February 2020, the Supervisory Board of AGRANA Beteiligungs-AG discussed matters of corporate governance and unanimously adopted the statement of compliance with the ACCG.

In the 2017|18 financial year the implementation of and compliance with the individual rules of the ACCG was evaluated by KPMG Austria GmbH Wirtschaftsprüfungs- und Steuerberatungsgesellschaft. The evaluation was conducted mainly on the basis of the questionnaire (January 2015 edition) issued by the Austrian Working Group for Corporate Governance for the purpose of assessing compliance with the ACCG. The report on the external evaluation in accordance with rule 62 of the ACCG is available at www.agrana.com/en/investor/corporate-governance.

In the 2019|20 financial year, AGRANA adhered to all C rules of the ACCG except as explained below:

- **Rule 27 (Management Board compensation criteria)**
  The existing employment contracts of the Management Board members do not tie variable compensation to non-financial criteria and do not specify maximum amounts. Setting ceilings on the amount of variable compensation would reduce the flexibility to respond to unforeseeable developments and to honour special achievements. A retroactive change to existing contracts does not appear justified.

- **Rule 27a (severance pay)**
  In the event that a Management Board appointment is withdrawn, severance pay has been agreed in accordance with the provisions of the Employees Act. The Management Board contracts do not contain a ceiling on severance pay.

The approach in respect of rules 27 and 27a was adopted by the Supervisory Board and implemented by the Nomination and Remuneration Committee in the contracts of the Management Board members.

- **Rule 49 (contracts requiring approval)**
  Under section 95 (5)(12) of the Austrian Stock Corporation Act, the approval of the Supervisory Board is required for contracts with members of the Supervisory Board by which members undertake, outside their role on the Supervisory Board, to provide a service to the Company or a subsidiary for a material consideration. This also applies to contracts with companies in which a Supervisory Board member has a significant economic interest. For business policy and competition reasons, the object and terms of such contracts are not published in the Annual Report as stipulated in rule 49. This divergence was adopted by the Supervisory Board at the time of the initial commitment to the Austrian Code of Corporate Governance in 2005.

To safeguard open and transparent communication with all capital market participants and the interested public, information provided to investors during conference calls and road shows is simultaneously made available to all other shareholders via the Group website at www.agrana.com/en/investor.

AGRANA's boards and functioning of the Management Board and Supervisory Board

Management Board

Name	Year of birth	Date first appointed	End of term
Johann Marihart Chief Executive Officer since 1992	1950	19 Sep 1988	28 Feb 2021
Stephan Büttner	1973	1 Nov 2014	31 Oct 2024
Fritz Gattermayer	1957	1 Jan 2009	31 Aug 2022
Norbert Harringer	1973	1 Sep 2019	31 Aug 2022
Thomas Kölbl	1962	8 Jul 2005	7 Jul 2020

The members of the Management Board hold supervisory board or similar positions in the following domestic and foreign companies not included in the consolidated financial statements:

- **Johann Marihart**
  As a result of the syndicate agreement between Südzucker AG, Mannheim, Germany, and Zucker-Beteiligungsgesellschaft m.b.H., Vienna, Johann Marihart serves as a member of the management board of Südzucker AG, as supervisory board chairman of its subsidiary Raffinerie Tirlemontoise S.A.[1], Brussels, Belgium, and member of the supervisory board of Freiberger Holding GmbH, Berlin, Germany.

  In Austria he serves as supervisory board chairman of TÜV Austria Holding AG, Vienna, TÜV Austria Service GmbH, Vienna, and Spanische Hofreitschule – Lipizzanergestüt Piber, Vienna; as vice-chairman of the supervisory boards of Bundesbeschaffung GmbH, Vienna, and Österreichische Forschungsförderungsgesellschaft m.b.H., Vienna; as member of the supervisory board of Ottakringer Getränke AG, Vienna, and member of the investment advisory board of tecnet equity NÖ Technologiebeteiligungs-Invest GmbH, St. Pölten, Austria. Johann Marihart is also chairman of the Austrian Food Industry Association (Fachverband der Nahrungs- und Genussmittelindustrie).

[1] Until 25 February 2020.

- **Thomas Kölbl**
  Thomas Kölbl is a supervisory board member of K+S Aktiengesellschaft, Kassel, Germany. He also holds the following group positions within the Südzucker group: supervisory board member of Freiberger Holding GmbH, Berlin, Germany, of Raffinerie Tirlemontoise S.A.[1], Brussels, Belgium, of Saint Louis Sucre S.A.S.[2], Paris, France, and of Südzucker Polska S.A.[3], Wrocław, Poland, vice-chairman of the supervisory board of CropEnergies AG, Mannheim, Germany, supervisory board chairman of PortionPack Europe Holding B.V., Oud-Beijerland, Netherlands, and of Südzucker Versicherungs-Vermittlungs-GmbH, Mannheim, Germany, and member of the board of directors of ED&F Man Holdings Limited, London, United Kingdom.

The corporate culture of the AGRANA Group is marked by open and constructive teamwork between the Management Board and Supervisory Board. The two boards, and especially their chairmen, are engaged in ongoing dialogue regarding the Group's performance and strategic direction, both at and between the meetings of the Supervisory Board.

The Management Board of AGRANA Beteiligungs-AG is responsible for managing the Company independently in such a way as is required by the purpose and for the good of the Company, taking into account the interests of the shareholders and employees as well as the public interest. It manages the Company's business in accordance with the legal requirements – in particular the provisions of stock corporation, stock exchange and company law – and with the provisions of the Articles of Association, the Management Board's terms of reference adopted by the Supervisory Board, and the ACCG. The members of the Management Board are in ongoing communication with each other and, in Management Board meetings held at least every two weeks, discuss the current course of business and make the necessary informal and formal decisions. The Group is managed on the basis of the open sharing of information and of regular meetings with the segment heads and other senior segment management.

The terms of reference set out the division of responsibilities and the cooperation within the Management Board and its duties in respect of communication and reporting, and list the types of actions that require the approval of the Supervisory Board.

The remits of the Management Board members are as follows:

Name	Responsibilities
Johann Marihart	Business Strategy, Communication (including Investor Relations), Quality Management, Human Resources, Research and Development
Stephan Büttner	Finance, Controlling, Treasury, Information Technology and Organisation, Mergers & Acquisitions, Legal, Compliance
Fritz Gattermayer	Sales, Raw Materials, Purchasing & Logistics
Norbert Harringer	Production Coordination, Investment
Thomas Kölbl	Internal Audit

Responsibility for matters of sustainability forms an integral part of many AGRANA Group functions. This integration is also reflected in the fact that responsibility for sustainability governance is shared by all members of the Management Board and (separately from it) by all members of the Supervisory Board.

Supervisory Board

The Supervisory Board of AGRANA Beteiligungs-AG has twelve members, of whom eight are shareholder representatives elected by the Annual General Meeting and four are employee representatives from the staff council. All Supervisory Board members elected by the Annual General Meeting have been elected for a term ending at the conclusion of the General Meeting that considers the results of the 2021|22 financial year.

[1] Until 25 February 2020.
[2] Until 31 July 2019.
[3] Until 29 January 2020.

Name and supervisory board positions in listed domestic and foreign companies	**Year of birth**	**Date first appointed**	**End of term**
Erwin Hameseder, Mühldorf, Austria, independent Chairman of the Supervisory Board – Chairman of the Supervisory Board of Raiffeisen Bank International AG, Vienna – Vice-Chairman of the Supervisory Board of STRABAG SE, Villach, Austria – Second Vice-Chairman of the Supervisory Board of Südzucker AG, Mannheim, Germany – Second Vice-Chairman of the Supervisory Board of UNIQA Insurance Group AG, Vienna	1956	23 Mar 1994	35th AGM (2022)
Wolfgang Heer, Ludwigshafen, Germany, independent First Vice-Chairman of the Supervisory Board – Member of the Supervisory Board of CropEnergies AG, Mannheim, Germany (until 4 Feb 2020)	1956	10 Jul 2009	Stepped down on 4 Mar 2020
Klaus Buchleitner, Mödling, Austria, independent Second Vice-Chairman of the Supervisory Board – Second Vice-Chairman of the Supervisory Board of BayWa AG, Munich, Germany – Member of the Supervisory Board of Raiffeisen Bank International AG, Vienna	1964	4 Jul 2014	35th AGM (2022)
Helmut Friedl, Egling an der Paar, Germany, independent Member of the Supervisory Board – Member of the Supervisory Board of Südzucker AG, Mannheim, Germany	1965	7 Jul 2017	35th AGM (2022)
Hans-Jörg Gebhard, Eppingen, Germany, independent Member of the Supervisory Board[1] – Chairman of the Supervisory Board of Südzucker AG, Mannheim, Germany – Member of the Supervisory Board of CropEnergies AG, Mannheim, Germany	1955	9 Jul 1997	35th AGM (2022)
Ernst Karpfinger, Baumgarten/March, Austria, independent Member of the Supervisory Board	1968	14 Jul 2006	35th AGM (2022)
Thomas Kirchberg, Ochsenfurt, Germany, independent Member of the Supervisory Board	1960	10 Jul 2009	35th AGM (2022)
Josef Pröll, Vienna, independent Member of the Supervisory Board	1968	2 Jul 2012	35th AGM (2022)

[1] Elected as First Vice-Chairman of the Supervisory Board at the Supervisory Board meeting of AGRANA Beteiligungs-AG on 26 February 2020 with effect from 1 April 2020.

Employee representative	Year of birth	Date first appointed
Thomas Buder, Tulln, Austria Chairman of the Group Staff Council and Central Staff Council	1970	1 Aug 2006
Andreas Klamler, Gleisdorf, Austria	1970	10 Nov 2016
Gerhard Kottbauer, Aschach, Austria	1972	17 Jan 2019
Stephan Savic, Vienna, Austria	1970	22 Oct 2009

Supervisory Board independence

The Supervisory Board of AGRANA Beteiligungs-AG applies the guidelines for the definition of supervisory board independence as set out in Annex 1 to the Austrian Code of Corporate Governance:

- A Supervisory Board member shall not, in the past five years, have been a member of the Management Board or other management staff of the Company or a subsidiary of the Company.

- A Supervisory Board member shall not have a business relationship of a size significant to him or her with the company or a subsidiary of the Company, and shall not have had such a business relationship in the past year. This also applies to business relationships with companies in which the Supervisory Board member holds a significant economic interest, but does not apply to board positions held within the Group.

- The approval of individual transactions by the Supervisory Board under L rule 48 does not automatically imply a member's designation as non-independent.

- A Supervisory Board member shall not, in the past three years, have been an external auditor of the Company or a partner or employee of the external audit firm.

- A Supervisory Board member shall not be a management board member of another company in which a member of the Company's Management Board is a supervisory board member.

- A Supervisory Board member shall not serve on the Supervisory Board for more than 15 years. This does not apply to Supervisory Board members who are shareholders with a strategic shareholding in the Company or who represent the interests of such a shareholder.

- A Supervisory Board member shall not be a close relative (direct descendant, spouse, commonlaw spouse, parent, uncle, aunt, sibling, nephew or niece) of a Management Board member or of persons holding any of the positions referred to in the foregoing points.

Committees and their members

Where the importance or specialist nature of a particular subject matter makes it appropriate, the Supervisory Board also exercises its advisory and supervisory functions through the following three committees:

The **Nomination and Remuneration Committee** deals with the legal relationships between the Company and the members of the Management Board. The Committee is responsible for succession planning in respect of the Management Board and approves the compensation schemes for the Management Board members. The Nomination and Remuneration Committee held one meeting in the 2019|20 financial year. The **Strategy Committee** prepares strategic decisions of the Supervisory Board by providing decision support, and makes decisions in urgent matters. The Strategy Committee held no meetings in the 2019|20 financial year. The **Audit Committee** prepares for transaction by the Supervisory Board all matters related to the Company's separate financial statements and to the auditing of the accounting records and of the consolidated financial statements and

Group management report, including the corporate governance report. It monitors the effectiveness of the internal control system and risk management system and of the Internal Audit function, and verifies the independence and qualifications of the external auditors. In the 2019|20 financial year the Audit Committee met twice. Its meetings focused particularly on the audit of the 2018|19 financial statements, the preparation of the audit of the 2019|20 financial statements, and the supervision of the risk management system. The Audit Committee also dealt with the compliance report and the report of the Group's Internal Audit function.

The Supervisory Board terms of reference include the procedures for the committees; an excerpt of the terms of reference is available on the AGRANA website at www.agrana.com/en/investor/corporate-governance.

Supervisory Board committees consist of the Supervisory Board Chairman or a Vice-Chairman, and of as many other members as the Supervisory Board shall determine. The only exception is the Nomination and Remuneration Committee, which consists of the Supervisory Board Chairman and two members appointed from among the Supervisory Board members elected by the Annual General Meeting. If the Supervisory Board has two Vice-Chairmen, they shall be appointed as these two other members of the Nomination and Remuneration Committee.

Name	**Position on committee**
Nomination and Remuneration Committee	
Erwin Hameseder	Chairman (and expert advisor on compensation)
Wolfgang Heer[1]	Member
Klaus Buchleitner	Member
Strategy Committee	
Erwin Hameseder	Chairman
Wolfgang Heer[1]	Member
Klaus Buchleitner	Member
Hans-Jörg Gebhard	Member
Thomas Buder	Employee representative
Gerhard Kottbauer	Employee representative
Audit Committee	
Klaus Buchleitner	Chairman (and expert advisor on finance)
Hans-Jörg Gebhard (since 26 Feb 2020)	Member
Wolfgang Heer[1]	Member
Ernst Karpfinger (since 26 Feb 2020)	Member
Thomas Buder	Employee representative
Stephan Savic (since 26 Feb 2020)	Employee representative

In the reporting period the Supervisory Board convened for four meetings.

Compensation report

Compensation of the Management Board

The Supervisory Board duly reviews and discusses the appropriateness of the Management Board's compensation, also taking into consideration the Group's internal compensation structure.

The total compensation of the Management Board members consists of a fixed and a variable, performance-based component. The performance-based component is contractually tied to the amount of the dividends paid over the respective last three years, in order to take into account long-term and multi-year performance criteria.

[1] Wolfgang Heer stepped down from his position on 4 March 2020. In his place, Hans-Jörg Gebhard was elected to the Nomination and Remuneration Committee and Thomas Kirchberg was elected to the Strategy Committee and the Audit Committee.

The compensation paid out in the 2019|20 financial year and the prior year to the members of the Management Board was as follows:

€	Fixed compensation, incl. non-monetary benefits	Variable compensation for prior year	Total current compensation
2019|20			
Johann Marihart[1]	712,600	911,330	1,623,930
Stephan Büttner	441,695	559,817	1,001,512
Fritz Gattermayer	511,900	650,950	1,162,850
Norbert Harringer[2]	147,304	–	147,304
Thomas Kölbl[3]	–	–	–
2018|19			
Johann Marihart[1]	721,358	884,800	1,606,158
Stephan Büttner	443,365	543,520	986,885
Fritz Gattermayer	515,748	632,000	1,147,748
Thomas Kölbl[3]	–	–	–

Post-employment benefits granted to the Management Board under the Company's plan are pension, disability insurance and survivor benefits. For the Management Board members Johann Marihart and Fritz Gattermayer, the following applies: The pension becomes available when the pension eligibility criteria of the Austrian public pension scheme under the General Social Insurance Act (ASVG[4]) are met. In the event of retirement before the age determined under the ASVG, the amount of the pension is reduced. The pension amount is calculated as a percentage of a contractually agreed assessment base. For the pension of Stephan Büttner and Norbert Harringer, there is a defined contribution obligation, which can be claimed after reaching 55 years of age provided that the employment relationship has been terminated. For the 2019|20 financial year, pension fund contributions of € 383 thousand were paid (prior year: € 350 thousand). A follow-up payment of € 125 thousand was made to former Chief Financial Officer Walter Grausam, who retired on 31 December 2014. As well, supplementary contributions of € 939 thousand were made to the pension fund.

The retirement benefit obligations in respect of the Management Board are administered by an external pension fund. In the event that a Management Board appointment is withdrawn, there are severance pay obligations in accordance with the provisions of the Employees Act (see note on rule 27a) or the Occupational Pension Plan Act (BMSVG[5]). In the balance sheet at 29 February 2020, within the item "retirement and termination benefit obligations", an amount of € 11,491 thousand was recognised for pension obligations (prior year: € 10,155 thousand) and an amount of € 2,565 thousand was recognised for termination benefit obligations (prior year: € 2,468 thousand).

No compensation agreements in the event of a public tender offer exist between the Company and its Management Board, Supervisory Board or other staff.

AGRANA maintains directors and officers liability insurance coverage for management staff. This D&O insurance covers certain personal liability risks of the individuals acting as legal representatives of the AGRANA Group. The cost is borne by AGRANA.

Transactions of members of the Management Board in financial instruments are notified to the Financial Market Authority (FMA) in accordance with article 19 (1) of Regulation (EU) No. 596/2014 and published on the AGRANA website. During the reporting period there were no such transactions.

[1] Chief Executive Officer.
[2] Total compensation from 1 September 2019 to 29 February 2020.
[3] The Management Board member of AGRANA Beteiligungs-AG appointed to this position on the basis of the syndicate agreement between Südzucker AG, Mannheim, Germany, and Zucker-Beteiligungsgesellschaft m.b.H, Vienna, does not receive compensation for serving in this capacity.
[4] German name of the act: Allgemeines Sozialversicherungsgesetz.
[5] German name of the act: Betriebliches Mitarbeiter- und Selbständigenvorsorgegesetz.

Compensation of the Supervisory Board
The Annual General Meeting on 5 July 2019 approved an annual aggregate remuneration for the Supervisory Board of € 325,000 (prior year: € 325,000) for the 2018|19 financial year and delegated to the Supervisory Board the responsibility for allocating this sum among its members. The amount paid to the individual Supervisory Board members is tied to their function on the Board. No meeting fees were paid.

The compensation of the individual members of the Supervisory Board was as follows:

€	2019|20[1]	2018|19[1]
Erwin Hameseder (Chairman of the Supervisory Board)	60,000	60,000
Wolfgang Heer (First Vice-Chairman of the Supervisory Board)	45,000	45,000
Klaus Buchleitner (Second Vice-Chairman of the Supervisory Board	45,000	45,000
Helmut Friedl[2]	35,000	22,630
Hans-Jörg Gebhard	35,000	35,000
Ernst Karpfinger	35,000	35,000
Thomas Kirchberg	35,000	35,000
Josef Pröll	35,000	35,000
Jochen Fenner[3]	–	12,370

In accordance with section 110 (3) of the Austrian Labour Act, those Supervisory Board members who are employee representatives do not receive Supervisory Board compensation.

Compliance

For AGRANA, compliance with legal and regulatory requirements is integral to good corporate governance.

AGRANA has a dedicated Compliance Office led by the Director of Corporate Compliance, who reports directly to the Management Board member responsible and centrally looks after the compliance activities. Additionally, the CFOs of the segments and subsidiaries act as compliance officers in order to implement relevant Group requirements efficiently. The most important responsibilities of the Compliance Office include the implementation and expansion of the compliance management system in the AGRANA Group, with the aim of fulfilling the organisational and supervisory obligations of the Group's management under the law. Key functions of the Compliance Office are the production, communication and training of internal guidelines, provision of support in compliance matters, documentation of cases of non-compliance, and issuing of recommendations. In addition to the Compliance Office there is a Compliance Board, which deliberates on an ongoing basis on fundamental questions in matters of compliance.

AGRANA's compliance management system comprises the following core elements and policies:

The AGRANA Code of Conduct, which was adapted in 2018, forms the foundation for all business actions and decisions. The Code of Conduct is designed to give a clear and systematic understanding of the conduct which AGRANA expects from all employees, managers and directors in all activities and locations of the Group. Together with the mission statement, it guides the entire AGRANA Group, setting unambiguous standards of integrity, correct business conduct and ethical principles.

[1] Compensation for the respective prior year, received in the year shown.
[2] Appointed to the Supervisory Board with effect from 7 July 2017.
[3] Retired from the Supervisory Board at 7 July 2017.

In addition to the rules on conflicts of interest set out in the Code of Conduct, AGRANA has a separate Conflict-of-Interest Policy. In the course of business activities, it is possible that the personal or financial interests of staff or board members come, or could come, into conflict with the interests of the AGRANA Group. A reporting and documentation system has been developed for this that applies to all AGRANA employees and board members.

Anti-corruption laws apply worldwide and must be obeyed everywhere and at all times. In view of Austria's specific anti-corruption legislation, AGRANA has a separate Austria Anti-Corruption Policy, which complements the Code of Conduct. The policy comprises binding rules and a reporting system and is intended to mitigate the potential risk of violations of the law and of the AGRANA Code of Conduct as well as to facilitate the proper handling of invitations and gifts.

AGRANA also has a Tax Policy, applicable in Austria, that governs the handling of sponsorships, donations and benefits in kind.

The purpose of the globally applicable Antitrust Compliance Policy is to ensure that all employees and the members of the Management Board and Supervisory Board know and abide by the essential provisions of competition and antitrust law and have the awareness to recognise situations with antitrust relevance. The overarching aim of this policy is to preserve employees from violating anti-trust legislation and to provide practical, real-world support in applying the relevant rules.

The Policy on Information-Sharing in Joint Ventures was created to complement the applicable Antitrust Compliance Policy and prescribes what information may be shared with joint venture partners.

As a publicly traded company, AGRANA Beteiligungs-AG has issued a Capital Market Compliance Policy to ensure adherence to stock exchange and capital market laws and regulations. It sets out the principles governing the disclosure of information and prescribes organisational measures such as for safeguarding confidentiality and preventing improper use or transmission of insider information.

The protection of personal data is an important priority for AGRANA. The company takes all necessary precautions to ensure that the collection, processing and use of such data is transparent, purpose-driven, traceable and diligent. Compliance with AGRANA's Data Protection Policy is mandatory.

As part of their duty of loyalty, employees must report violations of the Code of Conduct through AGRANA's internal standard reporting channel. Since April 2018, employees and external stake-holders have also had the ability to report violations of the Code of Conduct via the AGRANA Whistle-blowing System (available online), while adhering to AGRANA's Whistleblowing System Policy.

The electronic training tool "AGRANA Compliance E-learning" covers all key topics relevant to compliance; this training must be re-taken annually. In the year under review it was completed by 3,420 (or 99.3%) of the 3,445 targeted individuals; the target group consisted of all salaried employees and the members of both boards. All members of the Management Board and Supervisory Board received the training.

The Internal Audit department verifies compliance with laws, regulations and internal policies. In the 2019|20 financial year it audited 25 of the 55 production sites, i.e., 45.5% of sites within the GRI reporting boundaries (see page 44), including audits for corruption and fraud in selected subject areas. No significant breaches of legal norms regarding anti-corruption were found.

Diversity strategy for the Management Board and Supervisory Board

New or vacant positions on the Management Board of AGRANA-Beteiligungs-AG are filled through structured processes supported by a recruitment consultant, with the aim of finding the most suitable candidate for the position, ideally from within AGRANA. In this search, women are neither discriminated against nor given preference. The ultimate hiring decision is made by the Supervisory Board.

Under the Gender Equality on Supervisory Boards Act (also known in German as the GFMA-G), section 86 (7) Austrian Stock Corporation Act applies to elections and appointments to supervisory boards occurring after 31 December 2017. A ratio of at least 30% per gender must be achieved for all supervisory board members elected or appointed from 1 January 2018, failing which the non-compliant election or appointment would be invalid. This also applies to appointments to the Supervisory Board by an employee body elected after 31 December 2017. The tenure of existing supervisory board members is not affected. At the 2017 Annual General Meeting (AGM) of AGRANA Beteiligungs-AG, all members of the Supervisory Board were elected for a term ending at the conclusion of the General Meeting that decides on board members' discharge from liability for the 2021|22 financial year. The quota requirement must be observed in the succession process after the departure of Wolfgang Heer.

Promoting equity for women

For more and more people, the ability to balance work and family life ranks high on the list of expectations for the workplace and is a major element of job satisfaction. Especially for women, it is frequently a critical career factor.

To provide the best possible conditions for achieving a balance between work and family responsibilities for the greatest possible number of employees, AGRANA offers flexible working hours and a Group-wide framework agreement for teleworking. As well, at the headquarters in Vienna a company day-care centre is available, and child care service are offered on days when schools close locally for a day, and on long-weekend days falling between a public holiday and the weekend. Additionally, in Austria and Germany, AGRANA provides financial assistance for the care of young children up to three years old. At the Vienna headquarters, a parent-child office enables parents to bring their children to work in the event of childcare emergencies.

Vienna, 22 April 2020

The Management Board of AGRANA Beteiligungs-AG

Johann Marihart
Chief Executive Officer

Stephan Büttner
Member of the Management Board

Fritz Gattermayer
Member of the Management Board

Norbert Harringer
Member of the Management Board

Thomas Kölbl
Member of the Management Board

Global presence.

Responsibility for the future.

#HELLOTOMORROW

AGRANA, as a processor of agricultural raw materials with the three segments Fruit, Starch and Sugar, operates 57 production sites[1] in 25 countries[1] and had 9,389 employees at the end of February 2020 (by headcount).

[1] Including HUNGRANA group (Starch segment) and AGRANA-STUDEN group (Sugar segment).

NORTH AMERICA

Plants
5 FRUIT
USA, Mexico

Employees
♂ 836 ♀ 724

Revenue
€ 305.2 million

Start digital experience with smartphone camera.
reports.agrana.com/en/videos.html

EU

Plants (including INSTANTINA)
19 FRUIT, 5 STARCH, 9 SUGAR
Austria, Czech Republic, France, Germany, Hungary, Poland, Romania, Slovakia

Employees
♂ **3,404** ♀ **1,467**

Revenue
€ 1,858.0 million

EUROPE NON-EU

Plants
6 FRUIT, 1 SUGAR
Bosnia and Herzegovina, Russia, Serbia, Turkey, Ukraine

Employees
♂ **555** ♀ **420**

Revenue
€ 111.2 million

ASIA

Plants
5 FRUIT
China, India, South Korea

Employees
♂ **354** ♀ **146**

Revenue
€ 109.6 million

AFRICA

Plants
4 FRUIT
Algeria, Egypt, Morocco, South Africa

Employees
♂ **247** ♀ **814**

Revenue
€ 26.0 million

SOUTH AMERICA

Plants
2 FRUIT
Argentina, Brazil

Employees
♂ **220** ♀ **91**

Revenue
€ 31.2 million

AUSTRALIA AND OCEANIA

Plant
1 FRUIT
Australia

Employees
♂ **75** ♀ **36**

Revenue
€ 39.5 million

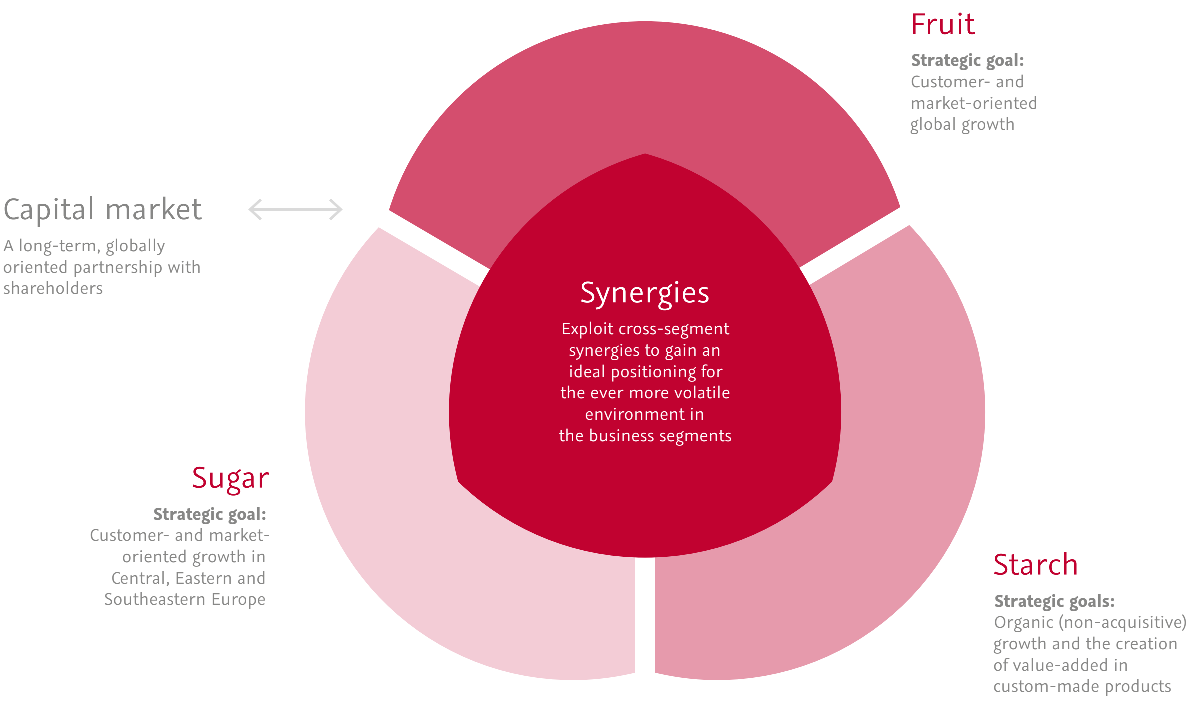
AGRANA's strategy

As an Austrian industrial group with an international focus, AGRANA operates globally in its Fruit segment, while its Starch and Sugar segments operate mainly in Europe. In these markets, AGRANA seeks or already occupies a leading position in the industrial processing of agricultural raw materials. The Group pursues a growth strategy oriented to the respective local market opportunities. Lasting, stable customer and supplier relationships, respectful treatment of all stakeholders and continual growth in the company's value are major cornerstones of the corporate strategy, which is guided by the principles of sustainable management. AGRANA's aim is to provide both its globally operating and its regional customers worldwide with high product quality, optimum service and innovative product development ideas and expertise.

AGRANA controls and manages the product value chain from the purchase of agricultural raw materials to the production of the resulting intermediate goods for industrial customers (and end products for consumers in the case of the Sugar segment). AGRANA utilises the Group's strategic know-how across segment boundaries. This is especially true for agricultural grower contract management and raw material procurement, the knowledge of customer requirements and markets, the opportunities for the development of inter-segment products, and synergies in logistics, purchasing, sales and finance. The cross-segment application of these competencies forms the basis for a robust market position relative to competitors in all product groups, and underpins AGRANA's necessary innovative strength and its competitiveness.

In its business operations, AGRANA seeks to make the part of the value chain that it can influence as sustainable as possible. By sustainability in this context, AGRANA primarily means the following three aspects, which apply to all business segments:

- Utilisation of almost 100% of the agricultural raw materials employed, and use of low-emission technologies to minimise impacts on the environment
- Respect for all stakeholders and communities where the Group operates
- Working together in long-term partnerships



Fruit segment strategy

Strategic goal: Customer- and market-oriented global growth. In the Fruit segment, the Group's business activities are fruit preparations (AGRANA Fruit, about 80% of the segment's revenue) and fruit juice concentrates (AUSTRIA JUICE, about 20% of segment revenue):

- AGRANA Fruit produces custom fruit preparations for the dairy, ice cream, baking and food service industries. With local production units in close proximity to customers, AGRANA is the world leader in this global market and intends to further expand its presence, follow its internationally operating customers into new markets and grow faster than the market.

- AUSTRIA JUICE is a producer and reseller mainly of juice concentrates from apples, red fruits and berries. High quality is assured through manufacturing sites close to the crop-growing areas and through modern production facilities and frequent quality checks. The aim is to increase global sales into the beverage industry, including also the further expansion in not-from-concentrate juices and fruit wines as well as in aromas and beverage bases.

AGRANA wants to consolidate and strengthen its global market position through organic growth and with the help of acquisitions and cooperative new ventures.

Starch segment strategy

Strategic goals: Organic (non-acquisitive) growth and the creation of value-added in custom-made products. In the Starch segment, AGRANA focuses on highly refined specialty products. Innovative, customer-driven products supported by application advice and continuous product development, combined with cost optimisation, are the key to the segment's success. An example is the leading position in organic starches and GMO-free[1] starches for the food industry. As well, in the non-food sector, the Group is a leading supplier of specialty starches for the paper, textile, cosmetics, pharmaceutical and building materials industries.

AGRANA's essential core competency – the large-scale processing of agricultural raw materials into industrial products – is also the basis for the bioethanol business. In Austria, AGRANA is the leading vendor of this climate-friendly fuel thanks to the bioethanol plant in Pischelsdorf, Austria. In bioethanol production, AGRANA successfully applies its principle of completely utilising the agricultural raw materials employed, thus enhancing value-added through the optimal use of all residual components of raw materials by processing them into co-products.

Sugar segment strategy

Strategic goal: Customer- and market-oriented growth. In the Sugar segment, AGRANA is very well positioned as a supplier in the Central, Eastern and Southeastern European countries. AGRANA differentiates itself from the competition through high quality standards, market service, an extensive sugar product portfolio, and by building the Group's regional brands. In addition to the goal of positioning sugar as a regional brand-name product, AGRANA continues to strive for full capacity utilisation everywhere (including yield improvement) and an intensification of marketing activities in Southeastern Europe. The Group's own production of beet sugar is supplemented by the reselling and refining activities of AGRANA's Sugar segment, especially in the Southeastern European countries with beet sugar deficits.

Synergy strategy

Strategic goal: Raise inter-segment synergies to ensure the Group's optimum positioning amid a volatile operating environment in the business segments. The synergy strategy encompasses the strategies of the three individual segments and also includes the sustainability dimension. Specifically, AGRANA seeks to exploit synergies between the three business segments in raw material procurement, in production and in marketing. This collaboration across its businesses helps AGRANA to supply a broad portfolio of high-quality products for a wide range of applications, both in the food and non-food sectors.

Capital market strategy

Strategic goal: A long-term partnership with shareholders. The Group's sound equity base gives AGRANA strategic flexibility. For its overall financing needs, AGRANA not only has the ability to self-finance but can draw on committed credit lines and the proceeds of a Schuldscheindarlehen (a loan with bond-like characteristics, sometimes translated as "bonded loan" or "promissory note loan"). AGRANA sees its shareholders as long-term partners in realising the Group's goals and offers them an attractive long-run return on investment at a reasonable level of risk. With a policy of open and transparent communication, AGRANA aims to safeguard investors' confidence in the Group and make its business performance and its management decisions predictable and easy to understand.

[1] GMO-free or GM-free: not derived from genetically modified organisms.

AGRANA in the capital market

Key share information for AGRANA

ISIN code
AT000AGRANA3

Exchange/ market segment
VSE/Prime Market

Type of security
Ordinary shares

Number of shares
62,488,976

Reuters code
AGRV.VI

Bloomberg code
AGR:AV

Ticker symbol
AGR

More about AGRANA's shares at
www.agrana.com/en/investor/agrana-shares

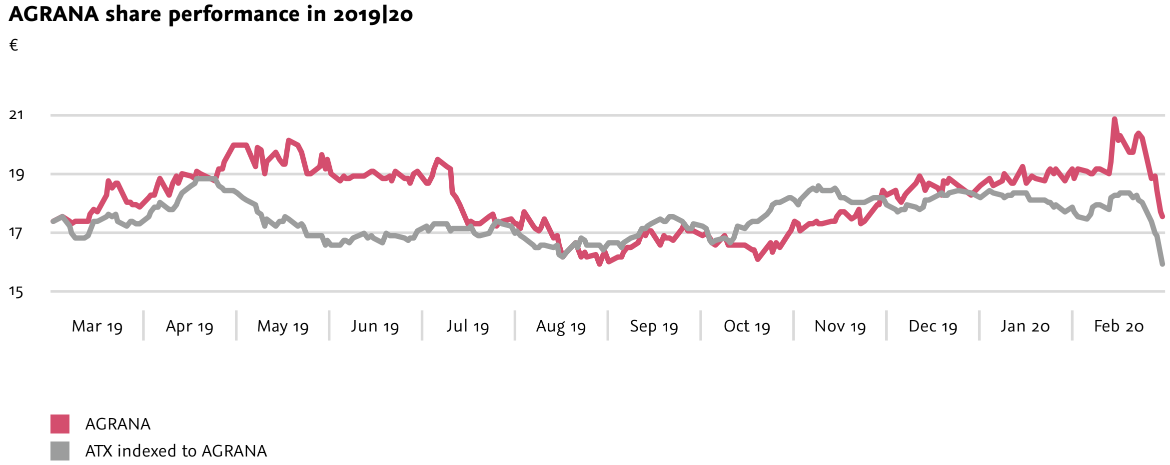
AGRANA share data		2019|20	2018|19
Closing price at Feb 29/28 year-end	€	17.56	17.40
High	€	20.90	25.10
Low	€	15.90	15.78
Earnings per share	€	0.77	0.41
Closing price/earnings ratio at year-end		22.8	42.4
Closing book value per share at year-end	€	21.18	21.58
Number of shares at year-end	'000	62,489	62,489
Closing market capitalisation at year-end	€m	1,097.3	1,087.3

AGRANA share performance and stock market environment

In the equity market, the 2019 calendar year brought a clear advancing trend in the first four months that was widely interpreted as a reaction to the price corrections of the previous year. After an ensuing period of directionless price fluctuations lasting several months, the fourth quarter again saw a strong rise in the most important indices. Overall, most stock exchanges recorded an extremely positive performance in 2019, which was reflected in a 25.2% gain for the MSCI World global equity index. The Vienna Stock Exchange too rose substantially in 2019, with the benchmark ATX index gaining 16.1%. Unlike many other bourses, the high for the year was marked early, on 18 April 2019, with an index reading of more than 3,300 points. This was followed by a significant correction that can be explained in part by a particularly high exposure of Austrian industry to the impacts of the trade conflicts, as well as by domestic political upheaval. Only in the fourth quarter did a clear upward trend emerge again, which took the ATX to the region around 3,200 points by the end of December.

On 1 March 2019, AGRANA began the 2019|20 financial year at a share price of € 17.40. The share performance was partly influenced by the already described environment for stock markets worldwide and for the Vienna market. At the same time, company-specific news were also key drivers of the share price. Thus, for example, the financial results for the first quarter of 2019|20 were received rather negatively by the market, while the publication of the half-year results with confirmation of the positive full-year guidance ushered in a steady price gain that culminated in a high of € 20.90 for the year on 12 February 2020. With the outbreak of the coronavirus crisis in financial markets in the last week of February 2020, the performance gains for the year to date were erased. The closing price of AGRANA's shares of € 17.56 at the balance sheet date was almost unchanged from the opening price at the start of the financial year. The performance of the ATX index over the same period was

AGRANA share performance in 2019|20



negative (down 8.3%). AGRANA's average trading volume on the Vienna Stock Exchange was about 32,000 shares per day[1] (prior year: approximately 49,000 shares per day).

The market capitalisation at the end of February 2020, with 62,488,976 shares outstanding, was € 1,097.3 million (prior year: € 1,087.3 million).

AGRANA is listed in the Prime Market segment of the Vienna Stock Exchange and is also quoted in the VÖNIX, the Austrian Sustainability Index. This equity index comprises those exchange-traded Austrian companies which are leading in social and environmental performance.

Active capital market communication

AGRANA's investor relations activities are based on the key principles of providing comprehensive and timely information, transparency and ongoing communication with investors and analysts. At the press conferences presenting the annual and half-year results, the Management Board thoroughly briefed the financial and industry media on the financial and business performance. In addition, in press releases and one-on-one interviews with financial, agricultural and other trade journalists, AGRANA provided information on subjects of current relevance to its business activities. Media representatives were also invited on tours of operational sites.

At numerous road shows and investor conferences in Austria and abroad, the Management Board provided Austrian and international institutional investors and analysts with information on the performance and prospects of the AGRANA Group. This was supplemented by individual conversations as well as by conference calls accompanying the publication of the quarterly and full-year results. For institutional investors and analysts, a Capital Markets Day was held, which included a tour of the production facility in Pischelsdorf, Austria. Retail shareholders were also invited on a tour of the expanded wheat starch plant there, and had the opportunity at the GEWINN trade fair in Vienna to hear directly from the Management Board about current projects and the business operations.

An additional important channel of investor relations activities is the AGRANA website (www.agrana.com/en/investor), where all financial reports, financial news items, inside information announcements, voting rights notifications, management transaction disclosures and investor presentations are available as soon as they are published. AGRANA strives to communicate information to all market participants equally and simultaneously.

At the year-end of 29 February 2020, analyst reports on AGRANA were available from Erste Bank Group and Raiffeisen Centrobank, with one hold rating and one buy recommendation. A detailed overview of the research reports can be found on the Internet at www.agrana.com/en/investor/agrana-shares (sub-tab: "Share Price, Share Details & Research").

Dividend policy of continuity

		2019|20	**2018|19**
Dividend per share	€	0.77[2]	1.00
Earnings per share	€	0.77	0.41
Dividend payout ratio	%	100.0[2]	243.9
Dividend yield[3]	%	4.4[2]	5.7

AGRANA is committed to a predictable, reliable and transparent dividend policy designed for continuity. The distributions are based not only on the Group's profit but also on its cash flow as well as its debt situation and the need to maintain a sound balance sheet structure. However, AGRANA also takes into account current events and the expected future business trajectory. For the financial year under review, the Management Board will therefore propose to shareholders at the Annual General Meeting on 3 July 2020 to pay a dividend of € 0.77 per share, representing a dividend yield of 4.4% based on the share price of € 17.56 at the end of February 2020 (prior year: 5.7%). The dividend payment date is 10 July 2020.

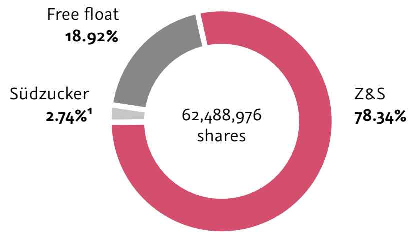
1 Trading volume based on double counting, as published by the Vienna Stock Exchange.
2 Proposal to the Annual General Meeting.
3 Based on the closing share price at the balance sheet date.

Stable shareholder structure

AGRANA has a long-standing, stable principal shareholder in Z&S Zucker und Stärke Holding AG ("Z&S"), Vienna, which itself is indirectly co-owned by Zucker-Beteiligungsgesellschaft m.b.H. ("ZBG"), Vienna, and Südzucker AG ("Südzucker"), Mannheim, Germany. Under a syndicate agreement between Südzucker and ZBG, the partners in the syndicate have mutual rights to appoint members of each other's management board and supervisory board.

In the 2019|20 financial year there was no material change in shareholder structure.

Shareholder structure at 29 February 2020



The shareholder structure is presented in detail in the section "Capital, shares, voting rights and rights of control" on page 99.

[1] Directly held.

Group management report 2019|20

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Organisational structure

AGRANA is a globally operating processor of agricultural raw materials, with its Fruit, Starch and Sugar segments manufacturing high-quality foods and many intermediate products for the down-stream food industry as well as for non-food applications. With about 9,300 employees (in FTE[1]) at 57 production sites on six continents, the Group generated revenue of approximately € 2.5 billion in the 2019|20 financial year. AGRANA was established in 1988 and has been quoted on the Vienna Stock Exchange since 1991.

AGRANA Beteiligungs-AG
57 production sites
9,342 employees[1]
€ 2,480.7 million revenue

Fruit segment

AGRANA Internationale Verwaltungs- und Asset-Management GmbH
42 production sites
6,194 employees[1]
€ 1,185.4 million revenue

Starch segment

AGRANA Stärke GmbH
5 production sites
1,087 employees[1]
€ 807.0 million revenue

Sugar segment

AGRANA Sales & Marketing GmbH
10 production sites
2,061 employees[1]
€ 488.3 million revenue

Business segments and procurement models

The **Fruit** segment custom-designs and produces fruit preparations (fruit ingredients) and fruit juice concentrates. AGRANA is the world's leading manufacturer of fruit preparations for the dairy, bakery, ice cream and food service industries. The fruit used in the fruit preparations is sourced largely from primary processors, in frozen or aseptic form. In some countries, AGRANA also operates its own primary processing plants where fresh fruit (in some cases from contract growers) is received and readied for processing into fruit preparations. In the fruit juice concentrate business, at production sites located mainly in Europe, AGRANA produces apple and berry juice concentrates, not-from-concentrate juices, fruit wines, beverage bases and aromas. AGRANA seeks to achieve the most sustainable and complete utilisation of raw materials possible. While fruit preparations production generates very little residue, the press cake from apple juice production, known as apple pomace, is utilised by the pectin industry and as a feedstuff.

[1] Average number of full-time equivalents in the financial year.

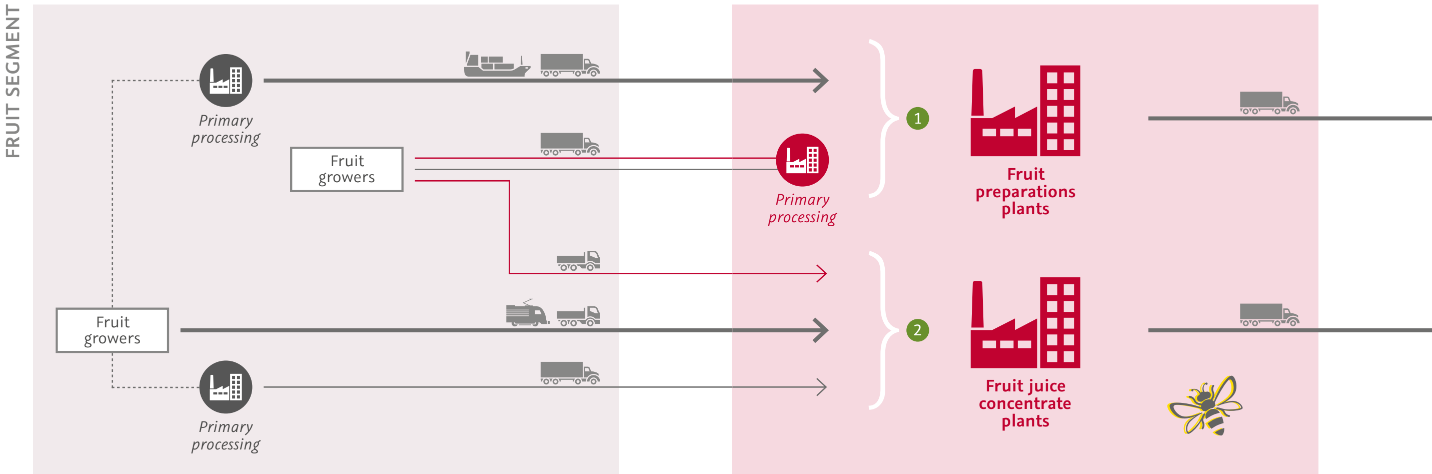
In the **Starch** segment, AGRANA processes and refines raw materials grown by contract farmers or purchased in the open market – mainly corn (maize), wheat and potatoes – into premium starch products. These products are sold into the food and beverage industry as well as the paper, textile, cosmetics and building materials sectors and other non-food industries. The starch operations additionally produce fertilisers and high-quality animal feeds. The production of climate-friendly bioethanol for blending with petrol is also part of the Starch segment's activities.

In the **Sugar** segment, AGRANA processes sugar beet from contract growers and also refines raw sugar purchased worldwide. The products are sold to customers in downstream industries for use in, for example, sweets, non-alcoholic beverages and pharmaceutical applications. Under country-specific sugar consumer brands, AGRANA also markets a wide range of granulated sugars and of sugar specialty products to consumers through food retailers. Additionally, in the interest of the most complete possible utilisation of its agricultural raw materials, AGRANA produces a large number of fertilisers and animal feedstuffs. These not only help the economic bottom line but also ecologically close the material cycle by returning minerals and other nutrients to the land and the food chain.

Non-financial information statement[1]

The sustainable AGRANA value chain[2] in 2019|20

Procurement of agricultural raw materials | **AGRANA processing: Adding value**



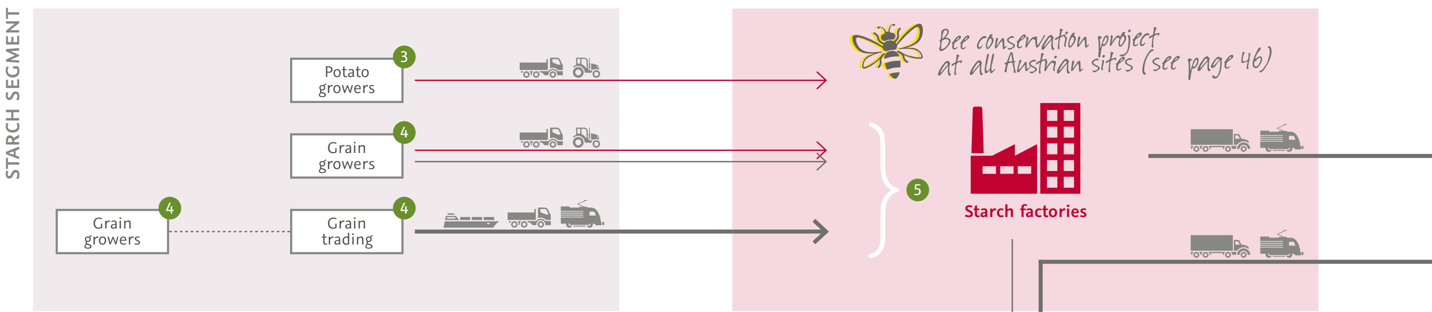
1 94% of suppliers assessed using social criteria (SEDEX); see page 63

2 15.5% of processed raw materials assessed using social and environmental criteria (SAI FSA); see page 64

Fruit preparations:
- Total energy use[3]: 2.00 GJ/t
- Total emissions[3]: 142 kg/t
- Water consumption[3]: 0.66 m^3/t

Fruit juice concentrates:
- Total energy use[3]: 3.80 GJ/t
- Total emissions[3]: 243 kg/t
- Water withdrawal[3]: 4.52 m^3/t
- Water consumption[3]: −1.29 m^3/t

- Energy management system at 33.3% of sites[2] is certified to ISO 50001
- Sustainability assessment of fruit juice concentrate business (EcoVadis) confirms gold rating; see page 66



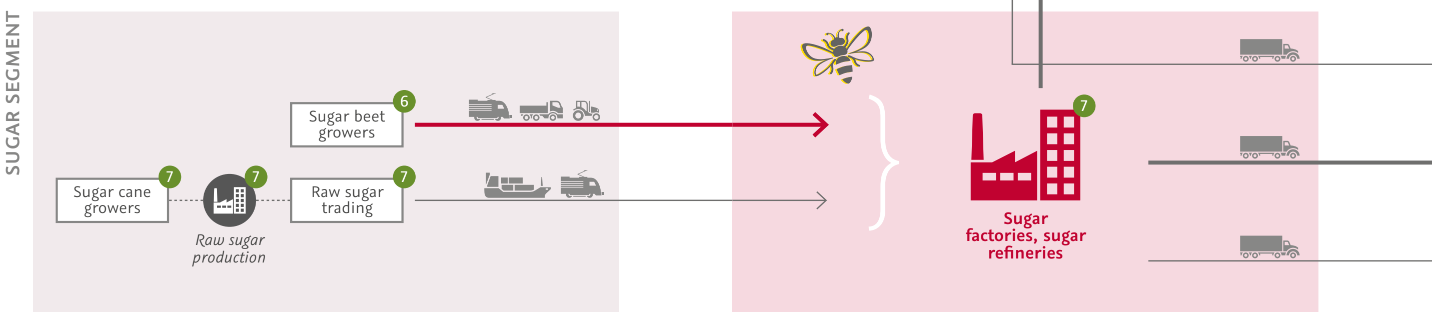
3 100% of Austrian potato growers assessed using social and environmental criteria (SAI FSA); see page 70

4 100% of raw material volume meets the EU cross compliance sustainability requirements

5 68% of raw material volume assessed using social and environmental criteria (ISCC or AACS certification); see page 70

- Total energy use[3]: 4.48 GJ/t
- Total emissions[3]: 302 kg/t
- Water consumption[3]: 0.59 m^3/t
- Energy management system at 75% of sites[2] is certified to ISO 50001

- Social criteria assessed (SEDEX) and externally audited at 75% of sites[2]; see page 50
- Sustainability assessment of Starch segment (EcoVadis) confirms gold rating; see page 73



6 100% of sugar beet volume assessed using social and environmental criteria (SAI FSA); see page 77

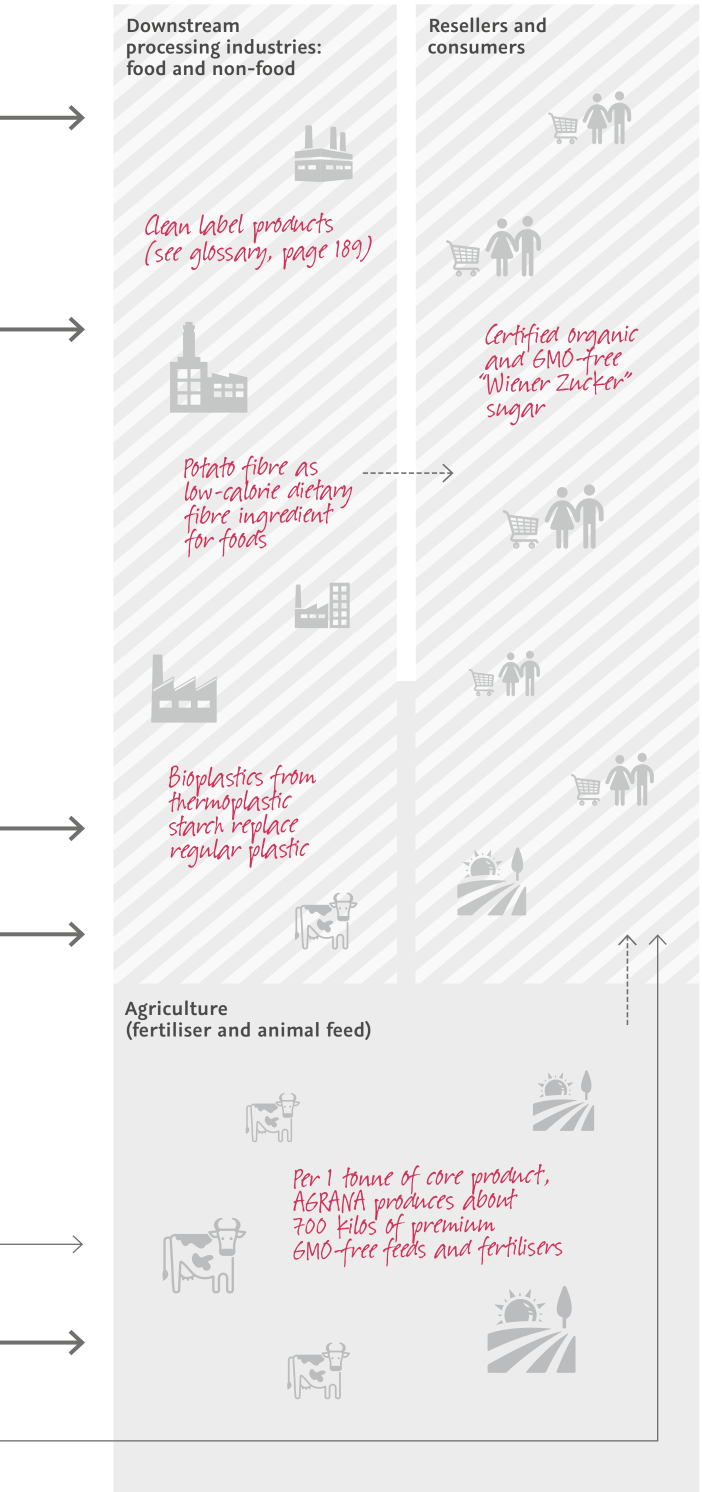
7 Offering Bonsucro “Chain of Custody” sustainability certification (social and environmental criteria) for raw sugar for refining; see page 77

- Direct energy use[3]: 2.65 GJ/t
- Total energy use[3]: 3.0 GJ/t
- Total emissions[3]: 187 kg/t
- Water withdrawal[3]: 2.45 m^3/t
- Water consumption[3]: −1.0 m^3/t
- Energy management system at 100% of sites[2] is certified to ISO 50001

- Social criteria assessed (SEDEX) and externally audited at 100% of sugar plants[2]; see page 50
- Sustainability assessment of Sugar segment (EcoVadis) confirms gold rating; see page 80

[1] This non-financial information statement under section 267a Austrian Commercial Code has been prepared in accordance with the framework of the Global Reporting Initiative (GRI), specifically GRI Standards: Core option.

Customers and consumers



The thickness of lines marking the business relationships represents the relative volume of flows within the respective business segment.

— Contract farming
— Direct business relationship
--- No direct business relationship for AGRANA

Sustainability targets of AGRANA's business segments

Fruit segment

Fruit preparations business

2025|26 supply chain target:
- 20% of processed fruit volume is to have an FSA silver or equivalent rating (see page 63)

2025|26 energy and environmental targets:
- Total energy consumption[3] of 1.95 GJ/t[4]
- Water withdrawal[3] of 4.24 m³/t[4]

2025|26 target on employee matters:
- 100% of production sites are to have a recognised social audit

Fruit juice concentrate business

2030 supply chain target:
- 100% sustainable sourcing as defined by the Sustainable Juice Covenant (see page 64)

2020|21 energy and environmental targets:
- ✗ Total energy consumption[3] of 3.43 GJ/t
- ✗ Water withdrawal[3] of 4.21 m³/t

Starch segment

2020|21 energy and environmental targets:
- ✓ Target of cumulative savings of 65 GWh through efficiency measures in plants is already achieved, with savings of 91 GWh since the 2015|16 financial year

Sugar segment

2020|21 energy and environmental targets:
- ✗ Direct energy consumption[3] of 2.49 GJ/t
- ✗ Water withdrawal[3] of 1.92 m³/t

The attainability of the targets in the Sugar segment is primarily determined by the quantity and quality of raw materials available (see page 78).

Decarbonisation strategy

AGRANA is committed to achieving a neutral CO_2 balance by 2040. By the end of the 2020|21 financial year (the last year of its current target period), the Group will develop a specific, staged plan for decarbonisation.

Workplace safety targets of the AGRANA Group

For the workplace safety targets of all AGRANA segments, see page 89.

[2] Within the GRI reporting boundaries (see page 44).
[3] Per tonne of product output (core and by-products).
[4] The target applies to the fruit preparation plants (excluding primary processing facilities) within the GRI reporting boundaries.

Further information about the AGRANA value chain is provided at **wsk-mini.agrana.com/index-en.html**

AGRANA reports non-financial sustainability matters (i.e., topics) that are material to its business activities by integrating them in the Group management report, with the relevant pages visually marked by a green fingerprint. This non-financial information statement provides an overview of AGRANA's understanding of sustainability, presents sustainability-related governance structures, and describes the AGRANA materiality matrix, the management approaches for the key non-financial matters/topics, the organisational and content boundaries of the sustainability reporting, and relevant Group-level performance indicators. Details on relevant actions taken, performance indicators as well as goals in the individual areas are presented in the business segment reports, the section "AGRANA's people" and the corporate governance report.

AGRANA's understanding of sustainability

AGRANA as an industrial processor of agricultural raw materials defines sustainability in its business activities as a harmonious balance of economic, environmental and social responsibility. This understanding of sustainability is summed up by three sustainability principles, which serve management and all employees as a practical and intuitive guide to daily sustainable action:

At AGRANA we:

- Utilise almost 100% of our agricultural raw materials and use low-emission technologies to minimise impacts on the environment
- Respect all our stakeholders and the communities where we operate
- Engage in long-term partnerships with suppliers and customers

AGRANA has developed its understanding of sustainability through regular interaction with its stakeholders:

Formats of AGRANA's engagement with stakeholders in 2019|20

Key stakeholder groups	Formats of dialogue
Raw material suppliers	Regular agricultural advisory conversations as part of the AGRANA4you programme; group field visits and tours of trials; contracting events (in the Starch and Sugar segments); field days and conferences (such as BETAEXPO) on various subjects
Industrial customers	In-person visits to customers; customer satisfaction survey (Fruit segment); presentations at food, feed, and cosmetics trade fairs
Local communities	Participation by several Austrian AGRANA production sites in the "Long Night of Research" science event; BETAEXPO family day; personal contacts as part of local community relations
Investors and the public	Ongoing investor relations and public relations work; shareholder tour (for retail investors) and Capital Markets Day (for institutional investors); road shows for institutional investors in selected cities in Europe, the USA and Canada; press conferences and background briefings

Material non-financial matters/sustainability topics

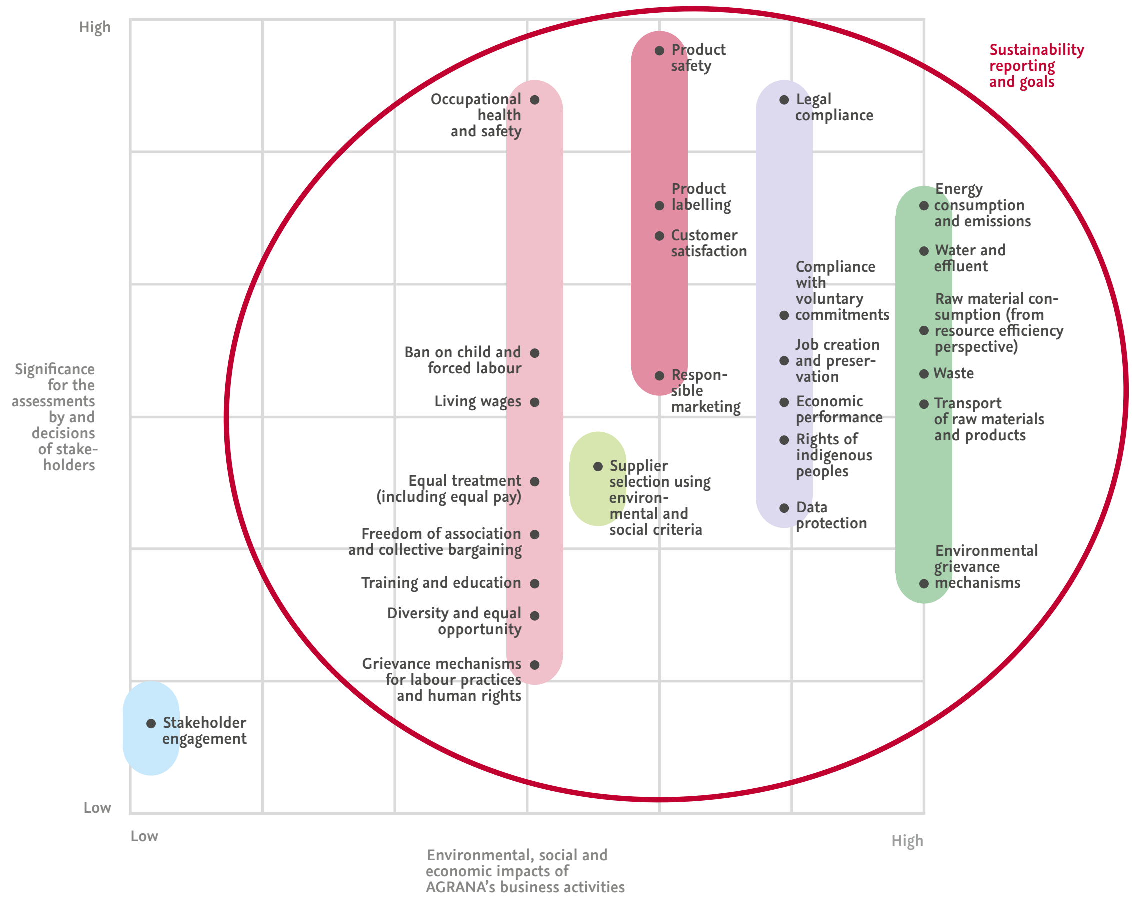
In the 2019|20 financial year, AGRANA's Fruit, Starch and Sugar segments processed a worldwide total of approximately 8.4 million tonnes of agricultural raw materials (prior year: 9.0 million tonnes) and sold about 5.4 million tonnes of resulting high-quality products (prior year: 5.4 million tonnes).

Based on its business activities, AGRANA has identified five sustainability issues of interest along its product value chain:

- **Raw material procurement** – Environmental and social criteria (i.e., labour practices and human rights) in the procurement of agricultural raw materials and intermediate products
- **Eco-efficiency of our production** – Environmental and energy matters in AGRANA's production
- **Our employees** – Working conditions and human rights in relation to AGRANA employees
- **Product responsibility** – Product responsibility and sustainable products
- **Compliance** – Legal and regulatory compliance as well as business conduct

As part of a revision of the materiality analysis in the 2017|18 financial year, in which both the AGRANA sustainability core team and selected representative stakeholders[1] participated, the environmental, economic and social impacts of individual sustainability aspects of AGRANA's business activities on society and the environment were assessed. The AGRANA Group's most significant impacts overall relate to environmental and energy topics and arise primarily in the Starch and Sugar segments, as a result of their energy-intensive value-added processing of agricultural raw materials. Only in the Fruit segment, due to the global scale of its raw material sourcing, are the largest impacts those of the supplier operations from which AGRANA procures its fruit (for details and results, see www.agrana.com/en/sustainability/core-issues-areas-of-action). To take this aspect into account, AGRANA's globally operating fruit preparations business formulated new sustainability targets in 2019|20 as part of a comprehensive strategy process with the involvement of stakeholders (selected customers and suppliers). Details on the results and targets are provided in the Fruit segment report (page 63) and in the section on the value chain (page 40).

This report covers all matters in which AGRANA has material impacts or that have high significance for AGRANA's stakeholders (see the GRI content index from page 196).



Results of stakeholder survey for AGRANA materiality analysis

Average of all divisions

- Raw material procurement
- Eco-efficiency of our production
- Our employees
- Product responsibility
- Compliance
- Social engagement and stakeholder inclusiveness

[1] Representatives of the following stakeholder groups: customers, suppliers, employees, shareholders and local communities.

Sustainability at AGRANA

Segment-specific targets in the supply chain
See segment reports

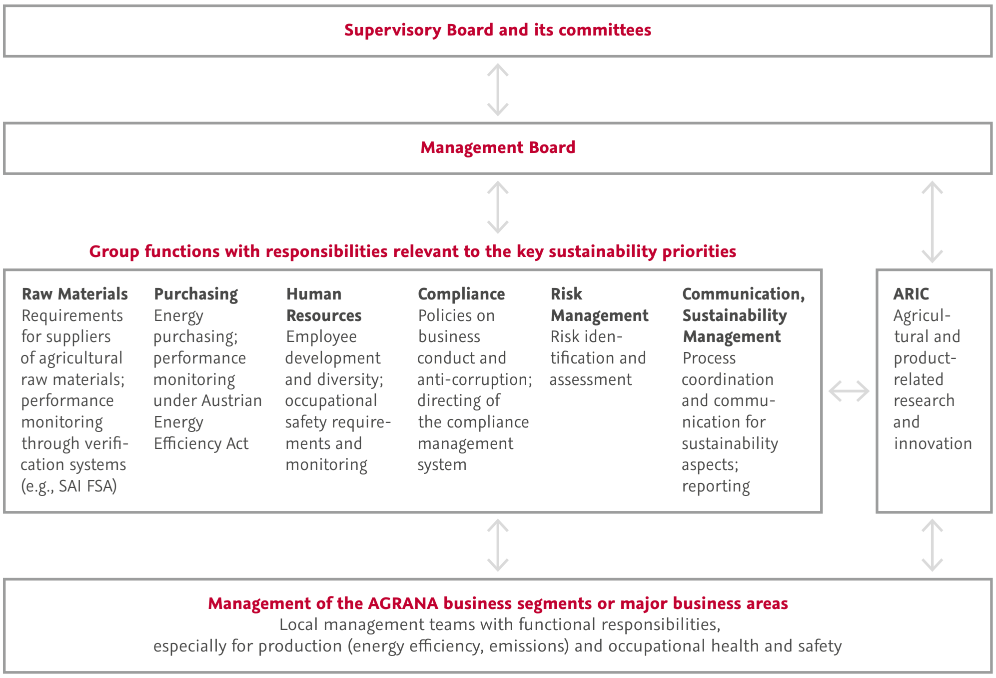
Segment-specific environmental targets by 2020|21
Reductions of direct and indirect energy consumption per tonne of product

Reductions of water consumption per tonne of product (see segment reports)

Value chain
wsk.agrana.com/en

Integration of sustainability responsibilities in AGRANA's organisational structure, and boundaries of this report

Governance responsibility for sustainability topics



Sustainability responsibilities are part and parcel of many or all corporate functions, and the chart therefore shows only the Group functions most significant in this regard. This functional integration of sustainability matters is also reflected in the fact that within the Management Board and within the Supervisory Board, all members share joint responsibility for sustainability governance.

Organisational boundaries of reporting for 2019|20

The organisational boundaries for the reporting of the non-financial (i.e., sustainability) matters integrated in this 2019|20 annual report encompass all AGRANA Group companies worldwide and match the set of companies included in the Group's financial consolidation. The non-financial information thus does not include the joint ventures of the AGRANA Group – the HUNGRANA group (in the Starch segment) and AGRANA-STUDEN group (in the Sugar segment) – except where explicitly indicated otherwise. In total, the GRI reporting and sustainability reporting therefore covers 55 of the Group's 57 production sites worldwide.

Management approaches for material non-financial matters

This section presents, on the one hand, the risks affecting AGRANA in line with the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) and, on the other hand, the material risks potentially triggered by AGRANA that are likely to have a negative impact on the matters under section 267a Austrian Commercial Code. It also satisfies the requirements of the Global Reporting Initiative (GRI). Further, it provides a content-based demarcation and a general Group-wide overview of matters of particular relevance to AGRANA's stakeholders.

Matters in the supply chain – Raw material procurement

In view of its core business of processing agricultural raw materials and of the associated very significant procurement volumes and costs, as well as the potential for negative environmental and social impacts of crop production, AGRANA's sustainability work in the supply chain focuses on suppliers of agricultural raw materials and of agricultural intermediate goods (such as frozen fruit pieces) and the non-financial reporting scope is limited to this area of procurement.

The procurement of agricultural raw materials by AGRANA is directly affected by the physical risks of climate change, such as in the form of a rising number of extreme weather events, increased pest pressure and the resulting challenges in terms of raw material availability and price volatility. For details on the management of these risks, see the section "Risk management", subheading "Procurement risks" on page 92.

At the same time, in the context of its raw material procurement, AGRANA indirectly contributes to the potentially negative effects of raw material cultivation or is linked to them through its choice of suppliers. This relates to negative ecological impacts, such as land consumption or land use competition, use of pesticides, soil erosion, water scarcity or poor water quality, as well as reduction of biodiversity. In addition, its suppliers could also cause negative social impacts, such as human rights violations, child labour and poor working conditions. Although AGRANA has no direct control over the operational management practiced by its suppliers, it strives to avoid or minimise these environmental and social risks through its selection of suppliers, thus following the precautionary principle. AGRANA has set out the requirements for agricultural suppliers in its principles for the procurement of agricultural raw materials and intermediate products, a document which, for the social criteria, incorporates AGRANA's Code of Conduct by reference. The principles for the procurement of agricultural raw materials and intermediate products are incorporated in supply contracts.

Documentation in connection with the Sustainable Agriculture Initiative Platform (SAI)

In order to work on and document environmental and social responsibility topics in the agricultural supply chain in a structured way regardless of the particular procurement model, AGRANA Beteiligungs-AG has since July 2014 been an active member of the Sustainable Agriculture Initiative Platform (SAI, a food industry initiative founded in 2002), and, with its Fruit, Starch and Sugar segments, participates in the working groups and committees relevant to its raw materials.

The SAI Platform gives processors of agricultural raw materials like AGRANA several helpful tools particularly for the evaluation and documentation of conformity with good environmental and social practices in the agricultural supply chain and for comparing the value and judging the equivalencies of different documentation types and international certifications.

The underlying tool is always the Farm Sustainability Assessment (FSA) created by the SAI Platform. This assessment is carried out using a 112-point questionnaire covering all features relevant to sustainability, such as farm management, working conditions (including questions on child and forced labour), soil and nutrient management and crop protection. Depending on the fulfilment of the various criteria, each farm receives a sustainability rating designated by a status of "gold", "silver", "bronze", or "not yet bronze".

In the 2019|20 financial year, experts from AGRANA in the sphere of agricultural production made valuable technical contributions to the further development of the guidelines and to the preparation of version 3.0 of the Farm Sustainability Assessment, which will come into force at the end of 2020.

In addition to the direct application of the FSA, the SAI Platform provides a comprehensive benchmarking system that ensures that farms which already have relevant certifications (e.g., Global GAP, Rainforest Alliance, Bonsucro, etc.) or participate in company-specific sustainability programmes are accorded FSA equivalence, which significantly reduces the verification effort. The verified compliance with national legal requirements or the certification to international or company standards, as well as the external verification of farm self-assessments under the FSA in conformity with the rules of the SAI Implementation Framework, enable agricultural producers and the processing industry to advertise their FSA sustainability status in the B2B space.

The external verification of the FSA sustainability level of AGRANA's contract farmers is governed by a three-year cycle that began in 2017. For the 2020/21 financial year, re-verification audits are scheduled in all AGRANA segments. Details on the activities for the implementation of AGRANA's principles for the procurement of agricultural raw materials and intermediate products and regarding the FSA sustainability status in the Fruit, Starch and Sugar segments are presented in the respective segment reports (see pages 63, 70 and 77).

Building awareness of good agricultural practice – BETAEXPO

Awareness-building and ongoing training are key elements of AGRANA's collaboration with its approximately 9,400 contract growers. Besides many training measures in all segments, AGRANA therefore twice annually welcomes growers and others to BETAEXPO, Austria's largest field of demonstration plantings of AGRANA raw material crops. The BETAEXPO field symposium in June 2019 drew about 3,000 visitors. The demonstration plots offered a first-hand impression of the variety trials and fertilization experiments and the results of assorted herbicide and fungicide treatments. The BETAEXPO family day in September 2019, under the slogan "AGRANA4you", focused on AGRANA's services provided to the company's growers by the AGRANA agricultural advisors, all of whom are working farmers themselves.

Biodiversity

Biodiversity is significant for AGRANA especially in its upstream value chain, i.e., in the farming landscape. In this annual report, to the extent possible, biodiversity aspects are reported in the section on the respective business segment – specifically, in the respective discussion of raw material procurement from contract growers. AGRANA also carries out some projects at its business locations to protect or increase species diversity. Thus, since 2016 AGRANA maintains a bee conservation project, which involved installing ten bee hives at each of the Group's Austrian sites. Some of these bee colonies were also used in workshops for elementary schools to teach relationships in nature.

Water in the upstream value chain

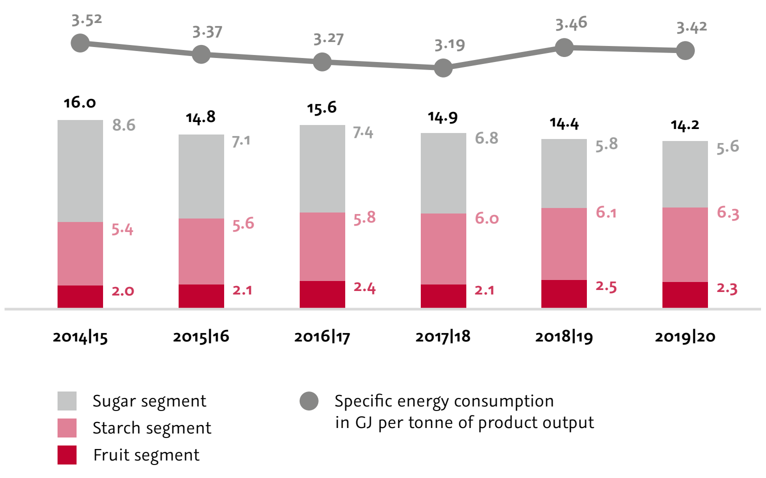
Water-related risks with indirect effects on AGRANA that exist in its supply chain, i.e., in agricultural production, are implicitly captured in the risk management process and risk reporting, as part of the operational procurement risks (see the section "Risk management", page 92). The field crops which AGRANA procures in the European Union for processing are largely grown without irrigation. Data on water use in the production of agricultural raw materials are therefore not reported, due mainly to the limited relevance for the Group and also to limited data availability and reliability in international procurement.

Environmental aspects – eco-efficiency of our production

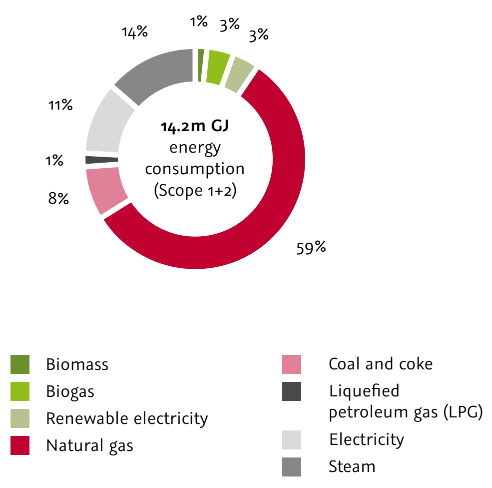
The blueprint for AGRANA's management of environmental and energy matters is its environmental policy, which follows the precautionary approach and underpins the avoidance or reduction of negative economic, environmental and social impacts of AGRANA's production and also includes a complaints process.

Energy consumption (Scope 1+2) of the AGRANA Group

Bar chart: total amounts, in million gigajoules (GJ)



Energy mix of the AGRANA Group in 2019|20



Energy consumption and emissions
In the area of energy supply, AGRANA is exposed to transition risks, such as mooted national legal bans on (certain) fossil fuels or a CO_2 tax, which are being considered as part of the fight against climate change and which could limit the Group's international competitiveness in the event of a lack of renewable energy sources available on economically viable terms. For details on the management of these risks, see the section "Risk management", subheading "Non-financial risks" on page 95.

AGRANA's processing of agricultural raw materials is energy-intensive, especially in the Starch and Sugar segments. It is subject to the EU Emissions Trading Scheme and, through the greenhouse gas emissions generated, has negative impacts on people and the environment. These impacts are within AGRANA's direct control. AGRANA is committed to operating responsibly and strives to minimise harmful emissions to the extent possible or reduce them to a lower and lower level.

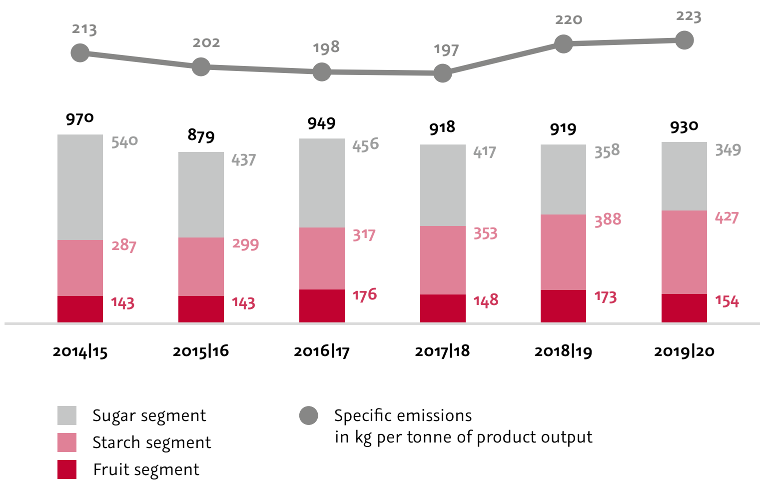
To achieve this, AGRANA has since 2014 been introducing energy management systems. The energy management systems of 47.3% of all AGRANA production sites within the GRI reporting boundaries (see page 44) are certified to ISO 50001.

All AGRANA segments have energy conservation targets, relevant to their business activity, with a current target period from 2013|14 or 2014|15 up to and including the 2020|21 financial year. The progress towards goals to date is presented in the respective segment reports (see pages 65, 71 and 78).

AGRANA's reporting of energy use and emissions is confined to Scope 1 (direct energy consumption and emissions) and Scope 2 (indirect energy consumption and emissions), as data for Scope 3, such as pertaining to the agricultural supply chain, are difficult to obtain or in some cases (such as business travel) only contribute relatively little to the CO_2 footprint compared to Scope 1 and 2. Generally speaking, absolute energy consumption and emission figures are not very meaningful in terms of efficiency improvements because of the sometimes sharp annual fluctuations in raw material processing quantities (especially in the Sugar segment and the fruit juice concentrate business) and the associated inherent variability in energy consumption.

Decarbonisation strategy 2040
As the existing AGRANA energy targets for the period from 2014|15 to 2020|21 did not yet address the targets of the Paris climate accord, AGRANA worked intensively in the year under review to develop a decarbonisation strategy in accordance with the currently known requirements of the European New Green Deal and the Austrian energy and climate plan, which provide for CO_2 neutrality by 2050 and 2040, respectively.

Emissions (Scope 1+2) of the AGRANA Group
Bar chart: total amounts, in thousands of tonnes of CO_2 equivalent



AGRANA is committed to the goal of CO_2-neutral production by 2040. This challenging target can only be achieved by a politically and societally supported mix of measures in several steps. The possible measures fall into two main categories: energy efficiency improvements, and the switch to renewable energy sources.

While there is only limited potential for further improvement in energy efficiency using existing technologies, AGRANA's possible ways of transitioning to renewable energy sources include purchasing electricity from renewable sources and, additionally, generating its own energy from biomass.

Thus far, AGRANA has been striving for the complete cascading use of agricultural raw materials in the manufacture of core products (mainly food ingredients) and by-products (animal feed and fertiliser), true to its principle of full utilisation and in line with the concept of a bio-economy. The primary focus in this, besides the products' commercial marketability, is their usability for the human food chain. On the by-products side, AGRANA's high-quality GMO-free protein animal feeds, which help to reduce the European protein feed gap that is covered by imports of predominantly genetically modified soya feed from overseas, are of particular importance.

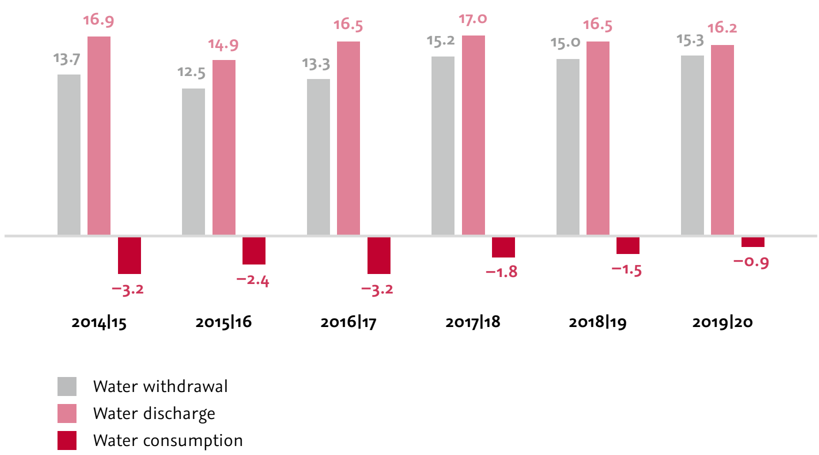
In principle, in the future, low-protein raw material residues could be used to generate energy and replace fossil energy sources, as in AGRANA's Hungarian sugar factory in Kaposvár, where beet pulp and other residues have already been used for biogas production for several years (see Sugar segment report, page 78). However, as the utilisation for energy recovery cuts into feedstuff revenue, appropriate business conditions are required for it to be implemented economically.

By the end of the 2020|21 financial year, the last year of its current target period, AGRANA will develop a concrete, staged plan for decarbonisation by 2040 which, in addition to a swift total phase-out of coal and coke use, will include projects for energy recovery from biomass.

Water and effluent (wastewater)
Water, the most important resource globally for the world's population, is one of many inputs in the production processes of the AGRANA Group. General water scarcity and the removal of water in water-stressed regions, as well as poor quality or temperature of discharged wastewater, represent environmental and social risks.

AGRANA evaluated the water risk for all its production sites in 2019|20 using the WWF Water Risk Filter and the Aqueduct Water Risk Atlas of the World Resources Institute, which cover the above risks and numerous others. Based on these analytical tools, 15 of the AGRANA sites (27%) within the GRI report boundaries (see page 44), mostly belonging to the globally operating Fruit segment, were for various reasons located in

Water consumption of the AGRANA Group
In millions of cubic metres



areas with high or very high water risk. Although none of AGRANA's production sites have so far been operationally affected by a shortage of high-quality water or caused significant problems for the surrounding water users, the sustainable, responsible use and discharge of water, in compliance with all legal standards, is an important aspect of AGRANA's environmental policy. Further details on water management at the production sites are provided in the segment reports (see pages 65, 72 and 79).

In its quest for efficiency, AGRANA utilises the water contained in the agricultural raw materials for its processes. Its sugar factories (processing sugar beet) and apple juice concentrate plants respectively obtain about 75% and 85% of their process water needs from their raw materials and, after using and treating the water in accordance with all legal requirements, make it available to other users. Overall, the AGRANA Group discharges more water than it withdraws and thus has a negative water consumption balance.

AGRANA reports water and wastewater figures solely for its core business, the processing of agricultural raw materials in its production plants. Absolute values of water withdrawal and discharge have only very limited meaning as a measure of water use efficiency, given that annual raw material processing quantities fluctuate. Some AGRANA segments have water withdrawal targets, relevant to their business activity, for the current target period up to and including the 2020|21 financial year. The progress towards goals to date is presented in the respective segment reports (see pages 65, 72 and 79).

Waste
The economic, environmental and social risks and impacts of waste generation and disposal in AGRANA's business activities are limited thanks to the Group's policy and practice of minimising waste through the virtually complete utilisation of raw materials. For AGRANA as an agricultural processor, its raw materials are far too valuable not to be utilised to the fullest. The Group-wide principle of complete utilisation is entrenched in the environmental policy and is practiced by producing both a wide range of high-quality foods and intermediate products for downstream industries and – particularly in the Starch and Sugar segments – manufacturing a very broad portfolio of by-products, especially feedstuffs and fertilisers. These not only contribute significantly to the economic bottom line but also close nature's material cycle by returning minerals and other nutrients to the land and the food chain.

Waste generation at the AGRANA Group
within the GRI reporting boundaries (see page 44)

	2019|20	2018|19	2017|18
Total amount of waste	90,447 t	107,917 t	122,448 t
Of which hazardous waste	634 t	585 t	489 t
Waste per tonne of product output	21.7 kg	25.9 kg	26.2 kg
Of which hazardous waste	152 g	140 g	105 g

Based on total product output, total waste in the 2019|20 financial year amounted to about 21.7 kilograms per tonne of product (core and by-products), of which 105 grams represented hazardous waste. In accordance with legal requirements, this material was collected and transferred to qualified waste disposal providers for appropriate treatment (for details, see the segment reports, pages 66, 72 and 80).

Transport
Although the transport of raw materials and products only represents a comparatively small share of typically less than 10% of the carbon footprint of AGRANA products (varying with the calculation method and country), the Group strives to make transport activities that are within its sphere of influence as sustainable as infrastructural and economic constraints will allow.

Thus, the 2019|20 modal split for inbound and outbound logistics in the AGRANA Group was approximately 75.4% road, 17.8% rail and 6.8% water.

Employee matters – Our employees
The internal normative basis for AGRANA's relationship with its employees is the AGRANA Code of Conduct, which was newly revised in 2018|19. Among other things, it prohibits any discrimination or harassment, forbids child labour and forced labour, and addresses issues of health and safety in the workplace. It also affirms the rights of free association and collective bargaining.
By adhering to its Code of Conduct, the Group expects to avoid or minimise economic risks to AGRANA (for example, difficulties in employee recruitment, inefficient operating processes, strikes and reputational damage) and social risks for employees (e.g., a work environment that is unsafe, hazardous to health, discriminatory or unfair).

The employment relationships of about 70% of AGRANA employees[1] worldwide in 2019|20 fell under collective agreements. The interests of approximately 80% of staff[1] were represented by a local employee council or union representative. At those sites where neither of these forms of representation exists, AGRANA has set up complaint boxes as a formal channel available to all employees for reporting grievances regarding labour practices or human rights. A process is in place for the prompt and fair handling of the complaints received. Employees also have access to the AGRANA Whistleblowing System.

SEDEX membership and SMETA audits

Since 2009, AGRANA Beteiligungs-AG is a member of the Supplier Ethical Data Exchange (SEDEX). All AGRANA production sites perform an annual SEDEX self-assessment, which focuses primarily on working conditions, workplace safety and human rights (including questions on child labour and forced labour). In the 2017|18 financial year, all Sugar segment plants within the GRI reporting boundaries (see page 44) and all Austrian manufacturing sites of the Starch segment had their self-assessments verified through so-called "4-Pillar SEDEX Members Ethical Trade Audits" (SMETA) performed by independent third parties and valid for three years. Overall, at the balance sheet date in 2020, twenty-five of the AGRANA production sites (about 45.5%) within the GRI reporting boundaries had valid SMETA or comparable social audits. No significant violations were found. The SMETA audit reports on the AGRANA plants are available to SEDEX members on the organisation's online platform.

The areas of focus in 2019|20 regarding working conditions and human rights in relation to AGRANA employees are discussed in the section "AGRANA's people" (see page 85).

Anti-corruption and anti-bribery – Compliance

The risks, management approaches and activities in 2019|20 surrounding compliance and business conduct, anti-corruption and anti-bribery are presented in the compliance section of the corporate governance report (see from page 27).

Social matters

Product responsibility and sustainable products

Product safety and quality

The foremost aim of the AGRANA quality policy is to produce foods and feedstuffs that meet customer requirements and are safe for consumption. Adherence to the many applicable national and international regulations for product safety at all production sites worldwide is an absolute priority for AGRANA.

In addition to the local legal requirements for foods and feeds, AGRANA is guided by the international standards for food safety, such as the Codex Alimentarius (the food code of the Food and Agriculture Organisation of the World Health Organisation). In the Codex Alimentarius, the General Principles of Food Hygiene introduce the so-called Hazard Analysis and Critical Control Point system. The HACCP system permits the analysis of potential hazards to human health, whether chemical, physical or microbial in nature. AGRANA has already been using HACCP systems in its plants for many years, adapted to the particular production processes. The introduction and especially the regular auditing of an HACCP system ensure that only safe products leave the facility.

In its assurance of food and feed safety, AGRANA goes beyond the legal requirements and has implemented internationally recognised standards of product safety, under which it is externally certified.

The AGRANA quality management system seeks to identify and optimally fulfil the expectations and requirements of customers and other interested parties. It is based on the principles of ISO 9001, the international norm for quality management systems. AGRANA's quality management system is supplemented by numerous certifications for food safety and food defence. The most important standards in this respect globally for AGRANA are FSSC 22000 (Food Safety System Certification), ISO 22000 and IFS (International Food Standard). Depending on the country or region and customer demand, additional certifications are also offered, such as Organic, GMO-Free, Kosher (following Jewish dietary laws) and Halal (adhering to Islamic dietary laws). The key standards for feed safety are GMP+ and the EFISC Feed Standard. Overall in the 2019|20 financial year, 100% of AGRANA's feed production sites held certifications to at least one of these standards or to the locally relevant international ones.

The levels of excellence in hygiene and quality of the foods and feeds produced by AGRANA are continually raised further through external certifications, customer and supplier audits and an internal audit system. The 2019|20 financial year saw a recall affecting consumers that was carried out in Australia.

[1] Calculation based on average number (headcount) of AGRANA employees within the GRI reporting boundaries (see page 44).

AGRANA products as a contribution to climate protection

AGRANA evaluated its product portfolio based on the criteria for environmentally sustainable economic activities[1] set out in the EU's unified classification system (EU Taxonomy). On this basis, the following AGRANA product categories were defined as sustainable or climate-friendly:

- Products certified to an organic standard
- Products whose raw materials fulfil the sustainability criteria of the FSA gold or silver standard
- Substitutes for products of fossil origin (e.g., bioethanol, and starches for use in bioplastics, cosmetics, and adhesives)
- Products made in a manner consistent with a circular economy (all feeds and fertilisers produced by AGRANA)

Using these criteria, about 56% of the product volume sold by AGRANA in 2019|20 qualified as sustainable or climate-friendly. For AGRANA as well, the growing awareness on the part of consumers that their day-to-day decisions can make a major contribution to climate protection therefore holds opportunities to further expand the Group's offering of sustainable and climate-friendly products.

Disseminating knowledge on nutrition and health

In 2019|20, sugar continued to struggle with a negative image in the public debate and in media coverage of nutrition and health. Motivated by this media pressure and the 2016 agreement between EU member states that, by 2020, the amount of added sugars in the total food supply is to be reduced by 10% relative to the base year 2015, food manufacturers and retail chains are working on recipe changes for their products. However, reformulations, which very often target sugar alone, fall short. Ultimately, what is responsible for overweight is not sugar but a positive energy balance, i.e., more calories being taken in than expended. Whether these calories come from fat, protein, sugar or other carbohydrates makes relatively little difference in this regard.

AGRANA therefore works to raise the level of public knowledge about nutrition in general, the importance of lifestyle to health, and the properties of sugar. In the year under review the company thus continued to support initiatives such as Austria's Forum for Health Today ("Forum Ernährung heute"), the Austrian Nutrition Society ("Österreichische Gesellschaft für Ernährung") and the platform Land Grows Life ("Land schafft Leben").

By sponsoring the youth programme of a popular Vienna football club, AGRANA aims to motivate children and teenagers to choose a healthy, active lifestyle that includes more exercise in daily life.

In parallel with this, AGRANA helps foster its own employees' knowledge and awareness of balanced nutrition and a healthy lifestyle through a multitude of activities (see the section "AGRANA's people", page 85).

Social engagement

Beyond striving to maximise the environmental and social sustainability of its core business activities, AGRANA is also engaged as a responsible corporate citizen in its host communities. As part of this engagement, the Group is involved in various sustainability-related initiatives and in industry associations and advocacy groups.

AGRANA's contribution to the UN Sustainable Development Goals

In line with its business activities and its sustainability priorities in the areas of energy efficiency, complete raw material utilisation, attention to environmental and social criteria in procurement, and business ethics, AGRANA supports especially the Sustainable Development Goals (SDGs) 8, 13, 15 and 16 adopted in September 2015 by the General Assembly of the United Nations; for the first time, these UN goals have also engaged the private sector in furthering the achievement of development goals. In addition, AGRANA contributes to the attainment of Goals 2 to 7 and Goals 12 and 14.

[1] Criteria for environmentally sustainable economic activities from the Proposal for a Regulation of the European Parliament and of the Council on the Establishment of a Framework to Facilitate Sustainable Investment, May 2018.

Memberships in major sustainability initiatives

Initiative	Member companies from AGRANA Group	Since	Initiative's aim and member base
Sustainable Agriculture Initiative Platform (SAI)	AGRANA Beteiligungs-AG[1]	2014	Aim: Develop guidelines for and implement sustainable agriculture practices; Members: from the food production value chain
The Sustainable Juice Covenant	AUSTRIA JUICE GmbH	2018	Aim: global initiative for sustainable production of fruit- and vegetable-based juices, purees and juice concentrates; Members: beverage industry, especially members of the European Fruit Juice Association (AIJN)
Supplier Ethical Data Exchange (SEDEX)	AGRANA Beteiligungs-AG[1]	2009	Aim: promote sustainable social and environmental practices in the value chain; Members: about 60,000 companies worldwide
EcoVadis	AUSTRIA JUICE GmbH and some sites of Fruit segment; AGRANA Stärke GmbH; AGRANA Zucker GmbH	2013	Aim: supplier assessment on environmental and social criteria throughout their value chain; Members: about 60,000 companies in a wide range of industries
ARGE Gentechnik-frei (Platform GMO-Free)	AGRANA Beteiligungs-AG[1]	2010	Aim: promote and safeguard Austrian GMO-free agriculture and food production; Members: from the entire food value chain, including many retailers
Bonsucro	AGRANA Zucker GmbH	2014	Aim: improve the sustainability of sugar cane cultivation and of cane sugar production; Members: producers, resellers, processors

Memberships in industry associations and advocacy groups

Industry association or advocacy group	Member company	Geographic scope
Industriellenvereinigung (Federation of Austrian Industries)	AGRANA Beteiligungs-AG	Austria
Fachverband der Nahrungs- und Genussmittelindustrie (Austrian Food Industry Association)	AGRANA Beteiligungs-AG	Austria
AÖL – Assoziation ökologischer Lebensmittelhersteller (Association of Sustainable Food Producers)	AGRANA Stärke GmbH	Germany
CEFS – Comité Européen des Fabricants de Sucre (European Association of Sugar Producers)	AGRANA Zucker GmbH	European Union
Starch Europe	AGRANA Stärke GmbH	European Union
SGF International E.V.	AUSTRIA JUICE GmbH	Worldwide

[1] AGRANA Beteiligungs-AG, representing all or several AGRANA companies.

Financial results

The consolidated financial statements for the 2019|20 financial year (the twelve months ended 29 February 2020) were prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union.

Changes in the scope of consolidation

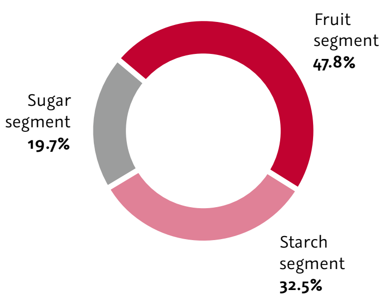
A detailed overview of the additions to and removals from the scope of consolidation is provided in the notes to the consolidated financial statements (from page 118). In total in the consolidated financial statements, 61 companies were fully consolidated (28 February 2019 year-end: 62 companies) and 13 companies were accounted for using the equity method (28 February 2019: 12 companies).

Revenue and earnings

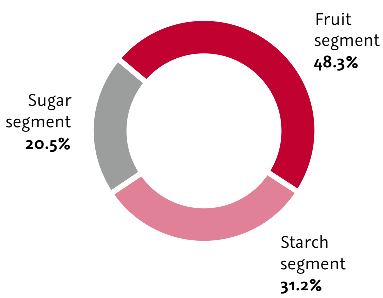
Consolidated income statement (condensed)		**2019|20**	**2018|19**	**Change** % / pp
Revenue	€000	2,480,732	2,443,048	+1.5%
EBITDA[1]	€000	183,065	147,738	+23.9%
Operating profit before exceptional items and results of equity-accounted joint ventures	€000	73,136	51,102	+43.1%
Share of results of equity-accounted joint ventures	€000	16,727	12,222	+36.9%
Exceptional items	€000	(2,813)	3,294	−185.4%
Operating profit [EBIT][2]	€000	87,050	66,618	+30.7%
EBIT margin	%	3.5	2.7	+0.8 pp
Net financial items	€000	(17,191)	(15,372)	−11.8%
Income tax expense	€000	(18,567)	(20,860)	+11.0%
Profit for the period	€000	51,292	30,386	+68.8%
Earnings per share	€	0.77	0.41	+87.8%

The AGRANA Group's **revenue** of € 2,480.7 million in the 2019|20 financial year marked a slight increase from the prior year. Revenue was steady in the Fruit segment (at € 1,185.4 million, up 0.5%), eased in the Sugar segment (at € 488.3 million, down 2.6%) and grew in the Starch segment (at € 807.0 million, up 5.8%).

Revenue by segment in 2019|20



Revenue by segment in 2018|19

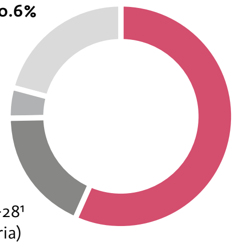


[1] EBITDA represents operating profit before exceptional items, results of equity-accounted joint ventures, and operating depreciation and amortisation.
[2] Operating profit (EBIT) is after exceptional items and results of equity-accounted joint ventures.

Subsidiaries based in Austria generated 56.7% (prior year: 52.5%) of Group revenue.

Revenue by region in 2019|20

based on location of company's registered office



Operating profit (EBIT) was € 87.1 million in 2019|20, a significant increase of 30.8% from the prior year. In the Fruit segment, EBIT decreased to € 55.9 million, a reduction of 27.7% driven primarily by a lower result in the fruit preparations business. In the Sugar segment, higher sugar sales prices than in the prior year led to an EBIT improvement, although in absolute terms, EBIT remained significantly negative at a deficit of € 44.0 million. The Starch segment expanded its EBIT substantially by 46.9% to € 75.2 million. Details on the share of results of equity-accounted joint ventures and on exceptional items can be found in the segment reports and the consolidated financial statements.

Net financial items in 2019|20 amounted to a net expense of € 17.2 million (prior year: net expense of € 15.4 million). The increase of € 2.9 million in net interest expense was attributable to an average increase of € 150 million in debt and the additional interest expense of about € 1.0 million resulting from the initial application of IFRS 16, Leases. At the same time, currency translation differences improved by € 1.4 million. In the prior year this item had included a high forex expense due to the depreciation of the Argentine peso, while in 2019|20 this effect was avoided thanks to the debt reduction of the Argentine subsidiary. The change in other financial items (down € 0.3 million) resulted from the issue of the Schuldscheindarlehen by AGRANA Beteiligungs-AG in August 2019 and the renewal of a syndicated credit line by AUSTRIA JUICE GmbH.

Net financial items		**2019|20**	**2018|19**	**Change**
				%
Net interest (expense)	€000	(8,409)	(5,513)	–52.5%
Currency translation differences	€000	(6,616)	(7,976)	+17.1%
Share of results of non-consolidated subsidiaries and outside companies	€000	18	24	–25.0%
Other financial items	€000	(2,184)	(1,907)	–14.5%
Total	**€000**	**(17,191)**	**(15,372)**	**–11.8%**

[1] Excluding the United Kingdom since 1 February 2020.

Profit before tax increased from the prior year's € 51.2 million to € 69.9 million. After an income tax expense of € 18.6 million based on a tax rate of 26.6% (prior year: 40.7%), the Group's profit for the period was € 51.3 million (prior year: € 30.4 million). **Profit for the period** attributable to shareholders of AGRANA was € 48.2 million (prior year: € 25.4 million); earnings per share increased to € 0.77 (prior year: € 0.41).

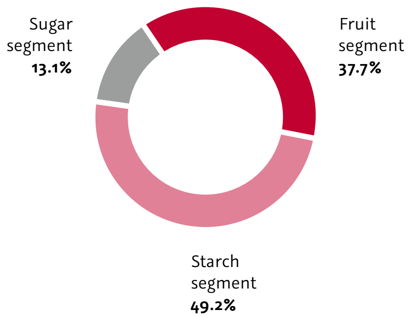
Investment

In 2019|20, AGRANA invested a total of € 149.7 million, or € 34.1 million less than in the prior year. Purchases of property, plant and equipment and intangibles exceeded depreciation by 35.6% (prior year: 90.1%), with the following distribution by business segment:

Investment[1]		**2019|20**	**2018|19**	**Change** % / pp
Fruit segment	€000	56,495	56,193	+0.5%
Starch segment	€000	73,609	97,011	−24.1%
Sugar segment	€000	19,557	30,549	−36.0%
Group	€000	**149,661**	**183,753**	**−18.6%**
Depreciation, amortisation and impairment	€000	110,333	96,636	+14.2%
Investment coverage	%	135.6	190.1	−54.5 pp

Investment in the Fruit segment focused mainly on capacity expansions and plant modernisation; in the Sugar segment it centred on improvements in product quality and energy efficiency. The highest capital expenditures in the Starch segment were for the completion of the expansion of the wheat starch plant in Pischelsdorf, Austria. The key projects in the individual business segments are detailed in the segment reports.

Investment by segment in 2019|20



[1] Investment represents purchases of property, plant and equipment and intangible assets, excluding goodwill.

Cash flow

Consolidated cash flow statement (condensed)		2019/20	2018/19	Change %
Operating cash flow before changes in working capital	€000	187,831	177,546	+5.8%
Changes in working capital	€000	(52,982)	(5,872)	−802.3%
Interest received and paid and income tax paid, net	€000	(24,753)	(29,965)	+17.4%
Net cash from operating activities	€000	**110,096**	**141,709**	**−22.3%**
Net cash (used in) investing activities	€000	(155,578)	(161,887)	+3.9%
Net cash from/(used in) financing activities	€000	57,322	(18,180)	+415.3%
Net increase/(decrease) in cash and cash equivalents	€000	**11,840**	**(38,358)**	**+130.9%**
Effects of movements in foreign exchange rates on cash and cash equivalents	€000	(511)	(577)	+11.4%
Cash acquired in initial consolidation of subsidiaries	€000	0	637	−100.0%
Effect of IAS 29 on cash and cash equivalents	€000	(496)	(81)	−512.3%
Cash and cash equivalents at beginning of period	€000	82,582	120,961	−31.7%
Cash and cash equivalents at end of period	€000	**93,415**	**82,582**	**+13.1%**
Free cash flow[1]	€000	(45,482)	(20,178)	−125.4%

Operating cash flow before changes in working capital was up € 10.3 million year-on-year at a new total of € 187.8 million. After an inventory-driven significantly larger increase of € 53.0 million in working capital than a year ago (prior year: increase of € 5.9 million), net cash from operating activities decreased to € 110.1 million (prior year: € 141.7 million). Net cash used in investing activities was € 155.6 million, a decrease from the prior year as a result of lower outflows for purchases of property, plant and equipment and intangibles (prior year: net cash use of € 161.9 million). In 2019|20, an overall increase in borrowings (on a net basis across the current and non-current portions) and a lower dividend payment led to net cash from financing activities of € 57.3 million (prior year: net cash use of € 18.2 million). Free cash flow in the year under review decreased by more than 100% year-on-year.

Financial position

Consolidated balance sheet (condensed)		29 Feb 2020	28 Feb 2019	Change % / pp
Non-current assets	€000	1,331,925	1,252,148	+6.4%
Current assets	€000	1,217,519	1,137,259	+7.1%
Total assets	€000	**2,549,444**	**2,389,407**	**+6.7%**
Equity	€000	1,387,132	1,409,928	−1.6%
Non-current liabilities	€000	565,291	393,046	+43.8%
Current liabilities	€000	597,021	586,433	+1.8%
Total equity and liabilities	€000	**2,549,444**	**2,389,407**	**+6.7%**
Net debt	€000	464,012	322,202	+44.0%
Gearing ratio[2]	%	33.5	22.9	10.6 pp
Equity ratio	%	54.4	59.0	−4.6 pp

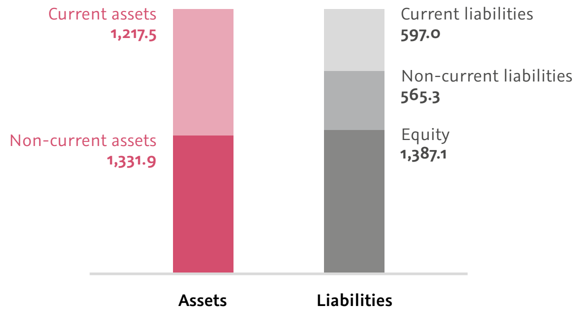
Total assets at 29 February 2020 were € 2,549.4 million, an increase of € 160.0 million from the year-earlier level.

[1] Total of net cash from operating activities and net cash used in investing activities.
[2] Ratio of net debt to total equity.

Non-current assets increased by € 79.8 million, due mainly to the initial application of IFRS 16, Leases, (also see the consolidated financial statements, from page 115), and also reflecting a level of investment that exceeded depreciation. Inventories rose significantly for price and volume reasons. In combination with a rise in cash and cash equivalents, this led to an overall increase in current assets.

Balance sheet structure at 29 February 2020

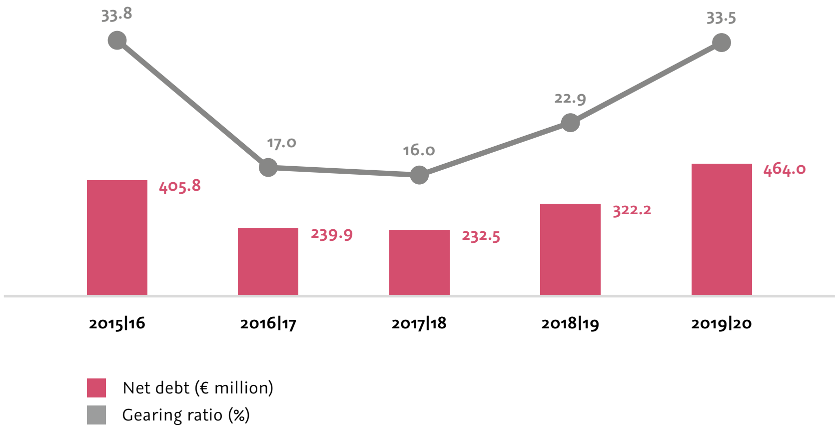
€ million



AGRANA's equity ratio of 54.4% was 4.6 percentage points below that of one year earlier. Non-current liabilities rose significantly, due primarily to an increase in long-term borrowings. Current liabilities increased slightly, which was attributable to a rise in trade payables and in other payables.

Net debt as of 29 February 2020 amounted to € 464.0 million, up € 141.8 million from the 2018|19 year-end level. The gearing ratio was thus 33.5% at the balance sheet date (28 February 2019: 22.9%).

Net debt and gearing ratio

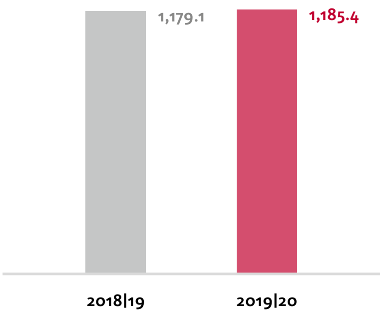


To strengthen the long-term funding base and take advantage of the historic low interest rate environment, AGRANA Beteiligungs-AG at 1 August 2019 placed a € 200 million Schuldscheindarlehen (bonded loan) in tranches of five, seven and ten years. The weighted average term to maturity is six years. Approximately 75% of the Schuldscheindarlehen carries a fixed interest rate. As well, in November 2019, AGRANA Beteiligungs-AG raised a long-term bank loan with a seven-year term. Both the Schuldscheindarlehen and the bilateral facility were used for the repayment of a group debt to Südzucker AG and of the Schuldscheindarlehen issued in 2014.

Segment financial results

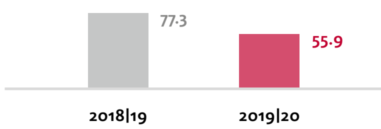
Revenue in the Fruit segment

€ million



EBIT in the Fruit segment

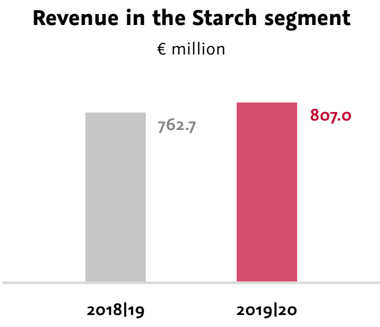
€ million

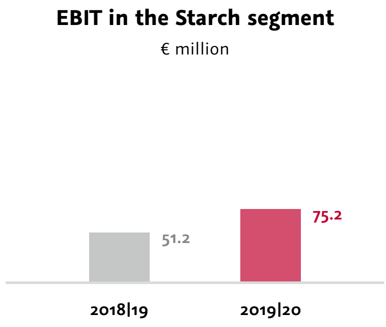


Fruit segment revenue in 2019|20 was € 1,185.4 million (up 0.5% from the prior year). Fruit preparations revenue rose slightly on higher sales volume, with revenue growth seen especially in North America, the IMEA region (India, Middle East and Africa), Russia and Mexico. In the fruit juice concentrate activities, revenue was down from a year ago due to lower prices for apple juice concentrate from the 2018 crop, while volume was up moderately. The Fruit segment was responsible for 47.8% of Group revenue (prior year: 48.3%).

The segment's EBIT of € 55.9 million was off 27.7% from the prior year. The causes of the deterioration lay mainly in the fruit preparations business. Here, sales volume growth was below expectations and general cost increases thus could not be fully offset by higher sales volumes. The primary drivers of the reduction in operating profit were one-time impacts relating to raw materials in Mexico (strawberry and mango), combined with low sales prices for apples in Ukraine, reduced margins in Europe as well as exceptional staff cost effects. EBIT in the fruit juice concentrate business declined significantly from the year before. This resulted mainly from a combination of poorer contribution margins in apple juice concentrate and idle-capacity costs due to a smaller apple crop in 2019.

Further details on the results in the Fruit business are supplied in the segment report from page 61.

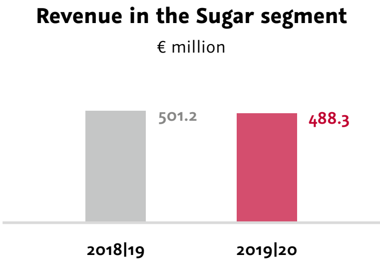


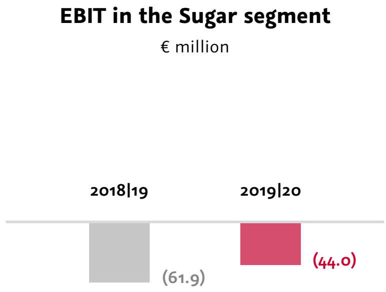


Revenue in the **Starch** segment rose by 5.8% in the 2019|20 financial year, to € 807.0 million. The key reason was a significant improvement in ethanol revenue due to risen market demand in the EU and substantially stronger Platts quotations. In the year under review, production volumes and thus sales quantities were increased in all plants, and in addition, the new second wheat starch plant in Pischelsdorf, Austria, began production in November 2019. Revenue in saccharification products was held constant at lower prices through greater volumes. Increases in revenue were achieved in organic and specialty products, particularly infant formula. Revenue from by-products (including other products) decreased. The Starch segment accounted for 32.5% of the Group's revenue (prior year: 31.2%).

With EBIT of € 75.2 million, the Starch segment surpassed the year-earlier result by 46.9%. The significant earnings growth stemmed primarily from the pronounced rise in the market price of ethanol, as well as from the volume gains in core products. Raw material prices were in line with the prior year, and energy prices eased marginally. The expansion activities at the three Austrian sites weighed on earnings through increases in administrative and staff costs and depreciation. The profit contribution from the equity-accounted HUNGRANA was € 16.3 million, in line with the prior year. This company was able to make up for volume and margin reductions in saccharification products with improved bioethanol earnings. On balance, the EBIT profit margin of the Starch segment in 2019|20 increased to 9.3%, from 6.7% in the prior year.

Further details on the results of the Starch business are provided in the segment report from page 67.





The **Sugar** segment's revenue in 2019|20, at € 488.3 million, was off 2.6% from the year before. This slight overall decrease was driven by a significant drop in sugar sales volumes (notably with resellers) that outweighed a rise in sugar selling prices. By-product revenue increased from one year earlier. The Sugar segment accounted for 19.7% of Group revenue (prior year: 20.5%).

EBIT in 2019|20, although improved, was still significantly negative at a deficit of € 44.0. The improvement was achieved through the increase in sales prices compared to the prior year. The 2019 campaign once more entailed idle-capacity costs, as the beet harvest was again poor due in part to a renewed beet weevil infestation in Austria. The EBIT contribution of the equity-accounted AGRANA-STUDEN group was € 0.4 million (prior year: loss of € 4.0 million), having improved as a result of a positive market trend and better utilisation.

Further details on the results in the Sugar business are given in the segment report from page 74.

Events after the balance sheet date

The global spread of coronavirus disease (COVID-19) was declared a pandemic by the World Health Organisation on 11 March 2020. This underlines a higher probability of possible material effects on the future course of business. As of the date of preparation of the annual financial statements on 22 April 2020, it was not possible to estimate the financial effects owing to the rapid pace of developments. Depending on the actual effects and further trajectory of the coronavirus crisis, negative impacts may arise on the 2020|21 financial year or subsequent years, such as impairment of goodwill and property, plant and equipment, effects on medium-term projections, or impacts in other areas relevant to financial results. As of 29 February 2020, these effects were not yet predictable and therefore not accounted for.

Effective 1 March 2020, AGRANA Stärke GmbH acquired the Santa Cruz, California-based company Marroquin Organic International, Inc. This trading company specialising in organic products serves B2B customers and sources much of its product portfolio from AGRANA.

No other events of material significance to AGRANA occurred after the balance sheet date of 29 February 2020.

Fruit segment

Basics of the Fruit segment

Marketing relationship
B2B

Products
Fruit preparations, fruit juice concentrates, not-from-concentrate juices, fruit wines, natural flavours and beverage bases

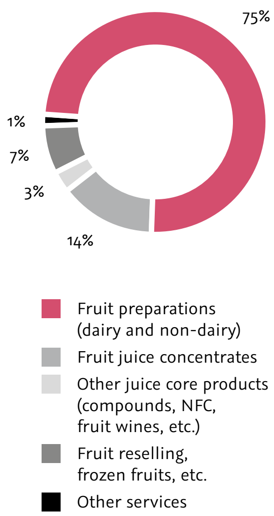
Raw materials processed
Fruits (leading raw material for fruit preparations: strawberry; raw materials for fruit juice concentrates: apples and berries)

Key markets
Marketed worldwide

Customers
Dairy, ice-cream, bakery, food service and beverage industries

Special strengths
Custom-designed, innovative products

Revenue by product group in 2019|20



AGRANA Internationale Verwaltungs- und Asset-Management GmbH, Vienna, is the holding company for the Fruit segment. The coordination and operational management of the fruit preparations business are provided by its holding company AGRANA Fruit S.A.S., based in Mitry-Mory, France. In the fruit juice concentrate business, the operating holding company is AUSTRIA JUICE GmbH, based in Kröllendorf/Allhartsberg, Austria. At the balance sheet date the Fruit segment as a whole comprised 27 production sites in 20 countries for fruit preparations, and 15 plants in seven countries for the production of apple and berry juice concentrates.

Revenue and earnings

Fruit segment		2019|20	2018|19	Change % / pp
Total revenue	€000	1,186,347	1,179,603	+0.6%
Inter-segment revenue	€000	(890)	(453)	−96.5%
Revenue	€000	1,185,457	1,179,150	+0.5%
EBITDA[1]	€000	101,090	114,966	−12.1%
Operating profit before exceptional items and results of equity-accounted joint ventures	€000	58,002	77,265	−24.9%
Exceptional items	€000	(2,070)	0	–
Operating profit [EBIT][2]	€000	55,932	77,265	−27.6%
EBIT margin	%	4.7	6.6	−1.9 pp
Investment[3]	€000	56,495	56,193	+0.5%
Number of employees (FTE)[4]		6,194	6,141	+0.9%

Revenue in the fruit preparations business rose by just under 4%, as a result mainly of slightly higher sales volumes.

AGRANA Fruit saw revenue gains in all regions except Europe and South America. Significant growth from the previous year was achieved in North America and in Ukraine. The IMEA region (India, Middle East and Africa) had the strongest percentage revenue growth, thanks to good business in Algeria. Revenue decreased in South America (particularly Argentina) and Europe (excluding Ukraine).

In the fruit preparations activities, sales volumes in non-dairy[5] product segments were up from the prior year, especially for food service and bakery. The quantities sold into the dairy sector remained steady.

Earnings of the fruit preparations business saw a significant decrease. Higher costs could not be recouped through the only slight rise in sales volumes. Specifically, the primary drivers of the reduction in operating profit were one-time impacts relating to raw materials in Mexico (strawberry and mango), combined with low sales prices for apples from the 2018 crop in Ukraine, reduced margins in Europe and the application of hyperinflation accounting in Argentina. Furthermore, the fruit preparations business registered a net exceptional items expense reflecting regional restructuring measures (such as in Serbia) and exceptional staff cost effects.

[1] EBITDA represents operating profit before exceptional items, results of equity-accounted joint ventures, and operating depreciation and amortisation.
[2] Operating profit (EBIT) is after exceptional items and results of equity-accounted joint ventures.
[3] Investment represents purchases of property, plant and equipment and intangible assets, excluding goodwill.
[4] Average number of full-time equivalents in the reporting period.
[5] The “non-dairy” product segments are ice-cream, bakery, and food service.

An EBIT improvement compared to the prior year was realised in the North America and Russia regions and the Dirafrost business, while earnings eased especially in Europe (including Ukraine), South America and Mexico.

The 2019|20 financial year also for the first time includes the revenue of the new facility in Changzhou near Shanghai in China. Industrial-scale production at the plant started in March 2019. The sale of the facility in Fiji was completed at the end of June 2019.

Revenue in the fruit juice concentrate business was down significantly in 2019|20 compared to the year before. This was a result of lower apple juice concentrate prices for product from the 2018 crop and lower sales quantities from the 2019 campaign in the final quarter of the financial year.

In the 2019 apple campaign of AUSTRIA JUICE, reduced harvest volumes led to sharply limited raw material availability in the European main crop production countries of Poland and Hungary, with significantly higher prices than in the previous year's campaign.

In the fruit juice concentrate business, the significant reduction in EBIT from the prior year was due to a poorer margin and sales volume situation and the considerably reduced capacity utilisation of the plants in the 2019 processing season compared to the 2018 campaign.

Market environment

The global market for yoghurt in 2019 grew by about 4% in sales compared to 2018, driven above all by the drinkable yoghurt and natural yoghurt categories. Globally in the same year, spoonable fruit yoghurt, the actual main market of the fruit preparations division, grew only slightly. AGRANA Fruit's largest markets, Western Europe and North America, experienced a contraction in the spoonable fruit yoghurt segment. The planned growth in North and South America, Europe and the Middle East was negatively affected by business cycle-driven reversals and political developments.

Besides striving for the continual expansion of sales quantities in the dairy segment through innovative products, AGRANA Fruit in 2019|20 continued to focus on other market segments such as ice-creams and dairy alternatives as well as the food service sector. The ice-cream market exhibited moderate growth in 2019 globally, with high growth in some regions. In this segment, AGRANA continued to work on expanding collaborations with the global market leaders. The company also continued to generally strengthen the food service activities. The market for dairy alternatives in the yoghurt and ice-cream sectors still represents only a niche in the overall market, but is showing dynamic growth. Particularly in Western Europe and North America, this market grew significantly more strongly than that for traditional milk products. In a subsegment of this market, fruit preparations of the same kind are used as in dairy products.

The top consumer trends shaping developments in the markets of the fruit preparations business (dairy products, ice-cream, bakery and food service) continued to be naturalness, sustainability, health, pleasure and convenience. Features valued in new products were novel and surprising flavours or textures to offer today's variety-seeking consumer new sensory experiences.

The fruit juice concentrate business remains subject to the trends towards lower fruit juice content in beverages and towards not-from-concentrate 100% juices. As a consequence, there is growing demand for beverage bases with a reduced fruit juice content. AUSTRIA JUICE addresses this trend with its strategic emphasis on the increased production of beverage bases and aromas.

The 2019 apple campaign was marked by significantly reduced availability of apples. At the same time, on the customer side there were numerous instances of supply overhang from the very good 2018 harvest. Deliveries from the Chinese plant were fairly sluggish in January and February 2020, initially due to the Chinese New Year festival and then to logistical bottlenecks related to the spread of coronavirus disease (COVID-19) in China.

All the berry juice concentrate from the 2019 campaign has already been placed through sales contracts with customers. An organic range in this area was successfully launched.

The volume trend in the product area of "specialties and added value" remained steady.

Sustainability in the Fruit segment

Fruit preparations
Targets in the supply chain by 2025|26

✗ 20% of processed fruit volume to have FSA silver or equivalent certifications

Environmental targets by 2025|26

✗ Total energy consumption of 1.95 GJ per tonne of product[1]

✗ Water withdrawal of 4.24 m^3 per tonne of product[1]

Fruit juice concentrates
Overall target by 2030

✗ 100% sustainable sourcing, production and trading in compliance with the Sustainable Juice Covenant

Status in the supply chain

✓ SAI FSA audits of Hungarian and Polish growers of pest-resistant apples confirmed silver or better status for all producers (about 15.5% of raw material volume)

Environmental targets by 2020|21

✗ Direct and indirect energy consumption of 3.43 GJ per tonne of product

✗ Water withdrawal of 4.21 m^3 per tonne of product

Value chain
wsk.agrana.com/en/fruit

Raw materials and production

In 2019|20, about 398,000 tonnes of raw materials were purchased for the fruit preparations activities. The average raw material prices for fruits and ingredients were up slightly overall from the prior year. Price increases occurred mainly for strawberry and peach.

At about 71,000 tonnes purchased, strawberry was the principal fruit for fruit preparations. The average purchasing price across all procurement regions was higher than in the year before. Key reasons for this included moderate increases in market prices in the Mediterranean crop regions of Morocco and Egypt. Drastic price hikes were seen in Mexico.

The second most important fruit by processing volume for fruit preparations was peach, at approximately 21,000 tonnes. The main peach sourcing markets for the AGRANA fruit preparations sites worldwide were the southern European fruit-growing regions of Greece and Spain. The harvests in Europe were average and prices were up slightly from the prior year. In terms of processing volume, blueberry was third at about 12,000 tonnes. Major procurement markets were Canada, the USA and Ukraine. Purchasing prices were slightly higher than one year earlier.

In the fruit juice concentrate business, available supplies of apples in the foremost European processing regions (Poland and Hungary) were significantly below the levels of the year before. By contrast, the Chinese apple harvest volume was significantly higher, enabling a record quantity of apple juice concentrate to be produced in China.

The berry processing season for concentrate production was on the whole marked by limited available volumes of the principal fruits. The prices for the most important fruit categories (strawberry, sour cherry and black currant) were above those of the prior year.

Engagement in the upstream value chain

Supplier environmental and social assessment

As part of the development of a new business strategy for the fruit preparations activities for the period to 2025, AGRANA also analysed the procurement of fruit and other raw materials and redefined the database.

In the 2019|20 financial year, 16.7% (prior year: 17%) of the raw materials (fruits and other ingredients) procured by the purchasing organisation, AGRANA Fruit Services GmbH, for the fruit preparations segment had a sustainability certification as defined in the AGRANA principles for the procurement of agricultural raw materials and intermediate products. Of the fruits processed worldwide, 5.6% had a sustainability certification (prior year based on new definition: 4.3%); these were largely organic certifications. The target under the strategy of the fruit preparations business for the period to 2025 is to increase the proportion of processed fruit with a sustainability certification to 20%. To document compliance with sustainability criteria for raw materials from conventional cultivation, the Farm Sustainability Assessment (FSA) will in future be used directly in the fruit preparations business, too, as will programmes that are FSA-equivalent under the benchmarking system of the Sustainable Agriculture Initiative Platform (see page 45 for details).

To evaluate its suppliers for their adherence to social criteria, AGRANA Fruit Services invites new suppliers to participate in the Supplier Ethical Data Exchange, or SEDEX (for details on SEDEX, see page 50). In the 2019|20 financial year, 94% of its suppliers shared their SEDEX data, and audit documents if any, with AGRANA Fruit Services.

[1] The target applies to the fruit preparation plants (excluding primary processing facilities) within the GRI reporting boundaries (see page 44).

The fruit juice concentrate business, as a result of its procurement structures, is confronted with an especially significant challenge in supply chain management, as most of the raw materials it processes are sourced via collection points from dealers. This is a consequence of legacy regional structures evolved over time which are focused primarily on the fresh market and retail trade and on fruit exports. Fundamentally, the Group would like to purchase more raw materials directly from farmers in the future, not least in order to be able to improve sustainability aspects together with the growers. In 2018|19, AUSTRIA JUICE joined the Sustainable Juice Covenant, a global initiative aimed at making the procurement, production and marketing of fruit- and vegetable-based juices, purees and concentrates 100% sustainable by the year 2030.

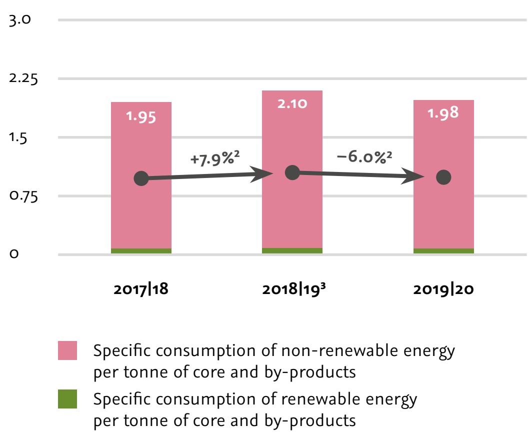
AUSTRIA JUICE currently maintains two projects for direct procurement from growers. In Hungary, since the year 2000, AUSTRIA JUICE has supported local farmers in growing pest-resistant apple varieties that require about 60% to 80% less pesticide than conventional cultivars. Besides financial assistance for the new planting of the trees and ongoing advice over the growing season, the fruit growers also receive purchasing guarantees and a price premium from AUSTRIA JUICE. A further project with contract growers was begun in Poland in 2007. In the financial year about 8% of all apples processed by AUSTRIA JUICE into apple juice concentrate worldwide came from these two projects.

In contract crop production, for the documenting of sustainable environmental and social criteria at its suppliers' operations, AUSTRIA JUICE uses the FSA questionnaire provided by the SAI Platform (for details, see page 45). The 2017|18 financial year was the first in which Hungarian suppliers of disease- and pest-resistant apple varieties, who were selected according to SAI Platform standards, also participated in the mandatory completion of the FSA questionnaire and the external audits. As a result, AUSTRIA JUICE is entitled under SAI standards to claim silver (and in some cases gold) status for three years for all Hungarian growers of resistant varieties. In the 2018|19 financial year the FSA questionnaire and external verification were also used for the contract growers of resistant apple varieties in Poland. On the strength of the results, AUSTRIA JUICE is able to advertise FSA silver status or better for all Polish contract growers of resistant varieties. Under the three-year FSA verification cycle, the grower groups verified in the 2017|18 financial year to SAI standards will be reverified in 2020|21.

As well, FSA silver status can be claimed under the benchmarking of the FSA requirements against the national legislation of, for example, Poland, Spain and Hungary, when combined with a certification to the Global GAP standard. In total, following the calculation methodology of the Sustainable Juice Covenant and based on the respective juice concentration standards of the European Fruit Juice Association (AIJN), AUSTRIA JUICE is thus able to claim FSA silver or higher status for about 15.5% of its raw material processing volume.

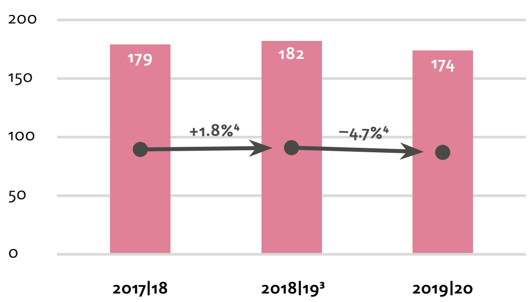
Average specific direct energy consumption in processing operations at AGRANA's fruit plants[1]

In gigajoules (GJ) per tonne of core and by-products



Average specific emissions (from direct and indirect energy consumption) from processing operations at AGRANA's fruit plants[1]

In kg of CO_2 equivalent per tonne of core and by-products



[1] See GRI reporting boundaries, page 44.
[2] Percentage change based on average specific direct energy consumption per tonne of core and by-products.
[3] The value for 2018|19 has been adjusted to correct a data collection error in the fruit juice concentrate business.
[4] Percentage change based on average specific emissions (from direct and indirect energy consumption) per tonne of core and by-products.

Environmental and energy aspects of AGRANA's production

Energy consumption and emissions in processing

The average specific direct energy consumption per tonne of product (both core and by-products) in the Fruit segment fell in the 2019|20 financial year by about 6% compared to the year before.

Average specific indirect energy consumption in the Fruit segment as a whole decreased by about 4.9% from one year earlier.

While the specific total energy use per tonne of product both in the fruit preparations and fruit juice concentrate business remained nearly steady compared to the prior year, the switch to lower-emission energy sources, such as the complete exit from coal at the fruit juice concentrate site in China and greater use of electricity from renewable sources at the Kröllendorf site in Austria, brought a reduction of 4.7% year-on-year in average specific emissions from direct and indirect energy consumption per tonne of product in the Fruit segment.

At the balance sheet date, the energy management systems of 33.3% of all production sites of the Fruit segment within the GRI reporting boundaries (see page 44) held a certification under ISO 50001.

Water consumption in processing operations
at AGRANA's fruit plants
within the GRI reporting boundaries (see page 44)

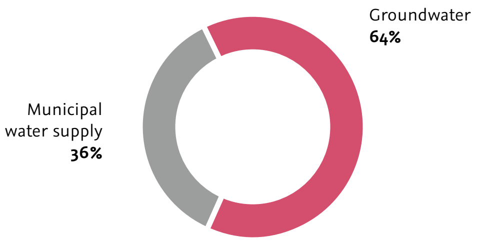
Fruit segment In m³ per tonne of core and by-products	**2019|20**	**2018|19[1]**	**2017|18**
Water withdrawal	4.72	4.29	4.39
Water discharge	4.67	4.16	4.03
Water consumption	**0.05**	**0.13**	**0.36**

The average specific water consumption in the Fruit segment in the year under review was 0.05 cubic metres, or 50 litres, of water per tonne of product output. The risk analysis performed for the AGRANA sites in 2019|20 regarding water withdrawal and discharge, using the WWF Water Risk Filter and the Aqueduct Water Risk Atlas (for details, see page 48), identified potentially high water risk at eleven sites of the fruit preparations business and three sites of the fruit juice concentrate operations.

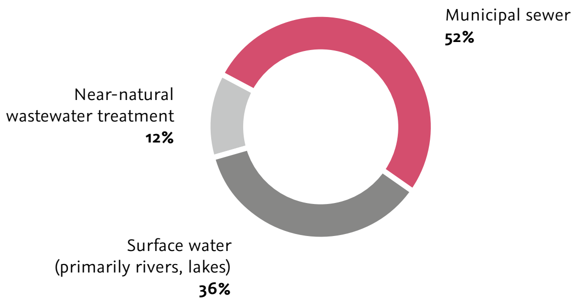
On the fruit juice concentrate side there are currently no actual operational risks affecting or caused by AUSTRIA JUICE GmbH, as the production of apple juice concentrate releases the water bound in the fruit and thus improves local water availability. Although here too, growing customer requirements for greater flexibility and smaller batches in production and filling have an unfavourable effect on water consumption due to an increased need for cleaning, and the water withdrawal targets for 2020|21 are unlikely to be achieved, fruit juice concentrate plants are valued in all municipalities for their water discharge.

In the fruit preparations area, the picture is more diverse due to the international nature of the business and the less stringent regulatory environments compared to Europe. Although none of the AGRANA fruit preparation sites considered to be high-risk locations according to the international risk assessment criteria are currently actually affected by water risks or cause such risks for other local water users, a water management programme for all AGRANA fruit preparation facilities was launched in the year under review in order to raise awareness, create a meaningful database and set water consumption targets at each site.

Water withdrawal at AGRANA's fruit plants in 2019|20 by source[2]



Receiving waters for the wastewater of AGRANA's fruit plants in 2019|20[2]



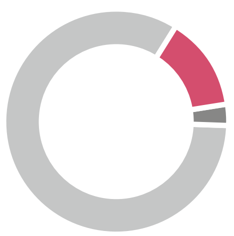
[1] The value for 2018|19 has been adjusted to correct a data collection error in the fruit juice concentrate business.
[2] See GRI reporting boundaries, page 44.

Waste from processing operations
at AGRANA's fruit plants
within the GRI reporting boundaries (see page 44)

Fruit segment Tonnes, except as otherwise indicated	**2019|20**	**2018|19[1]**	**2017|18**
Waste disposed	25,142	35,708	31,877
Of which hazardous waste	268	343	238
Waste per tonne of product	28.3 kg	37.8 kg	38.5 kg
Hazardous waste per tonne of product	302 g	362 g	287 g
Non-hazardous waste disposed by disposal method			
Composting	3,358	4,670	2,753
Energy recovery	1,743	1,035	855
Reuse	2,306	1,962	2,026
Recycling	9,568	9,975	10,125
Landfill	7,368	16,174	15,454
Other	531	1,549	425

The average specific amount of waste per tonne of product (core and by-products) in the Fruit segment decreased in 2019|20 to about 28.3 kilograms (prior year: 37.8 kilograms). The cut of about 29.6% in the absolute amount of waste was due primarily to the reduction by both business areas of waste going to landfills. In the fruit preparations business, this reduction in landfill waste was the result of awareness-building to encourage the utilisation of organic waste that previously would in many cases have been discarded. In the fruit juice concentrate activities, the amount of landfill waste decreased thanks mainly to the completion of construction activities at the Hungarian sites in the prior year.

Disposed hazardous waste of AGRANA's fruit plants in 2019|20 by disposal method[2]

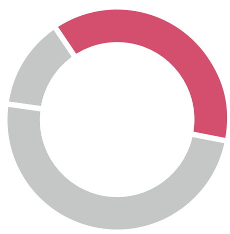


EcoVadis
In the 2019|20 financial year, AUSTRIA JUICE GmbH updated its sustainability data for the purposes of EcoVadis, the international supplier evaluation platform. It again received a gold rating.

Investment

The capital expenditures in the Fruit segment in 2019|20 amounted to € 56.5 million (prior year: € 56.2 million). The various investment projects across all 42 production sites related mostly to asset replacement and maintenance, new production lines and continuous improvements.

Share of Group investment in 2019|20



[1] Values for 2018|19 have been adjusted to correct a data collection error in the fruit juice concentrate business.
[2] Within the GRI reporting boundaries (see page 44).
[3] Including unknown treatment by waste management contractors.

Starch segment

Basics of the Starch segment

Marketing relationship
B2B

Products
General division into food, non-food and feed sectors; Native and modified starches, saccharification products, alcohols/bioethanol, by-products (feedstuffs and fertilisers)

Raw materials processed
Corn (maize), wheat, potatoes

Key markets
Central and Eastern Europe, principally Austria and Germany; also specialty markets, e.g., in USA and UAE

Customers
Food sector: food industry; Non-food sector: paper, textile, construction chemicals, pharmaceutical, cosmetics and petroleum industries; Feed sector: feed industry

Special strengths
GMO-free and strong organic focus

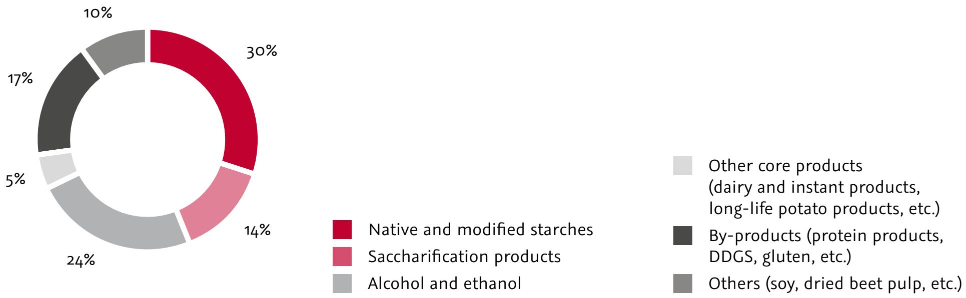
The Starch segment includes the two fully consolidated companies AGRANA Stärke GmbH, Vienna – with the three Austrian plants in Aschach (corn starch), Gmünd (potato starch) and Pischelsdorf (integrated wheat starch and bioethanol plants) – and AGRANA TANDAREI S.r.l. with a plant in Romania (corn processing). AGRANA Stärke GmbH, together with the joint venture partner Archer Daniels Midland Company, Chicago, Illinois, USA, also manages and coordinates the joint ventures of the HUNGRANA group (one plant in Hungary, where starch and saccharification products and bioethanol are manufactured), which are included in the consolidated financial statements using the equity method of accounting.

Revenue and earnings

Starch segment		**2019|20**	**2018|19**	**Change** % / pp
Total revenue	€000	816,802	772,579	+5.7%
Inter-segment revenue	€000	(9,805)	(9,898)	+0.9%
Revenue	€000	806,997	762,681	+5.8%
EBITDA[1]	€000	93,885	66,459	+41.3%
Operating profit before exceptional items and results of equity-accounted joint ventures	€000	58,817	35,029	+67.9%
Share of results of equity-accounted joint ventures	€000	16,341	16,186	+1.0%
Operating profit [EBIT][2]	€000	75,158	51,215	+46.7%
EBIT margin	%	9.3	6.7	+2.6 pp
Investment[3]	€000	73,609	97,011	−24.1%
Number of employees (FTE)[4]		1,087	1,025	+6.0%

In the Starch segment, revenue grew by 5.8% to € 807.0 million in the 2019|20 financial year. Significant revenue gains were achieved with core products, while by-product revenue eased. Since raw material milling volumes were raised at all starch plants, sales volumes and revenue from core products also grew. In November 2019, the second wheat starch plant in Pischelsdorf, Austria, successfully came on stream, which besides wheat starch also produces a new brand-name animal feed, ActiGrano®. Revenue from by-products manufactured in-house rose due to higher volumes, while the quantities of resold feeds declined. As a result of a reorganisation of Sugar segment distribution, the animal feeds made by the Sugar segment (molasses, pellets) and sold by AGRANA Stärke GmbH are now charged on a commission basis and no longer contribute to the Starch segment's revenue. By-product sales volume (including other products) therefore decreased overall.

Revenue by product group in 2019|20



[1] EBITDA represents operating profit before exceptional items, results of equity-accounted joint ventures, and operating depreciation and amortisation.
[2] Operating profit (EBIT) is after exceptional items and results of equity-accounted joint ventures.
[3] Investment represents purchases of property, plant and equipment and intangible assets, excluding goodwill.
[4] Average number of full-time equivalents in the reporting period.

The market prices for starch-based saccharification products remained at a low absolute level, as European sugar prices too did not yet show a clearer rising trend, despite signs of improvement towards the end of the year. In starches, selling prices declined slightly as a result of the additional volumes reaching the market, including from new competitors. Prices for bioethanol showed a very positive trend, as the Platts quotations were historically high: at € 620 per cubic metre, the quotes exceeded the previous year's average by about € 120 per cubic metre.

Raw material costs in the financial year were higher than in the previous year for volume reasons. Prices of raw materials from the 2018 crop had been elevated due to drought and fell back to normal levels during the 2019 harvest. Energy prices, especially for electricity, were also slightly lower than in the prior year. In the course of the segment's major expansion projects, start-up costs weighed on earnings, while staff costs and depreciation increased significantly. Overall, however, thanks primarily to the strong earnings in the bioethanol business, EBITDA in the financial year was up 41.3% to € 93.9 million. Operating profit, at € 58.8 million, grew by 67.9% from the prior year.

In 2019|20, revenue of the HUNGRANA group, the joint venture in Hungary, grew by 2.5% to € 287.1 million. For saccharification products the market environment remained difficult and led to considerable reductions in volumes and prices. At the same time, a significant earnings improvement was achieved in the bioethanol business amid the high ethanol quotations. On balance, the HUNGRANA group generated EBIT of € 39.7 million (prior year: € 38.7 million). Its profit after tax was € 32.6 million, of which one-half, or € 16.3 million, was attributable to AGRANA, closely in line with the prior year.

In the 2019|20 financial year, a minority stake was acquired in BM Health GmbH, Vienna. This start-up company develops and distributes dietary supplements and medicines for glucose management and dementia prevention.

Market environment

The market setting for native and modified starches proved stable in the reporting period. Sales volume and revenue, both in the food industry and the paper and packaging sector, increased from the year before. New impetus for the food business is emerging from current market trends such as plant-based nutrition (proteins). The organic sector as well is benefiting from growing consumer demand.

In connection with the expansion of the wheat starch plant in Pischelsdorf, Austria, the company implemented intensive market and customer acquisition programs, especially in the paper and corrugated board segment. Demand for containerboard (the material used to make corrugated board) remains high, and new competitors are increasingly entering the market.

Saccharification products remained under heavy volume and price pressure during the reporting period. In the case of isoglucose, installed capacity in Central Europe now significantly exceeds demand, and competition for customers and contract volumes is correspondingly fierce, with a direct impact on the prices obtainable. In selected product groups such as glucose, AGRANA was able to conclude contracts to supply higher volumes than before.

In the case of infant formula, in addition to the existing business, work is being done in parallel on new recipes and projects to expand the sales base.

The animal feed markets showed divergent trends. The high-protein segment (corn gluten and especially wheat gluten) saw a significant price decline compared with the expiring contract prices due to the quantities currently available and those expected still to come on the market. The selling prices of ActiProt® and corn gluten feed moved sideways; for several months, the challenging logistics for ActiProt® due to low water levels on the Danube made matters more difficult. With the opening of the second wheat starch factory, a new, medium-protein feed, ActiGrano®, was launched on the market.

Bioethanol quotations were well above plan throughout the financial year and thus made a significant contribution to the EBIT growth in the Starch segment. The main reasons for the positive ethanol price trend were the increase in blending quotas in some EU countries and a stronger focus of climate policy on fuels with higher greenhouse gas savings.

More information on the economic policy environment and market conditions for ethanol is provided in the section "Risk management" und the subheading "EU renewable energy directive" (see page 94).

Raw materials and production

World grain production in the 2019|20 grain marketing year (1 July to 30 June) is estimated by the International Grains Council (IGC) at 2.17 billion tonnes[1], which marks a small increase from the prior year's level but is less than the expected consumption. Global wheat production is forecast at 763 million tonnes (prior year: 733 million tonnes), compared to expected consumption of 753 million tonnes. The world's corn production is projected at 1,112 million tonnes (prior year: 1,130 million tonnes), versus expected consumption of 1,151 million tonnes. Total grain stocks at the end of the marketing year are estimated to decline to about 604 million tonnes, a reduction of 21 million tonnes from one year earlier.

Grain futures prices in the first half of the 2019|20 financial year were flat or slightly declining. From September to the end of the financial year, quotations rose, particularly for wheat. At the 2019|20 year-end, the prices on the commodity derivatives exchange in Paris (NYSE Euronext Liffe) were € 188 per tonne for wheat (prior year: € 193 per tonne) and € 166 per tonne for corn (prior year: € 164 per tonne).

Potatoes

In the 2019|20 campaign the potato starch plant in Gmünd, Austria, in a campaign lasting 161 days (prior year: 172 days), processed about 276,000 tonnes of starch potatoes, marginally more than in the previous year. The processing volume of approximately 24,000 tonnes of food potatoes for the production of long-life potato products was somewhat below the prior-year level.

Corn and wheat

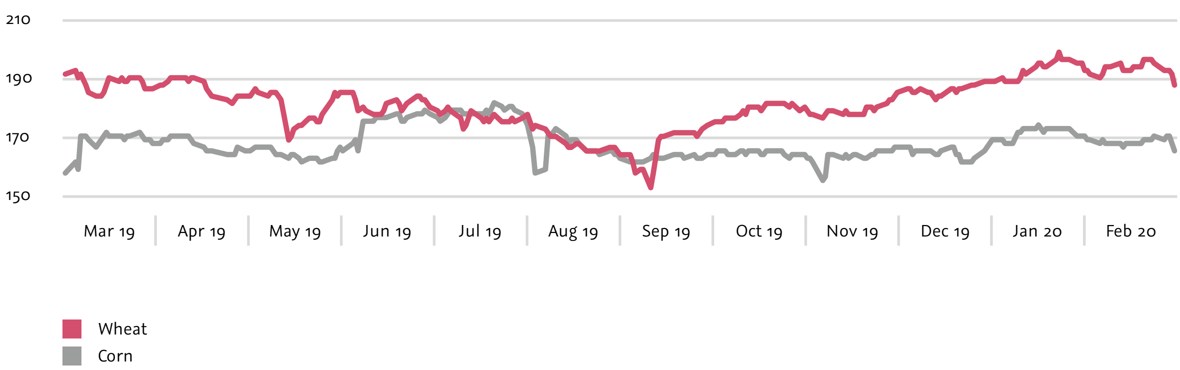
In 2019|20, AGRANA Stärke GmbH processed approximately 759,000 tonnes of corn (prior year: 763,000 tonnes) at the Austrian sites in Aschach and Pischelsdorf. The share of specialty corn (notably waxy corn and organic corn) was about 20%.

Wheat grinding volume at the Pischelsdorf facility for the production of wheat starch and bioethanol was raised to about 584,000 tonnes in 2019|20, an increase of around 8% compared to the year before. Of the 2019 crop, AGRANA secured about 94,000 tonnes of ethanol wheat and ethanol triticale in advance through delivery contracts with growers. As in the prior years, cultivation contracts for ethanol grains were offered for the 2020 crop.

At the HUNGRANA facility in Hungary, a steady total of about 1 million tonnes of corn was processed in 2019|20; the amounts for this equity-accounted joint venture are stated at 100% of the respective total. The plant in Romania processed about 76,000 tonnes of corn, an increase of approximately 7% from the year before.

Corn and wheat commodity prices during AGRANA's 2019|20 financial year

€ per tonne (NYSE Euronext Liffe commodity derivatives exchange in Paris)



[1] IGC estimate from 27 February 2020.

Sustainability in the Starch segment

Status in the supply chain
✔ SAI FSA audits of contract potato production in Austria confirmed FSA gold or silver status for over 75% of all growers

Environmental targets by 2020|21
✔ Cumulative actual savings of 91 GWh through efficiency measures in plants, vs. target of 65 GWh

Value chain
wsk.agrana.com/en/starch

Engagement in the upstream value chain

Supplier environmental and social assessment
In the 2019|20 financial year, the preparations began for the reverification of the sustainability disclosures made in the Farm Sustainability Assessment (FSA) of the Sustainable Agriculture Initiative Platform (SAI) for the documentation of sustainable management by contract potato farmers (for details on the SAI and FSA, see page 45). For more than 75% of all its Austrian contract potato growers, AGRANA's Starch segment is entitled to claim FSA gold or silver status under SAI standards, based on the FSA survey and the corresponding external audits conducted in the 2017|18 financial year and valid for three years. All Austrian contract potato farmers thus fulfil AGRANA's minimum requirements. The FSA reverification audits in accordance with the SAI requirements are scheduled for the 2020|21 financial year.

In the sourcing of sustainable raw materials for the production of wheat starch and bioethanol, AGRANA has been relying for years on certification systems recognised by the European Commission, namely, the International Sustainability and Carbon Certification (ISCC) and the Austrian Agricultural Certification Scheme (AACS). Both the ISCC and AACS are accorded silver status in the FSA system.

BETAEXPO – Austria's largest demonstration field for AGRANA raw material crops
The BETAEXPO field symposium in June 2019, showcasing Austria's largest demonstration field for AGRANA raw material crops, focused on current crop-growing challenges, specifically, field crop production strategies as a guide for family farms.

In the 2019|20 financial year, the activities of AGRANA's Starch segment for contract farmers under the "AGRANA4You" agri-marketing programme were combined under this name with the Sugar segment's corresponding activities previously known as the "Mont Blanc" programme. The goal of the joint programme is to optimise and strengthen the collaboration between AGRANA and its contract farmers and thus stabilise and ultimately increase crop production acreages and raw material volumes. Besides organising BETAEXPO, AGRANA also arranged many other dialogue-rich events for its contract growers in the Starch segment. As in the previous years, AGRANA held a one-day session for new growers to provide information on the production of starch potatoes for industrial use, and arranged several field days for potato and ethanol grain suppliers. In addition, a field day was used to present a novel potato harvesting technology involving pneumatically assisted separation of the crop from foreign matter. Seed seminars to build awareness about the value of seed potatoes attracted great interest from growers.

Environmental and energy aspects of AGRANA's production

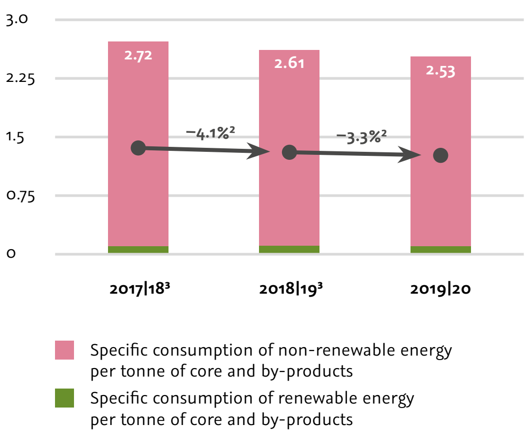
Energy consumption and emissions in processing
The average specific direct energy consumption per tonne of core and by-products in the Starch segment fell by about 3.3% in the 2019|20 reporting period compared to one year earlier. Due to an increase in external purchasing of electricity especially by the AGRANA corn starch factory in Aschach, Austria, as a result of the closure of a gas turbine plant in 2018|19, the average specific indirect energy consumption per tonne of product increased by about 4.5%. The average specific total energy consumption per tonne of product thus remained almost constant year-on-year at 4.48 GJ.

The average specific emissions from direct and indirect energy consumption per tonne of product increased by about 5% from the prior year as a consequence of the higher external sourcing of electricity.

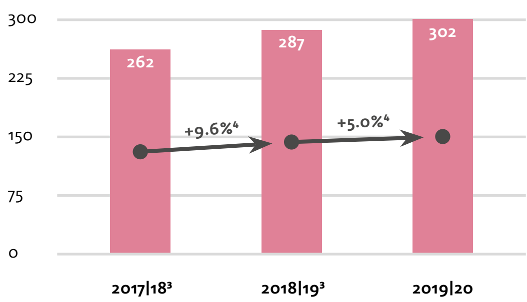
In the year under review the three Austrian starch manufacturing sites held a valid ISO 50001 certification. With the energy-saving initiatives in 2019|20, such as the replacement of compressors, heat recovery projects in the feed drying plant in Pischelsdorf and the boiler house in Gmünd, the installation of condensate collection tanks and refurbishment of the cooling towers in Aschach, about 91 GWh have been saved since the 2015|16 financial year.

The quest for energy efficiency has long been a high priority at AGRANA Stärke GmbH, which was also reflected in its recognition with the klima:aktiv award in November 2019 for an energy-saving project implemented at the Pischelsdorf site. Taking up the challenge of the European Green Deal, AGRANA is striving to incorporate the ambitious climate targets and achieve them. The Group is currently developing a climate strategy for accomplishing decarbonisation by 2040 (also see the non-financial information statement, page 47).

Average specific direct energy consumption in processing operations at AGRANA's starch plants[1]
In gigajoules (GJ) per tonne of core and by-products



Average specific emissions (from direct and indirect energy consumption) from processing operations at AGRANA's starch plants[1]
In kg of CO_2 equivalent per tonne of core and by-products



[1] See GRI reporting boundaries, page 44.
[2] Percentage change based on average specific direct energy consumption per tonne of core and by-products.
[3] Values for 2017|18 and 2018|19 have been adjusted to reflect a necessary change in the definition of the product volumes captured.
[4] Percentage change based on average specific emissions (from direct and indirect energy consumption) per tonne of core and by-products.

Water consumption in processing operations
at AGRANA's starch plants
within the GRI reporting boundaries (see page 44)

Starch segment In m³ per tonne of core and by-products	**2019|20**	**2018|19[1]**	**2017|18[1]**
Water withdrawal	4.59	4.86	4.66
Water discharge	4.00	4.22	4.27
Water consumption	**0.59**	**0.64**	**0.39**

In keeping with the Group's environmental policy, water use and effluent at the AGRANA starch plants are managed sustainably. Process water in the starch operations as well is repeatedly cleaned and reused in cycles.

The average specific water consumption per tonne of product output (core and by-products) in the Starch segment was about 0.59 cubic metres (590 litres), a reduction of 7.8% compared to the prior year.

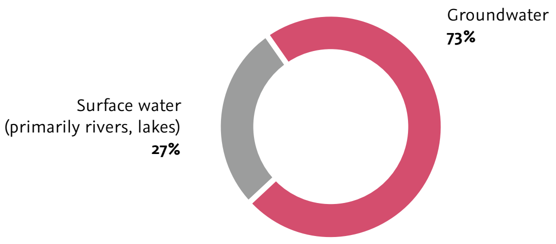
At AGRANA's starch factories, 100% of the wastewater discharged in 2019|20 was released into surface waters (specifically, rivers).

Waste from processing operations
at AGRANA's starch plants
within the GRI reporting boundaries (see page 44)

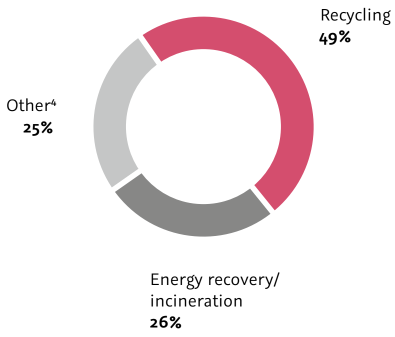
Starch segment Tonnes, except as otherwise indicated	**2019|20**	**2018|19[2]**	**2017|18[2]**
Waste disposed	27,218	28,474	27,667
Of which hazardous waste	55	52	53
Waste per tonne of product	19.2 kg	21.1 kg	20.6 kg
Hazardous waste per tonne of product	39 g	39 g	39 g
Non-hazardous waste disposed by disposal method			
Composting	21,988	22,291	21,058
Energy recovery	1,939	1,294	1,742
Reuse	98	69	42
Recycling	470	699	562
Landfill	107	66	77
Other	2,561	4,003	4,133

The specific amount of waste from processing per tonne of product output in the Starch segment in 2019|20, at about 19.2 kilograms of total waste, including 39 grams of hazardous waste, remained in line with the prior years.

Water withdrawal at AGRANA's starch plants in 2019|20 by source[3]



Disposed hazardous waste of AGRANA's starch plants in 2019|20 by disposal method[3]



[1] Values for specific water withdrawal and discharge in 2017|18 and 2018|19 have been adjusted to reflect a necessary change in the definition of the product volumes captured.
[2] The specific values per tonne of product in 2017|18 and 2018|19 have been adjusted to reflect a necessary change in the definition of the product volumes captured.
[3] Within the GRI reporting boundaries (see page 44).
[4] Including unknown treatment by waste management contractors.

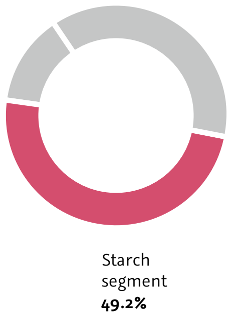
EcoVadis
In summer 2019, AGRANA Stärke GmbH updated its sustainability data reported annually for the purposes of EcoVadis, the international supplier evaluation platform. AGRANA Stärke GmbH again achieved a gold rating.

Investment

The Starch segment invested € 73.6 million (prior year: € 97.0 million) during the 2019|20 financial year. The most significant projects included the following:

- Expansion of the wheat starch plant in Pischelsdorf, Austria
- Expansion of the corn starch derivatives plant in Aschach, Austria
- Measures taken to increase specialty corn processing in Aschach

Share of Group investment in 2019|20



Additionally, € 20.7 million (prior year: € 19.2 million) was invested in 2019|20 in the HUNGRANA companies (amounts for these equity-accounted entities are stated at 100% of the total).

Sugar segment

Basics of the Sugar segment

Marketing relationship
B2B and B2C

Products
Sugars and sugar specialty products, by-products (feedstuffs and fertilisers)

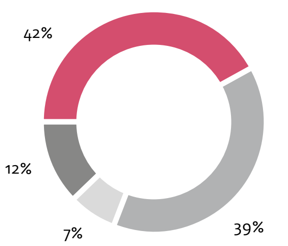
Raw materials processed
Sugar beet, and raw sugar from sugar cane

Key markets
Austria, Hungary, Romania, Czech Republic, Slovakia, Bosnia and Herzegovina (Western Balkans region), Bulgaria

Customers
Downstream manufacturers (particularly confectionery, beverage and fermentation industries), food resellers (for consumer products)

Special strengths
High product quality standards; product offering tailored to customer needs

Revenue by product group in 2019|20



Since 1 October 2019, all sales and marketing activities of the Sugar segment are combined in a new distribution company, AGRANA Sales & Marketing GmbH. This company is now also the parent company for the Group's Sugar sales activities and at the same time acts as the holding company for the Sugar segment's businesses in Hungary, the Czech Republic, Slovakia, Romania, Bulgaria and Bosnia and Herzegovina. AGRANA Zucker GmbH now functions only as the production company of the two Austrian sugar factories. Also assigned to the Sugar segment are INSTANTINA Nahrungsmittel Entwicklungs- und Produktionsgesellschaft m.b.H., Vienna, AGRANA Research & Innovation Center GmbH, Vienna, Österreichische Rübensamenzucht Gesellschaft m.b.H., Vienna, and the Group's holding company, AGRANA Beteiligungs-AG, Vienna. The joint ventures of the AGRANA STUDEN group and Beta Pura GmbH are included in the consolidated financial statements using the equity method of accounting.

Revenue and earnings

Sugar segment		**2019|20**	**2018|19**	**Change** % / pp
Total revenue	€000	536,313	561,424	−4.5%
Inter-segment revenue	€000	(48,035)	(60,207)	+20.2%
Revenue	€000	488,278	501,217	−2.6%
EBITDA[1]	€000	(11,910)	(33,687)	+64.6%
Operating (loss) before exceptional items and results of equity-accounted joint ventures	€000	(43,683)	(61,192)	+28.6%
Share of results of equity-accounted joint ventures	€000	386	(3,964)	+109.7%
Exceptional items	€000	(743)	3,294	−122.6%
Operating (loss) [EBIT][2]	€000	(44,040)	(61,862)	+28.8%
EBIT margin	%	(9.0)	(12.3)	+3.3 pp
Investment[3]	€000	19,557	30,549	−36.0%
Number of employees (FTE)[4]		2,061	2,064	−0.1%

The overall sales volume of sugar products decreased in 2019|20 compared to the prior year, with differences between markets. While sales quantities with resellers and industrial customers in Austria, the Czech Republic and Slovakia were comparable to the prior year, sales volumes declined significantly in Romania and Bulgaria, particularly in the reseller sector.

After sugar sales prices remained low in the first half of the 2019|20 financial year, they rallied since the beginning of the new 2019|20 sugar marketing year. In sales to resellers, prices were up about 11% from the 2018|19 financial year, while sales to industry remained at the prior-year level owing to long-term contacts with customers.

The improvement in EBIT was driven predominantly by the higher sugar prices for resellers compared to the prior year.

The result of the AGRANA-STUDEN group, which is included in the consolidated financial statements by the equity method of accounting, had a positive effect on the Sugar segment's EBIT in 2019|20. The improvement of € 4.4 million in the earnings contribution to the new level of € 0.4 million was driven by the stabilisation in prices and in the market in the Western Balkans and the CEFTA[5] region, which enabled a significant increase in internal production in Bosnia and Herzegovina and a large expansion of the total sugar sales volume. Moreover, the reorganisation of the AGRANA-STUDEN group completed in spring 2019 was beneficial for the EBIT result.

[1] EBITDA represents operating profit before exceptional items, results of equity-accounted joint ventures, and operating depreciation and amortisation.
[2] Operating loss (EBIT) is after exceptional items and results of equity-accounted joint ventures.
[3] Investment represents purchases of property, plant and equipment and intangible assets, excluding goodwill.
[4] Average number of full-time equivalents in the reporting period.
[5] Central European Free Trade Agreement.

Exceptional items amounted to a net expense of € 0.7 million, versus net exceptional income of € 3.3 million in the prior year. The positive result in the prior year arose mainly from exceptional tax refunds in Romania of € 5.6 million that outweighed restructuring expenses of € 1.8 million.

Market environment

World sugar market

For the end of the 2019|20 sugar marketing year (SMY, October 2019 to September 2020), the analytics firm F.O. Licht forecast a significant production deficit in its estimate of 24 February 2020 for the world sugar balance. However, this prediction did not yet reflect the global COVID-19 crisis. Excluding the effects of the crisis, the forecast called for production of 174.4 million tonnes (SMY 2018|19: 185.0 million tonnes), growth in consumption to 184.9 million tonnes (SMY 2018|19: 183.4 million tonnes) and a decrease in global sugar stocks to 68.0 million tonnes (SMY 2018|19: 79.1 million tonnes). The expectation as of February 24, 2020 was thus for a deficit of about 11 million tonnes at the end of SMY 2019|20. For the 2020|21 sugar marketing year, a production deficit of 3.0 million tonnes was calculated at the time.

World sugar balance[1] Million tonnes, except %	**2020|21e**	**2019|20**	**2018|19**
Opening stocks	**68.0**	**79.1**	**78.6**
Production	184.2	174.4	185.0
Consumption	(186.6)	(184.9)	(183.4)
Net exports/imports	(0.6)	(0.6)	(1.1)
Closing stocks	**65.0**	**68.0**	**79.1**
In % of consumption	34.8	36.8	43.1

The world market price of sugar fluctuated at a low level since the beginning of the 2019|20 financial year. In the reporting period, white sugar even reached a new ten-year low in July 2019 (US$ 294.0 per tonne); raw sugar did not fall below its existing ten-year low of September 2018 (US$ 218.3 per tonne). An upward trend in world market quotations occurred from the financial fourth quarter to the middle of February 2020.

Despite an even balance of supply and demand in the 2018|19 sugar marketing year, the considerable inventories, notably in India, had led to low prices. Against this backdrop, the significant deficit expected in SMY 2019|20 was initially seen as providing only moderate support for prices. Especially the ability of mills in Brazil to switch easily between ethanol and sugar production places the likely inventory drawdown in perspective. In the last months of the financial year, however, the deficit for SMY 2019|20 was reaffirmed by weak harvests in India, Mexico and above all in Thailand. Institutional investors were also betting on a recovery of the sugar market and quotations for white sugar rose to over US$ 450 per tonne.

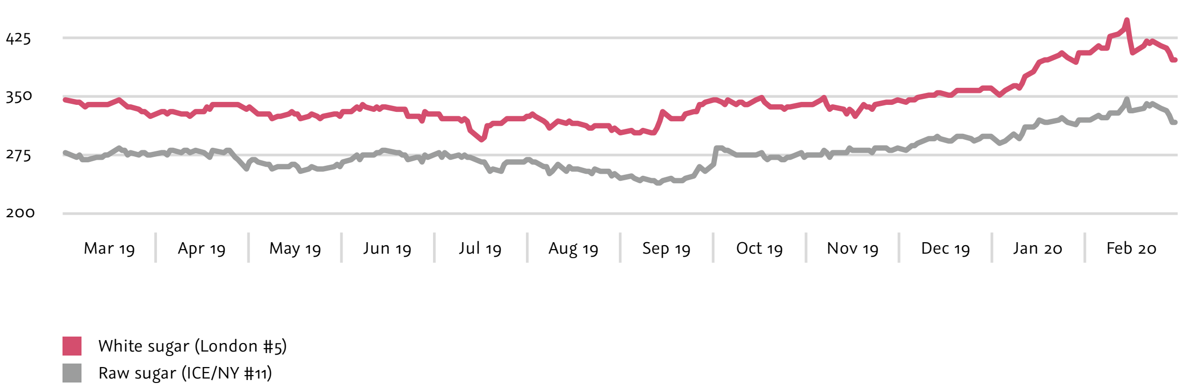
At the 2019|20 balance sheet date, white sugar quoted at US$ 396.6 per tonne and raw sugar at US$ 318.8 per tonne.

EU sugar market

The production expectations for the ongoing SMY 2019|20 are again low, as a result of the drought-related poorer yields in the large European beet growing regions. In its December 2019 estimate, the European Commission expected production of 17.3 million tonnes (SMY 2018|19: 17.3 million tonnes). Like 2018|19, the 2019|20 sugar marketing year will thus fall significantly short of the record production of SMY 2017|18 (20.6 million tonnes).

International sugar prices during AGRANA's 2019|20 financial year

US$ per tonne



[1] F.O. Licht, Estimate of the World Sugar Balance, dated 24 February 2020.

In SMY 2019|20, about 355,000 tonnes of sugar were exported by February 2020, compared to 895,000 tonnes in the same period of the previous year; EU sugar exports thus continued to decline. EU imports, on the other hand, rose slightly compared to the previous years. Inventory levels in the EU decreased significantly. The European sugar market thus remained a net import market in SMY 2019|20.

Since the abolition of the sugar quotas at the end of September 2017, the average sugar prices as per the EU price reporting system have declined significantly and continually. In January 2019 the sugar price marked a record low of € 312 per tonne. In the course of the 2019 calendar year, the average price increased again slightly. For January 2020 an average price of € 360 per tonne was reported.

Customers in industry and resellers

Since 1 October 2019, all sales and marketing activities of the Sugar segment are combined in a new distribution company, AGRANA Sales & Marketing GmbH. This centralisation of all sales and administrative functions is designed to help better meet the challenges in the sugar market.

In the financial year under review, AGRANA sold approximately 930,000 tonnes of sugar. Selling prices increased overall from the prior year. Sales volumes were off about 9% due to lower retail consumption.

EU sugar policy

Since 1 October 2017 the European sugar industry has been operating in a transformed environment. The biggest changes are the end of the production quotas for sugar and isoglucose and the abolition of the minimum beet prices.

The first years under the new market regime are extremely challenging for the European sugar industry. Despite immense price reductions, the European Commission has refrained from taking exceptional measures that would be available under the Common Market Organisation pursuant to Regulation (EU) No. 1308/2013 (such as private storage).

Protective features which have remained in place unchanged for imports to the EU from countries not party to preferential treaties are the duties of € 419 per tonne for white sugar and € 339 per tonne for raw sugar. The preferential agreements (for duty-free access) with the Least Developed Countries and the ACP[1] Group of States remain intact, as do the duty-free or lower-duty preferential imports that are subject to volume limits. A division of the preferential volumes between the EU and the United Kingdom as a result of Brexit appears likely.

Free trade agreements

The European Commission and the Mercosur countries (Argentina, Brazil, Paraguay and Uruguay) in June 2019 reached political agreement on a comprehensive trade agreement. The texts of the final version of the underlying Association Agreement are currently being prepared. It is not yet clear at present what impact the agreement will have on the European sugar sector.

The European Commission is currently negotiating the terms of a free trade agreement with Australia. Sensitive goods such as sugar have not yet been addressed in the discussions.

Brexit

With the controlled exit of the United Kingdom from the EU on 31 January 2020 under a withdrawal agreement and with the associated transition phase running until the end of December 2020, the 2019|20 sugar marketing year will not be affected by the deal. Should no new free trade agreement be concluded by the end of the transition phase, it is assumed that market access for European white sugar to the UK market will become more difficult.

Raw materials and production

In SMY 2019|20, AGRANA's approximately 5,500 contract beet farmers harvested only about 76,200 hectares of sugar beet fields (prior year: approximately 83,200 hectares), as about 4,000 hectares of beet fields planted in Austria were destroyed by an insect pest, the beet weevil (area lost in prior year: about 10,000 hectares). Almost 2,000 hectares (prior year: about 800 hectares) of the harvest area represented organic production. From the organic acreage the Group produced around 10,000 tonnes of organic beet sugar (prior year: about 4,000 tonnes).

Planting (i.e., seeding) began in March 2019 and was largely completed by early April 2019. Planting thus occurred slightly earlier than the long-term average. Emergence was somewhat slowed by a lack of rain, especially from the second week of April. In the subsequent weeks of April, severe damage was caused in the Austrian core beet production areas by the beet weevil. A total of approximately 5,300 hectares had to be turned under and only about 23% of this was subsequently replanted to beet. In the other beet-growing regions, outside Austria, a further, smaller amount of beet production area was lost due to drought, wind erosion and animal pests.

[1] African, Caribbean and Pacific Group of States.

Sustainability in the Sugar segment

Status in the supply chain

✔ SAI FSA audits of contract beet production in 5 countries confirmed FSA gold or silver status for over 75% of all producers

Environmental targets by 2020|21

✘ Direct energy consumption of 2.49 GJ per tonne of product

✘ Water withdrawal of 1.92 m³ per tonne of product

Value chain

wsk.agrana.com/en/sugar

From the end of April and throughout May, enough precipitation was recorded in the entire production area in all regions. This improved the growth situation, and a continuing rapid juvenile development led to an early or average timing of row closure in most beet fields. Growing conditions in the period of June to August varied widely in the different beet production regions. Austria recorded one of the hottest summers in measurement history, although thunderstorms occurring with a very uneven regional distribution brought some rain in many parts of the country, providing at least partial relief. In the Czech Republic as well, conditions were very dry for some time, notably in the beet production area serving the northern factory. Slovakia, Hungary and Romania had temporary sufficient rainfall until mid-August. September and almost the whole of October again remained comparatively dry. As a result, in almost all growing regions, beets were unhealthy and in some cases smaller than usual due to the generally rather adverse growing conditions and high disease pressure. The normal sugar yield increase from summer to harvest therefore did not materialise this year. The harvests in the Czech Republic, Slovakia and Hungary were thus below average, while average crops were harvested in Austria and Romania.

AGRANA's seven beet sugar factories processed a combined daily average of just over 51,000 tonnes of beet during the campaign (prior year: 50,000 tonnes). As a result of the low beet quantity, in an average campaign lasting only 91 days (prior year: 106 days), the plants produced a total of 655,000 tonnes of regular sugar and, in Austria and the Czech Republic, 10,400 tonnes of organic sugar. Relative to the prior year, energy consumption was reduced by 6.7% per tonne of white sugar.

AGRANA also operates two raw sugar refineries, which in the 2019|20 financial year produced a total of 220,000 tonnes of white sugar (prior year: 34,000 tonnes). To also assure a sustainable supply chain for raw sugar as the input product, AGRANA since 2014 holds a Chain of Custody certification under the internationally recognised Bonsucro standard for all its refining facilities. The Chain of Custody certificate, which confirms the adherence to high social and environmental standards in the entire value chain, entitles AGRANA's customers to display the Bonsucro logo on their products. Bonsucro is accorded FSA gold status, the highest rating, by the benchmarking tool of the Sustainable Agriculture Initiative Platform (SAI; for details, see page 45).

For beet purchasing, AGRANA follows a beet price arrangement with a variable price schedule tied to the sugar sales price. However, to boost the competitiveness of sugar beet as a crop-growing choice for farmers, a minimum price was established.

Engagement in the upstream value chain

Supplier environmental and social assessment

The AGRANA principles for the procurement of agricultural raw materials and intermediate products stipulate the use of good agricultural practice (GAP) and fair working conditions. In accordance with these principles, the Sugar segment has selected the Farm Sustainability Assessment (FSA) of the Sustainable Agriculture Initiative Platform (SAI) for use in documenting sustainable management by its sugar beet contract growers (for details on the SAI and FSA, see page 45).

In the 2017|18 financial year, beet farmers selected by FSA criteria in all five beet-growing countries (Austria, Czech Republic, Hungary, Romania, and Slovakia) participated in the mandatory FSA self-assessment and the external audits to SAI standards. Based on the results of the external verification, which is valid for three years, AGRANA's Sugar segment is entitled to claim gold or silver status under SAI standards for more than 75% of all its sugar beet growers. All contract beet growers thus fulfil AGRANA's minimum requirements. The FSA reverification audits in accordance with the SAI requirements are scheduled for the 2020|21 financial year.

Building awareness of good agricultural practice
Besides hosting the annual BETAEXPO, which in 2019 focused on current challenges in crop-growing and specifically promoted the importance of field crop production strategies for family farms (for details, see page 46), AGRANA in 2019|20 merged its "Mont Blanc" efficiency improvement programme into AGRANA4You, a new agricultural marketing programme managed jointly with the Starch segment. The goal of the joint programme is to optimise and strengthen the collaboration between AGRANA and its contract farmers and thus stabilise and ultimately increase crop production acreages and raw material volumes. In fields of contract farmers in Austria, AGRANA took about 5,000 soil samples for EUF analysis[1] to support needs-appropriate, precision fertiliser planning. At the 75 demonstration farms across the entire beet-growing region of the AGRANA Group, 150 field tours and seven field days with a total of more than 6,000 participants were held during the growing season.

Biodiversity in the supply chain
In 2019, about 4,000 hectares were greened in Austria with the catch-crop mix from Österreichische Rübensamenzucht GmbH, a not-for-profit subsidiary of AGRANA Zucker GmbH that provides farmers with GMO-free seed, largely from its own in-house propagation. The catch-crop loosens the soil structure, mobilises nutrients, activates soil fauna and improves field biodiversity. In addition, flowered areas of annuals and perennials were established; together, the flowering fields provide ideal forage for wild animals, offer honey plants for bees, and add to the beauty of the landscape.

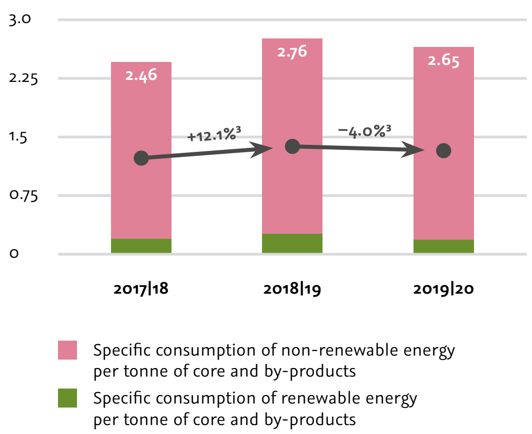
Transport

Although the transport of raw materials and sugar products only represents a comparatively low 5% to 10% of the Sugar segment's carbon footprint (depending on the calculation method and country), AGRANA strives to make transport as sustainable as infrastructure and economics will allow. In total across all production countries in the 2019|20 processing season, about 32% of the beet was delivered to the sugar factories by rail, with the proportion highest in Hungary at about 50% and in Austria at around 49%.

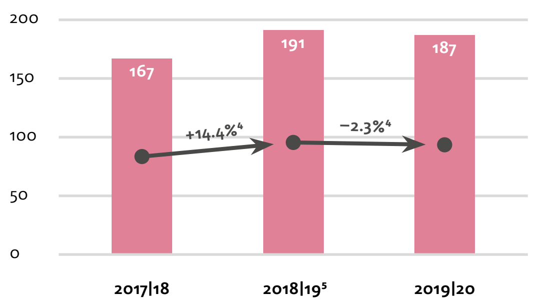
Environmental and energy aspects of AGRANA's production

Energy consumption and emissions in processing
In 2019|20 the Sugar segment processed about 9% less beet than in the prior year. The decrease resulted largely from crop area losses, caused by a more severe beet weevil infestation in the spring. The refining volume of about 130,000 tonnes of raw sugar at the refining facilities within the GRI reporting boundaries (see page 44) rose back into line with the years before 2018|19, after having been strongly reduced in the prior year for market reasons.

Average specific direct energy consumption in processing operations at AGRANA's sugar plants[2]
In gigajoules (GJ) per tonne of core and by-products



Average specific emissions (from direct and indirect energy consumption) from processing operations at AGRANA's sugar plants[2]
In kg of CO_2 equivalent per tonne of core and by-products



[1] EUF analysis of soil samples: Electro-ultrafiltration is a laboratory method for the analysis of soil substrates for their plant-available nutrients. The EUF method is employed for a practice-oriented fertiliser advisory system.
[2] See GRI reporting boundaries, page 44.
[3] Percentage change based on average specific direct energy consumption per tonne of core and by-products.
[4] Percentage change based on average specific emissions (from direct and indirect energy consumption) per tonne of core and by-products.
[5] The value for 2018|19 has been slightly adjusted as a result of a data collection error.

Through the relative improvement in beet quality compared to the prior year and with the ongoing energy-saving measures in the facilities, the average specific direct energy consumption per tonne of core and by-products in the Sugar segment was able to be reduced by about 4.0% from the year before.

The average specific indirect energy consumption per tonne of product remained nearly constant compared to the prior year. The average specific total energy consumption of about 3 GJ per tonne of product output was approximately 3.6% less than in the prior year.

Overall, the average specific emissions from direct and indirect energy consumption per tonne of product eased by about 2.3% from the prior year.

The Kaposvár sugar plant in Hungary generated about 23 million cubic metres of biogas from beet pulp in the 2019|20 financial year. This would have been sufficient to cover approximately 73% of the site's primary energy requirement for the 2019|20 beet campaign. About 9.7 million cubic metres of the biogas produced at the facility was sold and most of this was refined by the biogas upgrading plant (installed in autumn 2015) into biomethane for feeding into the local natural gas grid. The biomethane injected into the grid was equivalent to the annual heating requirement of about 2,054 single-family homes.

In 2019|20 the energy management systems of all (i.e., of 100% of) production sites of the Sugar segment within the GRI reporting boundaries (see page 44) held a current certification under ISO 50001.

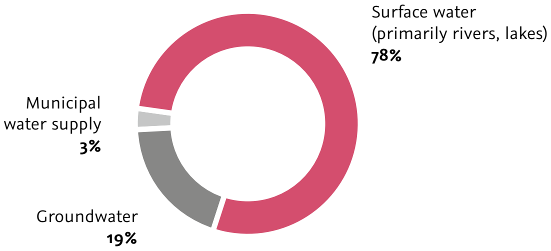
Water consumption in processing operations
at AGRANA's sugar plants
within the GRI reporting boundaries (see page 44)

Sugar segment In m³ per tonne of core and by-products	**2019|20**	**2018|19**	**2017|18**
Water withdrawal	2.45	2.33	2.14
Water discharge	3.45	3.64	3.19
Water consumption	**(1.00)**	**(1.31)**	**(1.05)**

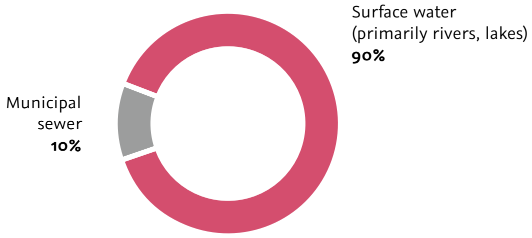
Some of the water required by a sugar factory enters the facility in bound form in the beet itself and is thus obtained from the raw material and then used in processing. Sugar beet has a water content of about 75%, which must be separated from the sugar during the manufacturing process. This water is used both for leaching the sugar from the beet cossettes, for the necessary process steam in sugar extraction, and for transporting and cleaning the beets. The water is continually cleaned and returned to the process cycle. In-house or municipal wastewater treatment plants at all sites ensure the environmentally responsible treatment of the effluent in compliance with local government requirements. Only cleaned wastewater satisfying the applicable environmental standards is thus discharged into the receiving waters.

Per tonne of product output in the 2019|20 financial year, the Sugar segment released about 1 cubic metre of water previously bound in the beet, therefore showing a negative water consumption balance.

Water withdrawal at AGRANA's sugar plants in 2019|20 by source[1]



Receiving waters for the wastewater of AGRANA's sugar plants in 2019|20[1]



[1] Within the GRI reporting boundaries (see page 44).

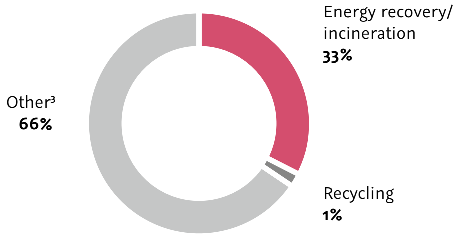
Waste from processing operations
at AGRANA's sugar plants
within the GRI reporting boundaries (see page 44)

Sugar segment Tonnes, except as otherwise indicated	**2019|20**	**2018|19**[1]	**2017|18**[1]
Waste disposed	38,088	43,630	62,905
Of which hazardous waste	311	189	198
Waste per tonne of product	20.4 kg	23.3 kg	25.2 kg
Hazardous waste per tonne of product	167 g	101 g	79 g
Non-hazardous waste disposed by disposal method			
Composting	1,855	1,753	1,107
Energy recovery	688	608	654
Reuse	986	6,768	9,864
Recycling	10,002	7,549	4,045
Landfill	23,187	24,466	30,683
Other	1,060	2,297	16,354

The absolute and specific amounts of waste declined by about 12.7% and 12.3% year-on-year, respectively.

EcoVadis
In summer 2019, AGRANA Zucker GmbH again updated its sustainability data (reported annually since 2014) for the purposes of EcoVadis, the international supplier evaluation platform, and achieved gold status.

Disposed hazardous waste of AGRANA's sugar plants in 2019|20 by disposal method[2]



Investment

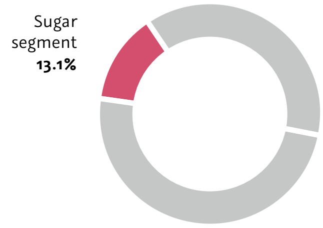
In the Sugar segment, AGRANA invested € 19.6 million during the 2019|20 financial year (prior year: € 30.5 million), including investments in product quality and energy efficiency. The following projects were carried out, among others:

- Completion of the new warehouse for finished product in Buzău, Romania
- New sugar centrifuges for the optimisation of energy consumption in Hrušovany, Czech Republic
- Implementation of a digitalisation project for data capture and process control in all plants in various forms.

Additionally in 2019|20, € 26.4 million (prior year: € 0.3 million) was invested in the equity-accounted joint ventures (the STUDEN group and Beta Pura GmbH; values for these entities are stated at 100% of the total).

The newly founded Beta Pura GmbH, Vienna, in which AGRANA Zucker GmbH, Vienna, holds a 50% interest, was included in the consolidated financial statements for the first time in 2019|20, using the equity method of accounting. The company, whose purpose is the production of crystalline betaine, is operated together with the joint venture partner The Amalgamated Sugar Company, LLC of Boise, Idaho, USA.

Share of Group investment in 2019|20



[1] Values have been adjusted to correct various data collection errors, primarily in the items "reuse" and "landfill".
[2] Within the GRI reporting boundaries (see page 44).
[3] Including unknown treatment by waste management contractors.

Research and development

Operating in a highly competitive marketplace, it is crucially important for AGRANA to identify market trends early, satisfy the markets' needs through product innovations and develop customised solutions for its clientele. In close partnership with customers, AGRANA's research and development (R&D) teams are always working on new technologies, specialty products and innovative applications for existing products, thus supporting the Group's strategic focus on lasting success.

The AGRANA Research & Innovation Center (ARIC) in Tulln, Austria, is the Group's central research and development hub for the Fruit, Starch and Sugar businesses. It works together with AGRANA's 17 local New Product Development centres. A key goal of ARIC, which is structured as a separate company wholly owned by AGRANA Beteiligungs-AG, is to develop innovative products from sugar beets, potatoes, corn (maize), waxy corn, wheat and fruits. ARIC is active nationally and internationally as an in-house R&D service provider for sugar technology, food technology, starch technology, microbiology, biotechnology and fruit preparations development. The research center also offers its specialist R&D know-how to third parties and acts as a government-accredited laboratory for sugar beet quality control.

From the beginning of the 2019|20 financial year, AGRANA intensified its efforts in agricultural research through ARIC's new Agricultural Research department. New solutions to safeguard the success of beet production are required in response to changed conditions in beet cultivation caused by increased drought due to climate change and by greater pest pressure, and in order to adapt to European bans on previously available crop protection products. The experts at the Agricultural Research department are also available to address agricultural research questions in the fruit preparations, fruit juice concentrate and starch activities.

The collaboration of R&D specialists from the different segments (Fruit, Starch and Sugar) under one roof not only drives administrative synergies but, above all, promotes a creative exchange between different research groups and disciplines, particularly on subjects that cut across segment boundaries. The complementarity between the groups' experience is particularly valuable in cross-segment areas of research, such as technologies, thickeners and aromas, microbiology, product quality and safety, and organic products.

Research and development		**2019|20**	**2018|19**
R&D expenditure (internal and external)	€m	18.9	18.8
R&D-to-sales ratio[1]	%	0.76	0.77
Number of employees in R&D (headcount)		266	272

Fruit segment

Raw materials

In the area of fruit preparations, a technology for the reduction of microorganisms on the surface of harvested fruit was successfully developed and tested and has since been implemented on an industrial scale. The fruit treated by this method can be processed more gently and is rated more highly than conventionally treated fruit in terms of fragrance, flavour, appearance and colour.

Technology

The general trend in the food industry towards greater naturalness and freshness is also addressed in AGRANA's Fruit segment. Various projects are investigating the gentlest possible preservation methods for fruits and fruit preparations in order to achieve a significant improvement in sensory qualities while optimising shelf life.

[1] R&D expenditure as a share of Group revenue.

Another development goal is the avoidance of stabilisers and the reduction of added sugar in the finished fruit preparations. Taken together, these advances should ideally give the consumer the sense experience of freshly picked fruit.

Research continued on the high-pressure processing (HPP) of fruit, and different packaging materials were also tested in this context. Initial customer feedback is showing great interest in the HPP concept.

Thanks to a pre-treatment of strawberries that has been newly developed at ARIC, the firmness of the fruit can be maintained during the entire production process. Consumers perceive the difference in the finished product.

Product development
The production of a natural fruit foam without use of an artificial stabiliser was a challenge that was successfully solved in 2019|20.

The replacement of milk protein with plant-based alternatives is playing an increasingly important role, especially for the rapidly growing vegan market. By developing protein-enriched fruit preparations with the addition of selected vegetable proteins in high concentrations, AGRANA's Fruit segment aims to serve this market as well. Various concepts were developed and presented to customers.

Fruit juice concentrates
In the financial year, AUSTRIA JUICE continued the successful expansion of the business areas of beverage bases, aromas and the production of fruit-juice and vegetable-juice concentrates.

For these development areas, strategic investments were made in infrastructure and personnel. The in-house production of composite aromas continued to be developed further and was systematically expanded in order to build up the growth segment of beverage bases and the aroma business.

The improvement in the quality of the aroma extracts obtained from juice concentrates was optimized through a newly developed production process and initial production trials were successfully completed.

In beverage bases, AGRANA invested particularly in the technology of beverage base emulsions and the development of corresponding new products.

To tap new potential markets, the certification of the fruit juice concentrate plants to Halal and Kosher standards was continued. The conversion of all AUSTRIA JUICE production sites to a uniform, international quality standard (FSSC 22000) to ensure food safety was completed in the year.

Starch segment

Raw materials
The production of specialty starches is of paramount strategic importance. AGRANA is always searching for new crop varieties and alternative starch raw materials. Due to the steady expansion in corn (maize) processing, newly bred waxy corn varieties need to be studied in detail for their suitability for processing and for extraction of waxy maize starch in the starch factory.

The project investigating special wheat varieties with a high amylopectin content for use as a new starch raw material was driven forward. The wheat starches obtained from them have promising properties, especially for the manufacture of food products. Planting trials of the new wheat varieties were successfully continued.

Food applications
The research and development activities relating to food starches focus on current trends in the market and the food industry. These include the current fast growth of the nutritional segment of meatless or vegan products, consumer preferences for clean label offerings, and the reduction of fat and sugar in processed foods. In response to these trends, AGRANA's researchers are working intensively on new technologies, new raw materials and innovative product solutions. The R&D team draws on its expertise in various scientific disciplines to develop, for example, clean label starches as an alternative to chemically modified starches; products for fibre enrichment; and product innovations aimed specifically at replacing fats in foods.

In addition to innovative new product creations, existing products too undergo a continual process of optimization and further development. In collaboration with the production facilities, existing products were manufactured more economically and efficiently by adapting the process technologies. This now also provides the opportunity to develop new, previously unavailable products to expand the product portfolio.

Non-food applications
In the development of technical (i.e., non-food) starches, a goal is to make processes for the manufacture of new starch products sustainable and efficient.

The use of resource-saving technologies, such as reactive extrusion, allows modified starches to be produced with a minimum of specific energy input. These processes can be used to produce functional starches for the adhesives sector. This not only allows the replacement of petro-based synthetic products but also imparts superior properties to the starch products in use, such as low spatter and optimal bonding.

In the field of biodegradable bioplastics, there are efforts to increase the sustainable portion to 100%. Work for a now-completed dissertation showed that by functionalising the thermoplastic starch, it is possible to increase the starch content of bioplastics, which greatly accelerates their decomposition in home compost. In addition, a more transparent biodegradable film was developed through the right compatibilization of the starch compounds. Through suitable combinations of thermoplastic starch with biodegradable polyesters, biodegradable fibres were produced by melt spinning which have potential as a substitute for polypropylene fibres.

Process optimization steps in the production of a number of starch derivatives enabled an increase in efficiency coupled with higher overall capacity utilization, but that is not all. The increased product yield, savings in energy and process additives, and reduction in the load on the wastewater treatment plant not only provided economic benefits but also, and particularly, enhanced environmental sustainability.

Bioethanol
A main focus of R&D for bioethanol production, besides continuous process optimisation, is the fine-tuning of yeast fermentation. New market-ready yeasts and enzymes are being tested to increase ethanol yield. A particular focus is also on further improving the quality of the protein-containing by-product. The digestibility of the protein-rich ActiProt® feed is to be enhanced by optimizing the processes. In order to stabilise the properties of the end products, optimizations throughout the production chain also play an important role. A combination of these measures allows the exacting demands of the animal feed market to be met.

Sugar segment

Raw materials/agriculture
The development of alternatives to the use of neonicotinoids, which are the subject of criticism, is a prerequisite for the successful protection of sugar beet against animal pests such as the beet flea beetle and aphids. The latter are also regarded as carriers of the beet yellow virus, which causes significant yield reductions. Comprehensive monitoring of the occurrence of these pests formed the basis for the establishment of warning services, which allowed timely control measures to be taken.

Extensive work was carried out on control of the beet weevil population. Here, mechanical, biological as well as insecticidal measures were taken in sugar beet fields.

The active ingredient desmedipham is a central component of current weed control strategies. The coming expiry of its registration in 2021 required the testing of new combinations of still-approved active ingredients for weed regulation.

Lack of water availability is leading to a rethinking of tillage concepts to ensure that water as a resource is used sparingly. Attention was also given to the supply of the sugar beet with phosphorus, which was reflected in research projects centred on soil analysis and the basic provision of this nutrient.

Technology
Variation in beet quality, which is becoming more pronounced from year to year due to climate effects, requires continuous optimisation of the dosage of process additives in AGRANA's sugar factories. In the sugar process, this applies especially to the use of alkalizing agents in order to avoid the formation of deposits, as these result in higher energy consumption and thus higher costs, such as in the evaporation of sugar juices. With the help of online measuring devices deployed directly in the plant, which are developed and continuously optimized by ARIC, a need-based use of these process additives is ensured and negative effects are minimised. Not least thanks to these optimizations, all AGRANA sugar factories were able to produce molasses of a quality that allows it to be processed in the molasses desugarisation plant at the facility in Tulln, Austria, in order to extract additional sugar and liquid betaine.

In addition, a device developed by ARIC that allows automatic analysis of the most important quality parameters of syrups in the crystallization process was further optimised and implemented in additional AGRANA sugar plants. This made it possible to automate the extensive analytical quality control of process intermediates.

Against the backdrop of increased demand for organic sugar, an application was filed for approval of the ARIC-developed natural, organic stabilisers (active ingredients based on hops acids and resin acids) for organic beet processing in order to minimize microbiological sugar losses during the extraction of organic sugar in the factory. The application was assessed positively by the relevant EU expert committees and the active ingredients have since been included in the EU whitelist of approved substances for organic sugar production.

Product development
AGRANA's high quality standards for its sugar products require constant adaptations in the raw materials used and thus entail ongoing optimisation of recipes, which ultimately is also intended to allow more cost-effective production. For example, extensive adjustments were made to syrup sugars (sugar premixed with citric acid for making fruit syrups) and especially to the gelling sugar (jam sugar) products in the portfolio in order to ensure product quality, consumer satisfaction and market leadership.

By-products
As part of the diversification strategy for the production and marketing of betaine, a novel amorphous betaine dry product was developed from the liquid betaine product ActiBeet® L already established on the market, and a successful patent application was filed.

In a subsidized collaboration with research and industry partners, possibilities for the production of bio-based insulating materials from pressed sugar beet pulp are being studied and the first, promising insulating boards have since been produced.

AGRANA's people

Sustainability at AGRANA

2019|20 workplace safety targets

Fruit segment
Fruit preparations business
✔ Target for injury rate[1] reduction achieved

✔ Target for lost day rate[1] reduction achieved

Fruit juice concentrate business
✔ Target for reduction of number of accidents[1] achieved

Starch segment
✔ Measures implemented

✘ Injury rate[1] nonetheless increased

Sugar segment
✔ Measures implemented

✘ Injury rate[1] nonetheless increased

In the 2019|20 financial year the AGRANA Group as a whole employed an average of 9,300 people (by headcount; prior year: 9,242 people). Of this total, 2,456 worked in Austria (prior year: 2,358) and 6,844 were employed in other countries (prior year: 6,884).

The number of employees in each business segment was as follows:

Segment	Average number of employees (headcount) in financial year 2019|20	2018|19	Average number of FTE[2] in financial year 2019|20	2018|19	Number of employees (headcount) at balance sheet date 29 Feb 2020	28 Feb 2019
Fruit	6,098	6,096	6,194	6,141	6,290	6,192
Starch	1,112	1,050	1,087	1,025	1,134	1,061
Sugar	2,090	2,096	2,061	2,064	1,965	1,938
Group	**9,300**	**9,242**	**9,342**	**9,230**	**9,389**	**9,191**

In the 2019|20 financial year the AGRANA Group employed an average of 9,342 full-time equivalents (prior year: 9,230). The increase in personnel was driven primarily by the further development of the fruit preparations plants in Jiangsu, China, and in Pune, India; by the second wheat starch plant in Pischelsdorf, Austria; and by the new starch drier and the product development department in the infant formula business in Gmünd, Austria.

The average age of permanent employees[3] on 29 February 2020 was 42 years, as in the prior year (for details on the age structure, see the GRI content index, from page 196). Thirty percent of permanent employees (prior year: 29.9%) were women, and 58.1% of salaried staff held an academic degree (prior year: 56.4%). The turnover rate[4] for permanent staff in 2019|20 was 14.2% (prior year: 13.5%). The proportion of employees with a part-time contract[5] was 3.3%. The share of temporary agency staff[6] was 5.6%.

Human resources management

Sustainable and entrepreneurial thinking and action form a cornerstone of AGRANA's personnel strategy. Appreciation and mutual respect characterize the corporate culture. This is of great importance in light of the international and culturally diverse environment, especially in the Fruit segment. In the 2019|20 financial year, a Diversity & Inclusion Policy was therefore rolled out worldwide in addition to promoting international networking.

AGRANA employees within the GRI reporting boundaries[7]
at the balance sheet date of 29 February 2020[8]

Segment	Non-permanent staff[9] Total	Female	Permanent staff Blue-collar	Female	White-collar	Female	Total	Female	Managers[10] Total	Female	Of whom executive leadership[11] Total	Female
Fruit	2,097	72.0%	2,593	23.4%	1,600	47.6%	4,193	32.6%	292	27.1%	10	10.0%
Starch	73	19.2%	695	12.9%	366	46.2%	1,061	24.4%	54	16.7%	3	33.3%
Sugar[12]	162	37.0%	1,036	17.7%	767	39.8%	1,803	27.1%	154	24.0%	18	11.1%
Group	**2,332**	**67.9%**	**4,324**	**20.3%**	**2,733**	**45.2%**	**7,057**	**30.0%**	**500**	**25.0%**	**31**	**12.9%**

[1] See definition on page 88.
[2] Full-time equivalents.
[3] Permanent employees of AGRANA Group companies.
[4] Staff turnover rate = total number of departures of permanent AGRANA employees reported in the financial year ÷ average number (headcount) of permanent AGRANA employees.
[5] Proportion of the total workforce at 29 February 2020, by headcount.
[6] Proportion of the average total workforce for the financial year, by headcount.
[7] See GRI reporting boundaries, page 44.
[8] For prior-year values, see GRI content index, page 196.
[9] Almost all non-permanent positions represent seasonal local workers in the processing campaigns.
[10] Management positions at reporting levels 2 and 3.
[11] Reporting level 1 (the reporting level immediately below the Management Board of AGRANA Beteiligungs-AG; level 1 also includes the regional managing directors of the three segments).
[12] The staff of AGRANA Beteiligungs-AG is counted under the Sugar segment.

Motivation, integrity and social awareness are further pillars of AGRANA's human resources strategy. The company systematically supports the steady improvement of its employees' knowledge and the development of their potential. Only through the long-tern development of all its staff can AGRANA's continuing strength as a competitor in the marketplace be ensured.

A global human resource management system was implemented worldwide in 2019|20. Its purpose is to improve the efficiency of personnel processes, create transparency and increase data security. In the coming years, the functionalities of this system are to be further expanded.

Variable compensation

The incentivising and recognition of performance is a major element of the personnel strategy and a significant factor in the Group's success. To help achieve the company's strategic and operational objectives, a Group-wide performance management system is in place for managerial staff. Next to targets related to the corporate financial position and profit, the variable compensation plan also involves personal targets to encourage and honour outstanding individual performance. In the 2019|20 financial year, 8.8% of all employees (prior year: 8.8%) were covered by this incentive-enhanced compensation system.

AGRANA HR team recognised with multiple awards

AGRANA Beteiligungs-AG took first place in the BEST RECRUITERS study's Austrian industry ranking of food and consumer goods manufacturers in the 2019|20 financial year and was awarded the 2019|20 golden BEST RECRUITERS mark.

BEST RECRUITERS is the largest recruiting study in the German-speaking countries. It annually reviews the quality of recruiting practices of the top employers in Austria, Germany, Switzerland and Liechtenstein. The study considers more than 200 criteria in its scientific assessment of job advertisements, recruiting presence on various platforms (including social media presence, careers website, etc.), exhibits at career fairs and the treatment of applicants.

The awarding of the golden BEST RECRUITERS mark is testament to the great importance which AGRANA attaches to the respectful and friendly treatment of potential new employees. The Group sees this recognition as an affirmation of its efforts to continually raise the quality standards it applies to the process of searching for new talent, and takes it as motivation to adopt promising new recruiting trends.

The subsidiary Moravskoslezské Cukrovary A.S. was recognised with second place in "Employer of the Year 2019" awards in the Czech Republic.

Training hours of AGRANA employees[1]

in the 2019|20 and 2018|19 financial years

	2019|20				2018|19			
	Average training hours per employee			Proportion of employees who received training	Average training hours per employee			Proportion of employees who received training
Segment	**Total**	**Male**	**Female**		**Total**	**Male**	**Female**	
Fruit	31.6	32.6	29.5	89.8%	31.4	33.4	27.3	94.6%
Blue-collar	28.9	29.5	26.8	89.9%	25.7	28.5	17.0	95.5%
White-collar	36.0	39.8	31.7	89.7%	41.1	45.5	36.2	92.9%
Starch	21.4	17.4	34.3	89.8%	20.0	20.2	19.2	81.2%
Blue-collar	20.0	14.5	58.0	88.9%	18.5	18.1	20.9	76.3%
White-collar	24.1	26.3	21.6	91.7%	22.8	26.2	18.3	90.2%
Sugar[2]	26.8	27.7	24.4	89.7%	30.0	29.8	30.6	89.2%
Blue-collar	24.8	25.9	19.6	92.2%	25.4	26.5	20.5	89.6%
White-collar	29.5	31.0	27.2	86.2%	36.3	36.1	36.6	88.6%
Group	**28.9**	**28.9**	**28.9**	**89.8%**	**29.5**	**30.4**	**27.2**	**91.3%**
Blue-collar	26.6	26.1	28.3	90.3%	24.6	26.3	18.0	91.3%
White-collar	32.6	35.4	29.3	89.0%	37.4	40.0	34.1	91.3%

The mandatory portion of training hours in 2019|20 (including occupational health and safety, first aid, compliance training, etc.) amounted to 50.1%. The Group's expenditure for external training and development in the 2019|20 financial year was about € 3.0 million (prior year: € 3.0 million), equivalent to 1.1% (prior year: 1.2%) of total wages and salaries.

[1] Permanent staff within the GRI reporting boundaries (see page 44).
[2] The staff of AGRANA Beteiligungs-AG is counted under the Sugar segment.

Staff development and training

Developing and fostering the potential of its employees is highly important for AGRANA. Through many job skills trainings, personal development offerings as well as intensive Group-wide programmes, AGRANA promotes the continual improvement of its employees' knowledge and abilities. These training courses not only strengthen the Group's competitiveness but also help raise employee motivation and engagement.

The top training and development priorities in 2019|20 remained the development of managers and of technical experts in some selected functional areas. AGRANA's staff development programme is rounded out by a range of language courses and short seminars.

In 2019|20 the Group trained an average of 100 apprentices (of whom 20% were female). An average of 70 apprentices were employed in Austria (seven of them female, for a ratio of 10%), and an average of 19 apprentices in total in Slovakia, France, Algeria and Brazil, which have a dual education system similar to Austria's, i.e., combining apprenticeship and vocational school. Of these international apprentices, seven, or 37%, were female. In other educational systems, eleven apprentices were trained in Mexico and Morocco (of whom six, or 55%, were female). The training was provided in areas such as mechanical engineering technology, electrical engineering technology, metalworking technology, lab technology (chemistry), chemical engineering technology, food technology, mechatronics, operational logistics, technical drawing, industrial sales and information technology.

In order to increase the attractiveness of apprenticeship professions and to introduce pupils to career opportunities in technology, various initiatives were undertaken at individual locations (creation of information brochures for apprentices, participation in specific events to introduce apprenticeships, special support for apprentices, etc.).

In the 2019|20 financial year, 24 Group employees and managers (of whom ten, or 41.7%, were female) participated in the international AGRANA Competencies Training (ACT) programme held every two years, successfully completing it in February 2020. ACT is designed for individuals seen as having high potential, excellent performance and exceptional motivation. Following their graduation from the programme, the employees were offered the opportunity to take part in AGRANA's in-house mentoring programme. This enables them to network even more intensively within the company and to regularly interact with an AGRANA mentor at senior management level.

AGRANA offers onboarding programmes and welcome days on an on-going basis to give new staff an overview of the Group as a whole and of their own area of activity. In addition, employees benefit from diverse training and development measures, among them the regular INCA meeting (Information and Communication at AGRANA) and the AGRANA Development Programme (ADP). These offerings promote a better cross-divisional understanding and support Group-wide information-sharing. At the same time, such initiatives serve to build synergies across divisional and department lines. Additionally, team-building activities help optimise communication and heighten the effectiveness of collaboration within the various departments.

AGRANA also focuses on training and development of key personnel. Custom-tailored training ensures that employees derive maximum benefit from what they have learned and can put it into practice in their day-to-day work environment. The AGRANA Leadership Academy as well as the newly launched "Advance@AGRANA", an operations-focused management training programme, are designed to strengthen future and existing managers for or in their roles, transfer knowledge within the company and promote cross-divisional collaboration.

Workplace health and safety

In organisational terms, AGRANA's occupational safety management is the responsibility of the managing directors of AGRANA's segments and business units who are responsible for production, the plant managers of AGRANA's production sites and the local workplace health and safety officers. The workplace health and safety officers and safety specialists are responsible for ensuring compliance with all occupational health and safety measures prescribed by law or instituted by the company. These include, for example, both regular and event-driven hazard identification and risk assessment, the development of improvement measures, the organisation of occupational health and safety training and the analysis, documentation (together with Human Resources) and communication of actual occupational accidents.

In all 25 countries in which AGRANA has production facilities, there is a legal obligation (albeit in different forms) for the employer to assess the workplace.

This assessment is carried out by the safety specialists, in some cases in collaboration with external consultants, and must be documented in a way that is job-specific and accessible to employees. It must be reviewed at regular intervals or revised as necessary in the event of changes to the facilities or processes or after accidents. Employees are obligated to report identified hazards, such as through documentation in the shift log, via the company suggestion system, or during periodic safety inspection rounds. In the fruit preparations business with its international operations, this reporting obligation can also be fulfilled anonymously at some locations, for cultural reasons.

Workplace safety data for the AGRANA Group[1]
for the 2019|20 and 2018|19 financial years

	Rate of recordable work-related injuries[2]			Rate of high-consequence work-related injuries[3]			Rate of fatalities as a result of work-related injury		
Segment	**Total**	**Male**	**Female**	**Total**	**Male**	**Female**	**Total**	**Male**	**Female**
2019|20									
Fruit	1.1	1.4	0.6	0.0	0.1	0.0	0	0	0
Starch	2.8	3.4	0.4	0.0	0.0	0.0	0	0	0
Sugar	2.6	2.8	1.9	0.1	0.1	0.0	0	0	0
Group	**1.6**	**2.1**	**0.8**	**0.0**	**0.1**	**0.0**	**0**	**0**	**0**
2018|19									
Fruit	1.5	1.9	0.9	0.1	0.1	0.0	0	0	0
Starch	2.6	3.3	0.0	0.1	0.1	0.0	0	0	0
Sugar	2.2	2.3	1.7	0.0	0.0	0.0	0	0	0
Group	**1.8**	**2.2**	**1.0**	**0.0**	**0.1**	**0.0**	**0**	**0**	**0**

No fatal work accident occurred in the 2019|20 financial year (prior year: zero fatalities). In the reporting year there were 15 accidents of contractors (prior year: four accidents), which for organisational reasons are not included in the workplace safety data.

Type and number of workplace accidents in 2019|20
Bruises, crushing injuries, lacerations (46), slips/falls/falls from heights resulting in injuries (39), cuts and punctures (22), burns and scalds (17), injuries caused by incorrect lifting, carrying and storage (12), eye injuries (5), business travel accidents (3), others (4).

[1] Non-permanent (i.e., fixed-term or temporary) and permanent employees within the GRI reporting boundaries (see page 44).
[2] Rate of recordable work-related injuries ("injury rate") = (total number of accidents[5] ÷ total paid hours worked[6]) × 200,000[7]
[3] Rate of high-consequence work-related injuries ("serious injury rate") = (total number of serious injuries[4] ÷ total paid hours worked[6]) × 200,000[7]
[4] An injury is classified as serious if no full recovery or healing occurs within six months of the accident.
[5] In AGRANA's workplace safety data, injuries are counted as accidents. Days are counted as lost from the first scheduled work day missed after the accident (excluding accidents on the way to or from work).
[6] Total paid hours worked are defined by AGRANA as contractual work hours plus paid overtime.
[7] Explanation of the multiplier 200,000: The multiplier is intended to make the Group's internal workplace safety data comparable with other companies. It is based on the assumption of 40 work hours per week and 50 work weeks per year, for 100 employees (40 × 50 × 100). The effect of the multiplier is thus to convert from a company's average number of accidents, lost days or absentee hours (hours missed as a result of accident or illness) per hour of work done in the company, to an annual number per 100 employees.

Workplace safety targets of the AGRANA Group[1]

in 2019|20 and the subsequent financial years

Segment	Workplace safety targets for 2019|20	Target achievement in 2019|20	Workplace safety targets for 2020|21
Fruit Fruit preparations business	Injury rate[2]: 1.25 Lost day rate[3]: 17.0	✔ Injury rate[2]: 0.9 ✔ Lost day rate[3]: 10.7	Injury rate[2]: 0.8 Lost day rate[3]: 10.5 Continuation of "Safety First" workplace safety programme
Fruit juice concentrate business	Careful documentation and analysis of all workplace accidents; identification of preventive measures and communication of these measures across the business.	Number of accidents in 2019|20: 17 Number of accidents in 2018|19: 20 Number of accidents in 2017|18: 33	Further reduction in number of accidents; raising awareness through ongoing communication and employee training; regular risk and hazard analysis to prevent causes of accidents.
Starch	Continuation of the workplace health and safety initiative started in 2018|19, with the "golden rules for work – safe and healthy together"; awareness-building through training of every employee; implementation of a uniform segment-wide floor marking scheme and safety equipment system.	Injury rate[2]: 2.8 Lost day rate[3]: 26.7 Continued the workplace health and safety initiative with training of the "golden rules for work – safe and healthy together"; implemented the uniform segment-wide floor marking scheme and safety equipment system.	Injury rate[2]: 2.0 Lost day rate[3]: 20.0 Expansion of the workplace health and safety initiative, plant-wide mandatory use of personal protective equipment and of handrails; building awareness through a multi-part, internal safety training programme based on the "golden rules for work – safe and healthy together".
Sugar	Continuing implementation of site-specific measures.	Injury rate[2]: 2.6 Lost day rate[3]: 27.4 The site-specific measures were implemented on an ongoing basis and presented in the monthly meetings with all plant managers, and the performance data were monitored regularly. In addition to documentation during the safety tours, suggestions related to occupational safety were also recorded in the company suggestion system (EISAS) and rewarded.	Injury rate[2]: 2.4 Lost day rate[3]: 25.5 Continuing implementation of site-specific measures and improvement of performance results; reduction of both the injury rate[2] and lost day rate[3] by 7% compared to the prior year.

[1] Employees within the GRI reporting boundaries (see page 44).
[2] See definition on page 88.
[3] Lost day rate = (total number of lost days[4] ÷ total paid hours worked)[2] × 200,000[2]
[4] An eight-hour work day is assumed.

In addition to legally required local occupational health and safety measures and reporting obligations (e.g., to insurance providers), the AGRANA Group has for many years collected monthly, standardised worldwide data on workplace health and safety. These statistics serve to improve the Group-wide comparability and analysis of occupational accidents and form the basis for the development of improvement measures and targets under the programmes in the business segments and businesses.

The central occupational health and safety committee, which convenes annually, provides the occupational health and safety officers of the European sites, the managing directors responsible, human resources managers and employee representatives with a forum for the supraregional and cross-functional discussion of safety and health issues, such as the analysis of selected accidents or types of accident (including those occurring at non-European sites) and the discussion of further measures for accident prevention. In the internationally operating fruit preparations division, there are also functionally diverse working groups and advisory bodies that have made the division's "Safety First" occupational safety programme the AGRANA Group's leading initiative in workplace safety.

Health programmes

Under the AGRANA Fit programme, with the goal of maintaining and improving employees' health and wellness, AGRANA in many locations offers preventive health check-ups and/or vaccinations (for influenza, tick-borne encephalitis, titre testing, etc.) as part of the routine occupational health services. As well, some locations have individual arrangements with local health care organisations and fitness facilities.

AGRANA provides a broad sports offering for its employees, such as running groups, back fitness training, badminton, rowing courses, Zumba toning, high-intensity interval training, fitness boxing, Nordic walking, yoga, Pilates and boot camp courses. Alongside the wide variety of numerous health and sports opportunities, the Group sites also provided many workshops for employee information, sensitisation and continuing development in the areas of work-life balance management, stress reduction, burnout prevention, and for the right ergonomics in the workplace.

In September 2019, a total of 204 AGRANA employees, in 68 teams of three persons each, again entered the annual Wien Energie Business Run. The participation in this event not only nurtures the team spirit and sense of cohesion within AGRANA but has also become an important element of the Group's human resources marketing. As well, it is an opportunity to meet or reconnect with colleagues from the various business areas and sites.

Social consciousness forms an important part of AGRANA's corporate culture. For instance, AGRANA Fruit México was again awarded the ESR[1] seal for its high degree of social engagement. Elsewhere, staff of AGRANA Fruit Australia participated, for example, in the "World's Greatest Shave" campaign to support people with leukemia.

Healthful nutrition is a major element of personal wellbeing. AGRANA therefore uses workshops and local campaigns, such as offering free fresh fruit, to draw employees' attention to the importance of a healthy and balanced diet.

Balancing work and family

Harmonising the demands of work and family is important to AGRANA from a social responsibility perspective and plays a prominent role in its human resources strategy.

AGRANA thus joined the "Business for Family" network of the Federal Ministry for Family and Youth, in spring 2016 (also see the corporate governance report, page 29).

Across the Group, this is reflected in several initiatives and offerings for employees. Teleworking, funding or even direct provision of child care in certain locations (including special such services during the holidays), variable working hours, and a parent-child office at the Vienna headquarters are all part of this effort. In addition, employees' families are included in a number of events, group meals and sports activities. The fruit preparations plant in Turkey, for instance, again offered employees and family members a communal Ramadan dinner.

[1] Empresa socialmente responsable.

Risk management
and system of internal control

The Management Board of the AGRANA Group recognises the importance of active risk management. The basic aim of risk management at AGRANA is to identify risks and opportunities as early as possible and take appropriate measures to safeguard the profitability and continued existence of the Group.

The AGRANA Group uses integrated monitoring and reporting systems that permit regular, Group-wide assessment of the risk situation. For the early identification and monitoring of risks relevant to the Group, two mutually complementary control tools are in place:

- An enterprise-wide, **operational planning and reporting system** forms the basis for the monthly reporting to the appropriate decision-makers. Under this reporting process, a separate risk report is prepared for the Group and for each business segment. Its focus is on the determination of sensitivities to changing market prices for the current and next financial year. The individual risk parameters are assessed on an ongoing basis in relation to the current budget (prepared at the start of the year) or the current forecast (as updated in the course of the year), so as to be able to calculate the impacts on the profit measure "operating profit before exceptional items and results of equity-accounted joint ventures". Besides this ongoing reporting, the risk managers from the business areas regularly discuss the business situation and the use of risk mitigation measures directly with the Management Board.

- The **strategic risk management** aims to identify material individual risks and evaluate their implications for the overall profile of risks and opportunities. Twice every year, the medium- to long-term risks in the individual business areas are analysed by a designated risk management team together with the Group's central risk management function. The process involves risk identification and risk assessment by probability of occurrence and potential magnitude of risk/opportunity, the definition of early warning indicators and the taking of countermeasures. Also, the aggregate risk position of the AGRANA Group is determined for the current financial year using a Monte Carlo simulation, an established standard calculation in risk management. This allows a judgement to be made as to whether a combination or accumulation of individual risks could pose a threat to the ability to continue in business as a going concern. The results are reported to the Management Board and the Audit Committee of the Supervisory Board.

Risk management representatives have been designated for the business segments of the AGRANA Group. These representatives are responsible for initiating loss-minimising measures as required, subject to Management Board approval.

The design and implementation of risk management under rule 83 of the Austrian Code of Corporate Governance is evaluated annually by the independent audit firm, which submits the findings in a final report on the viability of the Group-wide risk management.

Risk policy

AGRANA sees the responsible management of business opportunities and risks as an essential basis for purposeful, value-driven and sustainable business management. The Group's risk policy seeks to ensure risk-aware behaviour, sets out clearly defined responsibilities and stipulates independent risk control as well as integrated internal controls.

Throughout the Group, risks may be assumed only if they arise from the core business of the AGRANA Group and if it does not make economic sense to avoid, insure or hedge them. The policy is to minimise risks to the extent reasonably possible while achieving an appropriate balance of risks and returns. The assumption of risks outside the operating business is prohibited without exception.

AGRANA Beteiligungs-AG is responsible for the Group-wide coordination and implementation of risk management arrangements determined by the Management Board. The use of hedging instruments is permitted only to hedge operating business transactions and financing activities, not for speculative purposes outside the core businesses of the AGRANA Group. The positions in hedge contracts and their current value are regularly reported to the Management Board.

Significant risks and uncertainties

The AGRANA Group is exposed to risks both from its business operations and from its national and international operating environment.

Operational risks

Procurement risks
AGRANA is dependent on the availability of sufficient amounts of agricultural raw materials of the necessary quality. Beyond a possible supply shortfall of appropriate raw materials, a risk is also posed by fluctuation in the prices of these inputs (to the extent that the difference cannot be passed through to customers). Major drivers of availability, quality and price are weather conditions in the growing regions, the competitive situation, regulatory and legal requirements, and movements in the exchange rates of relevant currencies.

In the **Fruit** segment, crop failures caused by unfavourable weather and by plant diseases can adversely affect the availability and purchasing prices of raw materials. In the fruit preparations business with its worldwide presence and its knowledge of procurement markets, AGRANA is able to anticipate regional supply bottlenecks and price volatility and take appropriate remedial action in response. Also, where possible, one-year contracts are used both with suppliers and customers.

In the fruit juice concentrate business, the risks related to raw materials, production and sales are managed centrally. Both foreign-currency purchases of raw materials and sales contracts in foreign currency are hedged using derivatives. In these derivatives contracts, no short or long positions are taken that exceed the amount necessary for hedging the underlying transaction.

In the **Starch** segment, the changes in raw material prices relative to the selling prices of the end products vary as a result of the broad product portfolio. In starches and by-products, price changes for raw materials lead to a change in product market prices in the same direction, thus acting as a natural hedge by partly offsetting the raw material price risks. Selling prices of bioethanol in Europe are driven largely by the quotations on the Platts information platform, which do not reflect raw material prices but fluctuations in the ethanol market. The volatility in bioethanol prices is correspondingly high. For saccharification products, the prices are correlated with European sugar prices and are largely unaffected by raw material price movements.

Thanks to the procurement in national and international markets, the raw material supply can largely be regarded as secure. The supply of specialty raw materials is sufficiently secured through contract farming and supply contracts. When economical, raw material prices can also be hedged and/or the supply secured through futures contracts and over-the-counter derivatives, both of which require management approval. The volume and results of these hedges are included in the regular reporting and are reported to AGRANA's Management Board.

In the **Sugar** segment, sugar beet and raw cane sugar are used as raw materials. Besides weather factors, an important determinant of sugar beet availability is how profitable it is for farmers to grow beet compared to other field crops. The availability of sugar beet is becoming an increasingly significant consideration, as beet prices now depend on the sales price of sugar. AGRANA has intensified its efforts regarding the collaboration with beet farmers and beet grower associations in order to contract the required volume of beet. To this end, in future, a minimum price for sugar beet is also to be paid, so that farmers can budget with predictable and more stable parameters.

At the refining facilities in Bosnia and Herzegovina and in Romania, the basic driver of AGRANA's profitability is how much value can be added by processing the purchased raw sugar given the market prices achievable for white sugar. Next to the risk of high raw sugar purchasing prices, another procurement risk lies in the regulations on the import of white and raw sugar to the European Union and the CEFTA countries. The prices for the required raw sugar are hedged with commodity derivatives where financially appropriate. Additionally, exports of white sugar and contracts with industrial customers are hedged using commodity derivatives. Hedging is performed in accordance with internal policies and must be reported to the Management Board.

The production processes, especially in the Sugar and Starch segments, are energy-intensive. AGRANA therefore continually invests in improving the energy efficiency of its manufacturing facilities and designs them for the most cost-effective use of different sources of energy. The quantities and prices of the required energy are also to some extent secured, for the short and medium term.

Product quality and safety
AGRANA sees the manufacturing and marketing of high-quality, safe products as a fundamental requirement for long-term economic success. The Group applies rigorous quality management that is continually refined and that meets the requirements of the relevant food and beverage legislation, standards and customer specifications. The quality management covers the entire process from raw material procurement, to manufacturing, to the delivery of the finished product. The compliance with legal and other quality standards is regularly verified by internal and external audits. In addition, product liability insurance is carried to cover any remaining risks.

Market risks and competitive risks
In its worldwide operations, AGRANA is exposed to intense competition from regional and supraregional competitors. The market entry of new competitors or the addition of more production capacity by existing rivals may intensify competition in the future.

The changes in the European sugar market (including the abolition of the quotas at the end of September 2017) and the surplus on the world market have led to sharp declines in sugar selling prices. Going forward, the trend in sugar prices in European markets and outside the EU will continue to have a major influence on the earnings situation in the Sugar segment.

The Group's own market position is continually monitored so that any required corrective action can be rapidly initiated. In response to demand and other factors, AGRANA frequently adjusts its capacity and cost structures in order to maintain its competitiveness in the core markets. The early detection of changes in demand patterns and consumer behaviour is based on the constant analysis of sales variances. In this context, AGRANA also monitors new technological developments and production processes in the market that, in the future, could lead to a partial backward integration on the part of customers into core businesses of individual segments of the AGRANA Group.

To strengthen existing market positions, AGRANA invests extensively in all its business segments. As well, investments in new markets are evaluated and undertaken. The construction of a second production line in the new, second fruit preparations plant in China was successfully completed in the 2019|20 financial year.

The still unstable political situation between Ukraine and Russia could have a negative impact on the market environment of the Fruit segment. Currently, however, the region continues to show a stable earnings situation. In addition, the current political and economic situation in Argentina and in Algeria is being continually monitored in view of increasing political instability.

IT risks
AGRANA is reliant on the functioning of a complex information technology infrastructure. System non-availability, data loss or data tampering and breaches of confidentiality in critical IT systems can have significant impacts on business operations. The general trend in external attacks on IT systems of organisations implies that the AGRANA Group too is or may increasingly be subject to such threats in the future. The maintenance of IT security is ensured by qualified internal and external experts and by appropriate organisational and technical measures. These include redundant IT systems and security tools that are state-of-the-art. Together with external partners, precautions have been taken to counter possible threats and avert potential damage.

Regulatory risks

Risks from sugar market regulation
As part of the risk management process, potential scenarios and their impacts are examined and assessed from an early stage. Current developments and their implications are also reported from page 75 in the section on the Sugar segment.

Sugar regime: Since 1 October 2017 there is no longer a minimum beet price and the quota system for sugar and isoglucose is abolished. Both of these sweeteners can since then be produced and sold in the EU without quantity restrictions. Even before the end of the quotas in autumn 2017, the anticipation of this change affected the European sugar market through an expansion of the beet planting area in the 2017|18 sugar marketing year (SMY). As well, high crop yields per hectare in SMY 2017|18 increased the supply in the EU area. In the 2018|19 and 2019|20 sugar marketing years, drought and heat waves in Europe led to reductions in supply.

Beet sugar production can be expected to remain high, especially in prime growing regions of the EU. As well, the European market prices are likely to correlate more closely with prices on the world market, making it possible for sugar prices to show a wide range of fluctuation. The new sugar market regime also does not provide for minimum prices for sugar beet, but since 2019 the prices must be reported to the European Commission. Beet prices continue to be negotiated between the beet producers and the beet-using industry. The reform of the sugar regime did not involve a change in the system of import duties for sugar imports from outside the EU nor in the treatment of imports from LDC[1]/ACP[2] countries with preferential EU agreements.

Free trade agreements: The free trade agreements currently being negotiated by the European Union could have economic impacts on AGRANA. The company is following the ongoing trade talks and analysing and evaluating the individual results.

In addition, national tax and customs regulations and their interpretation by local authorities can lead to further risks in the regulatory environment.

EU Renewable Energy Directive

June 2018 saw the conclusion of the tripartite negotiations between the European Commission, the Council of the European Union and the European Parliament for the revision of the Renewable Energy Directive (RED II) from 2020. The revised directive was published on 21 December 2018. The EU member states must transpose it into national law by 30 June 2021.

The new directive sets a minimum requirement of 14% renewable energy in the transport sector by 2030. The share of cereal-based biofuels was capped at the level of the national share as of 2020, up to a maximum of 7%. Furthermore, a sub-target of at least a 3.5% share by 2030 was set for so-called advanced biofuels ("second-generation" biofuels). The list of raw materials qualifying for advanced biofuels is given in Annex IX of the directive and can be expanded by the European Commission.

Biofuels from so-called high ILUC risk[3] raw materials are being capped at their 2019 share and are to be phased out completely from 2023 to 2030. This includes, for example, biodiesel from palm oil.

The share of individual biofuels counted towards the 14% transport target can be increased with the aid of multipliers. Thus, Annex IX biofuels (advanced biofuels) can be double-counted.

In Austria the target for the biofuel share under the fuel regulation currently in force is 5.75% (based on RED I), of which 3.4% is the target for bioethanol (measured by energy content in both cases). The introduction of E10 would raise the biofuel content directly to the 7% target, at the existing production capacities. At the national level, this would not only meet the RED II requirements but also allow the demonstrable reduction of particle emissions and enable a further increase in the production of GMO-free protein feed and fermentation-derived CO_2 as by-products.

Legal risks

AGRANA continually monitors changes in the legal setting relevant to its businesses or to their employees that could result in a risk situation, and takes risk management actions as necessary. Areas of law to which particular attention is devoted are anti-trust, food and environmental legislation, as well as data protection, anti-money laundering and anti-terrorism finance provisions. AGRANA maintains dedicated staff positions for matters of compliance, employment law and general areas of law.

There are currently no pending or threatened civil actions against companies of the AGRANA Group that could have a material impact on the Group's financial position, results of operations and cash flows.

As noted in previous annual reports, the Austrian Federal Competition Authority (FCA) in 2010 sought a fine under an antitrust case for alleged competition-restricting arrangements with respect to Austria filed against AGRANA Zucker GmbH, Vienna, and Südzucker AG, Mannheim, Germany. The Vienna Higher Regional Court on 19 May 2019 dismissed the suit and did not impose a fine; the FCA has appealed the decision to the Supreme Court. AGRANA continues to regard the allegation as unfounded and the fine sought as unwarranted.

Financial risks

AGRANA is subject to risks from movements in exchange rates, interest rates and product prices. It also has exposure to risks related to obtaining the financing required by the Group. The Group's financing management is largely provided centrally by the Treasury department, which regularly reports to the Management Board on the movement in and structure of the Group's net debt, the financial risks and the amount and results of the hedging positions taken.

[1] Least Developed Countries.
[2] African, Caribbean and Pacific Group of States.
[3] High risk of indirect land use change. The term "indirect land use change" (ILUC) refers to situations where, although plants are grown for agrofuels on areas certified as sustainable, the growing of food plants is thereby displaced to forested or fallow land.

The AGRANA Group operates worldwide and must observe different tax regimes, levy requirements and currency regulations. Changes in provisions of the various legislators and their interpretation by local authorities can have an effect on the financial results of individual Group companies and, consequently, on the Group.

Interest rate risks

Interest rate risks arise from fluctuation in the value of fixed interest financial instruments as a result of changes in market interest rates; this is referred to as interest rate price risk. By contrast, floating rate investments or borrowings are subject to minimal price risk, as their interest rate is adjusted to market rates very frequently. However, the fluctuation in market interest rates entails risk as to the amounts of future interest payments; this is referred to as interest rate cash flow risk. AGRANA strives to employ interest rate hedging instruments that match the amount and maturity of debt financing. In accordance with IFRS 7, the existing interest rate risks are determined by calculating Cash-Flow-at-Risk and the modified duration and are presented in detail in the notes to the consolidated financial statements.

Currency risks

Currency risks arise mainly from the purchase and sale of goods in foreign currencies and from financing in non-local currencies. For AGRANA, the principal relevant exchange rates are those between the euro and the US dollar, Hungarian forint, Polish złoty, Romanian leu, Ukrainian hryvnia, Russian ruble, Brazilian real, Mexican peso, Argentine peso and Chinese yuan.

As part of its currency management, AGRANA, on a monthly basis for each Group company, determines the net foreign currency exposure arising from the purchasing, sales, and cash and cash equivalent positions, including the hedging positions held. Open purchasing and sales contracts in foreign currencies that have not yet been settled are also taken into account. For the hedging of currency risks, AGRANA primarily employs forward foreign exchange contracts (also known as currency forwards). Through these, the value of cash flows denominated in foreign currencies is protected against exchange rate movements. In countries with volatile currencies, these risks are further reduced through the shortening of credit periods, indexing of selling prices to the euro or US dollar, and similar methods of risk mitigation.

Currency risk is determined using the Value-at-Risk approach and presented in the notes to the consolidated financial statements.

Liquidity risks

The AGRANA Group's objective and policy is to hold sufficient cash and cash equivalents at all times to meet its payment obligations. Liquidity risks at single-company or country level are detected early through the standardised reporting, thus allowing timely mitigative action to be taken as appropriate. The liquidity of the AGRANA Group is sufficiently assured for the long term through bilateral and syndicated credit lines.

Risks of default on receivables

Risks of default on receivables are mitigated by trade credit insurance, strict credit limits, and the ongoing monitoring of customers' credit quality. The residual risk is covered by raising appropriate amounts of provisions.

The financial risks are explained in detail in the notes to the consolidated financial statements, in the section "Notes on financial instruments" (from page 156).

Non-financial risks

In the 2019|20 financial year as well, AGRANA worked on the analysis of non-financial risks and risks that are not primarily financial. The starting points for the assessment were the requirements of the Austrian Sustainability and Diversity Act and section 267a of the Austrian Commercial Code as well as the Global Reporting Initiative (GRI) and, for the first time, the reporting recommendations on climate-related risks and opportunities issued by the Task Force on Climate-related Financial Disclosure (TCFD).

While the legal and GRI requirements focus on the non-financial risks and actual impacts triggered by companies, the TCFD recommends increased reporting of the risks that climate change poses to companies.

AGRANA's risk management addresses the risks affecting AGRANA and, within the scope of its business activities, covers the physical risks acting on the Group (in particular, raw material procurement risks). Under AGRANA's risk management system and the group-wide uniform planning and reporting system, the observation period for the above risks is five years (for a description, see page 98, "System of internal control and of risk management").

At the end of the 2019|20 financial year, the Agricultural Research department at the AGRANA Research & Innovation Center, in collaboration with Vienna's University of Natural Resources and Applied Life Sciences, launched a study that is intended to bring together and further develop existing longer-term analyses concerning the physical availability of selected raw materials in order to become able to make long-term, scenario-based predictions about raw material availability under changed climatic conditions.

As an energy-intensive industrial processor especially in the Starch and Sugar segments, AGRANA is subject to the EU Emissions Trading Scheme for most of its production facilities in these segments. For that reason, the company has long paid close attention to potential regulatory (transition) risks related to energy legislation. As a result of political steering measures in the fight against climate change at the EU level (EU Green Deal), but also at the national level in the countries in which AGRANA operates, potential restrictions on or increased taxation of the use of fossil fuels can be expected in the next few years in the push to achieve the goals of the Paris Climate Change Agreement. AGRANA will take these risks into account in its decarbonisation strategy, which it began to develop in the 2019|20 financial year.

Both the risks described in this risk report that affect AGRANA and the risks for and actual impacts on the environment and society caused by AGRANA's business activities, as well as the measures taken to manage these risks, are described in more detail in the non-financial information statement under section 267a Austrian Commercial Code, from page 40. AGRANA, both for the risks affecting it and those triggered by it, has taken appropriate measures to counteract detrimental effects from non-financial risks associated with strategic and operational business conduct. These measures relate to environmental, employee and social matters and are in accordance with national and international standards for the protection of quality and reputation in the interest of the AGRANA Group.

Coronavirus disease (COVID-19)

The growing global spread of coronavirus disease, or COVID-19, has led to drastic restrictions in public, social and economic life in many countries worldwide. AGRANA maintains production sites and sales locations on six continents and is therefore affected in various regions within and outside Europe. At the present time, it is not possible to comprehensively assess the effectiveness of the (in many cases nationwide) virus containment measures or the extent and duration of their impact on global economic activity. However, a recession in 2020 in large parts of the world must be regarded as likely. AGRANA is a significant food manufacturer and thus makes an important contribution to supplying end customers. As a producer of foods and animal feeds, AGRANA is a key element of critical economic infrastructure. Nevertheless, the pandemic may have negative impacts on the markets for the company's products. In the non-food sector, sales volumes of bioethanol in particular are currently declining and prices have fallen significantly.

Following the declaration of a pandemic by the World Health Organization, a Group-wide pandemic policy was issued for the safety of employees and the maintainance of production. Essentially, this means that crisis teams were activated, local business continuity plans implemented, communication and hygiene measures stepped up, and special attention is paid to complying with the authorities' recommendations and orders. As well, restrictions are in place on business travel, and the facilitation of temporary homeworking was implemented. It cannot be ruled out, however, that cases of illness may occur or that employees of AGRANA or of customers or suppliers may have to enter home quarantine or self-isolation to contain the spread of the virus and that this may lead to adverse effects on business processes in procurement, production or sales.

AGRANA may be affected by preventive measures of national authorities in terms of border controls and closures, as well as by limited availability of means of transport in the logistics chains.

The financial and capital markets as well as interbank trading have been subject to phases of severe turmoil. Due to the uncertainty of future developments, influenced by COVID-19, further negative impacts are to be expected.

AGRANA is in close contact with its principal banks and constantly monitors the availability of existing credit lines and the cash holdings in the bank accounts maintained worldwide. In doing so, it also focuses more closely on the credit ratings of its banking partners. Where necessary, reallocations are made.

As mentioned, AGRANA operates on every continent and must therefore manage a large number of currencies, both in its operating business and in financing. AGRANA continually analyses the existing and planned currency exposure and seeks to minimise the resulting risks.

Aggregate risk

The Group’s current aggregate risk exposure is marked by high volatility in selling prices and raw material purchasing prices. In the Sugar segment, the influence of world market prices on prices in Europe has grown in significance. In the bioethanol activities, profitability is critically determined by the future trend in sales prices. The fact that the prices of the corn and wheat used as raw materials can move independently of ethanol prices makes it even more difficult to forecast the earnings trajectory of the bioethanol operations.

Owing to the persistently low selling prices for sugar and isoglucose, the volatile price trend for bioethanol and the fluctuating costs due to the high volatility of raw material prices, as well as the uncertainties regarding the as yet unpredictable extent and duration of the corona-virus crisis, the Group's overall risk position is significantly above the average of the previous years. However, it is covered by a high equity base and the AGRANA Group is able to balance out risks thanks to the diversification provided by the three business segments.

As before, there are no risks to the AGRANA Group’s ability to continue in business (no such risks are currently discernible).

System of internal control and of risk management
(disclosures under section 243a (2) Austrian Commercial Code)

The Management Board of AGRANA is responsible for the establishment and design of an internal control system and risk management system in respect of both the accounting process and of compliance with the relevant legal requirements.

The internal control system, standardised Group-wide accounting rules and the International Financial Reporting Standards (IFRS) assure both the uniformity of accounting and the reliability of the financial reporting and externally published financial statements.

Most Group companies use SAP as the primary ERP system. All AGRANA companies send the data from their separate financial statements to the central SAP consolidation module. This ensures that the reporting system operates on the basis of uniform data. The consolidated financial statements are prepared by the Group Accounting department. The department is responsible for ensuring the correct and complete transfer of financial data from Group companies, for carrying out the financial statement consolidation, performing the analytical processing of the data and preparing financial reports. On a monthly basis, the Controlling and Group Accounting departments validate and assure the congruence of the internal and external reporting.

The primary control tool for AGRANA's management is the enterprise-wide, uniform planning and reporting system. The system comprises a medium-term plan with a planning horizon of five years, budget planning for the next financial year, monthly reporting including a separate monthly risk report, and, three to four times per year, a projection for the current financial year that incorporates the significant financial developments. In the event of material changes in the planning assumptions, this system is supplemented with ad-hoc forecasts.

The monthly financial reporting produced by the Controlling department portrays the performance of all Group companies. The contents of this report are standardised across the Group and include detailed sales data, the balance sheet, income statement and the financials derived from them, as well as an analysis of significant variances. This monthly report also includes a dedicated risk report both for each business segment and the whole AGRANA Group in which the risk potential is calculated for the current and next financial year for the key profitability factors, based on the assumption of current market prices for not yet contractually secured volumes versus budgeted prices.

A Group-wide risk management system (see "Risk management" section, from page 91) at both the operational and strategic level, in which all sources and types of risk relevant to AGRANA – such as the regulatory and legal environment, raw material procurement, competitive and market risks, and financing – are analysed for risks and opportunities, enables the management to identify changes in the Group's environment at an early stage and take timely corrective action as required.

Internal Audit monitors all operational and business processes in the Group for compliance with legal provisions and internal policies and procedures, and for the effectiveness of risk management and the systems of internal control. The unit's audit activities are guided by a Management Board-approved annual audit plan that is based on a Group-wide risk assessment. When requested by the Management Board, Internal Audit also performs ad-hoc audits focusing on current and future risks. The audit findings are regularly reported to AGRANA's Management Board and the respective managers responsible as well as the Supervisory Board (represented by the Audit Committee). The implementation of the actions proposed by Internal Audit is assured by follow-up verifications.

As part of the audit of the financial statements, the external independent auditor annually evaluates the internal control system of the accounting process and of the information technology systems. The audit findings are reported to the Audit Committee of the Supervisory Board.

Capital, shares, voting rights and rights of control[1]

The share capital of AGRANA Beteiligungs-AG at the balance sheet date of 29 February 2020 was € 113.5 million (28 February 2019: € 113.5 million), divided into 62,488,976 voting ordinary no-par value bearer shares (28 February 2019: 62,488,976 such shares). There are no other classes of shares.

Z&S Zucker und Stärke Holding AG ("Z&S"), based in Vienna, is the majority shareholder, directly holding 78.34% of the share capital of AGRANA Beteiligungs-AG. Z&S is a wholly-owned subsidiary of AGRANA Zucker, Stärke und Frucht Holding AG, Vienna. In this latter company, Zucker-Beteiligungsgesellschaft m.b.H. ("ZBG"), Vienna, in turn holds 50% less one share (that share being held by AGRANA Zucker GmbH, a subsidiary of AGRANA Beteiligungs-AG) and Südzucker AG ("Südzucker"), Mannheim, Germany, holds the other 50%. The following five Vienna-based entities are shareholders of ZBG: „ALMARA" Holding GmbH (a subsidiary of RAIFFEISEN-HOLDING NIEDERÖSTERREICH-WIEN registrierte Genossenschaft mit beschränkter Haftung); Marchfelder Zuckerfabriken Gesellschaft m.b.H.; Estezet Beteiligungsgesellschaft m.b.H.; Rübenproduzenten Beteiligungs GesmbH; and Leipnik-Lundenburger Invest Beteiligungs AG. Under a syndicate agreement between Südzucker and ZBG, the voting rights of the syndicate partners are combined in Z&S, there are restrictions on the transfer of shares, and the partners in the syndicate have certain mutual rights to appoint members of each other's management board and supervisory board. Thus, Johann Marihart has been nominated by ZBG and appointed as a member of the management board of Südzucker AG, and Thomas Kölbl has been nominated by Südzucker and appointed as a member of the management board of AGRANA Beteiligungs-AG.

The Management Board is authorised until including 4 September 2020 to increase the share capital, subject to the approval of the Supervisory Board, by up to € 4,940,270.20 by issuing up to 679,796 new ordinary bearer shares of the Company against payment in cash or contributions in kind, in one or more tranches, and to determine, in agreement with the Supervisory Board, the issue amount (which shall not be less than the proportionate amount of the share capital), the terms of the issue and the other details of the implementation of the capital increase.

There are no shareholders with special rights of control. Those employees who are also shareholders of AGRANA Beteiligungs-AG exercise their voting rights individually.

The Management Board does not have powers to issue or repurchase shares except to the extent provided by law.

The agreements for the Schuldscheindarlehen (bonded loan) and credit lines (syndicated loans) contain change of control clauses that grant the lenders an extraordinary right to call the loans.

With this exception, there are no significant agreements that take effect, change materially, or end, in the case of a change of control resulting from a takeover offer. No compensation agreements in the event of a public tender offer exist between the Company and its Management Board, Supervisory Board or other staff.

[1] Disclosures under section 243a (1) Austrian Commercial Code.

Outlook

This outlook is issued with the proviso that the economic and financial impacts and the duration of the COVID-19 pandemic are not yet clear at the time of preparation of this annual report in April 2020. In view of the dynamic nature of the pandemic, assumptions about its economic and financial impacts would be largely speculative. **AGRANA has therefore chosen not to incorporate such assumptions in this outlook and instead publishes here a "forecast before COVID-19" based on the budget originally planned for 2020|21.** Although negative impacts of COVID-19 on revenue and operating profit (EBIT) are expected in all business segments, these effects are not yet quantifiable. However, this outlook provides an assessment of COVID-19 risk factors that may affect the pre-COVID-19 forecast.

Fruit segment		**2019|20 Actual**	**2020|21 Forecast before COVID-19**	
Revenue	€m	1,185.4	Moderate increase	↑
EBIT	€m	55.9	Significant increase	↑↑
Investment[1]	€m	56.5	38	

In the Fruit segment, **before COVID-19 effects**, AGRANA expects the 2020|21 financial year to bring growth in revenue and EBIT. The fruit preparations business is projecting revenue growth, which is to be achieved through the full utilisation of the capacity created and by further diversification in the non-dairy business[2]. Through higher margins, which are to be realised partly thanks to smaller cost increases than in 2019|20, EBIT is to be raised significantly. In the fruit juice concentrate business, revenue is projected to rise significantly this financial year, with a solid earnings situation.

COVID-19 risk assessment: Especially in the Fruit segment with its global production operations (42 sites in 22 countries), the pre-COVID-19 forecast is fraught with high uncertainty. In March 2020 (the first month of the 2020|21 financial year), business was nonetheless still very good both in the fruit preparations and the fruit juice concentrate activities, particularly in terms of sales volumes. Risks are currently seen above all in the food service product segment, where fruit preparations and fruit products are sold into the quick service industry among other sectors. This business accounted for about 3% of total fruit preparations revenue in 2019|20.

Investment in the Fruit segment this year is budgeted at approximately € 38 million, which is about 10% less than the expected level of depreciation. The intended main focus is on replacement and maintenance investment as well as production optimisation.

Starch segment		**2019|20 Actual**	**2020|21 Forecast before COVID-19**	
Revenue	€m	807.0	Slight increase	↗
EBIT	€m	75.2	Significant reduction	↓↓
Investment[1]	€m	73.6	22	

For the Starch segment, **before COVID-19 effects**, a slight increase in revenue is forecast for the 2020|21 financial year. For native starches and wheat gluten, however, selling prices are coming under pressure through increased supply volumes. No major recovery in prices should be expected for starch-based saccharification products, due to the persistently challenging market environment. The revenue trend in the Starch segment overall will again be shaped by ethanol price volatility. Consistently positive impetus for growth is anticipated in organic and GMO-free products. Starch segment EBIT is projected to decrease due to foreseeable margin reductions resulting from lower sales prices.

[1] Investment represents purchases of property, plant and equipment and intangible assets, excluding goodwill.
[2] The non-dairy product segments are ice-cream, bakery, and food service.

COVID-19 risk assessment: Bioethanol is a major core product in the Starch segment (at almost 25% of segment revenue in 2019|20), and the business performance in 2020|21 will thus again be largely determined by prices in the European ethanol markets. The fundamentally positive market sentiment, which was driven by the climate debate, is strained by the temporary restrictions on mobility imposed across Europe to contain the COVID-19 pandemic. The impacts on the whole ethanol value chain cannot be predicted until later in the financial year.

The budgeted investment volume in the Starch segment for this year is about € 22 million and, after the major projects of the prior years, will thus be very significantly below the level of depreciation. The largest single portion of this spending is for the completion of the derivatives manufacturing facility in Aschach, Austria.

Sugar segment		2019|20 Actual	2020|21 Forecast before COVID-19	
Revenue	€m	488.3	Significant increase	↑↑
EBIT	€m	(44.0)	Significant improvement	↑↑
Investment[1]	€m	19.6	20	

In the Sugar segment, **before COVID-19 effects**, AGRANA anticipates a continual improvement in conditions in the EU sugar market. AGRANA expects that the capacity utilisation of the sugar beet factories can be increased significantly again, as it has initiated various measures together with the beet farmers to ensure an adequate beet supply. On the distribution side, sugar sales volumes and sugar prices in the EU are expected to rise. This positive trend in the EU sugar market environment, combined with rigorous cost management, implies a significantly better EBIT result.

COVID-19 risk assessment: In March 2020 the trend in sales volumes was very positive, particularly with the reseller sector. Whether and to what extent the COVID-19 pandemic will affect the expectations for the 2020|21 sugar marketing year (SMY) cannot be predicted at present. Thus, among other factors, the effect which the current erosion in world market prices for sugar will have on EU prices in the coming SMY 2020|21 cannot be projected meaningfully.

Capital expenditure of approximately € 20 million is planned for the Sugar segment, focusing mainly on asset replacement and maintenance investment.

AGRANA Group		2019|20 Actual	2020|21 Forecast before COVID-19	
Revenue	€m	2,480.7	Significant increase	↑↑
EBIT	€m	87.1	Significant increase	↑↑
Investment[1]	€m	149.7	80	

Based on the segments' forecasts before COVID-19, a significant increase in **EBIT before COVID-19 effects** is expected for the AGRANA Group in the 2020|21 financial year. **Group revenue before COVID-19 effects** is also projected to grow significantly.

COVID-19 risk assessment: The still rapid evolution of the impacts from the COVID-19 pandemic currently prevents any specific determination of parameters and thus presently does not allow a realistically quantified "post-COVID-19" forecast to be made for 2020|21.

[1] Investment represents purchases of property, plant and equipment and intangible assets, excluding goodwill.

Total **investment** across the three business segments in this new financial year, at approximately € 80 million, is to be significantly below both the 2019|20 capital expenditure and this year's budgeted depreciation of close to € 120 million. This investment plan was already determined before the COVID-19 crisis and is to remain unchanged.

Planned share of Group investment by segment in 2020|21

(Total: approx. € 80 million)

With its diversified business model and sound balance sheet and financing structure, AGRANA considers itself well positioned for the future.

Depending on the trajectory of the COVID-19 pandemic, a more specific forecast will be provided in the course of the financial year, possibly already in connection with the publication of the results for the first quarter of 2020|21.

The quantitative statements and direction arrows in the "Outlook" section are based on the following definitions:

Modifier	Visualisation	Numerical rate of change
Steady	→	0% up to +1%, or 0% up to −1%
Slight(ly)	↗ or ↘	More than +1% and up to +5%, or more than −1% and up to −5%
Moderate(ly)	↑ or ↓	More than +5% and up to +10%, or more than −5% and up to −10%
Significant(ly)	↑↑ or ↓↓	More than +10% and up to +50%, or more than −10% and up to −50%
Very significant(ly)	↑↑↑ or ↓↓↓	More than +50% or more than −50%

Sustainability outlook for 2020|21

In the 2019|20 financial year, AGRANA began to deal in depth with the topic of decarbonising its production activities. As early as 2014|15 and 2015|16, the Group progressively set goals and targets for further improving environmental and social performance in its own production facilities and for sustainability in its supply chain, with a target period running to the end of the 2020|21 financial year. The performance against targets has been reported annually. However, the energy targets were framed primarily as energy efficiency objectives and did not yet reflect the targets of the Paris climate accord. In the 2020|21 financial year, AGRANA will continue to develop its decarbonisation strategy and formulate specific intermediate targets towards its goal of achieving CO_2 neutrality by 2040.

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Consolidated income statement

for the year ended 29 February 2020

Note	€000	**2019|20**	**2018|19**
(1)	Revenue	2,480,732	2,443,048
(2)	Changes in inventories of finished and unfinished goods	64,764	(53,505)
(2)	Own work capitalised	1,898	1,120
(3)	Other operating income	37,671	32,980
(4)	Cost of Materials	(1,759,277)	(1,647,491)
(5)	Staff cost	(341,660)	(323,717)
(6)	Depreciation, amortisation and impairment losses	(110,333)	(96,636)
(7)	Other operating expenses	(303,472)	(301,403)
(8)	Share of results of equity-accounted joint ventures	16,727	12,222
	Operating profit [EBIT]	**87,050**	**66,618**
(9)	Finance income	22,851	25,464
(10)	Finance expense	(40,042)	(40,836)
	Net financial items	**(17,191)**	**(15,372)**
	Profit before tax	**69,859**	**51,246**
(11)	Income tax expense	(18,567)	(20,860)
	Profit for the period	**51,292**	**30,386**
	Attributable to shareholders of the parent	48,162	25,406
	Attributable to non-controlling interests	3,130	4,980
(12)	Earnings per share under IFRS (basic and diluted)	€ 0.77	€ 0.41

Consolidated statement of comprehensive income

for the year ended 29 February 2020

€000	2019|20	2018|19
Profit for the period	**51,292**	**30,386**
Other comprehensive (expense)/income:		
Currency translation differences and hyperinflation adjustments	(2,030)	2,104
Changes in fair value of hedging instruments (cash flow hedges), after deferred taxes	(288)	(613)
Effects from equity-accounted joint ventures	(3,742)	(521)
(Expense)/income to be recognised in the income statement in the future	(6,060)	970
Change in actuarial gains and losses on defined benefit pension obligations and similar liabilities, after deferred taxes	(5,069)	(3,810)
Changes in fair value of equity instruments, after deferred taxes	367	788
Effects from equity-accounted joint ventures	(10)	(3)
Expense that will not be recognised in the income statement in the future	(4,712)	(3,025)
Other comprehensive (expense)	**(10,772)**	**(2,055)**
Total comprehensive income for the period	**40,520**	**28,331**
Attributable to shareholders of the parent	37,754	23,687
Attributable to non-controlling interests	2,766	4,644

Consolidated cash flow statement

for the year ended 29 February 2020

Note	€000	2019|20	2018|19
	Profit for the period	51,292	30,386
	Depreciation, amortisation and impairment of non-current assets	110,362	96,636
	Reversal of impairment losses on non-current assets	(28)	0
	(Gains) on disposal of non-current assets	(1)	(194)
	Changes in non-current provisions	2,303	342
	Share of results of equity-accounted joint ventures	(16,727)	(12,222)
	Dividends received from equity-accounted joint ventures	14,000	15,000
	Loss on net monetary position under IAS 29	912	1,302
	Non-cash expenses/income and other adjustments	25,718	46,296
	Operating cash flow before changes in working capital	**187,831**	**177,546**
	Changes in inventories	(102,588)	19,589
	Changes in receivables and current assets	(296)	(14,326)
	Changes in current provisions	(16,548)	2,065
	Changes in payables (excluding borrowings)	66,450	(13,200)
	Changes in working capital	**(52,982)**	**(5,872)**
	Interest received	2,001	3,250
	Interest paid	(8,814)	(7,193)
	Tax paid	(17,940)	(26,022)
(13)	**Net cash from operating activities**	**110,096**	**141,709**
	Dividends received	17	24
	Proceeds from disposal of non-current assets	1,971	3,241
	Purchases of property, plant and equipment and intangible assets, net of government grants	(150,030)	(161,190)
	Proceeds from disposal of securities	6	1,374
	Proceeds from disposal of subsidiaries, net of cash	582	0
	Purchases of non-current financial assets	(8,124)	0
	Purchase of subsidiaries, net of cash acquired	0	(5,336)
(14)	**Net cash (used in) investing activities**	**(155,578)**	**(161,887)**
	Repayment of borrowings to affiliated companies in the Südzucker group	(85,000)	(65,000)
	Proceeds from Schuldscheindarlehen, or bonded loan	164,500	0
	(Outflows) from lease liabilities	(6,437)	0
	Repayment of investment loan of the European Investment Bank	(4,882)	0
	Proceeds from non-current loans	0	40,000
	Proceeds from syndicated loans	10,000	75,000
	Inflows from bank overdrafts and cash advances	42,344	1,219
	Proceeds from ceding of shares of subsidiary without loss of control	0	2,475
	Purchase of non-controlling interests	0	(411)
	Dividends paid	(63,203)	(71,463)
(15)	**Net cash from/(used in) financing activities**	**57,322**	**(18,180)**
	Net increase/(decrease) in cash and cash equivalents	**11,840**	**(38,358)**
	Effect of movements in foreign exchange rates on cash and cash equivalents	(511)	(577)
	Cash acquired in initial consolidation of subsidiaries	0	637
	Effect of IAS 29 on cash and cash equivalents	(496)	(81)
	Cash and cash equivalents at beginning of period	82,582	120,961
	Cash and cash equivalents at end of period	**93,415**	**82,582**

Consolidated balance sheet

at 29 February 2020

Note	€000	29 Feb 2020	28 Feb 2019
	ASSETS		
	A. Non-current assets		
(16)	Intangible assets	275,108	276,740
(17)	Property, plant and equipment	932,795	864,221
(18)	Equity-accounted joint ventures	76,919	69,926
(18)	Securities	19,599	18,843
(18)	Investments in non-consolidated subsidiaries and outside companies	919	19
(19)	Other assets	12,410	10,090
(20)	Deferred tax assets	14,175	12,309
		1,331,925	**1,252,148**
	B. Current assets		
(21)	Inventories	710,500	619,133
(19)	Trade receivables	319,457	321,694
(19)	Other assets	89,334	107,790
	Current tax assets	4,813	6,060
	Cash and cash equivalents	93,415	82,582
		1,217,519	**1,137,259**
	Total assets	**2,549,444**	**2,389,407**
	EQUITY AND LIABILITIES		
(22)	**A. Equity**		
	Share capital	113,531	113,531
	Share premium and other capital reserves	540,760	540,760
	Retained earnings	669,406	694,451
	Equity attributable to shareholders of the parent	1,323,697	1,348,742
	Non-controlling interests	63,435	61,186
		1,387,132	**1,409,928**
	B. Non-current liabilities		
(23a)	Retirement and termination benefit obligations	73,401	71,177
(23b)	Other provisions	29,756	23,505
(24)	Borrowings	450,212	278,988
(25)	Other payables	6,418	12,820
(26)	Deferred tax liabilities	5,504	6,556
		565,291	**393,046**
	C. Current liabilities		
(23b)	Other provisions	20,789	31,221
(24)	Borrowings	126,814	144,639
(25)	Trade payables	311,771	292,914
(25)	Other payables	131,553	110,713
	Tax liabilities	6,094	6,946
		597,021	**586,433**
	Total equity and liabilities	**2,549,444**	**2,389,407**

Consolidated statement of changes in equity

for the year ended 29 February 2020

						Attributable to the shareholders
						Retained
€000	Share capital	Share premium and other capital reserves	Reserve for equity instruments	Reserve for hedging instruments (cash flow hedges)	Reserve for actuarial gains and losses	Effects from equity-accounted joint ventures
2019|20						
At 1 March 2019	113,531	540,760	2,743	(331)	(33,988)	(26,545)
Changes in fair value of equity instruments	0	0	489	0	0	0
Changes in fair value of hedging instruments (cash flow hedges)	0	0	0	(394)	0	471
Changes in actuarial gains and losses on defined benefit pension obligations and similar liabilities	0	0	0	0	(6,073)	(10)
Tax effects	0	0	(122)	106	1,073	(116)
Currency translation (loss) and hyperinflation adjustments	0	0	0	0	0	(4,213)
Other comprehensive income/(expense) for the period	**0**	**0**	**367**	**(288)**	**(5,000)**	**(3,868)**
Profit for the period	0	0	0	0	0	0
Total comprehensive income/(expense) for the period	**0**	**0**	**367**	**(288)**	**(5,000)**	**(3,868)**
Dividends paid	0	0	0	0	0	0
Transfer to reserves	0	0	0	0	0	0
Changes in equity interests and in scope of consolidation	0	0	0	0	0	0
Other changes	0	0	0	0	0	0
At 29 February 2020	**113,531**	**540,760**	**3,110**	**(619)**	**(38,988)**	**(30,413)**
						669,406

of AGRANA Beteiligungs-AG					
earnings					
Other retained earnings	Currency translation reserve	Profit for the period	Equity attributable to share-holders of the parent	Non-controlling interests	Total
823,840	(96,674)	25,406	1,348,742	61,186	1,409,928
0	0	0	489	0	489
0	0	0	77	157	234
0	0	0	(6,083)	(94)	(6,177)
0	0	0	941	(16)	925
0	(1,619)	0	(5,832)	(411)	(6,243)
0	**(1,619)**	**0**	**(10,408)**	**(364)**	**(10,772)**
0	0	48,162	48,162	3,130	51,292
0	**(1,619)**	**48,162**	**37,754**	**2,766**	**40,520**
0	0	(62,489)	(62,489)	(714)	(63,203)
(37,083)	0	37,083	0	0	0
(105)	0	0	(105)	(8)	(113)
(205)	0	0	(205)	205	1
786,447	**(98,293)**	**48,162**	**1,323,697**	**63,435**	**1,387,132**

€000	Share capital	Share premium and other capital reserves	Reserve for equity instruments	Reserve for hedging instruments (cash flow hedges)	Reserve for actuarial gains and losses	Effects from equity-accounted joint ventures
	Attributable to the shareholders					
			Retained			
2018|19						
At 1 March 2018 (as published)	113,531	540,760	3,295	282	(30,234)	(26,043)
Effects of initial application of IFRS 9	0	0	(1,340)	0	0	0
At 1 March 2018 (adjusted)	**113,531**	**540,760**	**1,955**	**282**	**(30,234)**	**(26,043)**
Changes in fair value of equity instruments	0	0	1,051	0	0	0
Changes in fair value of hedging instruments (cash flow hedges)	0	0	0	(806)	0	(92)
Changes in actuarial gains and losses on defined benefit pension obligations and similar liabilities	0	0	0	0	(3,961)	(3)
Tax effects	0	0	(263)	193	207	24
Currency translation (loss)/gain and hyperinflation adjustments	0	0	0	0	0	(431)
Other comprehensive income/(expense) for the period	**0**	**0**	**788**	**(613)**	**(3,754)**	**(502)**
Profit for the period	0	0	0	0	0	0
Total comprehensive income/(expense) for the period	**0**	**0**	**788**	**(613)**	**(3,754)**	**(502)**
Dividends paid	0	0	0	0	0	0
Transfer to reserves	0	0	0	0	0	0
Changes in equity interests and in scope of consolidation	0	0	0	0	0	0
Other changes	0	0	0	0	0	0
At 28 February 2019	**113,531**	**540,760**	**2,743**	**(331)**	**(33,988)**	**(26,545)**
						694,451

of AGRANA Beteiligungs-AG					
earnings					
Other retained earnings	Currency translation reserve	Profit for the period	Equity attributable to share-holders of the parent	Non-controlling interests	Total
754,417	(99,036)	140,071	1,397,043	56,954	1,453,997
1,192	0	0	(148)	0	(148)
755,609	**(99,036)**	**140,071**	**1,396,895**	**56,954**	**1,453,849**
0	0	0	1,051	0	1,051
0	0	0	(898)	(31)	(929)
0	0	0	(3,964)	(75)	(4,039)
0	0	0	161	26	187
0	2,362	0	1,931	(256)	1,675
0	**2,362**	**0**	**(1,719)**	**(336)**	**(2,055)**
0	0	25,406	25,406	4,980	30,386
0	**2,362**	**25,406**	**23,687**	**4,644**	**28,331**
0	0	(70,300)	(70,300)	(1,163)	(71,463)
69,771	0	(69,771)	0	0	0
(910)	0	0	(910)	756	(15)4
(630)	0	0	(630)	(5)	(635)
823,840	**(96,674)**	**25,406**	**1,348,742**	**61,186**	**1,409,928**

Notes to the consolidated financial statements

AGRANA Beteiligungs-AG (“the Company”) is the parent company of the AGRANA Group and has its registered office at Friedrich-Wilhelm-Raiffeisen-Platz 1, A-1020 Vienna. The Company together with its subsidiaries constitutes an international group engaged mainly in the world-wide industrial processing of agricultural raw materials.

The consolidated financial statements of the AGRANA Group for 2019|20 were prepared in accordance with International Financial Reporting Standards (IFRS) in effect at the balance sheet date and with International Financial Reporting Interpretations Committee (IFRIC) interpretations, as adopted by the European Union, as well as with the additional requirements of section 245a Austrian Commercial Code (UGB).

1. Segment information

The segment reporting, which conforms with IFRS 8, distinguishes between three business segments – Sugar, Starch and Fruit – and thus follows the AGRANA Group’s internal reporting structure.

The AGRANA Group has the three reportable segments Sugar, Starch and Fruit, which correspond to its strategic businesses. The segments differ in terms of their product portfolios, production technologies, raw material procurement, and sales strategies, and are managed separately. AGRANA Beteiligungs-Aktiengesellschaft (“AGRANA Beteiligungs-AG”), the Group’s holding company, is considered part of the Sugar segment.

The internal reporting for each segment is provided monthly to the Group’s chief operating decision-maker (the CODM). The CODM is the Management Board of AGRANA Beteiligungs-AG. Information on the results of the reportable segments is found in the overviews below. Segment profitability is evaluated primarily on the basis of “operating profit before exceptional items and results of equity-accounted joint ventures”, which is a key performance indicator included in every internal management report.

In the reporting of the reportable segments to the CODM, AGRANA uses the performance indicator “operating profit before exceptional items and results of equity-accounted joint ventures”. This item differs from the metric “operating profit” (EBIT) used in the consolidated income statement in that operating profit reflects the results of equity-accounted joint ventures and exceptional items. Exceptional items are infrequent or non-recurring expenses or income that exceed a defined amount and that do not arise in the ordinary course of business.

1.1. Segmentation by business activity

€000	Fruit	Starch	Sugar	Consoli-dation	Group
2019|20					
Total revenue	1,186,347	816,802	536,313	(58,730)	2,480,732
Inter-segment revenue	(890)	(9,805)	(48,035)	58,730	0
Revenue	**1,185,457**	**806,997**	**488,278**	**0**	**2,480,732**
EBITDA	101,090	93,885	(11,910)	0	183,065
Depreciation, amortisation and impairment of property, plant and equipment and intangibles[1]	(43,088)	(35,068)	(31,773)	0	(109,929)
Operating profit/(loss) before exceptional items and results of equity-accounted joint ventures	**58,002**	**58,817**	**(43,683)**	**0**	**73,136**
Exceptional items	(2,070)	0	(743)	0	(2,813)
Share of results of equity-accounted joint ventures	0	16,341	386	0	16,727
Operating profit/(loss) [EBIT]	**55,932**	**75,158**	**(44,040)**	**0**	**87,050**
Segment assets	1,213,312	716,847	1,704,530	(1,085,245)	2,549,444
Segment equity	436,274	371,663	930,837	(351,642)	1,387,132
Segment liabilities	777,038	345,184	773,693	(733,603)	1,162,312

[1] Excluding goodwill.

€000	Fruit	Starch	Sugar	Consoli-dation	Group
Purchases of property, plant and equipment and intangibles[1]	56,495	73,609	19,557	0	149,661
Purchases of non-current financial assets	506	400	8,018	0	8,924
Total capital expenditure	57,001	74,009	27,575	0	158,585
Carrying amount of equity-accounted joint ventures	0	58,434	18,485	0	76,919
Number of employees (average full-time equivalents)	6,194	1,087	2,061	0	9,342
2018|19					
Total revenue	1,179,603	772,579	561,424	(70,558)	2,443,048
Inter-segment revenue	(453)	(9,898)	(60,207)	70,558	0
Revenue	**1,179,150**	**762,681**	**501,217**	**0**	**2,443,048**
EBITDA	114,966	66,459	(33,687)	0	147,738
Depreciation, amortisation and impairment of property, plant and equipment and intangibles[1]	(37,701)	(31,430)	(27,505)	0	(96,636)
Operating profit/(loss) before exceptional items and results of equity-accounted joint ventures	**77,265**	**35,029**	**(61,192)**	**0**	**51,102**
Exceptional items	0	0	3,294	0	3,294
Share of results of equity-accounted joint ventures	0	16,186	(3,964)	0	12,222
Operating profit/(loss) [EBIT]	**77,265**	**51,215**	**(61,862)**	**0**	**66,618**
Segment assets	1,182,098	626,060	1,607,119	(1,025,870)	2,389,407
Segment equity	409,320	362,872	989,378	(351,642)	1,409,928
Segment liabilities	772,778	263,188	617,741	(674,228)	979,479
Purchases of property, plant and equipment and intangibles[1]	56,193	97,011	30,549	0	183,753
Purchases of non-current financial assets	0	0	0	0	0
Total capital expenditure	56,193	97,011	30,549	0	183,753
Carrying amount of equity-accounted joint ventures	0	60,302	9,624	0	69,926
Number of employees (average full-time equivalents)	6,141	1,025	2,064	0	9,230

The revenue and asset data represent consolidated amounts. Inter-segment charges for products and services are based on comparable market prices.

Exceptional items in the Fruit segment included expenses for regional restructuring measures (such as in Serbia) and exceptional staff cost effects; in the Sugar segment, the item included expenses for legal disputes in Romania. In the prior year, exceptional items included tax refunds in Romania and expenses for restructuring measures in the Sugar segment.

The items “segment assets” and “segment liabilities” match the allocation used in internal reporting. The inter-segment consolidation consisted of liability and dividend consolidation of € 733,603 thousand (prior year: € 674,228 thousand) and equity capital consolidation of € 351,642 thousand (prior year: € 351,642 thousand).

[1] Excluding goodwill.

1.2. Segmentation by region

Companies are assigned to geographic segments based on the location of their registered office.

Revenue €000	**2019|20**	**2018|19**
Austria	1,406,166	1,283,665
Hungary	41,126	70,439
Romania	95,944	135,450
Rest of EU	314,790	368,215
EU-28[1]	1,858,026	1,857,769
Rest of Europe (Bosnia and Herzegovina, Russia, Serbia, Turkey, Ukraine)	111,188	101,912
Other foreign countries	511,518	483,367
Total	**2,480,732**	**2,443,048**

The revenue generated by the Eastern European companies was € 339,338 thousand (prior year: € 444,210 thousand), or about 13.7% (prior year: 18.2%) of total revenue. The countries defined as Eastern Europe are Bosnia-Herzegovina, Bulgaria, the Czech Republic, Hungary, Poland, Romania, Russia, Serbia, Slovakia, Turkey and Ukraine.

Purchases of property, plant and equipment and intangibles[2] €000	**2019|20**	**2018|19**
Austria	90,750	120,655
Hungary	5,717	7,353
Romania	3,013	7,843
Rest of EU	21,737	14,976
EU-28[1]	121,217	150,827
Rest of Europe (Bosnia and Herzegovina, Russia, Serbia, Turkey, Ukraine)	7,739	5,245
Other foreign countries	20,705	27,681
Total	**149,661**	**183,753**

Carrying amount of property, plant and equipment and intangibles[2] €000	**2019|20**	**2018|19**
Austria	546,309	487,298
Hungary	62,945	69,945
Romania	38,072	39,525
Rest of EU	115,155	108,174
EU-28[1]	762,481	704,942
Rest of Europe (Bosnia and Herzegovina, Russia, Serbia, Turkey, Ukraine)	29,272	23,395
Other foreign countries	154,258	150,732
Total	**946,011**	**879,069**

[1] Excluding the United Kingdom from 1 February 2020.
[2] Excluding goodwill.

2. Basis of preparation

Amounts in the consolidated financial statements are presented in thousands of euros (€000) unless otherwise indicated. As a result of automated calculation, rounding errors may occur in totals of rounded amounts and percentages.

In the presentation of the income statement, the nature of expense method was used. The separate financial statements of the fully consolidated companies represented in the consolidated financial statements are based on uniform accounting policies.

In the 2019|20 financial year, the following standards and interpretations became effective (i.e., their application became mandatory) for the first time:

Standard/Interpretation		**Issued by the IASB**	**Adopted by the EU**
IAS 19	Employee Benefits (amended)	7 Feb 2018	13 Mar 2019
IAS 28	Investments in Associates and Joint Ventures (amended)	12 Oct 2017	8 Feb 2019
IFRS 9	Financial Instruments (amended)	12 Oct 2017	22 Mar 2018
IFRS 16	Leases	13 Jan 2016	31 Oct 2017
Various	Annual Improvements to IFRSs, 2015–2017 Cycle	12 Dec 2017	14 Mar 2019
IFRIC 23	Uncertainty over Income Tax Treatments	7 Jun 2017	23 Oct 2018

The amendments to IAS 19 (Employee Benefits), IAS 28 (Investments in Associates and Joint Ventures), IFRS 9 (Financial Instruments) and IFRIC 23 (Uncertainty over Income Tax Treatments) had no material impacts on the presentation of AGRANA's financial position, results of operations and cash flows.

IFRS 16 (Leasing)

In accordance with the transition rules of IFRS 16 (Leases), the initial application of this standard was performed using the modified retrospective approach and thus without restatement of prior-year data.

Under IFRS 16, for all leases, the lessee generally recognises a right-of-use asset and a lease liability in the balance sheet, based on the present value of the outstanding lease payments. The present value is determined based on the current incremental borrowing rate, unless the interest rate implicit in the lease is available. At the time of initial application, the weighted average incremental borrowing rate was 2.9%. The right-of-use asset is depreciated over the term of the lease. The unwinding of discount on the lease liability is performed using the effective interest method and the liability is amortised through lease payments; the resulting interest expenses are reported in finance expense. The right-of-use asset is subject to impairment testing in accordance with IAS 36 (Impairment of Assets).

AGRANA does not apply IFRS 16 to leases of intangible assets. For assets of low value and for short-term leases, AGRANA elects not to capitalise the lease, and the expenses are recognised in other operating expenses.

AGRANA employs leases mainly for long-term rental agreements for land and buildings in administration and production.

On initial application of IFRS 16, right-of-use assets of € 33,567 thousand, lease liabilities of € 28,081 thousand and a reclamation provision for € 5,380 thousand were recognised. In note 17, "Property, plant and equipment", the additions, carrying amounts, and accumulated depreciation and impairment of the right-of-use assets are tabulated by category in a separate statement for leased property, plant and equipment. The adjustment in current other assets was related mainly to the lease payments accrued in the prior year.

The effects of the initial application of IFRS 16 on the consolidated balance sheet are presented in the following table:

€000	At 28 Feb 2019 (as published)	Effects of application of IFRS 16	At 1 Mar 2019 (adjusted)
ASSETS			
Intangible assets	276,740	0	276,740
Property, plant and equipment	864,221	33,567	897,788
Other assets	111,187	0	111,187
Non-current assets	1,252,148	33,567	1,285,715
Inventories	619,133	0	619,133
Trade receivables	321,694	0	321,694
Other assets	196,432	(106)	196,326
Current assets	1,137,259	(106)	1,137,153
Total assets	**2,389,407**	**33,461**	**2,422,868**
EQUITY AND LIABILITIES			
Equity	1,409,928	0	1,409,928
Provisions	94,682	5,380	100,062
Borrowings	278,988	22,916	301,904
Other liabilities	19,376	0	19,376
Non-current liabilities	393,046	28,296	421,342
Provisions	31,221	0	31,221
Borrowings	144,639	5,165	149,804
Other liabilities	410,573	0	410,573
Current liabilities	586,433	5,165	591,598
Total equity and liabilities	**2,389,407**	**33,461**	**2,422,868**

The reconciliation of the operating lease liabilities at 28 February 2019 to the value of the lease liabilities at 1 March 2019 is as follows:

€000	1 Mar 2019
Operating lease liabilities at 28 February 2019	21,533
Discounting	(2,211)
Present value of operating lease liabilities at 1 March 2019	19,322
Effect of changes in maturity estimates as a result of IFRS 16 adoption	8,759
Total lease liabilities at 1 March 2019	**28,081**

The following standards will become effective from the 2020|21 financial year or later. For those standards not yet adopted by the EU, the effective year for AGRANA given in the table represents the expected time of adoption. AGRANA has not early-adopted any of the new or changed standards cited below. The information provided on the content of the standards depends on whether and to what extent they are relevant to AGRANA. Where accounting rules becoming effective in subsequent periods do not apply to AGRANA's situation, no information on their content is given.

Standard	Content *and expected impacts on AGRANA*	Issued by the IASB	Effective for AGRANA from financial year	Adopted by the EU
IAS 1	Presentation of Financial Statements (amendment) *The amendment refines the definition of the term "material".*	31 Oct 2018	2020|21	29 Nov 2019
IAS 1	Presentation of Financial Statements (amendment) *The amendment clarifies that the classification of liabilities as current or non-current is based on whether there exists a right to defer settlement of an obligation for at least twelve months. The classification thus depends on the right at the balance sheet date. The amendment may become relevant from the 2022|23 financial year.*	23 Jan 2020	2022|23	Not to date
IAS 8	Accounting Policies, Changes in Accounting Estimates and Errors (amendment) *The amendment replaces the definition of "material" with a reference to IAS 1.*	31 Oct 2018	2020|21	29 Nov 2019
IAS 39	Financial Instruments: Recognition and Measurement (amendment) *In connection with the Interest Rate Benchmark Reform, the amendment deals with how the replacement of an existing interest rate benchmark (such as interbank offered rates, or IBOR) affects certain hedge accounting requirements.*	26 Sep 2019	2020|21	15 Jan 2020
IFRS 3	Business Combinations (amendment) *The amendment clarifies the definition of a business, as distinct from a group of assets, to help distinguish between the two when reporting an acquisition. In the event of business combinations, the amendment may become relevant from the 2020|21 financial year.*	22 Oct 2018	2020|21	Not to date
IFRS 7	Financial Instruments: Disclosures (amendment) *See entry for IAS 39.*	26 Sep 2019	2020|21	15 Jan 2020
IFRS 9	Financial Instruments (amendment) *See entry for IAS 39.*	26 Sep 2019	2020|21	15 Jan 2020
IFRS 17	Insurance Contracts *The standard is not relevant to AGRANA.*	18 May 2017	2020|21	Not to date
Various	Amendments to references to the Conceptual Framework for Financial Reporting *No impacts on the presentation of the financial position, results of operations and cash flows are expected.*	29 Mar 2018	2020|21	29 Nov 2019

3. Scope of consolidation

The consolidated financial statements include, by full consolidation, all domestic and foreign companies controlled by AGRANA Beteiligungs-AG (i.e., all subsidiaries), except where the subsidiary's effect on the Group's financial position, results of operations and cash flows is immaterial. Control exists when AGRANA Beteiligungs-AG has the power to participate in positive and negative variable returns of a company (an investee) and to affect these returns. This is usually given when AGRANA Beteiligungs-AG owns more than one-half of the voting rights of the investee.

Companies managed jointly with another entity, where control is exercised jointly and the investors have joint rights to the net assets of the investee, are joint ventures and are included in the consolidated financial statements using the equity method of accounting.

At the balance sheet date, 61 companies besides the parent were fully consolidated in the Group financial statements (prior year: 62 companies) and 13 companies were included using the equity method (prior year: 12 companies).

An overview of the fully consolidated entities, equity-accounted joint ventures, and non-consolidated subsidiaries and joint ventures is presented below.

3.1. Subsidiaries and business interests at 29 February 2020

			Equity interest 29 Feb 2020		Equity interest 28 Feb 2019	
Name of company	**Registered office**	**Country**	**Direct**	**Indirect[1]**	**Direct**	**Indirect[1]**
AGRANA Beteiligungs-Aktiengesellschaft (the parent company)	Vienna	Austria	–	–	–	–
I. Subsidiaries						
Fully consolidated subsidiaries						
AGRANA AGRO S.r.l.	Roman	Romania	–	100.00%	–	100.00%
AGRANA BIH Holding GmbH	Vienna	Austria	–	75.00%	–	75.00%
AGRANA BUZAU S.r.l.	Buzau	Romania	–	100.00%	–	100.00%
AGRANA d.o.o.	Brčko	Bosnia and Herzegovina	–	75.00%	–	75.00%
AGRANA Fruit Algeria Holding GmbH	Vienna	Austria	–	55.00%	–	55.00%
AGRANA Fruit Argentina S.A.	Buenos Aires	Argentina	–	100.00%	–	100.00%
AGRANA Fruit Australia Pty Ltd.	Sydney	Australia	–	100.00%	–	100.00%
AGRANA Fruit Austria GmbH	Gleisdorf	Austria	–	100.00%	–	100.00%
AGRANA Fruit Brasil Indústria, Comércio, Importação e Exportação Ltda.	São Paulo	Brazil	–	100.00%	–	100.00%
AGRANA Fruit Dachang Co., Ltd.	Dachang	China	–	100.00%	–	100.00%
AGRANA Fruit Fiji Pty Ltd.	Sigatoka	Fiji	–	–	–	100.00%
AGRANA Fruit France S.A.S.	Mitry-Mory	France	–	100.00%	–	100.00%
AGRANA Fruit Germany GmbH	Konstanz	Germany	–	100.00%	–	100.00%
AGRANA FRUIT INDIA PRIVATE LIMITED	Pune	India	–	100.00%	–	100.00%
AGRANA Fruit Istanbul Gida Sanayi ve Ticaret A.S.	Istanbul	Turkey	–	100.00%	–	100.00%
AGRANA Fruit (Jiangsu) Company Limited	Changzhou	China	–	100.00%	–	100.00%
AGRANA Fruit Korea Co. Ltd.	Seoul	South Korea	–	100.00%	–	100.00%
AGRANA Fruit Latinoamerica S. de R.L. de C.V.	Michoacán	Mexico	–	100.00%	–	100.00%
AGRANA Fruit Luka TOV	Vinnytsia	Ukraine	–	99.97%	–	99.97%
AGRANA Fruit Management Australia Pty Ltd.	Sydney	Australia	–	100.00%	–	100.00%

[1] Total indirect ownership interest held by the Group.

Name of company	Registered office	Country	Equity interest 29 Feb 2020 Direct	In-direct[1]	Equity interest 28 Feb 2019 Direct	In-direct[1]
AGRANA Fruit México, S.A. de C.V.	Michoacán	Mexico	–	100.00%	–	100.00%
AGRANA Fruit Polska SP z.o.o.	Ostrołęka	Poland	–	100.00%	–	100.00%
AGRANA Fruit S.A.S.	Mitry-Mory	France	–	100.00%	–	100.00%
AGRANA Fruit Services GmbH	Vienna	Austria	–	100.00%	–	100.00%
AGRANA Fruit Services S.A.S.	Mitry-Mory	France	–	100.00%	–	100.00%
AGRANA Fruit South Africa (Proprietary) Ltd.	Johannesburg	South Africa	–	100.00%	–	100.00%
AGRANA Fruit Ukraine TOV	Vinnytsia	Ukraine	–	99.80%	–	99.80%
AGRANA Fruit US, Inc.	Brecksville	USA	–	100.00%	–	100.00%
AGRANA Group-Services GmbH	Vienna	Austria	100.00%	–	100.00%	–
AGRANA Internationale Verwaltungs- und Asset-Management GmbH	Vienna	Austria	–	100.00%	–	100.00%
AGRANA Juice Sales & Marketing GmbH	Bingen	Germany	–	50.01%	–	50.01%
AGRANA JUICE (XIANYANG) CO., LTD	Xianyang City	China	–	50.01%	–	50.01%
AGRANA Magyarország Értékesitési Kft.	Budapest	Hungary	–	87.65%	–	87.64%
Agrana Nile Fruits Processing SAE	Qalyoubia	Egypt	–	51.00%	–	51.00%
AGRANA Research & Innovation Center GmbH	Vienna	Austria	100.00%	–	100.00%	–
AGRANA Romania S.R.L.	Bucharest	Romania	–	100.00%	–	100.00%
AGRANA Sales & Marketing GmbH	Vienna	Austria	100.00%	–	100.00%	–
AGRANA Stärke GmbH	Vienna	Austria	98.91%	1.09%	98.91%	1.09%
AGRANA TANDAREI S.r.l.	Țăndărei	Romania	–	100.00%	–	100.00%
AGRANA Trading EOOD	Sofia	Bulgarien	–	100.00%	–	100.00%
AGRANA ZHG Zucker Handels GmbH	Vienna	Austria	–	100.00%	–	100.00%
AGRANA Zucker GmbH	Vienna	Austria	98.91%	1.09%	98.91%	1.09%
AUSTRIA JUICE Germany GmbH	Bingen	Germany	–	50.01%	–	50.01%
AUSTRIA JUICE GmbH	Kröllendorf/ Allhartsberg	Austria	–	50.01%	–	50.01%
AUSTRIA JUICE Hungary Kft.	Vásárosnamény	Hungary	–	50.01%	–	50.01%
AUSTRIA JUICE Poland Sp. z.o.o	Chełm	Poland	–	50.01%	–	50.01%
AUSTRIA JUICE Romania S.r.l.	Vaslui	Romania	–	50.01%	–	50.01%
AUSTRIA JUICE Ukraine TOV	Vinnytsia	Ukraine	–	50.01%	–	50.01%
Biogáz Fejleszto Kft.	Kaposvár	Hungary	–	87.65%	–	87.64%
Dirafrost FFI N. V.	Lummen	Belgium	–	100.00%	–	100.00%
Dirafrost Maroc SARL	Larach	Morocco	–	100.00%	–	100.00%
Financière Atys S.A.S.	Mitry-Mory	France	–	100.00%	–	100.00%
INSTANTINA Nahrungsmittel Entwicklungs- und Produktionsgesellschaft m.b.H.	Vienna	Austria	66.67%	–	66.67%	–
Koronás Irodaház Szolgáltató Korlátolt Felelösségü Társaság	Budapest	Hungary	–	87.61%	–	87.60%
Magyar Cukorgyártó és Forgalmazó Zrt.	Budapest	Hungary	–	87.61%	–	87.60%
Moravskoslezské Cukrovary A.S.	Hrušovany	Czech Republic	–	100.00%	–	100.00%
Österreichische Rübensamenzucht Gesellschaft m.b.H.	Vienna	Austria	–	86.00%	–	86.00%
o.o.o. AGRANA Fruit Moscow Region	Serpuchov	Russia	–	100.00%	–	100.00%
S.C. A.G.F.D. Tandarei s.r.l.	Țăndărei	Romania	–	100.00%	–	100.00%
Slovenské Cukrovary s.r.o.	Sereď	Slovakia	–	100.00%	–	100.00%
SPA AGRANA Fruit Algeria	Akbou	Algeria	–	26.93%[2]	–	26.93%[2]
Yube d.o.o.	Požega	Serbia	–	100.00%	–	100.00%

[1] Total indirect ownership interest held by the Group.
[2] Disclosure under section 265 (2) UGB: This company is fully consolidated in the Group financial statements because management agreements give AGRANA a majority of the voting rights.

Name of company	Registered office	Country	Equity interest 29 Feb 2020 Direct	Equity interest 29 Feb 2020 Indirect[1]	Equity interest 28 Feb 2019 Direct	Equity interest 28 Feb 2019 Indirect[1]
Non-consolidated subsidiaries						
AGRANA Amidi srl	Sterzing	Italy	–	100.00%	–	100.00%
Reporting date: 29 Feb 2020 I Equity: € 32.5 thousand I Profit for the period: € 8.7 thousand						
AGRANA Croatia d.o.o.	Zagreb	Croatia	–	100.00%	–	100.00%
Reporting date: 29 Feb 2020 I Equity: € 11.0 thousand I Loss for the period: € 2.1 thousand						
AGRANA Makedonija DOOEL Skopje *Liquidated in 2019|20*	Skopje	Northern Macedonia	–	–	–	100.00%
AGRANA Skrob s.r.o. v likvidaci *Liquidated in 2019|20*	Hrusovany	Czech Republic	–	–	–	100.00%
II. Joint ventures						
Equity-accounted joint ventures						
Beta Pura GmbH	Vienna	Austria	–	50.00%	–	–
AGRANA-STUDEN group:						
"AGRAGOLD" d.o.o.	Brčko	Bosnia and Herzegovina	–	50.00%	–	50.00%
AGRAGOLD d.o.o.	Zagreb	Croatia	–	50.00%	–	50.00%
AGRAGOLD dooel Skopje	Skopje	Northern Macedonia	–	50.00%	–	50.00%
AGRAGOLD trgovina d.o.o.	Ljubljana	Slovenia	–	50.00%	–	50.00%
AGRANA-STUDEN Albania sh.p.k.	Tirana	Albania	–	50.00%	–	50.00%
AGRANA-STUDEN Beteiligungs GmbH	Vienna	Austria	–	50.00%	–	50.00%
AGRANA-STUDEN Kosovo L.L.C.	Pristina	Kosovo	–	50.00%	–	50.00%
AGRANA Studen Sugar Trading GmbH	Vienna	Austria	–	50.00%	–	50.00%
Company for trade and services AGRANA-STUDEN Serbia d.o.o. Beograd	Belgrade	Serbia	–	50.00%	–	50.00%
STUDEN-AGRANA Rafinerija Secera d.o.o.	Brčko	Bosnia and Herzegovina	–	50.00%	–	50.00%
HUNGRANA group:						
GreenPower Services Kft.	Szabadegyháza	Hungary	–	50.00%	–	50.00%
HUNGRANA Keményitö- és Isocukorgyártó és Forgalmazó Kft.	Szabadegyháza	Hungary	–	50.00%	–	50.00%

The number of companies that were fully consolidated or equity-accounted changed as follows in the 2019|20 financial year:

	Full consolidation	Equity method
At 1 March 2019	62	12
Initial consolidation	0	1
Disposal	(1)	0
At 29 February 2020	**61**	**13**

The newly formed Beta Pura GmbH, Vienna, in which AGRANA Zucker GmbH, Vienna, owns a 50% interest, was included in the consolidated financial statements for the first time in the financial first quarter of 2019|20, using the equity method of accounting. The company, whose purpose is the production of crystalline betaine, is operated together with the joint venture partner The Amalgamated Sugar Company, LLC, of Boise, Idaho, USA.

[1] Total indirect ownership interest held by the Group.

Also in the first quarter of 2019|20, AGRANA sold 100% of the shares of AGRANA Fruit Fiji Pty Ltd., Sigatoka, Fiji. The net disposal proceeds of € 568 thousand was recognised in other operating income.

The effects of the disposal in 2019|20 on the AGRANA Group were as follows:

€000	Carrying amount at disposal date
Non-current assets	223
Inventories	125
Receivables and other assets	133
Cash, cash equivalents and securities	9
Total assets	**490**
Less non-current liabilities	0
Less current liabilities	73
Net assets (i.e., equity)	**417**
Cash purchase price	985
Net disposal proceeds (i.e., gain)	568

Joint ventures

The information below represents the aggregated financial position and performance of the joint ventures. The joint ventures are listed on page 120.

€000	AGRANA-STUDEN group	HUNGRANA group	Beta Pura GmbH	Total
29 February 2020				
Non-current assets	35,954	113,539	25,227	174,720
Inventories	22,519	50,906	0	73,425
Receivables and other assets	21,904	32,085	2,156	56,145
Cash, cash equivalents and securities	3,348	4,922	6,755	15,025
Current assets	47,771	87,913	8,911	144,595
Total assets	**83,725**	**201,452**	**34,138**	**319,315**
Equity	22,467	115,898	15,408	153,773
Borrowings	759	785	12,002	13,546
Other liabilities	4,257	1,806	2	6,065
Non-current liabilities	5,016	2,591	12,004	19,611
Borrowings	40,821	53,578	52	94,451
Other liabilities	15,421	29,385	6,674	51,480
Current liabilities	56,242	82,963	6,726	145,931
Total equity and liabilities	**83,725**	**201,452**	**34,138**	**319,315**
Revenue	143,217	287,135	0	430,352
Depreciation, amortisation and impairment losses	(3,032)	(12,461)	(2)	(15,495)
Other (expense), net	(139,051)	(234,999)	(762)	(374,812)
Operating profit/(loss) [EBIT]	**1,134**	**39,675**	**(764)**	**40,045**
Interest income	132	0	0	132
Interest expense	(578)	(707)	(27)	(1,312)
Other finance income/(expense), net	879	(1,720)	(43)	(884)
Profit/(loss) before tax	**1,567**	**37,248**	**(834)**	**37,981**
Income tax (expense)/benefit	(168)	(4,565)	208	(4,525)
Profit/(loss) for the period	**1,399**	**32,683**	**(626)**	**33,456**
Other comprehensive income/(expense)	917	(8,420)	0	(7,503)
Total comprehensive income/(expense) for the period	**2,316**	**24,263**	**(626)**	**25,953**

€000	AGRANA-STUDEN group	HUNGRANA group	Total
28 February 2019			
Non-current assets	37,620	112,783	150,403
Inventories	17,354	50,442	67,796
Receivables and other assets	18,996	33,490	52,486
Cash, cash equivalents and securities	6,624	2,333	8,957
Current assets	42,974	86,265	129,239
Total assets	**80,594**	**199,048**	**279,642**
Equity	20,151	119,636	139,787
Borrowings	376	0	376
Other liabilities	4,896	1,888	6,784
Non-current liabilities	5,272	1,888	7,160
Borrowings	41,988	51,187	93,175
Other liabilities	13,183	26,337	39,520
Current liabilities	55,171	77,524	132,695
Total equity and liabilities	**80,594**	**199,048**	**279,642**
Revenue	118,719	280,090	398,809
Depreciation, amortisation and impairment losses	(3,002)	(10,929)	(13,931)
Other (expense), net	(123,603)	(230,450)	(354,053)
Operating (loss)/profit [EBIT]	**(7,886)**	**38,711**	**30,825**
Interest income	205	0	205
Interest expense	(805)	(707)	(1,512)
Other finance income/(expense), net	553	(868)	(315)
(Loss)/profit before tax	**(7,933)**	**37,136**	**29,203**
Income tax benefit/(expense)	5	(4,765)	(4,760)
(Loss)/profit for the period	**(7,928)**	**32,371**	**24,443**
Other comprehensive (expense)	(171)	(877)	(1,048)
Total comprehensive (expense)/income for the period	**(8,099)**	**31,494**	**23,395**

The calculation of the carrying amounts of the investments in equity-accounted joint ventures is tabulated below:

€000	AGRANA-STUDEN group	HUNGRANA group	Beta Pura GmbH	Total
29 February 2020				
Equity	22,467	115,898	15,408	153,773
Of which attributable to AGRANA	11,234	57,949	7,704	76,887
Value change at time of transition from proportionate consolidation to equity method	(452)	484	0	32
Investments in equity-accounted joint ventures (carrying amount)	**10,782**	**58,433**	**7,704**	**76,919**
Dividend attributable to AGRANA	0	14,000	0	14,000

€000	AGRANA-STUDEN group	HUNGRANA group	Total
28 February 2019			
Equity	20,151	119,636	139,787
Of which attributable to AGRANA	10,076	59,818	69,894
Value change at time of transition from proportionate consolidation to equity method	(452)	484	32
Investments in equity-accounted joint ventures (carrying amount)	**9,624**	**60,302**	**69,926**
Dividend attributable to AGRANA	0	15,000	15,000

Non-controlling interests
The non-controlling interests of € 63,435 thousand (prior year: € 61,186 thousand) represented primarily the co-owners of the AUSTRIA JUICE group, at € 45,419 thousand (prior year: € 42,787 thousand). AGRANA's total interests in the AUSTRIA JUICE group amounted to 50.01%. Therefore, 49.99% of the equity of the AUSTRIA JUICE group must be reported as a non-controlling interest in AGRANA's consolidated financial statements.

The following table presents the financial position and performance of the AUSTRIA JUICE group:

AUSTRIA JUICE group €000	**29 Feb 2020**	**28 Feb 2019**
Non-current assets	133,759	131,899
Current assets	191,605	193,351
Total assets	**325,364**	**325,250**
Non-current liabilities	5,807	4,613
Current liabilities	221,422	227,765
Total liabilities	**227,229**	**232,378**
Net assets	**98,135**	**92,872**
Revenue	214,204	243,028
Operating profit [EBIT]	12,596	20,602
Profit before tax	7,773	15,379
Income tax expense	(1,589)	(2,418)
Profit for the period	6,184	12,961
Other comprehensive (expense)	(921)	(1,154)
Total comprehensive income for the period	5,263	11,807
Net cash from/(used in) operating activities	29,995	(13,659)
Net cash (used in) investing activities	(11,949)	(13,289)
Net cash (used in)/from financing activities	(21,770)	31,147
Net (decrease)/increase in cash and cash equivalents	**(3,724)**	**4,199**

The table below shows the interests of the non-controlling shareholders in the AUSTRIA JUICE group:

AUSTRIA JUICE group €000	**29 Feb 2020**	**28 Feb 2019**
Profit for the period	3,092	6,479
Carrying amount of net assets	49,058	46,427
Measurement effect from business combination	(3,639)	(3,639)
Non-controlling interest in net assets	**45,419**	**42,787**

3.2. Balance sheet date
The balance sheet date (reporting date) of the consolidated financial statements is the last day of February. Group companies with other reporting dates prepare interim financial statements at the Group reporting date.

4. Consolidation methods

■ Acquisitions of companies that are fully consolidated are accounted for using the acquisition method in accordance with IFRS 3. Where a business combination entails the possible recognition of intangible assets not previously recognised in the separate financial statements of the acquired company, such as customer relationships, these are recognised only when the requirements under IFRS 3 for capitalisation are met. For acquisitions of a majority interest that is less than a 100% stake, IFRS 3 provides an accounting policy choice as to how to measure the resulting non-controlling interests. The non-controlling interests may be measured either at their proportionate share of the fair value of the net assets of the acquiree (partial goodwill method) or at their proportionate share of goodwill (full goodwill method). This choice is available individually for each business combination. The full goodwill method has not been applied in the AGRANA Group to date.

■ The investments in joint ventures are accounted for using the equity method and are included in the consolidated financial statements from the time of acquisition, provided that the requirements for the application of IFRS 11 (Joint Arrangements) are met. Profits or losses resulting from transactions of the AGRANA Group with a joint venture are eliminated to the extent of the Group's interest in the joint venture.

■ Intragroup revenues, expenses and income and all receivables and payables or provisions between the consolidated companies are eliminated. In assets that arise from intragroup flows of products or services and are included in non-current assets or in inventories, intragroup balances are eliminated.

5. Currency translation

■ Financial statements of foreign Group companies are translated into euros in accordance with IAS 21. The functional currency of every Group company is its respective national currency. Assets and liabilities are translated at the ECB reference rates of exchange or other published reference rates at the balance sheet date (i.e., at period-end rates). Foreign currency transactions are translated into the functional currency at the exchange rates prevailing at the transaction date. Expenses and income are translated at annual average rates of exchange (the mean of the daily rates of the ECB and the national banks), with the exception of significant currency translation gains and losses near the balance sheet date from the measurement of receivables and liabilities related to Group financing. Expenses and income of subsidiaries in hyperinflationary economies are translated at the closing rate.

■ Differences compared to prior-year amounts arising from the translation of balance sheet items at current balance sheet date exchange rates or arising from the use of average rates in translating expenses and income compared to the use of current balance sheet date rates are recognised in other comprehensive income. Specifically, they are presented in the statement of other comprehensive income as currency translation differences related to consolidation.

■ In translating the financial statements of foreign Group companies, the following exchange rates were applied:

		Rate at reporting date		Average rate for year	
€	Currency	29 Feb 2020	28 Feb 2019	2019|20	2018|19
Albania	ALL	122.74	125.92	122.62	126.14
Algeria	DZD	131.59	134.73	133.30	136.85
Argentina	ARS	68.43	44.56	68.43	44.56
Australia	AUD	1.69	1.60	1.62	1.59
Bosnia and Herzegovina	BAM	1.96	1.96	1.96	1.96
Brazil	BRL	4.92	4.27	4.48	4.36
Bulgaria	BGN	1.96	1.96	1.96	1.96
China	CNY	7.67	7.63	7.73	7.79
Croatia	HRK	7.47	7.43	7.42	7.42

€	Currency	Rate at reporting date 29 Feb 2020	Rate at reporting date 28 Feb 2019	Average rate for year 2019|20	Average rate for year 2018|19
Czech Republic	CZK	25.39	25.60	25.58	25.69
Egypt	EGP	17.05	19.95	18.36	20.68
Fiji	FJD	2.44	2.42	2.42	2.45
Hungary	HUF	337.57	315.96	328.05	320.22
India	INR	79.29	80.89	78.47	81.10
Mexico	MXN	21.64	21.91	21.37	22.51
Morocco	MAD	10.59	10.89	10.73	11.01
Northern Macedonia	MKD	61.67	61.50	61.51	61.51
Poland	PLN	4.34	4.31	4.29	4.28
Romania	RON	4.81	4.74	4.75	4.67
Russia	RUB	73.61	75.09	71.43	75.03
Serbia	CSD	117.54	118.18	117.74	118.25
South Africa	ZAR	17.10	15.95	16.25	15.78
South Korea	KRW	1,324.98	1,281.07	1,308.56	1,292.87
Turkey	TRY	6.83	6.07	6.45	5.94
Ukraine	UAH	26.93	30.73	28.21	31.67
USA	USD	1.10	1.14	1.11	1.17

6. Financial reporting in hyperinflationary economies

■ Financial statements of subsidiaries in hyperinflationary economies – currently subsidiaries domiciled in Argentina – are adjusted in accordance with IAS 29. Before translation into the Group currency (the euro), non-monetary items of the balance sheet that are measured at cost or amortised cost are adjusted to reflect the price changes that occurred in the financial year, using a suitable price index to measure purchasing power. Monetary items in the balance sheet are not adjusted. All items in the statement of comprehensive income and all components of equity are also adjusted using appropriate price indices. Gains or losses on the net monetary position are reported as a separate line in finance income or expense, in the consolidated income statement.

■ The financial statements of the Argentine subsidiaries were prepared based on the historical cost approach. In the 2018|19 financial year they had to be adjusted as a result of changes in the general purchasing power of the functional currency (the Argentine peso) and are thus stated in the measuring unit current at the balance sheet date. The prices used for the adjustment were the consumer prices published by Argentina's Instituto Nacional de Estadística y Censos, the National Institute of Statistics and Census. The price index at 29 February 2020 was at 295.34 (28 February 2019: 197.19). The change in the index is presented in the following table:

	Index change 2019|20	Index change 2018|19
March	4.7%	2.3%
April	3.4%	2.7%
May	3.1%	2.1%
June	2.7%	3.7%
July	2.2%	3.1%
August	4.0%	3.9%
September	5.9%	6.5%
October	3.3%	5.4%
November	4.3%	3.2%
December	3.7%	2.6%
January	2.3%	2.9%
February	1.9%	4.0%

7. Accounting policies

7.1. Intangible assets (including goodwill) and property, plant and equipment

■ Purchased intangible assets (other than goodwill) are capitalised at cost and amortised on a straight-line basis over their expected useful lives of between 5 and 15 years.

■ Goodwill is not amortised, but is reviewed at least annually for impairment. This review is performed regularly at 31 August, and additionally whenever there are indications of possible impairment (triggering events). Details on this impairment test are presented in the notes to the balance sheet.

■ Acquired items of property, plant and equipment are valued at cost of purchase and/or conversion, less straight-line depreciation and impairment losses. In the conversion costs of internally generated assets, besides materials and labour costs, prorated overheads are capitalised. Borrowing costs directly attributable to the production of an asset that are incurred during the production period are capitalised in accordance with IAS 23. All other borrowing costs are recognised as an expense in the period during which they are incurred. Maintenance costs are expensed as incurred, unless they result in an expansion or significant improvement of the asset concerned, in which case they are capitalised.

■ Under IFRS 16, for all leases, the lessee generally recognises a right-of-use asset and a lease liability in the balance sheet, based on the present value of the outstanding lease payments. The present value is determined based on the current incremental borrowing rate, unless the interest rate implicit in the lease is available. The right-of-use asset is depreciated over the term of the lease. The unwinding of discount on the lease liability is performed using the effective interest method and the liability is amortised through lease payments; the resulting interest expenses are reported in finance expense. The right-of-use asset is subject to impairment testing in accordance with IAS 36 (Impairment of Assets). AGRANA does not apply IFRS 16 to leases of intangible assets. For assets of low value and for short-term leases, AGRANA elects not to capitalise the lease, and the expenses are recognised in other operating expenses.

■ Depreciation of property, plant and equipment is generally based on the following useful lives:

Buildings	15 to 50 years
Plant and machinery	10 to 15 years
Office furniture and equipment	3 to 10 years

These useful lives are reviewed annually and adjusted as required.

7.2. Government assistance

■ Government assistance to reimburse the Group for costs is recognised as other operating income in the period in which the related costs are incurred, unless the assistance is contingent on conditions that are not yet sufficiently likely to be met.

■ Government assistance to support capital expenditure is recognised as deferred income from the time of the binding award and deducted from the cost of the intangible assets and property, plant and equipment on a straight-line basis over the useful life of the allocated asset through profit or loss. Details are provided on page 146.

7.3. Financial instruments

■ The AGRANA Group distinguishes the following classes of financial instruments:

Financial assets
- Securities, and investments in non-consolidated subsidiaries and outside companies
- Trade receivables
- Other financial assets
- Cash and cash equivalents

Financial liabilities
- Bank loans and overdrafts, and other loans from non-Group entities
- Borrowings from affiliated companies in the Südzucker group
- Lease liabilities
- Trade payables
- Financial other payables

Derivative financial instruments
- Interest-rate derivatives
- Currency derivatives
- Commodity derivatives

■ Investment fund units and uncertificated securities (cooperative shares) in the balance sheet item “securities” are classified as at fair value through profit or loss and are measured at fair value on initial recognition. Equity instruments that are to be held for the long term are assigned to the category “fair value through other comprehensive income (no recycling)”. Initial measurement is at fair value, including any transaction costs. Value changes of equity instruments are recognised outside profit or loss (after income tax) in a separate reserve item in equity. Investments in non-consolidated subsidiaries are recognised at cost at the time of acquisition and classified as at “fair value through other comprehensive income (no recycling)”. The fair value of investments in outside companies was determined on the basis of discounted future cash flows. Fair value was not determined for investments in non-consolidated subsidiaries, as the amount was immaterial to the AGRANA Group.

■ Financial assets are recognised at the settlement date.

■ Cash and cash equivalents include cash on hand and bank deposits having a remaining term to maturity of up to three months at the time of investment. Cash and cash equivalents in foreign currency are measured at the exchange rates at the balance sheet date.

Derivative financial instruments

■ Derivative financial instruments are used to hedge risks from changes in interest rates, exchange rates and commodity prices. Derivatives are carried as an asset or liability and, irrespective of their purpose, are measured at fair value. Changes in their fair value are recognised through profit or loss – either in other operating income/expenses (for commodity derivatives and currency derivatives related to purchase and sales transactions) or in net financial items (for interest rate derivatives and currency derivatives related to financings) – unless the derivatives are used to hedge an underlying transaction (cash flow hedges) and meet the requirements for hedge accounting under IFRS 9. In the latter case, the unrealised effective changes in value are recognised in other comprehensive income. If the hedged expected transaction leads to the subsequent recognition of a non-financial item (such as inventories), the amount accumulated in the “reserve for hedging instruments (cash flow hedges)” is included directly in the acquisition cost of the non-financial item at the time of its recognition. In all other cases, the accumulated amount is transferred to the income statement in the period in which the underlying hedged transaction affects profit or loss. Ineffective portions of the valuation gains or losses on cash flow hedges are recognised in the income statement immediately. Derivative financial instruments are classified as at fair value through profit or loss, except for derivatives with a hedging relationship to an underlying transaction. The latter are allocated to the category “fair value through other comprehensive income (hedging instruments)”. More information on derivative financial instruments is provided from page 157.

Receivables

■ Receivables are initially recognised at fair value and subsequently measured at amortised cost. Non-interest-bearing receivables with a remaining maturity of more than one year are recognised at their present value using the effective interest method. For default risks or other risks contained in receivables, sufficient impairment is allowed individually or on a portfolio basis. The portfolio-based impairment is determined using the simplified approach under IFRS 9. Under this approach, expected credit losses over the entire life of the asset are anticipated based on analysis of historical loss rates for different lengths of time past due. The impairment is recognised in separate impairment allowance accounts. The face amounts of the receivables net of the necessary impairment allowance represent the fair values. Irrecoverable receivables are derecognised on an individual case-by-case basis. If the reasons for an impairment charge cease to apply, the impairment loss is reversed, to not more than the asset's historical cost. As the instruments in the item "other financial assets" are not subject to any particular concentrations of risk, and cash and cash equivalents are with minor exceptions payable on demand, an expected impairment loss under IFRS 9 was not calculated for these assets.

■ Foreign currency receivables are measured at the exchange rates at the balance sheet date.

Payables

■ Borrowings are initially measured at their actual proceeds. Premiums, discounts or other differences between the proceeds and the repayment amount are realised over the term of the instrument by the effective interest method and recognised in net financial items (at amortised cost).

■ Trade payables are initially measured (at inception of the liability) at the fair value of the goods or services received. Subsequently these payables are measured at amortised cost. Other payables not resulting from the receipt of goods or services are measured at their payable amount.

■ Payables denominated in foreign currencies are recognised at the exchange rates at the balance sheet date.

7.4. Inventories

■ Inventories are measured at the lower of cost of purchase and/or conversion and net selling price. The weighted average cost formula is used. In accordance with IAS 2, the conversion costs of unfinished and finished products include – in addition to directly attributable unit costs – reasonable proportions of the necessary material costs and production overheads inclusive of depreciation of manufacturing plant (based on the assumption of normal capacity utilisation) as well as production-related administrative costs. Financing costs are not taken into account. To the extent that inventories are at risk as a result of prolonged storage or reduced saleability, a write-down is recognised.

7.5. Emission allowances

■ Emission rights are accounted for in accordance with IAS 38 (Intangible Assets), IAS 20 (Accounting for Government Grants and Disclosure of Government Assistance) and IAS 37 (Provisions, Contingent Liabilities and Contingent Assets). Emission allowances are issued for a given calendar year and are intangible assets for the purposes of IAS 38 that, except as noted below, are to be classified as current assets. They are assigned a cost of zero. From the point when emissions exceed allocated allowances (one allowance represents one tonne of carbon dioxide), a provision for CO_2 emissions must be established for actual additional emissions and recognised in the income statement. The provision is calculated by taking into account the cost incurred for purchased emission allowances or any excess of their market value at the measurement date over their cost. CO_2 emission allowances that have already been purchased for use in a subsequent trading period are recorded in non-current assets.

7.6. Impairment

■ Assets (other than inventories and deferred tax assets) are tested at every balance sheet date for evidence of impairment. In addition, these assets are reviewed for impairment when there are indications of possible impairment. Goodwill and other intangible assets with an indefinite useful life are reviewed for impairment annually at 31 August, even when there is no indication of impairment.

■ The impairment test involves determining the asset's recoverable amount. The recoverable amount is the higher of an asset's value in use and its fair value less costs of disposal. If the asset's recoverable amount is less than its carrying amount, the difference is expensed as an impairment loss in the income statement.

■ An asset's value in use is the present value of the estimated future cash flows from the asset's continuing use and from its disposal at the end of its useful life. The discount rate used in determining present value is a pre-tax market rate adjusted for the specific risks of the asset concerned. Where no largely independent cash inflows can be determined, value in use is determined for the next-larger unit (the cash-generating unit) to which the asset belongs and for which largely independent cash inflows can be determined.

■ Where an impairment loss later decreases or is eliminated, the amount of the reversal of the impairment loss (except in the case of goodwill) is recognised as income in the income statement up to the lower of amortised original cost and value in use. Impairment losses on goodwill are not reversed.

7.7. Employee benefit obligations

■ The AGRANA Group maintains both defined contribution and defined benefit plans for pensions and termination benefits. Under the defined contribution pension and termination benefit arrangements, AGRANA has no further obligation after paying the agreed premium. Contributions to defined contribution plans are recognised as an expense when they fall due, and are reported in staff costs. Contributions paid to government plans are treated in the same manner as those paid to defined contribution plans. As the Group has no payment obligations beyond making the contributions, no provision is maintained.

■ The provisions for defined benefit pension, termination and long-service obligations are calculated using the projected unit credit method in accordance with IAS 19 (Employee Benefits), based on actuarial valuations. This involves determining the present value of the defined benefit obligation and comparing it to the fair value of plan assets at the balance sheet date. In the case of a deficit, a provision is recorded. The defined benefit obligation is measured by the projected unit credit method. Under this method, the future payments determined on the basis of realistic assumptions are accumulated over the period during which the respective beneficiaries acquire the entitlement to these benefits.

■ Service cost is recognised in staff costs. Besides the current service cost for the benefits newly earned by staff every year, it may also include past service cost arising from plan curtailments or changes, which is recognised immediately in profit or loss for the period. The net interest cost for the financial year is calculated by applying the discount rate determined at the beginning of the year to the net pension obligation determined at that time, taking into account the expected payment outflows. Net interest is recognised in finance expense.

■ Actuarial gains and losses arising from changes in actuarial assumptions or from differences between previous actuarial assumptions and observed outcomes are recognised in other comprehensive income in the period in which they occur, along with their effect on deferred taxes (with the exception of obligations for long-service awards). Correspondingly, the full amount of the obligation is recognised in the balance sheet. The changes in actuarial gains and losses recognised in the respective period are presented separately on the face of the statement of comprehensive income. Actuarial gains and losses previously recognised in other comprehensive income cannot be reclassified to profit or loss in subsequent periods. The recognition in other comprehensive income also includes the differences between (i) the interest income on plan assets based on the discount rate and included in net interest and (ii) the actual return on plan assets determined at the end of the period.

■ The calculation is based on extrapolated future trends in salaries, retirement benefits and employee turnover, as well as a discount rate of predominantly 0.80% for the year under review (prior year: 1.55%).

■ A portion of pension obligations was transferred to pension funds. The retirement benefit contributions to be paid are calculated so as to fully fund the retirement benefit obligation at the time of retirement. If a plan deficit occurs, there is an obligation to fund the shortfall. The Group also holds benefit insurance policies to secure its ability to meet obligations under pension and termination benefit plans. The individual assets allocated to the pension plan are netted against the present value of the pension obligation to arrive at the net obligation. Likewise, the qualifying insurance policies are treated as plan assets in reducing the present value of the respective pension and termination benefit obligation.

7.8. Other provisions

■ Other provisions are recognised where the following conditions are met: the AGRANA Group has a legal or constructive obligation to a third party as a result of a past event, the obligation is likely to lead to an outflow of resources, and the amount of the obligation can be reliably estimated.

■ Provisions are measured at the amount representing the best estimate of the expenditure required to settle the obligation. If the present value of the obligation determined on the basis of a market interest rate differs materially from its nominal amount, the present value of the obligation is used.

■ The risks arising from contingent liabilities are covered by sufficient provisions.

■ Provisions for reclamation comprise obligations for reclamation of properties, emptying and rehabilitation of landfills, remediation or restoration of building structures, legacy soil reclamation and removal of waste residues.

■ “Provisions for staff costs including long-service awards” also include provisions for phased retirement, provisions for redundancy benefit plans under restructuring projects, provisions for bonuses and awards, and other personnel-related provisions. Under IAS 19, long-service awards are classified as long-term employee benefits. These are determined by the projected unit credit method. Actuarial gains and losses are reported in the current period in staff costs. Long-service awards are one-time payments dependent on level of salary or wage and length of service and are stipulated under local company agreements or of collective agreements. Obligations for the payment of such service anniversary bonuses exist especially in Austria. In Austria, provisions for phased retirement must be created as a result of labour laws regarding obligations to employees. The legislation concerning phased retirement makes it easier for companies to employ older staff members working reduced hours with substantial financial security until full retirement. Provisions for redundancy benefit plans under restructurings are created only if a formal, detailed restructuring plan has been prepared and communicated.

■ Provisions for uncertain liabilities include, among other items, provisions for litigation risks, onerous contracts, costs of beet receiving, loading and storage, and other uncertain liabilities. A provision for onerous (loss-making) contracts is recognised if the expected economic benefit from a contract is less than the unavoidable cost of fulfilling the contract.

7.9. Deferred taxes

■ Deferred taxes are recognised on temporary differences between the IFRS carrying amounts of assets and liabilities and the tax base; on consolidation entries; and on tax loss carryforwards expected to be utilised. Significant differences exist between the IFRS carrying amounts and the tax base for property, plant and equipment, inventories and provisions. Deferred tax assets are recognised for unused tax loss carryforwards insofar as these are expected to be utilised within five years.

■ Deferred taxes are calculated by the liability method (under IAS 12), based on the pertinent national income tax rates. Consequently, with the exception of goodwill arising on consolidation, deferred taxes are recognised for all temporary differences between the IFRS balance sheet and the tax base, to the extent that deferred tax assets are likely to be realised.

■ When income and expenses are recognised in other comprehensive income, then so are the respective deferred tax assets and liabilities. The assessment of the recoverability of deferred tax assets arising from temporary differences and from tax loss carryforwards takes into account company-specific forecasts of, for instance, the future earnings situation in the respective Group company. Deferred tax assets are recognised only if the associated tax benefits are expected to be realisable over a five-year planning horizon. This is the case if sufficient profits can be earned or if there is sufficient taxable income from the reversal of temporary differences previously recognised as liabilities.

■ Deferred tax assets are classified as non-current assets; deferred tax liabilities are recorded as non-current liabilities. Deferred tax assets are offset against deferred tax liabilities if they relate to the same tax authority.

■ The income tax reported represents the tax levied in the individual countries on taxable income, and the movement in deferred taxes.

7.10. Recognition of revenue and costs

■ Revenue represents the fair value of the consideration received or receivable for products and services sold in the course of ordinary business activities. In the AGRANA Group, revenue is recognised in accordance with the five-step model of IFRS 15, and generally at a point in time. Revenue is recognised when control of a product or service passes to a buyer. The timing of the transfer of control to the buyer is typically determined in accordance with INCOTERMS (International Commercial Terms), which govern the transfer of the risks and rewards incident to ownership. Revenue from services is recognised to the extent that they have been provided by the balance sheet date. For variable price agreements, revenue recognition is based on the expected final prices estimated on a contract-specific basis. Revenue is presented net of rebates, discounts and sales tax, and after eliminating intragroup sales. The costs of obtaining sales contracts predominantly have a short-term relationship to revenue and are expensed immediately. Under the usual industry payment terms, there are no financing terms to consider in revenue recognition.

■ Operating expenses are recognised in the income statement upon use of the product or service or as incurred.

■ Finance expense comprises the interest expense, similar expenses and transaction costs on debt financing and on lease liabilities; financing-related currency translation gains and losses; and financing-related hedging gains and losses.

■ Income from financial investments represents interest, dividend and similar income realised from cash-equivalent investments and investments in other financial assets; gains and losses on the disposal of financial assets; and impairment losses and impairment loss reversals.

■ Interest income is recognised on an accrual basis using the effective interest method. Dividend income is recognised at the time of the decision to pay the dividend.

7.11. Critical assumptions and judgements

■ The preparation of these consolidated financial statements in accordance with IFRS requires the Company's management to make judgements and to act on assumptions about future developments. These judgements and assumptions can have a material effect on the recognition and measurement of the assets and liabilities, the disclosure of other liabilities at the balance sheet date, and the amounts of income and expenses reported for the financial year.

■ The following assumptions involve a not insignificant risk that they may lead to a material change in the carrying amounts of assets and liabilities in the next financial year:

– The impairment testing of goodwill (carrying amount at 29 February 2020: € 261,892 thousand; at 28 February 2019: € 261,892 thousand), other intangible assets (carrying amount at 29 February 2020: € 13,216 thousand; at 28 February 2019: € 14,848 thousand) and property, plant and equipment (acquired and leased) (carrying amount at 29 February 2020: € 932,795 thousand; at 28 February 2019: € 864,221 thousand) is based on forward-looking assumptions. The determination of the recoverable amounts for the purpose of the impairment review involves several assumptions, such as regarding future net cash flows and the discount rate. The net cash flows are the amounts in the most current cash flow forecast for the cash-generating units (CGUs) for the next five years (being the most current at the time of the regular impairment test date of 31 August).

  On the basis of the assumptions of the impairment test performed at 31 August 2019, the impairment test was repeated at 29 February 2020 in order to take into account potential impacts of the coronavirus (COVID-19) crisis as a triggering event. At 29 February 2020 the carrying amounts of the CGUs were compared with their updated values in use. For the determination of value in use, the business plans adopted by the Supervisory Board committees were retained unchanged. A reduction in the item "operating profit before exceptional items and results of equity-accounted joint ventures" as a result of COVID-19 was applied in all CGUs, and the weighted average cost of capital (WACC) updated to the testing date of 29 February 2020 was used.

  As of the date of preparation of these consolidated financial statements on 22 April 2020, AGRANA did not foresee long-term negative impacts on its business activities; in the determination of value in use, the effects of the COVID-19 crisis are therefore limited to the first planning year. For the 2020|21 financial year, restrictions in production and distribution can be expected globally due to measures taken by governments worldwide. In the 2019|20 financial year, AGRANA was affected by an approximately two-week closure of Chinese plants.

  Two comparative versions of the impairment test were performed at 29 February 2020. One version assumed a reduction of 30% in the item "operating profit before exceptional items and results of equity-accounted joint ventures" in the first planning year; the other assumed a reduction of 50% in this item in the first planning year. In none of the CGUs would this lead to an impairment of the carrying amount of the goodwill. In addition, the two comparative calculations were run in a modified form by adjusting one additional variable: the WACC was increased by 0.5 percentage points due to increased country risks and beta factors. This would also not lead to an impairment.

  Depending on the actual effects and further trajectory of the coronavirus crisis, negative impacts on the 2020|21 financial year or on subsequent years may arise, such as impairment of goodwill and property, plant and equipment, effects on medium-term projections, or impacts in other areas relevant to financial results. These effects were not yet predictable at 29 February 2020 and thus not yet accounted for.

  It was determined through a simulation that a hypothetical reduction of 5% in sustainable cash flows would not lead to an impairment of goodwill.

  The discount rate before tax varies by industry, company risk level and specific market environment; in the financial year it ranged from 4.65% to 6.81% (prior year: 5.47% to 8.10%).

  An increase of 0.5 percentage points in WACC would not lead to an impairment.

- Financial instruments for which no active market exists are reviewed for impairment by using alternative discounting-based valuation methods. The inputs used for the determination of fair value are based in part on assumptions concerning the future.

- The measurement of existing retirement and termination benefit obligations (carrying amount at 29 February 2020: € 73,401 thousand; at 28 February 2019: € 71,177 thousand) involves assumptions regarding the discount rate, age at retirement, life expectancy, employee turnover and future increases in pay and benefits.

- The sensitivity analysis below is based on varying one assumption at a time with the other assumptions remaining unchanged from the original calculation. Potential correlation effects between assumptions are thus not taken into account. The changes in assumptions would have the following effects on the present values of the obligations stated in note 23a:

	Pension benefits		**Termination benefits**	
€000	**29 Feb 2020**	**28 Feb 2019**	**29 Feb 2020**	**28 Feb 2019**
Change in actuarial assumptions				
Discount rate				
+ 0.5 percentage points	(2,676)	(2,408)	(1,920)	(1,836)
– 0.5 percentage points	2,951	2,647	2,062	1,972
Wage and salary increase				
+ 0.25 percentage points	67	104	980	949
– 0.25 percentage points	(66)	(103)	(945)	(915)
Pension increase				
+ 0.25 percentage points	1,291	1,159	–	–
– 0.25 percentage points	(1,238)	(1,114)	–	–
Life expectancy				
Increase by 1 year	4,189	3,906	–	–
Decrease by 1 year	(4,379)	(3,821)	–	–

- The recognition of deferred tax assets (carrying amount at 29 February 2020: € 14,175 thousand; at 28 February 2019: € 12,309 thousand) is based on the assumption that sufficient taxable profit will be earned over the five-year planning horizon to realise them.

- The off-balance sheet obligations from financial guarantees and from other contingent liabilities, and any reductions in these obligations, are regularly reviewed as to whether they require recognition in the balance sheet.

- In determining the amount of other provisions (carrying amount at 29 February 2020: € 50,545 thousand; at 28 February 2019: € 54,726 thousand), management exercises judgement as to whether AGRANA is likely to incur an outflow of resources from the obligation concerned and whether the amount of the obligation can be estimated reliably.

■ The HUNGRANA group and the AGRANA-STUDEN group were classified as joint ventures in accordance with IFRS 11 and the agreements existing at the time. The AGRANA Group holds 50% of the share capital of the joint ventures.

■ The AGRANA Group holds 50.01% of the share capital of AUSTRIA JUICE GmbH and its subsidiaries. As a result of the underlying contracts and arrangements, AGRANA exercises control over these companies and fully consolidates them in the Group accounts.

8. Notes to the consolidated income statement

Note (1)

8.1. Revenue

AGRANA is a globally operating processor of agricultural raw materials, with its Fruit, Starch and Sugar segments manufacturing high-quality foods and many intermediate products for the downstream food industry as well as for non-food applications.

Revenue in the Fruit segment is generated with fruit preparations for the dairy, bakery, ice-cream and food service industries and with fruit juice concentrates, such as apple and berry juice concentrates, as well as with not-from-concentrate juices and fruit wines, beverage bases and aromas.

In the Starch segment, AGRANA processes and refines primarily corn (maize), wheat and potatoes into premium starch products for the food and beverage industry, the paper, textile, cosmetics and building materials sectors and other non-food industries. The starch operations also produce fertilisers and high-quality animal feeds. The production of bioethanol is also part of the Starch segment.

The Sugar segment processes sugar beet from contract growers and also refines raw sugar purchased worldwide. The products are sold into downstream industries for use in, for example, sweets, non-alcoholic beverages and pharmaceutical applications. A wide range of sugars and sugar specialty products is also marketed to consumers, through food retailers. In addition, in the interest of optimal utilisation of its agricultural raw materials, the Sugar segment produces a large number of fertilisers and feedstuffs for use in agriculture and animal husbandry.

In all three business segments, revenue is recognised after control of the product passes to the customer, and almost always at a point in time. Of AGRANA's revenue, 95.10% (prior year: 93.72%), or the great majority, is generated with products manufactured by the Group itself. AGRANA's revenue from services, at 0.22% (prior year: 0.23%), and from the reselling of merchandise, at 4.68% (prior year: 6.05%), is of minor significance as a percentage of total revenue.

Within the business segments, revenue is allocated to regions based on the location of the companies' registered office.

€000	2019|20	2018|19
Fruit segment		
EU-28[1]	562,751	593,871
Europe Non-EU	111,188	101,912
North America	305,205	276,119
South America	31,211	35,822
Asia	109,560	111,582
Africa	26,064	21,488
Australia and Oceania	39,478	38,356
	1,185,457	**1,179,150**
Starch segment		
EU-28[1]	806,997	762,681
	806,997	**762,681**
Sugar segment		
EU-28[1]	488,278	501,217
	488,278	**501,217**
Total	**2,480,732**	**2,443,048**

The Group's top ten customers accounted for 31.1% (prior year: 30.0%) of consolidated revenue. One AGRANA customer accounted for 13.4% (prior year: 13.3%) of consolidated revenue. No other customer represented more than 10% of revenue.

Note (2)

8.2. Changes in inventories and own work capitalised

€000	2019|20	2018|19
Changes in inventories of finished and unfinished goods	64,764	(53,505)
Own work capitalised	1,898	1,120

[1] Excluding the United Kingdom from 1 February 2020.

The change in inventories of finished and unfinished goods amounted to a net increase of € 64,764 thousand (prior year: net decrease of € 53,505 thousand). The change reflected mainly the Sugar segment with an increase of € 27,462 thousand (prior year: decrease of € 46,459 thousand), and the Fruit segment with an increase of € 25,467 thousand (prior year: decrease of € 20,270 thousand).

Note (3)

8.3. Other operating income

€000	2019|20	2018|19
Income from		
Currency translation gains	6,329	8,626
Adjustment of payables from the acquisition of subsidiaries	5,437	0
Derivatives	2,724	434
Insurance benefits and payments for damages	2,126	1,411
Disposal of non-current assets other than financial assets	601	424
Research incentive	1,106	963
Release of provisions for impairment of trade receivables	816	572
Net proceeds from disposal of AGRANA Fruit Fiji Pty Ltd.	568	0
Rent and leases	518	518
Beet and pulp cleaning, transport and handling	287	490
Services rendered to third parties	96	1,822
Exceptional items	0	5,573
Other items	17,063	12,147
Total	**37,671**	**32,980**

Within other operating income, "other items" represent, among others, revenue from the pass-through of costs for consumables, raw materials and services. The income side of exceptional items in the prior year, at € 5,573 thousand, consisted of tax refunds in Romania in the Sugar segment.

Note (4)

8.4. Cost of materials

€000	2019|20	2018|19
Costs of		
Raw materials	1,159,366	1,051,208
Consumables and goods purchased for resale	526,247	520,276
Purchased services	73,664	76,007
Total	**1,759,277**	**1,647,491**

Note (5)

8.5. Staff costs

€000	2019|20	2018|19
Wages and salaries	270,091	256,632
Social security contributions, retirement benefit expenses and other staff costs	71,569	67,085
Total	**341,660**	**323,717**

The expense for the unwinding of discount on the pension and termination benefits newly accrued in prior years, less the return on plan assets, is included within net financial items. The interest component, at € 1,081 thousand (prior year: € 1,156 thousand) is included in net financial items. The current and past service costs are included in staff costs.

In the 2019|20 financial year an expense of € 19,027 thousand (prior year: € 18,484 thousand) was recognised for contributions to government pension plans.

€ 1,386 thousand of contributions to a defined contribution termination benefit fund were recognised in the income statement for the year (prior year: € 1,260 thousand).

Staff costs included exceptional expenses of € 1,110 thousand for regional restructuring measures in the Fruit segment.

Average number of employees during the financial year (average full-time equivalents):

By employee category	2019|20	2018|19
Wage-earning staff	6,456	6,456
Salaried staff	2,793	2,686
Apprentices	93	88
Total	**9,342**	**9,230**

By region	2019|20	2018|19
Austria	2,361	2,270
Hungary	465	474
Romania	566	566
Rest of EU	1,559	1,560
EU-28[1]	4,951	4,870
Rest of Europe (Bosnia and Herzegovina, Russia, Serbia, Turkey, Ukraine)	1,296	1,379
Other foreign countries	3,095	2,981
Total	**9,342**	**9,230**

The average number of employees of joint ventures in full-time equivalents over the year was as follows (reported at company totals, not proportionately):

By employee category	2019|20	2018|19
Wage-earning staff	324	336
Salaried staff	197	194
Total	**521**	**530**

Note (6)

8.6. Depreciation, amortisation and impairment

€000	Total	Amorti-sation, depre-ciation	Impair-ment losses	Reversal of impair-ment losses
2019|20				
Intangible assets	3,663	3,662	1	0
Property, plant and equipment – acquired	100,427	98,805	1,650	(28)
Property, plant and equipment – leased	5,839	5,839	0	0
Recognised in operating profit before exceptional items	**109,929**	**108,306**	**1,651**	**(28)**
Exceptional items	404	0	404	0
Recognised in operating profit [EBIT]	**110,333**	**108,306**	**2,055**	**(28)**
2018|19				
Intangible assets	3,417	3,417	0	0
Property, plant and equipment	93,220	92,501	719	0
Recognised in operating profit before exceptional items	**96,637**	**95,918**	**719**	**0**
Exceptional items	0	0	0	0
Recognised in operating profit [EBIT]	**96,637**	**95,918**	**719**	**0**

[1] Excluding the United Kingdom from 1 February 2020.

Impairment losses and reversals of impairment losses, by segment, were as follows:

€000	Impairment losses	Reversal of impairment losses
2019|20		
Fruit segment	404	0
Starch segment	8	0
Sugar segment	1,643	(28)
Group	**2,055**	**(28)**
2018|19		
Fruit segment	602	0
Starch segment	117	0
Sugar segment	0	0
Group	**719**	**0**

Impairment in the Sugar segment was related to the redimensioning of a storage and packaging facility in Hungary. The exceptional item in the Fruit segment with respect to impairment was related to restructuring in Serbia.

Note (7)

8.7. Other operating expenses

€000	2019|20	2018|19
Selling and freight costs	149,766	142,582
Operating and administrative expenses	103,353	103,255
Advertising expenses	10,140	10,384
Currency translation losses	8,794	8,158
Other taxes	6,626	7,232
Rent and lease expenses	5,487	10,801
Damage payments	3,334	1,558
Derivatives	3,007	351
Exceptional items	1,299	2,279
Research and development expenses (external)	892	580
Losses on disposal of non-current assets	510	230
Other items	10,264	13,993
Total	**303,472**	**301,403**

Internal and external R&D costs totalled € 18,901 thousand (prior year: € 18,765 thousand).

Within other operating expenses, "other items" included, for instance, provisions and other purchased services.

Within other operating expenses, exceptional items consisted of expenses for regional restructuring in the Fruit segment and expenses for legal disputes in the Sugar segment (prior year: expenses in connection with restructuring measures in the Sugar segment).

The costs incurred in the financial year for the external auditor, PwC Wirtschaftsprüfung GmbH (prior year: KPMG Austria GmbH Wirtschaftsprüfungs- und Steuerberatungsgesellschaft), were € 425 thousand (prior year: € 400 thousand). Of this total, € 420 thousand (prior year: € 331 thousand) related to the audit of the consolidated financial statements (including the audit of the separate financial statements of individual subsidiaries), € 5 thousand (prior year: € 31 thousand) was for other assurance services, and € 0 thousand (prior year: € 38 thousand) represented other non-audit services.

Note (8)

8.8. Share of results of equity-accounted joint ventures

The share of results of equity-accounted joint ventures of € 16,727 thousand (prior year: € 12,222 thousand) included the Group's share of the profits or losses of the joint ventures in the HUNGRANA group, the AGRANA-STUDEN group and, since the 2019|20 financial year, Beta Pura GmbH.

Note (9)

8.9. Finance income

€000	2019|20	2018|19
Interest income	1,137	1,623
Currency translation gains	11,489	11,797
Income of non-consolidated subsidiaries and outside companies	18	24
Gains on derivatives	9,610	11,102
Miscellaneous finance income	597	918
Total	**22,851**	**25,464**

Interest income by segment was as follows:

€000	2019|20	2018|19
Fruit segment	471	857
Starch segment	2	24
Sugar segment	664	742
Group	**1,137**	**1,623**

Note (10)

8.10. Finance expense

€000	2019|20	2018|19
Interest expense	9,329	7,599
Net interest on provisions for pensions and termination benefits	1,081	1,156
Currency translation losses	13,340	11,198
Losses on derivatives	12,601	16,755
Loss on net monetary position under IAS 29	912	1,302
Miscellaneous finance expense	2,779	2,826
Total	**40,042**	**40,836**

Interest expense by segment was as follows:

€000	2019|20	2018|19
Fruit segment	2,606	921
Starch segment	259	48
Sugar segment	6,464	6,630
Group	**9,329**	**7,599**

Interest expense includes interest of € 1,029 thousand on lease liabilities and the interest component from the discounting of the non-current obligation for long-service awards, at € 144 thousand (prior year: € 137 thousand).

Net currency translation differences on financing activities amounted to a loss of € 1,851 thousand (prior year: gain of € 599 thousand). This was composed of a realised loss of € 5,627 thousand (prior year: gain of € 1,728 thousand) and an unrealised gain of € 3,776 thousand (prior year: unrealised loss of € 1,129 thousand). The net translation loss was attributable primarily to foreign currency financings in Hungary and Romania (euro financings).

Note (11)

8.11. Income tax expense

Current and deferred tax expenses and credits pertained to Austrian and foreign income taxes and had the following composition:

€000	2019|20	2018|19
Current tax expense	20,170	21,087
Of which Austrian	4,434	6,013
Of which foreign	15,736	15,074
Deferred tax benefit	(1,603)	(227)
Of which Austrian	(510)	1,815
Of which foreign	(1,093)	(2,042)
Total tax expense	**18,567**	**20,860**
Of which Austrian	3,924	7,828
Of which foreign	14,643	13,032

Reconciliation of the deferred tax amounts in the balance sheet to deferred tax in the statement of comprehensive income:

€000	2019|20	2018|19
Increase/(decrease) in deferred tax assets in the consolidated balance sheet	1,866	(1,355)
Decrease in deferred tax liabilities in the consolidated balance sheet	1,052	1,156
Total change in deferred taxes	**2,918**	**(199)**
Of which recognised in the income statement	1,603	227
Of which recognised in other comprehensive income	1,080	156
Of which from currency translation/hyperinflation/other	235	(669)
Of which changes in scope of consolidation	0	38
Of which initial application of IFRS 9	0	49

In order to reconcile the amount in other comprehensive income to that in the statement of changes in equity, the tax effects of equity-accounted joint ventures and of their proportionate non-controlling interests – a total amount of € 155 thousand – must be deducted from the other comprehensive income of € 1,080 thousand presented in the table above.

Reconciliation of profit before tax to income tax expense

€000	2019|20	2018|19
Profit before tax	69,859	51,246
Standard Austrian tax rate	25%	25%
Nominal tax expense at standard Austrian rate	**17,465**	**12,812**
Tax effect of:		
Different tax rates applied on foreign income	(512)	1,922
Tax-exempt income and tax deductions, including results of equity-accounted joint ventures	(7,442)	(5,621)
Non-temporary differences from consolidation measures	(118)	0
Non-tax-deductible expenses and additional tax debits	2,605	3,885
Effects from other taxes	2,730	2,390
Effects of unrecognized tax loss carryforwards in respect of the financial year	247	6,335
Non-recurring tax expenses	3,592	(863)
Income tax expense	**18,567**	**20,860**
Effective tax rate	**26.6%**	**40.7%**

The nominal tax expense is based on application of the standard Austrian corporation tax rate of 25%.

The Tax Reform Act of 2005 introduced a concept for the taxation of company groups. In accordance with the provisions of this Act, the AGRANA Group established a group consisting of AGRANA Beteiligungs-AG as the group parent and the following group members: AGRANA Zucker GmbH, AGRANA Stärke GmbH, AGRANA Sales & Marketing GmbH, AGRANA Internationale Verwaltungs- und Asset-Management GmbH, AGRANA Group-Services GmbH, INSTANTINA Nahrungsmittel Entwicklungs- und Produktionsgesellschaft m.b.H and AUSTRIA JUICE GmbH.

Deferred taxes are recognised on differences between carrying amounts in the consolidated financial statements and the tax bases of the individual companies in their home countries. Deferred taxes take into account carryforwards of unused tax losses.

In the interest of conservative planning, deferred taxes reflect carryforwards of tax losses only to the extent that sufficient taxable profit is likely to be earned over the next five years to utilise the deferred tax assets. € 18,274 thousand (prior year: € 18,121 thousand) of potential tax assets were not recognised. These related to cumulative unused tax loss carryforwards of € 82,336 thousand (prior year: € 82,159 thousand). Of the unused tax loss carryforwards, € 48,932 thousand (prior year: € 43,497 thousand) can be carried forward indefinitely, € 0 thousand expire in the subsequent year (prior year: € 1,763 thousand), € 20,242 thousand (prior year: € 18,984 thousand) expire in two to four years and € 13,162 thousand (prior year: € 17,915 thousand) expire in five to seven years.

At the balance sheet date the deferred tax assets and liabilities recognised in other comprehensive income amounted to a net asset of € 8,785 thousand (prior year: € 7,860 thousand).

For temporary differences on investments in subsidiaries, deferred tax liabilities of € 199,259 thousand (prior year: € 202,444 thousand) were not recognised, as these gains are intended to be reinvested for an indefinite period and these temporary differences are thus not likely to reverse in the foreseeable future.

Note (12)

8.12. Earnings per share

		2019|20	2018|19
Profit for the period attributable to shareholders of the parent (AGRANA Beteiligungs-AG)	€000	48,162	25,406
Average number of shares outstanding		62,488,976	62,488,976
Earnings per share under IFRS (basic and diluted)	€	**0.77**	**0.41**
Dividend per share	€	**0.77**[1]	**1.00**[1]

Subject to the Annual General Meeting's approval of the proposed allocation of profit for the 2019|20 financial year, AGRANA Beteiligungs-AG will pay a dividend of € 48,117 thousand (prior year: € 62,489 thousand).

[1] Proposal to the Annual General Meeting.

9. Notes to the consolidated cash flow statement

The cash flow statement is prepared using the indirect method and in accordance with IAS 7. The statement traces the movements in the AGRANA Group's cash and cash equivalents arising from operating, investing and financing activities.

Cash and cash equivalents, for the purpose of the cash flow statement, represent cash on hand, cheques and bank deposits.

There were no restrictions on access to cash and cash equivalents of subsidiaries as a result of currency legislation.

Cash and cash equivalents do not include current bank borrowings or securities classified as current assets.

The currency translation effects, except those on cash and cash equivalents, are already eliminated in the respective balance sheet items.

Note (13)

9.1. Cash flows from operating activities

Operating cash flow before changes in working capital was € 187,831 thousand (prior year: € 177,546 thousand), or 7.57% of revenue (prior year: 7.27%). Within "non-cash expenses/income and other adjustments", non-cash expenses/income consisted mainly of the unrealised currency translation gains of € 3,776 thousand (prior year: unrealised currency translation losses of € 1,129 thousand), reflected in net financial items, a non-cash expense of € 542 thousand (prior year: € 558 thousand) for impairment of receivables, a change of € 4,878 thousand in purchase price liabilities for the acquisition of subsidiaries, and non-cash inventory write-downs of € 8,472 thousand (prior year: € 23,320 thousand). The component "other adjustments" predominantly concerned corrections of the tax expense and net interest expense reflected in the Group's profit for the period, due to the separate presentation of that portion of interest and income taxes which represents cash flows. After changes in working capital and after cash flows from interest and taxes, net cash from operating activities was € 110,096 thousand (prior year: € 141,709 thousand).

Note (14)

9.2. Cash flows from investing activities

Net cash used in investing activities decreased by € 6,309 thousand from € 161,887 thousand to € 155,578 thousand. This reduction from one year earlier resulted mainly from lower outflows for purchases of property, plant and equipment and intangibles, which declined by € 11,160 thousand from € 161,190 thousand to € 150,030 thousand (prior year: decrease of € 28,662 thousand). The decrease was due largely to the commissioning of the Starch segment's second wheat starch plant in Pischelsdorf, Austria, in November 2019 and the resulting lower investment in the 2019|20 financial year. Purchases of non-current financial assets in the amount of € 8,124 thousand related mostly to outflows for the founding and construction of Beta Pura GmbH, Vienna, which is 50% owned by AGRANA Zucker GmbH, Vienna. The joint venture is operated together with the partner The Amalgamated Sugar Company LLC, Boise, Idaho, USA, for the production of crystalline betaine and is equity-accounted in the consolidated financial statements. Net proceeds from the sale of subsidiaries of € 582 thousand represented the disposition of 100% of the shares of AGRANA Fruit Fiji Pty Ltd., Sigatoka, Fiji, and its cash.

Proceeds from the disposal of non-current assets amounted to € 1,971 thousand (prior year: € 3,241 thousand).

Note (15)

9.3. Cash flows from financing activities

The positive cash flow from borrowings was driven primarily by the raising of Schuldscheindarlehen (bonded loans) in the amount of € 164,500 thousand (prior year: € 0 thousand) and the raising of syndicated loans of € 10,000 thousand (prior year: € 75,000 thousand, as well as the raising of long-term loans of € 40,000 thousand). This more than offset the repayment of borrowings of € 85,000 thousand to affiliated companies of the Südzucker group (prior year: € 65,000 thousand), payments of lease liabilities of € 6,437 thousand (prior year: € 0 thousand) and an investment loan repayment of € 4,882 (prior year: € 0 thousand). Net cash flow from bank overdrafts and cash advances was also positive, at € 42,344 thousand (prior year: € 1,219 thousand).

Cash flow from financing activities also included dividends paid, which related primarily to the cash dividend paid to the shareholders of AGRANA Beteiligungs-AG and which led to a significant overall improvement in financing cash flow to net cash from financing activities of € 57,322 thousand (prior year: net cash use of € 18,180 thousand).

The following table presents the changes in liabilities arising from financing activities:

€000	Carrying amount at 1 Mar 2019	Changes in maturities	Cash inflows/ (cash outflows)	Currency translation differences and other non-cash changes	Carrying amount at 29 Feb 2020
2019|20					
Schuldscheindarlehen, i.e., bonded loans	7,000	0	200,000	0	207,000
Borrowings from affiliated companies in the Südzucker group	85,000	0	(85,000)	0	0
Investment loan from European Investment Bank	36,618	(4,882)	0	0	31,736
Loans	150,295	0	39,368	(59)	189,604
Lease liabilities	75	0	0	21,797	21,872
Non-current borrowings	**278,988**	**(4,882)**	**154,368**	**21,738**	**450,212**
Schuldscheindarlehen, i.e., bonded loans	35,500	0	(35,500)	0	0
Borrowings from affiliated companies in the Südzucker group	0	0	0	0	0
Kredit Europäische Investitionsbank	4,882	4,882	(4,882)	0	4,882
Investment loan from European Investment Bank	104,187	0	12,976	(183)	116,980
Lease liabilities	70	0	(6,437)	11,319	4,952
Current borrowings	**144,639**	**4,882**	**(33,843)**	**11,136**	**126,814**

€000	Carrying amount at 1 Mar 2018	Changes in maturities	Cash inflows/ (cash outflows)	Currency translation differences	Carrying amount at 28 Feb 2019
2018|19					
Schuldscheindarlehen, i.e., bonded loans	42,500	(35,500)	0	0	7,000
Borrowings from affiliated companies in the Südzucker group	115,000	0	(30,000)	0	85,000
Investment loan from European Investment Bank	41,500	(4,882)	0	0	36,618
Loans	111,572	(10,520)	49,213	105	150,370
Non-current borrowings	**310,572**	**(50,902)**	**19,213**	**105**	**278,988**
Schuldscheindarlehen, i.e., bonded loans	0	35,500	0	0	35,500
Borrowings from affiliated companies in the Südzucker group	35,000	0	(35,000)	0	0
Investment loan from European Investment Bank	0	4,882	0	0	4,882
Bank overdrafts and cash advances	26,629	10,520	67,006	102	104,257
Current borrowings	**61,629**	**50,902**	**32,006**	**102**	**144,639**

10. Notes to the consolidated balance sheet

Note (16)

10.1. Intangible assets, including goodwill

€000	Goodwill	Concessions, licences and similar rights	Total
2019|20			
Cost			
At 1 March 2019	261,892	100,527	362,419
Currency translation differences and hyperinflation adjustments	0	(169)	(169)
Changes in scope of consolidation/other changes	0	13	13
Additions	0	2,022	2,022
Reclassifications	0	398	398
Disposals	0	(298)	(298)
At 29 February 2020	**261,892**	**102,493**	**364,385**
Accumulated amortisation and impairment			
At 1 March 2019	0	85,679	85,679
Currency translation differences and hyperinflation adjustments	0	224	224
Amortisation for the period	0	3,662	3,662
Impairment	0	1	1
Disposals	0	(289)	(289)
At 29 February 2020	**0**	**89,277**	**89,277**
Carrying amount at 29 February 2020	**261,892**	**13,216**	**275,108**
2018|19			
Cost			
At 1 March 2018	260,956	102,700	363,656
Currency translation differences and hyperinflation adjustments	0	755	755
Changes in scope of consolidation/other changes	936	102	1,038
Additions	0	3,097	3,097
Reclassifications	0	735	735
Disposals	0	(6,862)	(6,862)
At 28 February 2019	**261,892**	**100,527**	**362,419**
Accumulated amortisation and impairment			
At 1 March 2018	0	86,841	86,841
Currency translation differences and hyperinflation adjustments	0	501	501
Changes in scope of consolidation/other changes	0	40	40
Amortisation for the period	0	3,417	3,417
Reclassifications	0	58	58
Disposals	0	(5,178)	(5,178)
At 28 February 2019	**0**	**85,679**	**85,679**
Carrying amount at 28 February 2019	**261,892**	**14,848**	**276,740**

- Intangible assets consist largely of acquired customer relationships, software, patents and similar rights.

- The additions of € 2,022 thousand (prior year: € 3,097 thousand) of intangible assets related primarily to software.

- Of the total carrying amount of goodwill, the Fruit segment accounted for € 240,175 thousand (prior year: € 240,175 thousand), the Sugar segment for € 20,111 thousand (prior year: € 20,111 thousand) and the Starch segment for € 1,606 thousand (prior year: € 1,606 thousand).

- In order to comply with the requirements of IFRS 3 in conjunction with IAS 36 and to allow the determination of any impairment of goodwill, AGRANA defines its cash generating units (CGUs) as the smallest given group of assets that generate cash inflows which are largely independent of the cash inflows of other assets. For the purposes of goodwill impairment testing, AGRANA aggregates the CGUs to the next-higher level at which the goodwill is controlled according to the process of internal control and reporting. The cash-generating units in the AGRANA Group for the purposes of goodwill impairment testing are the Fruit segment, Starch segment and Sugar segment. All goodwill was allocated to cash-generating units.

■ To test for impairment, the carrying amount of each cash-generating unit is measured by allocating to it the corresponding assets and liabilities, inclusive of attributable goodwill and other intangible assets. Impairment is recognised in profit or loss when the recoverable amount (value in use) of a cash-generating unit is less than its carrying amount inclusive of goodwill.

■ In testing for impairment, AGRANA uses a discounted cash flow method to determine the value in use of the cash-generating units. The determination of expected cash flows from each cash-generating unit is based on business plans that are validated and approved by Supervisory Board committees and have a planning horizon of five years. Projections beyond a five-year horizon are based on the assumption of a constant, inflation-induced growth rate of 1.5% per year (assumption in the prior year: 1.5%). The cost of capital (WACC) is calculated as the weighted average cost of equity and debt capital for each CGU.

■ The cost of equity is based on a risk-free rate, a return premium for the business risk, and a premium for country risk and inflation differential. The spot rate of a 30-year zero coupon bond, based on Deutsche Bundesbank data, was used as the risk-free rate of return. Business risk is represented by the product of a general market risk premium of 8.50% (prior year: 7.00%) and a beta factor derived from a peer group of nine companies. The country risk and the inflation differential are assigned a volatility factor of 1.22 (prior year: 1.22).

■ The cost of debt capital is calculated as the risk-free rate, the inflation differential, and the credit spread determined by reference to the capital market.

The following table presents the carrying amounts of the goodwill and the respective discount rate (WACC):

	Goodwill		**WACC before tax**	
	29 Feb 2020	**28 Feb 2019**	**2019|20**	**2018|19**
	€m	€m	%	%
Fruit CGU	240	240	6.81	8.10
Starch CGU	2	2	4.65	5.47
Sugar CGU	20	20	5.29	6.39
Group	**262**	**262**	**–**	**–**

■ The quality of the forecast data is frequently tested against actual outcomes with the help of variance analysis. The insights gained are then taken into account during the preparation of the next annual plan. Projections of value in use are highly sensitive to assumptions regarding future local market developments and volume trends. Value in use is therefore ascertained both on the basis of experience and of assumptions that are reviewed with experts for the regional markets.

■ The most important forecast assumptions for the Sugar CGU are the estimates of EU beet sugar production and isoglucose production, of the trajectories of sugar imports and exports, and of sugar prices. The major cost elements for the CGU are raw material and energy costs. Besides the current market developments, these projections also take into consideration internal estimates by the respective businesses.

■ On the basis of the assumptions of the impairment test performed at 31 August 2019, the impairment test was repeated in a review at 29 February 2020 in order to take into account potential impacts of the coronavirus (COVID-19) crisis. As of the date of preparation of these consolidated financial statements at 22 April 2020, AGRANA did not foresee long-term negative impacts on its business activities; in the determination of value in use, the effects of the COVID-19 crisis are therefore limited to the first planning year. In none of the CGUs would this lead to an impairment of the carrying amount of goodwill. Further details are provided in section 7.11, "Critical assumptions and judgements".

■ The values in use were subjected to a sensitivity analysis. The results are presented on page 132.

■ The goodwill is not tax-deductible.

■ At the balance sheet date, other intangible assets with an indefinite useful life that were not significant for the AGRANA Group were included.

Note (17)

10.2. Property, plant and equipment

€000	Land, leasehold rights and buildings	Technical plant and machinery	Other plant, furniture and equipment	Assets under con-struction	Total
2019|20					
Property, plant and equipment – acquired					
Cost					
At 1 March 2019	616,904	1,314,868	232,213	124,646	2,288,631
Currency translation differences and hyperinflation adjustments	(3,629)	(3,504)	(387)	(451)	(7,971)
Changes in scope of consolidation/ other changes	(479)	(1,510)	(234)	1	(2,222)
Additions	9,974	43,313	17,079	72,344	142,710
Reclassifications	18,007	20,949	2,851	(42,737)	(930)
Disposals	(607)	(3,776)	(9,150)	(173)	(13,706)
At 29 Febrary 2020	**640,170**	**1,370,340**	**242,372**	**153,630**	**2,406,512**
Accumulated depreciation and impairment					
At 1 March 2019	336,847	908,627	178,554	382	1,424,410
Currency translation differences and hyperinflation adjustments	(1,620)	(2,928)	(18)	(6)	(4,572)
Changes in scope of consolidation/ other changes	(287)	(1,490)	(233)	0	(2,010)
Depreciation for the period	17,641	66,050	15,114	0	98,805
Impairment	1,868	141	13	32	2,054
Reclassifications	(68)	(231)	182	0	(117)
Disposals	(203)	(3,225)	(8,827)	(140)	(12,395)
Government grants	0	0	0	(28)	(28)
At 29 Febrary 2020	**354,178**	**966,944**	**184,785**	**240**	**1,506,147**
Carrying amount at 29 February 2020	**285,992**	**403,396**	**57,587**	**153,390**	**900,365**
Property, plant and equipment – leased					
Cost					
At 1 March 2019 – date of initial application of IFRS 16	23,625	8,991	951	0	33,567
Currency translation differences	27	(12)	1	0	16
Additions	3,199	777	677	276	4,929
Reclassifications	532	0	0	0	532
Disposals	(20)	(771)	(20)	0	(811)
At 29 Febrary 2020	**27,363**	**8,985**	**1,609**	**276**	**38,233**
Accumulated depreciation and impairment					
At 1 March 2019 – date of initial application of IFRS 16	0	0	0	0	0
Currency translation differences	13	(3)	1	0	11
Depreciation for the period	3,674	1,625	540	0	5,839
Reclassifications	117	0	0	0	117
Disposals	(3)	(141)	(20)	0	(164)
At 29 Febrary 2020	**3,801**	**1,481**	**521**	**0**	**5,803**
Carrying amount at 29 February 2020	**23,562**	**7,504**	**1,088**	**276**	**32,430**
Carrying amount of property, plant and equipment in total at 29 February 2020	**309,554**	**410,900**	**58,675**	**153,666**	**932,795**

€000	Land, leasehold rights and buildings	Technical plant and machinery	Other plant, furniture and equipment	Assets under con-struction	Total
2018|19					
Cost					
At 1 March 2018	594,232	1,270,184	212,674	46,738	2,123,828
Currency translation differences and hyperinflation adjustments	1,604	6,014	45	(16)	7,647
Changes in scope of consolidation/ other changes	4,729	6,685	3,593	111	15,118
Additions	16,250	47,830	15,032	101,544	180,656
Reclassifications	7,568	9,058	6,161	(23,522)	(735)
Disposals	(5,670)	(24,903)	(5,290)	(209)	(36,072)
Government grants	(1,809)	0	(2)	0	(1,811)
At 28 February 2019	**616,904**	**1,314,868**	**232,213**	**124,646**	**2,288,631**
Accumulated depreciation and impairment					
At 1 March 2018	323,408	865,570	165,610	359	1,354,947
Currency translation differences and hyperinflation adjustments	698	4,258	161	0	5,117
Changes in scope of consolidation/ other change	1,373	3,217	1,929	0	6,519
Depreciation for the period	17,035	61,525	13,941	0	92,501
Impairment	66	607	46	0	719
Reclassifications	(96)	(2,114)	2,107	45	(58)
Disposals	(5,637)	(24,436)	(5,240)	(22)	(35,335)
At 28 February 2019	**336,847**	**908,627**	**178,554**	**382**	**1,424,410**
Carrying amount at 28 February 2019	**280,057**	**406,241**	**53,659**	**124,264**	**864,221**

■ Additions of property, plant and equipment by segment were as follows:

€000	2019|20	2018|19
Fruit segment	55,601	55,145
Starch segment	73,045	96,587
Sugar segment	18,993	28,924
Group	**147,639**	**180,656**

■ Currency translation differences are the differences between amounts arising from the translation of the opening balances of foreign Group companies at the exchange rates prevailing at the start and at the end of the reporting period. This item also includes the effects of the application of IAS 29 (accounting for hyperinflation).

■ AGRANA uses leases mainly for long-term rental agreements for land and buildings in administration and production.

■ At 29 February 2020 the weighted average incremental borrowing rate for the measurement of lease liabilities was 3.8%.

■ Expenses for short-term leases and leases of assets with low value recognised in other operating expenses, as well as interest expenses on lease liabilities recognised in net financial items, were as follows in the year under review:

€000	2019|20
Expenses for short-term leases	2,158
Expenses for leases of low-value assets	189
Interest expenses on lease liabilities	1,029

Note (18)

10.3. Equity-accounted joint ventures, securities, and investments in non-consolidated subsidiaries and outside companies

€000	Equity-accounted joint ventures	Securities (non-current)	Investments in non-consolidated subsidiaries and outside companies	Total
2019|20				
At 1 March 2019	69,926	18,843	19	88,788
Currency translation differences	(4,213)	4	0	(4,209)
Additions, including capital increase at joint ventures	8,018	0	906	8,924
Share of results of equity-accounted joint ventures	16,727	0	0	16,727
Disposals, and dividends of equity-accounted joint ventures	(14,000)	0	(6)	(14,006)
Other comprehensive (expense)/income	461	752	0	1,213
At 29 Febrary 2020	**76,919**	**19,599**	**919**	**97,437**
2018|19				
At 1 March 2018	73,228	18,703	894	92,825
Currency translation differences	(429)	67	0	(362)
Changes in scope of consolidation/other changes	0	243	(606)	(363)
Share of results of equity-accounted joint ventures	12,222	0	0	12,222
Reclassifications	0	269	(269)	0
Disposals, and dividends of equity-accounted joint ventures	(15,000)	(1,330)	0	(16,330)
Other comprehensive (expense)/income	(95)	891	0	796
At 28 February 2019	**69,926**	**18,843**	**19**	**88,788**

Note (19)

10.4. Receivables and other assets

€000	29 Feb 2020	28 Feb 2019
Trade receivables	319,457	321,694
Amounts due from affiliated companies and joint ventures	16,721	19,149
Positive fair value of derivatives	2,134	2,125
Amounts due from associates in the Südzucker group	2,063	222
Receivable under government grants	602	617
Receivables from outside companies that are investees	43	0
Miscellaneous other financial assets	20,955	16,839
Financial instruments	**361,975**	**360,646**
VAT credits and other tax credits	50,282	71,012
Prepaid expenses	6,479	5,358
Accrued income	2,465	2,558
Total	**421,201**	**439,574**
Of which due after more than 1 year	12,410	10,090

Amounts due from affiliated companies represent open accounts with non-consolidated subsidiaries, with the Group's parent company Südzucker AG and Südzucker's subsidiaries, and with joint ventures.

Note (20)

10.5. Deferred tax assets

Deferred tax assets were attributable to balance sheet items as follows:

€000	29 Feb 2020	28 Feb 2019
Deferred tax assets		
Intangible assets and property, plant and equipment	2,769	2,447
Non-current financial assets (primarily “one-seventh” write-downs on non-consolidated subsidiaries and on outside companies)	2,342	1,700
Inventories	4,325	3,594
Receivables and other assets	694	1,275
Carryforwards of unused tax losses	4,559	1,579
Retirement, termination and long-service benefit obligations	6,758	7,474
Other provisions and liabilities	15,445	10,060
Total deferred tax assets	**36,892**	**28,129**
Deferred tax assets offset against deferred tax liabilities relating to the same tax authority	(22,717)	(15,820)
Net deferred tax assets	**14,175**	**12,309**

Deferred tax liabilities are detailed in note 26.

Note (21)

10.6. Inventories

€000	29 Feb 2020	28 Feb 2019
Raw materials and consumables	212,629	204,605
Finished and unfinished goods	485,135	397,643
Goods purchased for resale	12,736	16,885
Total	**710,500**	**619,133**

Write-downs of € 8,472 thousand (prior year: € 23,320 thousand) were recognised on inventories, with the Sugar segment accounting for € 3,906 thousand (prior year: € 21,969 thousand) of this total. These impairment charges were attributable to a reduction in net realisable values of sugar at the balance sheet date.

Note (22)

10.7. Equity

- The share capital at the balance sheet date was € 113,531,275 (prior year: € 113,531,275), divided into 62,488,976 (prior year: 62,488,976) voting ordinary bearer shares. All shares were fully paid.

- The movements in the Group’s equity are presented from page 108.

- The capital reserves (“share premium and other capital reserves”) consist of share premium (i.e., additional paid-in capital) and of reserves resulting from the reorganisation of companies. At the balance sheet date, the amount of share premium and other capital reserves was € 540,759,999 (prior year: € 540,759,999).

- Retained earnings consist of the reserve for equity instruments, the reserve for hedging instruments (cash flow hedges), reserves for actuarial gains and losses, and reserves for the share of other comprehensive income of joint ventures, effects of consolidation-related foreign currency translation, hyperinflation adjustments, and accumulated profit for the period.

- Changes in ownership interests and scope of consolidation, amounting to a net deduction of € 113 thousand, resulted from the purchase of shares of non-controlling shareholders of the fully consolidated Magyar Cukorgyártó és Forgalmazó Zrt., Budapest, Hungary, and the sale of AGRANA Fruit Fiji Pty Ltd., Sigatoka, Fiji.

Disclosures on capital management
A key goal of equity management is the maintenance of sufficient equity resources to safeguard the Company's continuing existence as a going concern and ensure continuity of dividends. Equity bore the following relationship to total capital:

€000	29 Feb 2020	28 Feb 2019
Total equity	1,387,132	1,409,928
Total assets	2,549,444	2,389,407
Equity ratio	**54.4%**	**59.0%**
Net debt	464,012	322,202
Gearing ratio	**33.5%**	**22.9%**

Capital management at AGRANA means the management of equity and of net debt. By optimising these two quantities, the Company seeks to achieve the best possible shareholder returns. In addition to the equity ratio, the most important control variable is the gearing ratio (net debt divided by total equity). The total cost of equity and debt capital employed and the risks associated with the different types of capital are continuously monitored.

The sound equity base gives AGRANA strategic flexibility and also ensures the Group's financial stability and independence. In addition to its self-financing ability, AGRANA also has access to sufficient committed credit lines for its overall financing needs.

The approach to capital management was unchanged from the prior year.

Note (23)

10.8. Provisions

€000	29 Feb 2020	28 Feb 2019
Provisions for:		
Retirement benefits	31,024	29,533
Termination benefits	42,377	41,644
Other	50,545	54,726
Total	**123,946**	**125,903**

Note (23a)

a) Provisions for retirement and termination benefits

Provisions for retirement and termination benefits are measured in accordance with IAS 19, using the projected unit credit method and taking into account future trends on an actuarial basis. For both the retirement and termination benefit obligations, the plans are defined benefit plans.

The present values of the obligations, and the associated plan assets where applicable, were determined based on the following actuarial parameters:

%	29 Feb 2020	28 Feb 2019
Expected rate of wage and salary increases		
Austria and rest of Europe	3.27	3.5
Mexico/USA/South Korea	6.0 / – / 4.0	6.0 / 3.0 / 5.0
Expected trend of pension increases		
Austria	2.0	2.0
Mexico	6.0	6.0
Discount rate		
Austria, rest of Europe, and USA	0.80	1.55
Mexico/South Korea	7.25 / 2.2	10.25 / 2.6

A discount rate of 0.80% (prior year: 1.55%) was used in almost all cases in the determination of the provisions for pensions and termination benefits. The discount rate is based on the yield of high-quality corporate bonds with a duration matching the average weighted duration of the obligations.

The measurement process also involves other company-specific actuarial assumptions, such as the staff turnover rate. The current mortality tables recognised in the respective country are used as the biometric basis for the calculations – in Austria, this is the version of the computation tables specific to salaried employees ("AVÖ 2018-P-Rechnungsgrundlagen für die Pensionsversicherung").

Defined benefit plans
Pension plans in the AGRANA Group are based largely on direct defined benefit commitments. The amounts of the pension benefits are usually determined by length of service and by pensionable pay. Termination benefit plans exist mainly as a result of legal requirements or of obligations under collective agreements and the benefits represent one-time, lump sum payments. The amount of the termination benefits typically depends on final pay and length of service.

The provision in the balance sheet (the net liability) for pensions and termination benefits in the AGRANA Group represents the present value of the defined benefit obligation less the fair value of the plan assets:

€000	**29 Feb 2020**	**28 Feb 2019**
Pension plans		
Present value of defined benefit obligation	47,574	43,977
Fair value of plan assets	(16,550)	(14,444)
Pension provisions [net liability]	**31,024**	**29,533**
Termination benefit plans		
Present value of defined benefit obligation	44,160	43,329
Fair value of plan assets	(1,783)	(1,685)
Termination benefit provisions [net liability]	**42,377**	**41,644**

In connection with defined benefit pension commitments, the AGRANA Group's major plans are the following:

AGRANA Beteiligungs-AG has direct defined benefit commitments in respect of Management Board members for retirement, disability and survivor pensions based on a fixed percentage of a pension assessment base. All pension benefit obligations are transferred to and administered by an external pension fund. The present value of the obligation was € 27,560 thousand (prior year: € 24,138 thousand) and the plan assets amounted to € 16,069 thousand (prior year: € 13,983 thousand). Further detail is provided in the section "Related party disclosures" in these notes.

In addition, there were direct defined benefit commitments, including for survivor benefits, in respect of retired former employees of AGRANA Zucker GmbH in the amount of € 15,449 thousand (prior year: € 15,819 thousand), of Österreichische Rübensamenzucht Gesellschaft m.b.H. in the amount of € 734 thousand (prior year: € 715 thousand), of AGRANA Stärke GmbH in the amount of € 2,170 thousand (prior year: € 2,170 thousand) and of AUSTRIA JUICE GmbH in the amount of € 221 thousand (prior year: € 209 thousand). The present value of the obligation of AUSTRIA JUICE GmbH is offset by plan assets in the form of pension risk transfer insurance of € 147 thousand (prior year: € 152 thousand).

At AGRANA Fruit Austria GmbH there are pension commitments in respect of active employees for retirement, disability and survivor benefits with a contractual (in some cases length-of-service-dependent) fixed benefit amount, and direct obligations in respect of retired former employees, including survivor benefits. The present value of these obligations was € 546 thousand (prior year: € 495 thousand) and there were plan assets in the form of pension insurance of € 245 thousand (prior year: € 231 thousand).

In Mexico there is a contractual obligation in respect of a defined set of recipients in the event of retirement or early retirement to pay a fixed percentage of a specified pensionable pay base in monthly instalments for a period of ten years. Alternatively, the recipient may choose a lump sum payment. The present value of this obligation was € 894 thousand (prior year: € 431 thousand), with plan assets in the form of pension insurance of € 80 thousand (prior year: € 78 thousand).

The pension provisions showed the following movement:

€000	Present value of obligation	Fair value of plan assets	Pension provisions
2019|20			
At 1 March 2019	43,977	(14,444)	29,533
Current service cost	535	0	535
Interest expense/(income)	699	(238)	461
Taxes and administration cost	0	69	69
Total recognised in the income statement [net pension cost]	**1,234**	**(169)**	**1,065**
(Gains)/losses from:			
Actual return on plan assets	0	(972)	(972)
Changes in financial assumptions	3,990	0	3,990
Experience adjustments	1,000	0	1,000
Currency translation differences	6	(1)	5
Total remeasurement loss/(gain) recognised in the statement of comprehensive income	**4,996**	**(973)**	**4,023**
Benefits paid	(2,633)	355	(2,278)
Employer contributions to plan assets	0	(1,319)	(1,319)
Other movements	**(2,633)**	**(964)**	**(3,597)**
At 29 February 2020	**47,574**	**(16,550)**	**31,024**
2018|19			
At 1 March 2018	42,852	(15,452)	27,400
Current service cost	535	0	535
Interest expense/(income)	753	(264)	489
Effects of plan curtailments and settlements	(320)	114	(206)
Taxes and administration cost	0	20	20
Total recognised in the income statement [net pension cost]	**968**	**(130)**	**838**
Losses/(gains) from:			
Actual return on plan assets	0	932	932
Changes in demographic assumptions	1,964	0	1,964
Changes in financial assumptions	1,082	0	1,082
Experience adjustments	(533)	0	(533)
Currency translation differences	38	(4)	34
Total remeasurement loss recognised in the statement of comprehensive income	**2,551**	**928**	**3,479**
Changes in scope of consolidation/reclassifications	693	0	693
Settlement payments	(279)	261	(18)
Benefits paid	(2,808)	347	(2,461)
Employer contributions to plan assets	0	(398)	(398)
Other movements	**(2,394**	**210**	**(2,184)**
At 28 February 2019	**43,977**	**(14,444)**	**29,533**

The AGRANA Group has the following main termination benefit plans:

The termination benefit plans most significant in amount exist in Austria and France. The plans represent legislated commitments to pay a lump sum benefit on termination of employment (unless terminated by the employee) and in the event of retirement or death. The amount of the benefit depends on final pay and length of service. Termination benefit obligations in Austria and France are funded solely by provisions, in the amount of € 41,197 thousand (prior year: € 40,590 thousand).

In Russia and Ukraine there are termination benefit commitments (either legislated or based on company-wide agreements) that are minor in amount. These are payable as a lump sum on termination of employment (except in the event of termination by the employee) or on retirement. The benefit amount depends on final pay and length of service. These commitments in the amount of € 238 thousand (prior year: € 184 thousand) are covered solely by provisions. In Romania there are termination benefit obligations of three months' pay in the event of retirement. The amount of the provision is € 223 thousand (prior year: € 193 thousand).

The commitments in Mexico are legislated obligations to all permanent and full-time employees. In Mexico the termination benefit is paid if the employment relationship is terminated after 15 years or more of service, at retirement or in the event of disability or death. It takes the form of a lump sum in an amount that is based on final salary and length of service. Plan assets of € 3 thousand (prior year: € 3 thousand) in Mexico offset the present value of the obligation of € 223 thousand (prior year: € 124 thousand).

The present value of the obligation of the termination benefit plan for South Korea was € 2,279 thousand (prior year: € 2,238 thousand); the plan assets amounted to € 1,780 thousand (prior year: € 1,682 thousand).

The termination benefit provisions showed the following movement:

€000	**Present value of obligation**	**Fair value of plan assets**	**Termination benefit provisions**
2019|20			
At 1 March 2019	43,329	(1,685)	41,644
Current service cost	1,888	0	1,888
Interest expense/(income)	663	(43)	620
Taxes and administration cost	0	4	4
Total recognised in the income statement [net termination benefit cost]	**2,551**	**(39)**	**2,512**
Losses/(gains) from:			
Actual return on plan assets	0	24	24
Changes in financial assumptions	2,029	0	2,029
Experience adjustments	93	0	93
Currency translation differences	(62)	57	(5)
Total remeasurement loss recognised in the statement of comprehensive income	**2,060**	**81**	**2,141**
Benefits paid	(3,780)	154	(3,626)
Employer contributions to plan assets	0	(294)	(294)
Other movements	**(3,780)**	**(140)**	**(3,920)**
At 29 February 2020	**44,160**	**(1,783)**	**42,377**

€000	Present value of obligation	Fair value of plan assets	Termination benefit provisions
2018/19			
At 1 March 2018	42,758	(1,454)	41,304
Current service cost	1,844	0	1,844
Interest expense/(income)	715	(48)	667
Taxes and administration cost	0	3	3
Total recognised in the income statement [net termination benefit cost]	**2,559**	**(45)**	**2,514**
Losses/(gains) from:			
Actual return on plan assets	0	27	27
Changes in demographic assumptions	(158)	0	(158)
Changes in financial assumptions	1,179	0	1,179
Experience adjustments	19	0	19
Currency translations differences	166	(45)	121
Total remeasurement loss/(gain) recognised in the statement of comprehensive income	**1,206**	**(18)**	**1,188**
Changes in scope of consolidation/reclassifications	340	0	340
Benefits paid	(3,534)	140	(3,394)
Employer contributions to plan assets	0	(308)	(308)
Other movements	**(3,194)**	**(168)**	**(3,362)**
At 28 February 2019	**43,329**	**(1,685)**	**41,644**

The expense for the unwinding of discount on benefits accrued in prior years, less the return on plan assets, is included within net financial items. The current service cost is included in staff costs. The year's actuarial result on pension and termination benefit provisions, which is recognised in other comprehensive income as the item "changes in actuarial gains and losses on defined benefit pension obligations and similar liabilities", was an actuarial loss of € 6,177 thousand (prior year: actuarial loss of € 4,039 thousand). The movement resulted primarily from a change in the discount rate, experience adjustments, changes in growth assumptions for the pension assessment base and future salaries, changes in expected retirement age and assumed employee turnover rates. As of 29 February 2020, net cumulative actuarial losses of € 49,353 thousand (prior year: net cumulative losses of € 43,176 thousand) had been offset against retained earnings, not taking into account deferred taxes.

The experience adjustments reflect the impacts on the plan liabilities of differences between the actual movement in the plan obligation during the year and the assumptions made at the beginning of the year. Such differences arise, especially, from actual rates of wage and salary increases, changes in pension benefits, employee turnover and biometric variables such as disability and mortality.

Composition of plan assets

The plan assets consist primarily of investments in an external pension fund and of pension benefit insurance policies. The fundamental objective for the plan assets is to provide, at all times, full coverage of the payment obligations arising from the respective benefit plans. The plan assets include neither financial instruments issued by the Group nor owner-occupied property.

At the balance sheet date the plan assets were invested in the following asset categories:

%	29 Feb 2020	28 Feb 2019
Fixed income securities	55.72	51.45
Equity securities	23.96	23.65
Real estate	4.08	4.77
Other	16.24	20.13

Risks
Defined benefit plans are associated with various risks for the AGRANA Group. Besides general actuarial risks such as discount rate risk and longevity risk, these include the risk that actual outcomes will differ from actuarial assumptions such as rates of wage and salary growth, pension benefit trends, retirement age and employee turnover (early departures). Risks in connection with the plan assets are capital market risks, credit risks and investment risks. Other risks lie in exchange rate fluctuation and changes in inflation rates.

The rate of return on plan assets is assumed to equal the discount rate. If the actual rate of return on plan assets is less than the discount rate used, the respective net liability increases. The net liability is particularly strongly influenced by the discount rate, with the current low market interest rates contributing to a relatively high liability. A further decline in corporate bond yields would lead to a further increase in defined benefit liabilities that can only be offset to a small degree by the increase in market values of the corporate bonds in the plan assets.

Potential inflation risks that may lead to an increase in the defined benefit obligations lie, indirectly, in inflation-driven salary growth during active service and in inflation-induced pension benefit increases.

Duration and future payments
The average weighted duration of the present value of the pension obligations at 29 February 2020 was 10.81 years (prior year: 12.65 years) and that of the termination benefit obligations was 9.09 years (prior year: 8.87 years).

€ 885 thousand of contributions are expected to be paid into the plan assets in the subsequent reporting period (prior year: € 2,004 thousand).

The amounts of pension and termination benefit payments in the next ten years are expected to be as follows:

€000	**Pension benefits**	**Termination benefits**
Financial year(s)		
2020|21	2,578	4,481
2021|22	2,834	3,638
2022|23	2,676	3,830
2023|24	2,629	2,942
2024|25	2,604	2,262
2025|26 to 2029|30	11,319	14,530
Total	**24,640**	**31,683**

Note (23b)

b) Other provisions

€000	**Recla-mation**	**Staff costs including long-service awards**	**Uncertain liabilities**	**Total**
2019|20				
At 1 March 2019 (as published)	8,238	18,443	28,045	54,726
Effects of initial application of IFRS 16	5,380	0	0	5,380
At 1 March 2019 (adjusted)	13,618	18,443	28,045	60,106
Currency translation differences	25	(119)	(9)	(103)
Used	(1,295)	(3,171)	(10,819)	(15,285)
Released	(1,162)	(2,894)	(5,890)	(9,946)
Reclassified	558	0	(558)	0
Added	819	6,728	8,226	15,773
At 29 February 2020	**12,563**	**18,987**	**18,995**	**50,545**
Of which due within 1 year	20	1,901	18,868	20,789

The provisions for uncertain liabilities included, among other items, provisions for onerous contracts of € 3,800 thousand (prior year: € 9,775 thousand), for litigation risks of € 7,976 thousand (prior year: € 9,032 thousand) and for costs of beet receiving, loading and storage of € 1,400 thousand (prior year: € 1,600 thousand).

Of the non-current other provisions of € 29,756 thousand (prior year: € 23,505 thousand), a large portion, at € 13,721 thousand (prior year: € 12,598 thousand), represented provisions for long-service awards. These are payable under local company agreements or collective agreements and are based on length of service. Phased-retirement provisions of € 714 thousand (prior year: € 920 thousand) are expected to be used in outflows of funds in the next one to two years. For the majority of the non-current provisions of € 12,543 thousand (prior year: € 7,455 thousand) for reclamation, an outflow of funds is likely to occur in more than five years.

Note (24)

10.9. Borrowings

€000	29 Feb 2020	28 Feb 2019
Bank loans and overdrafts, and other loans from non-Group entities	550,202	338,482
Borrowings from affiliated companies in the Südzucker group	0	85,000
Lease liabilities	26,824	145
Borrowings	**577,026**	**423,627**
Of which due after more than 1 year	450,212	278,988

Details of bank loans and overdrafts are presented in sections 11.1. to 11.4.

The maturities of the lease liabilities existing at the balance sheet date were as follows:

€000	29 Feb 2020
Non-current lease liabilities	21,872
Current lease liabilities	4,952

At the balance sheet date, the bank loans and overdrafts were secured by liens. The liens related to collateral in the form of export receivables for an export credit in Austria and in the form of operating assets (such as machinery) for loans in Algeria. The underlying carrying amounts were € 9,813 thousand (prior year: € 8,904 thousand).

Note (25)

10.10. Trade and other payables

€000	29 Feb 2020	28 Feb 2019
Trade payables	311,771	292,914
Amounts due to affiliated companies in the Südzucker group and joint ventures	31,086	16,564
Payables from the acquisition of subsidiaries	12,192	16,845
Derivative liabilities	3,197	4,588
Financial other payables	67,312	65,033
Financial instruments	**425,558**	**395,944**
Payables: deferred income	3,622	3,286
Payables: prepayments	575	705
Payables: other tax	11,817	8,350
Payables: social security	8,170	8,162
Total	**449,742**	**416,447**
Of which due after more than 1 year	6,418	12,820

Trade payables included obligations to beet growers of € 38,113 thousand (prior year: € 23,747 thousand).

Financial other payables included, among other items, liabilities to employees and payroll liabilities.

Note (26)

10.11. Deferred tax liabilities

Deferred tax liabilities were attributable to balance sheet items as follows:

€000	29 Feb 2020	28 Feb 2019
Deferred tax liabilities		
Non-current assets	20,510	15,756
Inventories	575	373
Receivables and other assets	2,828	2,731
Untaxed reserves in separate financial statements	1,939	2,015
Provisions and other liabilities	2,369	1,501
Total deferred tax liabilities	**28,221**	**22,376**
Deferred tax assets offset against deferred tax liabilities relating to the same tax authority	(22,717)	(15,820)
Net deferred tax liabilities	**5,504**	**6,556**

Deferred tax assets are detailed in note 20.

11. Notes on financial instruments

11.1. Investment and credit transactions (non-derivative financial instruments)

To cover its overall funding needs, the AGRANA Group, in addition to its self-financing capability, has access to syndicated credit lines and bilateral credit lines from banks.

Financial instruments are generally procured centrally and distributed Group-wide. The principal aims of obtaining financing are to achieve sustained growth in enterprise value, safeguard the Group's credit quality and ensure its liquidity.

To manage the seasonally fluctuating cash flows, the AGRANA Group in the course of its day-to-day financial management uses conventional investments (demand deposits, time deposits and securities) and borrowings (in the form of overdrafts, short-term funds and fixed rate loans).

	Average effective interest rate	At balance sheet date	Of which due in		
			Up to 1 year	1 to 5 years	More than 5 years
	%	€000	€000	€000	€000
29 February 2020					
Fixed rate					
CNY	5.00	7,350	1,598	5,752	0
DZD	6.50	2,013	1,086	927	0
EUR	1.28	315,922	5,361	164,455	146,106
	1.40	**325,285**	**8,045**	**171,134**	**146,106**
Variable rate					
CNY	4.79	8,671	8,671	0	0
EGP	15.00	441	441	0	0
EUR	0.75	210,473	99,373	76,000	35,100
HUF	6.00	3,643	3,643	0	0
KRW	2.86	1,585	1,585	0	0
USD	2.25	104	104	0	0
	1.03	**224,917**	**113,817**	**76,000**	**35,100**
Total	**1.25**	**550,202**	**121,862**	**247,134**	**181,206**

	Average effective interest rate	At balance sheet date	Of which due in Up to 1 year	1 to 5 years	More than 5 years
	%	€000	€000	€000	€000
28 February 2019					
Fixed rate					
CNY	5.00	7,425	594	6,831	0
DZD	5.69	2,150	1,291	859	0
EUR	1.53	267,022	45,805	164,051	57,166
	1.66	**276,597**	**47,690**	**171,741**	**57,166**
Variable rate					
ARS	75.00	28	22	6	0
EGP	12.00	432	432	0	0
EUR	0.68	138,558	88,558	50,000	0
HUF	2.00	5,925	5,925	0	0
KRW	3.32	1,204	1,204	0	0
TRY	22.85	297	297	0	0
USD	2.25	441	441	0	0
	0.86	**146,885**	**96,879**	**50,006**	**0**
Total	**1.38**	**423,482**	**144,569**	**221,747**	**57,166**

Borrowings (excluding lease liabilities) consisted of bank loans and overdrafts, and borrowings from affiliated companies in the Südzucker group, in a total amount of € 550,202 thousand (prior year: € 423,482 thousand).

The weighted average interest rate paid on these credits was 1.25% (prior year: 1.38%), with an average remaining maturity of 4.0 years (prior year: 3.5 years).

The credit funding of the AGRANA Group consisted primarily of two syndicated credit lines totalling € 450,000 thousand at the balance sheet date (prior year: € 450,000 thousand), a Schuldscheindarlehen (bonded loan) of € 207,000 thousand (prior year: € 42,500 thousand) and a financing from Südzucker AG, Mannheim, Germany, in the amount of € 0 thousand (prior year: € 85,000 thousand). The rest of the credit funding consisted of bilateral credit lines.

The fixed interest portion of bank loans and overdrafts and amounts due to affiliated companies was € 325,285 thousand (prior year: € 276,597 thousand). The fair values (i.e., market values) of the variable rate bank loans and overdrafts are equivalent to their carrying amounts. At the balance sheet date, bank loans and overdrafts in the amount of € 9,813 thousand (prior year: € 8,904 thousand) were secured by other liens, see note 24.

Cash and cash equivalents increased by € 10,833 thousand from the prior year to a new total of € 93,415 thousand.

11.2. Derivative financial instruments

To hedge part of the risks arising from its operating activities (risks due to movements in interest rates, foreign exchange rates and raw material prices), the AGRANA Group to a limited extent uses derivative financial instruments. AGRANA employs derivatives largely to hedge the following exposures:

- Interest rate risks, which can arise from floating rate borrowings.
- Currency risks, which may arise primarily from the purchase and sale of products in US dollars and Eastern European currencies and from finance in foreign currencies.
- Market price risks, arising especially from changes in commodity prices for sugar in the world market, grain prices, and selling prices for sugar and ethanol.

The Group employs only conventional derivatives for which there is a sufficiently liquid market (for example, interest rate swaps, caps, forward foreign exchange contracts, currency options or commodity futures). The use of these instruments is governed by Group policies under the Group's risk management system. These policies prohibit the speculative use of derivative financial instruments, set ceilings appropriate to the underlying transactions, define authorisation procedures, minimise credit risks, and specify internal reporting rules and the organisational separation of risk-taking and risk oversight. Adherence to these standards and the proper processing and valuation of transactions are regularly monitored by an internal department whose independence is ensured by organisational separation from risk origination.

The notional amounts and market values (fair values) of the derivative financial instruments held by the AGRANA Group were as follows:

Purchase	Sale	Notional amount	Positive fair values	Negative fair values	Net fair value
		€000	€000	€000	€000
29 February 2020					
AUD	EUR	4,426	0	(137)	(137)
CZK	EUR	1,067	6	(1)	5
EUR	AUD	3,373	106	0	106
EUR	CZK	25,824	66	(127)	(61)
EUR	GBP	396	2	0	2
EUR	HUF	17,412	133	(4)	129
EUR	INR	1,740	0	(24)	(24)
EUR	MXN	12,262	31	(143)	(112)
EUR	PLN	10,669	109	0	109
EUR	RON	95,153	13	(306)	(293)
EUR	RUB	2,349	23	(71)	(48)
EUR	USD	68,276	10	(1,041)	(1,031)
EUR	ZAR	2,676	86	0	86
GBP	EUR	9	0	0	0
HUF	EUR	3,275	0	(7)	(7)
INR	EUR	50	0	0	0
PLN	EUR	29,217	22	(117)	(95)
RON	EUR	44,347	131	(11)	120
USD	AUD	922	61	0	61
USD	EUR	47,443	923	(142)	781
USD	RUB	114	3	0	3
Currency derivatives		**371,000**	**1,725**	**(2,131)**	**(406)**
Interest rate swap		50,000	0	(1,059)	(1,059)
Interest cap		50,000	0	0	0
Sugar futures		57,204	71	(7)	64
Wheat and corn futures		408,400	177	0	177
Ethanol futures		9,600	161	0	161
Total		**946,204**	**2,134**	**(3,197)**	**(1,063)**

Purchase	Sale	Notional amount	Positive fair values	Negative fair values	Net fair value
		€000	€000	€000	€000
28 February 2019					
AUD	EUR	5,213	8	(27)	(19)
CZK	EUR	25,026	203	0	203
EUR	AUD	5,441	46	(5)	41
EUR	CZK	25,841	0	(249)	(249)
EUR	HUF	11,776	0	(245)	(245)
EUR	INR	1,696	2	(3)	(1)
EUR	MXN	6,030	4	(451)	(447)
EUR	PLN	19,553	25	(34)	(9)
EUR	RON	66,923	505	(2)	503
EUR	RUB	1,494	1	(37)	(36)
EUR	USD	117,725	52	(1,470)	(1,418)
EUR	ZAR	2,868	0	(27)	(27)
MXN	EUR	615	55	0	55
PLN	EUR	53,834	93	(18)	75
RON	EUR	32,765	9	(243)	(234)
USD	AUD	2,494	69	0	69
USD	EUR	89,577	581	(266)	315
Currency derivatives		**468,871**	**1,653**	**(3,077)**	**(1,424)**
Interest rate swaps		108,000	0	(1,419)	(1,419)
Interest cap		50,000	0	0	0
Sugar futures		20,286	218	(92)	126
Wheat and corn futures		38,730	254	0	254
Total		**685,887**	**2,125**	**(4,588)**	**(2,463)**

The currency derivatives and commodity derivatives are used to hedge cash flows over periods of up to one year; the interest rate derivatives serve to hedge cash flows for periods of one to five years.

The notional amount of the derivatives represents the face amount of all hedges, translated into euros, the Group currency.

The fair value of a derivative is the amount which the AGRANA Group would have to pay or would receive at the balance sheet date in the hypothetical event of early termination of the hedge position. As the hedging transactions involve only standardised, fungible financial instruments, fair value is determined on the basis of quoted market prices.

Fair value changes of derivatives that were used to hedge future cash flows and have a hedging relationship to an underlying transaction (cash flow hedges) must initially be recognised in other comprehensive income. Subsequently they are taken to profit or loss only when the cash flows are realised, in revenue (for sales transactions) or cost of materials (for purchase transactions) and in net financial items (for interest rate swaps).

The carrying amounts – which represent the fair values – of the derivatives recognised with such a hedging relationship are presented in the following table:

	29 Feb 2020		28 Feb 2019	
	Fair value		Fair value	
€000	Positive	Negative	Positive	Negative
Currency derivatives	0	(25)	19	(76)
Interest rate swaps	0	(1,059)	0	(555)
Sugar futures	71	(7)	218	(92)
Wheat and corn futures	153	0	106	0
Ethanol futures	161	0	0	0
Total	**385**	**(1,091)**	**343**	**(723)**

The hedge relationships concern the hedging of price risk on raw sugar purchases, sugar sales, wheat and corn purchases, corn sales in the case of waxy corn derivatives, and on sales of ethanol. Under the risk management strategy, hedging through futures contracts is intended to hedge a certain percentage of the planned commodity quantities. The goal of the risk management strategy is to lock in the price of future purchases and sales at an early stage by entering into corresponding futures contracts. As part of the hedging of price risk, transactions in US dollars are protected against the effects of exchange rate movements through the use of foreign exchange contracts.

To hedge interest rate risk, the Group holds interest rate swaps with a hedging relationship to the underlying transaction. The underlying transaction is considered to consist of the future cash flows from financial liabilities that carry variable interest at 3-month EURIBOR. The hedging of the variable future interest payments on the financial liability leads to the reduction of volatile valuation components in the income statement and enhances the quality of planning and forecasting. The risk management objective is thus to hedge against the risk of fluctuations in variable cash flows.

For the 2019|20 financial year, a loss of € 824 thousand (prior year: loss of € 430 thousand) before taxes, and a tax benefit of € 205 thousand (prior year: € 99 thousand) for value changes on derivatives with a hedging relationship to the underlying transaction, were recognised in other comprehensive income. Both in the year under review and the prior year, there was no hedge ineffectiveness to be recognised. Net derivative gains of € 117 thousand relating to already fulfilled underlying transactions were reclassified from the reserve for hedging instruments (cash flow hedges) to the income statement. The fair values of the derivatives remained in the balance sheet until their settlement. At the prior-year balance sheet date, already-realised net derivative gains of € 50 thousand remained in the reserve for hedging instruments (cash flow hedges), to be held there until the underlying transaction was fulfilled.

The following table presents the derivatives that have a hedging relationship to an underlying transaction, with the notional amounts or contract volumes, and the average prices and interest rates, by maturity.

		29 Feb 2020			28 Feb 2019		
		Remaining maturity			Remaining maturity		
		Up to 1 year	1 to 5 years	More than 5 years	Up to 1 year	1 to 5 years	More than 5 years
Currency derivatives							
Notional amount	€000	2,500	–	–	6,216	–	–
Average hedged price	€	1.115	–	–	1.157	–	–
Interest rate swaps							
Notional amount	€000	50,000	50,000	–	50,000	50,000	–
Average hedged price	%	0.245	0.245	–	0.245	0.245	–
Sugar futures							
Volume	Tonnes	4,471	–	–	61,827	–	–
Average hedged price	€ per tonne	14.828	–	–	10.920	–	–
Wheat and corn futures							
Volume	Tonnes	63,100	–	–	78,800	–	–
Average hedged price	€ per tonne	178.740	–	–	180.802	–	–
Ethanol futures							
Volume	Tonnes	9,600	–	–	–	–	–
Average hedged price	€ per tonne	628.886	–	–	–	–	–

The value changes of those derivative positions which do not have a hedging relationship to an underlying transaction are recognised in profit or loss in the income statement. Hedging transactions were carried out to hedge sales revenue and raw material expenses.

The table below shows the periods in which the cash outflows are expected to occur, as well as the carrying amounts of the hedging instruments:

			Contractual cash outflows							
€000	Carrying amount	Total	Up to 3 m	4 to 6 m	7 to 12 m	1 to 2 y	2 to 3 y	3 to 4 y	4 to 5 y	More than 5 y
29 February 2020										
Currency derivatives										
Positive fair values	1,725	1,725	1,113	508	104	0	0	0	0	0
Negative fair values	(2,131)	(2,131)	(1,899)	(143)	(89)	0	0	0	0	0
Interest rate derivatives										
Positive fair values	0	0	0	0	0	0	0	0	0	0
Negative fair values	(1,059)	(895)	(80)	(80)	(159)	(319)	(257)	0	0	0
Commodity derivatives										
Positive fair values	409	409	291	85	33	0	0	0	0	0
Negative fair values	(7)	(7)	(7)	0	0	0	0	0	0	0
Total	**(1,063)**	**(899)**	**(582)**	**370**	**(111)**	**(319)**	**(257)**	**0**	**0**	**0**
28 February 2019										
Currency derivatives										
Positive fair values	1,653	1,653	1,371	120	162	0	0	0	0	0
Negative fair values	(3,077)	(3,077)	(2,230)	(360)	(487)	0	0	0	0	0
Interest rate derivatives										
Positive fair values	0	0	0	0	0	0	0	0	0	0
Negative fair values	(1,419)	(1,956)	(402)	(402)	(362)	(283)	(283)	(224)	0	0
Commodity derivatives										
Positive fair values	472	472	230	187	55	0	0	0	0	0
Negative fair values	(92)	(92)	(92)	0	0	0	0	0	0	0
Total	**(2,463)**	**(3,000)**	**(1,123)**	**(455)**	**(632)**	**(283)**	**(283)**	**(224)**	**0**	**0**

In terms of sensitivities, the net combined fair value of the derivative positions held at 29 February 2020 would have changed as follows given a reduction or increase of a half percentage point in the market interest rate, an appreciation or depreciation of 10% in the relevant currencies against the euro, and a reduction or increase of 10% in the prices of wheat, corn and sugar:

	Notional amount		Sensitivity (+)		Sensitivity (–)	
€000	29 Feb 2020	28 Feb 2019	29 Feb 2020	28 Feb 2019	29 Feb 2020	28 Feb 2019
Currency derivatives	371,000	468,871	10,054	4,243	(12,289)	(5,186)
Interest rate derivatives	100,000	158,000	707	1,112	(707)	(4,045)
Commodity derivatives	475,204	59,016	28	2,521	(1,125)	(3,295)

The effect of the changes in fair value on equity, including the tax effect, would have been, for the increase in rates and prices, an equity increase of € 608 thousand (prior year: increase of € 3,146 thousand) and for the decrease in rates and prices, an equity decrease of € 1,419 thousand (prior year: decrease of € 5,770 thousand). The effect of the fair value changes on profit before tax would have been, for the increase in rates and prices, a profit increase of € 9,979 thousand (prior year: increase of € 3,681 thousand) and for the decrease in rates and prices, a profit decrease of € 12,229 thousand (prior year: decrease of € 4,833 thousand).

11.3. Additional disclosures on financial instruments

Carrying amounts and fair values of financial instruments

Set out in the table below are the carrying amounts and fair values of the Group's financial assets and liabilities, both by individual item type and by measurement category. The fair value of a financial instrument is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

The table below also shows how the fair values were determined, broken down by category of financial instrument. The fair value measurements were classified into three categories according to how closely the inputs used were based on quoted market data:

The three levels were defined as follows:

- Level 1 consists of those financial instruments for which the fair value represents exchange or market prices quoted for the exact instrument on an active market (i.e., these prices are used without adjustment or change in composition).
- In Level 2, the fair values are determined on the basis of exchange or market prices quoted on an active market for similar assets or liabilities, or using other valuation techniques for which the significant inputs are based on observable market data.
- Level 3 consists of those financial instruments for which the fair values are determined on the basis of valuation techniques using significant inputs that are not based on observable market data.

The fair value of Level 2 currency derivatives is measured based on the exchange rate at the balance sheet date and the underlying currencies' interest rate differential relevant for the remaining maturity. The mark-to-market price is determined and compared with the price of the hedged item or transaction. The input factors for this are the reference rates of the European Central Bank (ECB; daily fixing) or selected national central banks, and the daily EURIBOR and LIBOR/IBOR rates.

For Level 2 interest rate derivatives, the measurement of fair value involves comparing the fixed interest rate with the swap rates as at the balance sheet date or with the yield curve relevant for the maturity. The fair value is obtained from a separate calculation provided by banking institutions.

In measuring the fair values of bank loans and overdrafts, other loans from non-Group entities, and borrowings from affiliated companies in the Südzucker group in Level 2, the terms agreed in the existing financing contracts, such as the remaining maturity and interest rate, are compared with the current market terms available at the balance sheet date for new financings with the same remaining maturity. The interest rate differential identified in this comparison determines the difference between the carrying amount and fair value.

The table below does not contain disclosures on the fair value of financial assets and liabilities that do not require measurement at fair value if the carrying amount is a reasonable approximation of fair value. This applies in particular to trade receivables, other financial assets, cash and cash and cash equivalents, trade payables and financial other payables, as a result of the short terms to maturity.

€000	Carrying amount: Fair value through profit or loss	Carrying amount: Fair value through other comprehensive income (no recycling)	Carrying amount: Fair value through other comprehensive income (hedging instruments)	Carrying amount: At amortised cost	Carrying amount: Total	Fair value: Level 1	Fair value: Level 2	Fair value: Level 3	Fair value: Total
29 February 2020									
Financial assets at fair value									
Securities (non-current)	13,340	6,259	–	–	**19,599**	12,449	–	7,150	**19,599**
Investments in non-consolidated subsidiaries and outside companies (non-current)	–	919	–	–	**919**	–	–	919	**919**
Derivative financial assets	1,749	–	385	–	**2,134**	409	1,725	–	**2,134**
	15,089	**7,178**	**385**	**–**	**22,652**				
Financial assets not at fair value									
Trade receivables	–	–	–	319,457	**319,457**				
Financial other receivables[1]	–	–	–	40,384	**40,384**				
Cash and cash equivalents	–	–	–	93,415	**93,415**				
	–	**–**	**–**	**453,256**	**453,256**				
Financial liabilities at fair value									
Derivative liabilities	2,106	–	1,091	–	**3,197**	7	3,190	–	**3,197**
	2,106	**–**	**1,091**	**–**	**3,197**				
Financial liabilities not at fair value									
Bank loans and overdrafts, and other loans from non-Group entities	–	–	–	550,202	**550,202**	–	552,790	–	**552,790**
Lease liabilities[2]	–	–	–	26,824	**26,824**				
Trade payables	–	–	–	311,771	**311,771**				
Financial other payables[3]	–	–	–	110,590	**110,590**				
	–	**–**	**–**	**999,387**	**999,387**				

[1] Excluding other tax receivables, and excluding those prepaid expenses and accrued income not resulting in a cash inflow.
[2] In accordance with IFRS 7.29 (d), as of the initial application of IFRS 16 at 1 March 2019, the fair value is no longer presented.
[3] Excluding payables from other tax, social security, customer prepayments, and deferred income.

€000	Carrying amount: Fair value through profit or loss	Carrying amount: Fair value through other comprehensive income (no recycling)	Carrying amount: Fair value through other comprehensive income (hedging instruments)	Carrying amount: At amortised cost	Carrying amount: Total	Fair value: Level 1	Fair value: Level 2	Fair value: Level 3	Fair value: Total
28 February 2019									
Financial assets at fair value									
Securities (non-current)	13,072	5,771	0	0	**18,843**	12,181	–	6,662	**18,843**
Investments in non-consolidated subsidiaries and outside companies (non-current)	0	19	0	0	**19**	–	–	19	**19**
Derivative financial assets	1,782	0	343	0	**2,125**	472	1,653	–	**2,125**
	14,854	**5,790**	**343**	**0**	**20,987**				
Financial assets not at fair value									
Trade receivables	0	0	0	321,694	**321,694**				
Financial other receivables[1]	0	0	0	36,827	**36,827**				
Cash and cash equivalents	0	0	0	82,582	**82,582**				
	0	**0**	**0**	**441,103**	**441,103**				
Financial liabilities at fair value									
Derivative liabilities	3,865	0	723	0	**4,588**	92	4,496	–	**4,588**
	3,865	**0**	**723**	**0**	**4,588**				
Financial liabilities not at fair value									
Bank loans and overdrafts, and other loans from non-Group entities	0	0	0	338,482	**338,482**	–	341,127	–	**341,127**
Borrowings from affiliated companies in the Südzucker group	0	0	0	85,000	**85,000**	–	86,404	–	**86,404**
Finance lease liabilities	0	0	0	145	**145**	–	184	–	**184**
Trade payables	0	0	0	292,914	**292,914**				
Financial other payables[2]	0	0	0	98,441	**98,441**				
	0	**0**	**0**	**814,982**	**814,982**				

[1] Excluding other tax receivables, and excluding those prepaid expenses and accrued income not resulting in a cash inflow.
[2] Excluding payables from other tax, social security, customer prepayments, and deferred income.

The fair values of financial instruments were determined on the basis of the market information available at the balance sheet date and using the methods and assumptions outlined below.

Securities of Level 1 classified as at “fair value through profit or loss” included investment fund units of € 12,449 thousand (prior year: € 12,181 thousand) and are measured at current market values obtained from securities account statements. Level 3 securities categorised as at “fair value through other comprehensive income (no recycling)” consist largely of equity instruments in the amount of € 5,991 thousand (prior year: € 5,502 thousand), for which the market value is determined based on an issuer valuation report. For other securities in Level 3 classified as at “fair value through profit or loss” (uncertificated securities) in the amount of € 891 thousand (prior year: € 891 thousand), the nominal value represents their fair value. For shares of non-listed companies classified as at “fair value through other comprehensive income (no recycling)” in the amount of € 268 thousand (prior year: € 269 thousand) and for € 13 thousand (prior year: € 19 thousand) of investments in non-consolidated subsidiaries, the Group chose not to determine fair value based on discounted future cash flows, as this item was not material to the Group. The fair value of investments in outside companies in the amount of € 906 thousand (prior year: € 0 thousand) was determined using discounted expected future cash flows.

Securities, investments in non-consolidated subsidiaries and in outside companies that are classified as at “fair value through other comprehensive income (no recycling)” are held for the long term for strategic purposes. The following table shows their fair values and associated dividend payments.

€000	Carrying amount 29 Feb 2020	Dividend 2019|20	Carrying amount 28 Feb 2019	Dividend 2018|19
RAIFFEISEN-HOLDING NIEDERÖSTERREICH-WIEN regGenmbH	5,991	116	5,503	108
Other	1,187	17	287	24
Total	**7,178**	**133**	**5,790**	**132**

The change in fair values of Level 3 securities was recognised in other comprehensive income, in the reserve for equity instruments, at an increase of € 489 thousand (prior year: increase of € 1,051 thousand) before tax, and at a tax expense of € 122 thousand (prior year: tax expense of € 263 thousand). In the 2019|20 financial year in the category “at fair value through other comprehensive income (no recycling)”, in Level 3, there were additions of two investments in outside companies in the amount of € 906 thousand, and one disposal of an unconsolidated subsidiary in the amount of € 5 thousand. There were no other changes in Level 3 financial instruments.

The positive and negative fair values of commodity derivatives relate partly to cash flow hedges. For the interest rate hedges, the fair values are determined on the basis of discounted future cash flows. Forward foreign exchange contracts are measured on the basis of reference rates, taking into account forward premiums or discounts. The fair values of interest rate derivatives are obtained from the bank confirmations as at the balance sheet date. These fair values represent the present values of the future interest payments based on the yield curves used. The fair values of commodity derivatives are based on official quotations on futures exchanges. The market rates (fair values) of currency derivatives are based on the forward rates determined by AGRANA as at the balance sheet date and on the hedged exchange rates. The interest rates and exchange rates used for the determination of the forward rates are based on the reference rates published by the ECB or the national central banks. In some cases, as a result of differences in interest rates, the fair values determined by the Group may differ to an insignificant extent from the fair values calculated by the commercial banks that issue the bank confirmations.

The fair value of fixed interest liabilities is calculated as the present value of expected future cash flows. For variable rate liabilities, the fair value equals the carrying amount.

The net gains and losses on financial instruments are presented by measurement category in the following table:

€000	2019|20	2018|19
Fair value through profit or loss	263	(157)
Fair value through profit or loss – derivatives	3,267	(552)
At amortised cost – financial assets	(3,006)	(90)
At amortised cost – financial liabilities	3,776	(1,129)
Net gain/(loss) on financial instruments in the income statement	**4,300**	**(1,928)**
Fair value through other comprehensive income (no recycling)	489	1,051
Fair value through other comprehensive income (hedging instruments)	(394)	(430)
Net gain on financial instruments in other comprehensive income	**95**	**621**
Total net gain/(loss) on financial instruments	**4,395**	**(1,307)**

The total interest income and expense on financial assets and financial liabilities measured at amortised cost was as follows:

€000	2019|20	2018|19
Total interest income	1,137	1,612
Total interest expense	(6,829)	(5,017)
Net interest expense	**(5,692)**	**(3,405)**

11.4. Risk management in the AGRANA Group

The AGRANA Group is exposed to market price risks through changes in exchange rates, interest rates and security prices. On the procurement side, price risks arise largely from energy costs, the purchase of sugar in the world market and the purchase of wheat and corn (maize) for bioethanol production. On the sales side, price risks arise primarily from selling prices that are based on world market prices of ethanol and sugar. In addition, the Group is exposed to credit risks, which are associated especially with trade receivables.

AGRANA uses an integrated system for the early identification and monitoring of risks relevant to the Group. The Group's proven approach to risk management is guided by the aim of balancing risks and returns. The Group's risk culture is characterised by risk-aware behaviour, clearly defined responsibilities, independent risk control, and the implementation of internal control systems.

AGRANA regards the responsible management of business risks and opportunities as an important part of sustainable, value-driven corporate governance. Risk management thus forms an integral part of the entire planning, management and reporting process and is directed by the Management Board. The parent company and all subsidiaries employ risk management systems that are tailored to their respective operating activity. The systems' purpose is the methodical identification, assessment, control and documenting of risks.

In a three-pronged approach, risk management at the AGRANA Group is based on risk control at the operational level, on strategic control of Group companies by the Group, and on an internal monitoring system delivered by the Group's internal audit department. In addition, emerging trends that could develop into threats to the viability of the AGRANA Group as a going concern are identified and analysed at an early stage and continually re-evaluated as part of the risk management process.

Credit risk
Credit risk is the risk of an economic loss as a result of a counterparty's failure to honour its payment obligations. Credit risk includes both the risk of a deterioration in customers' or other counterparties' credit quality, and the risk of their immediate default.

The trade receivables of the AGRANA Group are largely with the food and chemical industries and the reseller sector (wholesalers and retailers). Credit risk in respect of trade receivables is managed on the basis of internal standards and guidelines.

The AGRANA Group applies the following credit risk management principles:

- Credit analysis of prospective customers and ongoing monitoring of existing customers' credit quality
- Use of trade credit insurance in accordance with internal Group regulations and requirements, supplemented where appropriate with additional security such as bank guarantees, letters of credit or prepayments.
- Systems-supported credit limit checks
- Standardised dunning

Each operating unit is responsible for the implementation and monitoring of the corresponding processes. As well, a monthly credit risk report is prepared by the operating units and aggregated at Group level. The uniform measures monitored as part of credit risk monitoring include, among others, days sales outstanding (DSO), the ageing schedule for receivables, and the types and amounts of credit security.

In determining possible impairment, in accordance with internal guidelines and IFRS 9, trade receivables are deemed irrecoverable when 90 days past due, unless the operating unit has reasonable and supportable information that demonstrates that a longer period past due is justified. However, should impairment be identified in the course of the credit monitoring, individual impairment is applied. This is also true for trade receivables less than 90 days past due.

Beyond the recognition of individual impairment, the defaults of the past five years were analysed. Based on the results, loss rates were determined, by length of time past due.

The maturity profile of trade receivables, the loss rates and the impairment allowances raised were as follows:

€000	Loss rate %	Gross carrying amount	Impair-ment allowance	Net carrying amount
29 February 2020				
Trade receivables not yet due	0.0234	293,458	(68)	293,390
Trade receivables past due				
Up to 30 days	0.2958	18,146	(54)	18,092
31 to 90 days	0.9841	5,694	(56)	5,638
More than 90 days		2,337	0	2,337
Individual impairment recognised		7,205	(7,205)	0
Total		**326,840**	**(7,383)**	**319,457**
28 February 2019				
Trade receivables not yet due	0.0414	295,705	(123)	295,582
Trade receivables past due				
Up to 30 days	0.3330	21,316	(71)	21,245
31 to 90 days	1.3030	3,527	(46)	3,481
More than 90 days		1,386	0	1,386
Individual impairment recognised		7,101	(7,101)	0
Total		**329,035**	**(7,341)**	**321,694**

The allowance for impairment of trade receivables showed the following movements:

€000	29 Feb 2020	28 Feb 2019
Allowance at 1 March	7,341	7,243
Adjustment from initial application of IFRS 9	0	197
Currency translation adjustments/other changes	(24)	13
Added	1,358	1,130
Used	(476)	(670)
Released	(816)	(572)
Allowance at 29/28 February	**7,383**	**7,341**

The released amount of the allowance included interest income of € 12 thousand (prior year: € 9 thousand).

Liquidity risk
Liquidity risk is the risk that a company will not be able to meet its financial obligations when due or in sufficient measure.

The AGRANA Group generates liquidity with its business operations and from external financing. The funds are used to fund working capital, investment and business acquisitions.

In order to ensure the Group's solvency at all times and safeguard its financial flexibility, a liquidity reserve is maintained in the form of credit lines and, to the extent necessary, of cash.

To manage the seasonally fluctuating cash flows, both short-term and long-term finance is raised in the course of day-to-day financial management.

At the balance sheet date the Group had credit lines with a total limit of € 1,003,201 thousand (prior year: € 897,161 thousand). The weighted average remaining maturity of the credit lines at the balance sheet date was 3.0 years (prior year: 2.6 years).

The following maturity profile shows the effects of the cash outflows from liabilities as at 29 February 2020 on the Group's liquidity situation. All cash outflows are undiscounted.

			Contractual cash outflows							
€000	Carrying amount	Total	Up to 3 m	4 to 6 m	7 to 12 m	1 to 2 y	2 to 3 y	3 to 4 y	4 to 5 y	More than 5 y
29 Februray 2020										
Non-derivative financial payables										
Bank loans and overdrafts, and other loans from non-Group entities	550,202	575,876	109,095	12,039	6,140	13,780	120,655	10,131	119,263	184,773
Trade payables	311,771	311,771	283,883	24,278	3,610	0	0	0	0	0
Trade payables and amounts due to affiliated companies in the Südzucker group and joint ventures	31,086	31,086	29,405	1,103	578	0	0	0	0	0
Lease liabilities	26,824	38,583	1,500	1,557	2,807	4,783	4,178	3,268	1,310	19,180
Financial other payables	79,504	79,504	60,059	6,682	6,346	6,256	85	14	14	48
	999,387	**1,036,820**	**483,942**	**45,659**	**19,481**	**24,819**	**124,918**	**13,413**	**120,587**	**204,001**

€000	Carrying amount	Total	Contractual cash outflows Up to 3 m	4 to 6 m	7 to 12 m	1 to 2 y	2 to 3 y	3 to 4 y	4 to 5 y	More than 5 y
Derivative financial payables										
Interest rate derivatives	1,059	895	80	80	159	319	257	0	0	0
Currency derivatives	2,131	2,131	1,899	143	89	0	0	0	0	0
Commodity derivatives	7	7	7	0	0	0	0	0	0	0
	3,197	**3,033**	**1,986**	**223**	**248**	**319**	**257**	**0**	**0**	**0**
28 February 2019										
Non-derivative financial payables										
Bank loans and overdrafts, and other loans from non-Group entities	338,482	349,078	105,804	14,228	27,481	9,393	10,497	16,598	106,562	58,515
Borrowings from affiliated companies in the Südzucker group	85,000	91,040	319	319	637	1,275	1,275	1,275	85,940	0
Trade payables	292,914	292,914	275,990	14,086	2,838	0	0	0	0	0
Trade payables and amounts due to affiliated companies in the Südzucker group and joint ventures	16,564	16,564	15,908	0	656	0	0	0	0	0
Finance lease liabilities	145	188	25	25	51	76	11	0	0	0
Financial other payables	81,877	81,877	54,412	6,181	8,464	6,941	5,751	57	23	48
	814,982	**831,661**	**452,458**	**34,839**	**40,127**	**17,685**	**17,534**	**17,930**	**192,525**	**58,563**
Derivative financial payables										
Interest rate derivatives	1,419	1,955	402	402	362	283	283	223	0	0
Currency derivatives	3,077	3,077	2,230	360	487	0	0	0	0	0
Commodity derivatives	92	92	92	0	0	0	0	0	0	0
	4,588	**5,124**	**2,724**	**762**	**849**	**283**	**283**	**223**	**0**	**0**

The undiscounted cash outflows as presented are based on the assumption that repayment of liabilities is applied to the earliest maturity date. Interest payments on floating rate financial instruments are determined by reference to the most recent prevailing rates.

Currency risk
The Group's international business operations expose AGRANA to foreign exchange risks from financing and financial investment, from trade receivables and trade payables, and from future foreign currency cash flows under purchasing and sales contracts. To measure and control these risks, the AGRANA Group uses Value-at-Risk based on the variance-covariance approach at a 95% confidence level. This involves the measurement of the various currency pairs at the given volatilities and takes into account the correlations between them.

The result is stated as diversified Value-at-Risk:

	Value-at-Risk	
€000	**29 Feb 2020**	**28 Feb 2019**
Sum of absolute net positions of the currency pairs	140,281	118,435
Value-at-Risk diversified	**3,835**	**9,848**

The following table gives the foreign currency position by currency pair of the Value-at-Risk calculation. The individual values include both the financing activities and the operating business. This combined presentation allows the quantification of the interactions between these two spheres for each currency pair (natural hedging).

	Foreign-currency position	
€000	**29 Feb 2020**	**28 Feb 2019**
Currency pair		
EUR/ARS	7	8,944
EUR/AUD	1,911	559
EUR/CNY	4,326	787
EUR/CZK	5,874	1,059
EUR/HUF	1,078	21,625
EUR/INR	2,548	66
EUR/MAD	3,698	3,724
EUR/RON	94,675	35,311
EUR/RUB	4,038	22,861
EUR/UAH	642	4,258
EUR/USD	1,886	900
USD/AUD	1,915	496
USD/BRL	2,444	1,179
USD/CNY	9,173	386
USD/MXN	80	3,573
Other	5,986	12,707
Total	**140,281**	**118,435**

Most of the Group's foreign exchange risk arises in the operating business, when revenues or costs are denominated in a currency other than that of the related costs or revenues, respectively. The AGRANA Group's currency risk from financing arises from borrowings and financial investments not denominated in the local currency of the respective company.

The total foreign currency positions of € 140,281 thousand (prior year: € 118,435 thousand) related primarily to Romania, China, the Czech Republic, Russia and Morocco, and represented a Value-at-Risk of € 3,835 thousand (prior year: € 9,848 thousand).

In the Sugar segment, Group companies based in the European Union whose local currency is not the euro are exposed to foreign exchange risk between the euro and their respective local currency, as the beet prices for a given campaign are partly set in euros. The subsidiaries in Romania and Hungary are subject to currency risk from raw sugar purchases in US dollars and purchases of white sugar in euros, and some companies are exposed to currency risk from the exporting of sugar in US dollars.

In the Starch segment, foreign exchange risks arise from borrowings not denominated in local currency.

In the Fruit segment, foreign exchange risks arise when revenue and materials costs are in foreign currency rather than local currency. In addition, risks arise from borrowings not denominated in local currency.

Interest rate risk
The AGRANA Group is exposed to interest rate risks primarily in the euro zone.

Risks from potential changes in interest rates are reported on an “at risk” basis. AGRANA distinguishes between Cash-Flow-at-Risk (CFaR) for variable rate borrowings and Value-at-Risk (VaR) for changes in market interest rates on fixed rate borrowings.

CFaR: An increase in interest rates would cause an increase in funding costs from variable rate borrowings.
The CFaR analysis is based on the volatilities of the individual funding currencies and the correlations between them.

VaR: The analysis examines the implied risk from a decrease in interest rates, as existing fixed rate borrowings would continue to incur interest costs at a constant rate instead of following the market trend. The different maturities of fixed interest borrowings are taken into account through weighted present values and a potential change in variable interest rates under the modified duration approach.

The CFaR and VaR from borrowings were as follows:

€000	29 Feb 2020	28 Feb 2019
Net floating rate borrowings	224,917	147,029
Cash-Flow-at-Risk diversified	**644**	**319**
Net fixed rate borrowings	317,240	228,908
Value-at-Risk upon change in interest rates	**15,669**	**11,724**

The floating rate borrowings are subject to interest rate risk. To hedge against this risk, interest rate swaps were entered into for a portion of the borrowings, thus achieving fixed interest rates on this portion.

Commodity price risk
AGRANA’s business activities expose it to market price risk from purchases of commodities and the sale of finished products (ethanol). This is particularly true in the production of bioethanol, where the most important cost factors by far are the prices of the main inputs, corn and wheat. To a lesser but still significant extent, the Sugar segment has exposure to the purchase prices of raw sugar.

At the balance sheet date the Group had open commodity derivative contracts for the sale of 4,471 tonnes of raw sugar (prior year: purchase of 61,827 tonnes), the purchase of 63,100 tonnes of wheat for the Austrian bioethanol production operations (prior year: 78,800 tonnes), the purchase of 4,000 tonnes of waxy corn derivatives (prior year: sale of 2,000 tonnes), and the sale of 9,600 tonnes of ethanol (prior year: 0 tonnes). These positions represented an aggregate contract amount of € 16,782 thousand (prior year: € 29,017 thousand) and, based on the underlying closing prices, had a combined net positive fair value of € 402 thousand (prior year: positive fair value of € 380 thousand).

Legal risks
AGRANA continually monitors changes in the legal setting relevant to its businesses or to their employees that could lead to a risk situation, and takes risk management actions as necessary. Areas of law to which particular attention is devoted are anti-trust, food and environmental legislation, as well as data privacy, anti-money laundering and anti-terrorism finance provisions. AGRANA maintains dedicated staff positions for matters of compliance, employment law and general areas of law.

There are currently no pending or threatened civil actions against companies of the AGRANA Group that could have a material impact on the Group's financial position, results of operations and cash flows.

As noted in previous annual reports, the Austrian Federal Competition Authority in 2010 sought a fine under an antitrust case for alleged competition-restricting arrangements with respect to Austria filed against AGRANA Zucker GmbH, Vienna, and Südzucker AG, Mannheim, Germany. The Vienna Higher Regional Court on 19 May 2019 dismissed the suit and did not impose a fine; the FCA has appealed the decision to the Supreme Court. AGRANA continues to regard the allegation as unfounded and the fine sought as unwarranted.

11.5. Contingent liabilities and commitments

Guarantees were primarily related to bank loans of the joint ventures in the Sugar segment.

€000	29 Feb 2020	28 Feb 2019
Guarantees	44,728	43,978
Warranties, cooperative liabilities	1,365	1,365

The guarantees are not expected to be utilised.

A further contingent liability of € 5,925 thousand (prior year: € 6,330 thousand) was related to a claim for recovery of an EU subsidy in Hungary. The management of the company involved believes the likelihood of repayment is low.

Commitments were as presented in the table below:

€000	29 Feb 2020	28 Feb 2019
Present value of lease payments due within 5 years	0	17,771
Commitments for the purchase of property, plant and equipment	12,576	77,793
Commitments	**12,576**	**95,564**

12. Events after the balance sheet date

The global spread of the coronavirus disease (COVID-19) was declared a pandemic by the World Health Organisation on 11 March 2020. This underlines a higher probability of possible material effects on AGRANA's future business trajectory. As of the date of preparation of the annual financial statements on 22 April 2020, it was not possible to estimate the financial impacts owing to the rapid pace of developments. Depending on the actual effects and further trajectory of the coronavirus crisis, negative impacts on the 2020|21 financial year or on subsequent years may arise, such as impairment of goodwill and property, plant and equipment, effects on medium-term projections, or impacts in other areas relevant to financial results. These effects were not yet predictable at 29 February 2020 and thus not yet accounted for.

Effective 1 March 2020, AGRANA Stärke GmbH acquired the Santa Cruz, California-based Marroquin Organic International, Inc. This trading company specialising in organic products serves B2B customers and sources much of its product portfolio from AGRANA.

No other events of material significance to AGRANA occurred after the balance sheet date of 29 February 2020.

13. Related party disclosures

AGRANA Zucker, Stärke und Frucht Holding AG, Vienna, holds 100% of the ordinary shares of Z&S Zucker und Stärke Holding AG, Vienna, which in turn holds 78.34% of the ordinary shares of AGRANA Beteiligungs-AG. Both holding companies are exempt from the obligation to prepare consolidated financial statements, as their accounts are included in the consolidated financial statements of Südzucker AG, Mannheim, Germany.

Related parties for the purposes of IAS 24 are Südzucker AG, Mannheim, Germany, and Zucker-Beteiligungsgesellschaft m.b.H., Vienna, as shareholders of AGRANA Zucker, Stärke und Frucht Holding AG, Vienna. AGRANA's consolidated financial statements are included in the consolidated accounts of Südzucker AG, Mannheim, Germany.

In addition to Südzucker AG, Mannheim, Germany, and its subsidiaries ("Südzucker group"), other related parties are RAIFFEISEN-HOLDING NIEDERÖSTEREICH-WIEN regGenmbH, Vienna, and its subsidiaries ("companies with significant influence").

Equity-accounted joint ventures that are jointly controlled, as well as unconsolidated subsidiaries, are also related parties as defined in IAS 24.

Business relationships with related parties at the balance sheet date can be analysed as follows:

€000	Südzucker group	Companies with significant influence	Joint ventures	Non-consolidated sub-sidiaries	Total
2019|20					
Revenue	78,973	17,748	19,805	0	**116,526**
Operating expenses	(64,160)	(580)	(61,959)	(254)	**(126,953)**
Credit relationships	(578)	(53,652)	0	0	**(54,230)**
Participation capital	0	5,991	0	0	**5,991**
Bank balances and current receivables	0	13,327	9	0	**13,336**
Non-current financial receivables	0	0	3,500	0	**3,500**
Net trade (payables)/receivables for goods	(10,979)	1,009	(3,796)	(54)	**(13,820)**
Net interest (expense)/income	(545)	(923)	124	0	**(1,344)**
Guarantees issued	0	0	46,000	0	**46,000**
Guarantees utilised	0	0	40,642	0	**40,642**

€000	Südzucker group	Companies with significant influence	Joint ventures	Non-consolidated sub-sidiaries	Total
2018|19					
Revenue	77,605	18,686	19,762	1	**116,054**
Operating expenses	(62,300)	(522)	(63,919)	(224)	**(126,965)**
Credit relationships	(85,656)	(41,684)	0	0	**(127,340)**
Participation capital	0	5,503	0	0	**5,503**
Bank balances and current receivables	0	2,936	510	0	**3,446**
Non-current financial receivables	0	0	4,500	0	**4,500**
Net trade receivables/(payables) for goods	2,742	979	(4,245)	(39)	**(563)**
Net interest (expense)/income	(1,373)	(570)	404	0	**(1,539)**
Guarantees issued	0	0	44,000	0	**44,000**
Guarantees utilised	0	0	41,591	0	**41,591**

At the balance sheet date, borrowings from related parties amounted to € 54,230 thousand (prior year: € 127,340 thousand). Of this total, € 0 thousand represented non-current borrowings (prior year: € 85,000 thousand).

For fully consolidated subsidiaries, the Group has issued guarantees in favour of companies with significant influence of € 5,000 thousand (prior year: € 5,000 thousand), of which none (prior year: none) was utilised.

The remuneration of the members of the Management Board of AGRANA Beteiligungs-AG totalled € 3,936 thousand (prior year: € 3,741 thousand), consisting of total fixed base salaries of € 1,814 thousand (prior year: € 1,681 thousand) and a total performance-based, variable component of € 2,122 thousand (prior year: € 2,060 thousand). The performance-based elements of the compensation are linked to the amount of the dividend paid for the last three financial years. The Management Board member of AGRANA Beteiligungs-AG appointed on the basis of the syndicate agreement between Südzucker AG, Mannheim, Germany, and Zucker-Beteiligungsgesellschaft m.b.H., Vienna, does not receive compensation for serving on the Management Board.

On 5 July 2019 the Annual General Meeting approved an annual aggregate remuneration for the Supervisory Board of € 325 thousand (prior year: € 325 thousand) and delegated to the Supervisory Board Chairman the responsibility for allocating this sum. The amount paid to the individual Supervisory Board members is tied to their function on the Board. No meeting fees were paid.

Post-employment benefits granted to the Management Board members Johann Marihart and Fritz Gattermayer and the former Management Board member Walter Grausam under the Company's plan are pension, disability insurance and survivor benefits. The pension becomes available when the pension eligibility criteria of the Austrian public pension scheme (ASVG) are met. The amount of the pension is calculated as a percentage of a contractually agreed assessment base. In the event of early retirement within ASVG rules, the amount of the pension is reduced. For the pension of Stephan Büttner and of Norbert Harringer there is a defined contribution obligation, which can be claimed after the recipient has reached 55 years of age if the employment contract has been terminated by the employer. For the 2019|20 financial year, pension fund contributions of € 383 thousand were paid (prior year: € 350 thousand). A follow-up payment of € 125 thousand (prior year: € 125 thousand) was made to former Chief Financial Officer Walter Grausam, who retired on 31 December 2014. As well, supplementary contributions of € 939 thousand were made to the pension fund.

The retirement benefit obligations in respect of the Management Board are administered by an external pension fund. In the balance sheet at 29 February 2020, within the item "retirement and termination benefit obligations", an amount of € 11,491 thousand was recognised for pension obligations (prior year: € 10,155 thousand) and an amount of € 2,565 thousand was recognised for termination benefit obligations (prior year: € 2,468 thousand).

In the event that a Management Board appointment is withdrawn, there are severance pay obligations in accordance with the provisions of the Employees Act or the Occupational Pension Plan Act.

Information on the Management Board and Supervisory Board is provided on page 176.

On 22 April 2020 the Management Board of AGRANA Beteiligungs-AG released the consolidated financial statements for review by the Supervisory Board and the Audit Committee and for presentation to the Annual General Meeting and subsequent publication. The Supervisory Board has responsibility for reviewing the consolidated financial statements and stating whether it approves them.

Vienna, 22 April 2020

The Management Board of AGRANA Beteiligungs-AG

Johann Marihart Chief Executive Officer	Stephan Büttner Member of the Management Board	Fritz Gattermayer Member of the Management Board
Norbert Harringer Member of the Management Board	Thomas Kölbl Member of the Management Board	

List of members of AGRANA's boards

Management Board

Johann Marihart
Chief Executive Officer

Stephan Büttner
Member

Fritz Gattermayer
Member

Norbert Harringer
Member

Thomas Kölbl
Member

Supervisory Board

Erwin Hameseder
Chairman

Wolfgang Heer
First Vice-Chairman[1]

Klaus Buchleitner
Second Vice-Chairman

Helmut Friedl
Member

Hans-Jörg Gebhard
Member[2]

Ernst Karpfinger
Member

Thomas Kirchberg
Member

Josef Pröll
Member

Employee representatives

Thomas Buder
Chairman of the Group Staff Council
and the Central Staff Council

Andreas Klamler

Gerhard Kottbauer

Stephan Savic

[1] Stepped down on 4 March 2020.
[2] Elected as First Vice-Chairman of the Supervisory Board at the Supervisory Board meeting of AGRANA Beteiligungs-AG on 26 February 2020, with effect from 1 April 2020.

Statement by the members of the Management Board

In accordance with section 124 (1) Austrian Stock Exchange Act, the undersigned members of the Management Board, as the legal representatives of AGRANA Beteiligungs-AG, confirm to the best of their knowledge that:

- the consolidated financial statements of AGRANA Beteiligungs-AG for the year ended 29 February 2020, which have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union, give a true and fair view of the financial position, results of operations and cash flows of the AGRANA Group;

- the Group management report for the 2019|20 financial year presents the business performance, financial results and situation of the AGRANA Group so as to provide a true and fair view of the Group's financial position, results of operations and cash flows, together with a description of the principal risks and uncertainties faced by the Group.

Vienna, 22 April 2020

The Management Board of AGRANA Beteiligungs-AG

Johann Marihart
Chief Executive Officer

Stephan Büttner
Member of the Management Board

Fritz Gattermayer
Member of the Management Board

Norbert Harringer
Member of the Management Board

Thomas Kölbl
Member of the Management Board

Independent auditor's report
[Translation]

Report on the Consolidated Financial Statements

Audit Opinion
We have audited the consolidated financial statements of **AGRANA Beteiligungs-Aktiengesellschaft, Vienna**, and its subsidiaries (the Group), which comprise the consolidated balance sheet as at 29 February 2020, the separate consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of cash flows and the consolidated statement of changes in equity for the fiscal year then ended, and the notes to the consolidated financial statements.

In our opinion, the accompanying consolidated financial statements comply with legal requirements and give a true and fair view of the financial position of the Group as at 29 February 2020, and of its financial performance and cash flows for the year then ended in accordance with the International Financial Reporting Standards (IFRSs) as adopted by the EU and the additional requirements under Section 245a Austrian Commercial Code.

Basis for Opinion
We conducted our audit in accordance with Regulation (EU) No. 537/2014 (hereinafter EU Regulation) and Austrian generally accepted auditing standards. Those standards require the application of the International Standards on Auditing (ISAs). Our responsibilities under those provisions and standards are further described in the "Auditor's Responsibilities for the Audit of the Consolidated Financial Statements" section of our report. We are independent of the Group in accordance with Austrian Generally Accepted Accounting Principles and professional requirements, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Matter
The consolidated financial statements of AGRANA Beteiligungs-Aktiengesellschaft, Vienna, for the fiscal year ended 28 February 2019 were audited by another audit firm, which issued an unqualified audit opinion dated 24 April 2019 on these consolidated financial statements.

Our audit opinion is not qualified in respect of this matter.

Emphasis of matter – COVID-19
We refer readers to Section 12 of the notes to the consolidated financial statements, "Events after the balance sheet date", describing the impact of the coronavirus (COVID-19) on the Group.

Our audit opinion is not qualified in respect of this matter.

Key Audit Matters
Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the fiscal year. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

We have structured our presentation of these key audit matters as follows:

- Description
- Audit approach and key observations
- Reference to related disclosures

Impairment of goodwill

Description

The carrying amount of goodwill is EUR 261,892k (carrying amount as at 28 February 2019: EUR 261,892k).

Goodwill is reviewed by management at least annually for impairment. This review is performed regularly on 31 August, and additionally whenever there are indications of possible impairment (triggering events). Due to the Austrian and global developments in relation to Sars-CoV-2/COVID-19, management additionally assessed internally at the beginning of March 2020, with updates throughout the audit up to the date of this audit report, whether there has been a triggering event which would require an updated impairment test as at 29 February 2020. The assessment carried out by management concluded that there was a triggering event due to COVID-19 requiring an updated impairment test as at 29 February 2020.

In assessing whether goodwill is impaired, the Company determines the value in use for the cash generating units (CGUs). The Company calculates the values in use based on the discounted cash flow method. This measurement method is significantly influenced by the assumptions and estimates in respect of the future cash flows. These future cash flows are derived from forecast figures which are approved by the respective management bodies and may be subject to adjustments if necessary. The discount rate applied in the discounted cash flow method is also influenced by future changes in the market, economic and legal environment.

Based on the facts described above that the determination of value in use is based on judgements and associated with estimate uncertainties, particular audit attention was paid to the testing of goodwill for impairment.

Audit approach and key observations

We have:

- evaluated the internal monitoring system to ensure that it is appropriate to detect possible indications of impairment and evaluated how the Company assesses objective evidence of impairment,
- consulted with our measurement specialists,
- compared the measurement method and assumptions in respect of forecasts and measurement parameters applied against appropriate benchmarks and against the accounting regulations of IAS 36, based on our knowledge of the industry and our experience,
- assessed the measurement method applied by following the model and analysing whether it is appropriate for accurately determining the value in use,
- critically examined the discount rate by assessing the discount rate parameters applied in terms of their appropriateness through comparison with market and industry-specific benchmarks, and
- reviewed the Company's applied forecasting accuracy by backtesting the underlying forecast figures.

In addition, the notes, which form part of the consolidated financial statements, were reviewed for accuracy and completeness.

The accounting and measurement methods used are consistent with IFRS. We believe the assumptions and parameters to be transparent and appropriate.

Reference to related disclosures

In the notes to the consolidated financial statements, see Section 7.6 for the procedures carried out by management for the performance of impairment tests, and Section 10, Note (16).

Responsibilities of Management and the Audit Committee for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the EU, and the additional requirements under Section 245a UGB, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The audit committee is responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the EU Regulation and with Austrian generally accepted auditing standards, which require the application of ISAs, will always detect a material misstatement when it exists. 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 consolidated financial statements.

As part of an audit in accordance with the EU Regulation and with Austrian generally accepted auditing standards, which require the application of ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit.

We also:

- identify and assess the risks of material misstatement of the consolidated financial statements, 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 opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with the audit committee 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 the audit committee with a statement that we have complied with all relevant ethical requirements regarding independence. We communicate with the audit committee on all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the audit committee, we determine those matters that were of most significance in the audit of the consolidated 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 or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

Comments on the Management Report for the Group

Pursuant to the Austrian Commercial Code, the management report for the Group is to be audited as to whether it is consistent with the consolidated financial statements and as to whether the management report for the Group was prepared in accordance with the applicable legal requirements. As regards the consolidated non-financial statement included in the management report for the Group, our responsibility is to verify that it has been prepared, to read it and to consider whether it is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

Management is responsible for the preparation of the management report for the Group in accordance with the Austrian Commercial Code.

We conducted our audit in accordance with Austrian Standards on Auditing for the audit of the management report for the Group.

Opinion

In our opinion, the management report for the Group was prepared in accordance with the applicable legal requirements, contains accurate disclosures pursuant to Section 243a UGB and is consistent with the consolidated financial statements.

Statement

Based on the findings during the audit of the consolidated financial statements and on the understanding obtained concerning the Group and its circumstances, no material misstatements in the management report for the Group came to our attention.

Addendum

As regards the impact of COVID-19, we refer to the disclosures on the Company's risk management made in the management report for the Group (page 96 et seq.).

Other Information
Management is responsible for the other information. The other information comprises the information included in the annual report, but does not include the consolidated financial statements, the management report for the Group and the auditor's report.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Additional Information in Accordance with Article 10 of the EU Regulation
We were appointed as statutory auditor at the annual general meeting on 5 July 2019. We were engaged by the supervisory board on 22 August 2019. We have been statutory auditor without interruption since 2019/20.

We confirm that the audit opinion in the "Report on the Consolidated Financial Statements" section is consistent with the additional report to the audit committee referred to in Article 11 of the EU Regulation.

We declare that we did not provide any prohibited non-audit services (Article 5 (1) of the EU Regulation) and that we remained independent of the audited company in conducting the audit.

Engagement Partner
The engagement partner responsible for the audit engagement is Mr. Werner Stockreiter, Austrian Certified Public Accountant.

Vienna, 22 April 2020

PwC Wirtschaftsprüfung GmbH

signed:
Werner Stockreiter
Austrian Certified Public Accountant

This report is a translation of the original report in German, which is solely valid. Publication and sharing with third parties of the consolidated financial statements together with our auditor's report is only allowed if the consolidated financial statements and the management report for the Group are identical with the German audited version. This auditor's report is only applicable to the German and complete consolidated financial statements with the management report for the Group. For deviating versions, the provisions of Section 281 (2) UGB apply.

Independent Assurance Report on the Non-Financial Reporting

[Translation]

We have performed an independent limited assurance engagement on the consolidated non-financial statement as well as the sustainability disclosures and indicators in the Integrated Annual Report (the “NFI reporting”) for the 2019|20 financial year of AGRANA Beteiligungs-AG, (“the Company”).

Management’s Responsibility

The legal representatives of AGRANA are responsible for the preparation of the consolidated non-financial statement in accordance with the legal requirements of the Austrian Sustainability and Diversity Improvement Act (Section 267a UGB) as well as for the preparation of the Integrated Annual Report in accordance with the reporting criteria. The Company applies the sustainability reporting guidelines of the Global Reporting Initiative (GRI Standards, “Core” option) as reporting criteria.

The responsibility of the legal representatives of the Company includes the selection and application of reasonable methods for sustainability reporting (especially the selection of material topics) as well as the use of assumptions and estimates for individual non-financial disclosures that are reasonable under the circumstances. Furthermore, their responsibility includes the design, implementation and maintenance of systems, processes and internal controls relevant for the preparation of the sustainability reporting in a way that is free of intended or unintended material misstatements.

Auditors’ Responsibility

Our responsibility is to state whether, based on our procedures performed, anything has come to our attention that causes us to believe that the NFI reporting of the Company is not in accordance with the legal requirements of the Austrian Sustainability and Diversity Improvement Act (Section 267a UGB) and the sustainability reporting guidelines of the Global Reporting Initiative (GRI Standards, “Core” option) in all material respects.

Clarification on the assurance scope in view of the integrated NFI reporting in the Integrated Annual Report: Our assurance work covered the NFI disclosures in the Integrated Annual Report 2019|20 that are referred to in the GRI content index.

Our engagement was conducted in conformity with the International Standard on Assurance Engagements (ISAE 3000) applicable to such engagements. These standards require us to comply with our professional requirements, including independence requirements, and to plan and perform the engagement to enable us to express a conclusion with limited assurance, taking into account materiality.

An independent assurance engagement with the purpose of expressing a conclusion with limited assurance is substantially less in scope than an independent assurance engagement with the purpose of expressing a conclusion with reasonable assurance, thus providing reduced assurance. In spite of conscientious planning and execution of the engagement, it cannot be ruled out that material errors, unlawful acts or irregularities within the non-financial reporting will remain undetected.

The procedures selected depend on the auditor’s judgment and included the following procedures in particular:

- Inquiries with corporate-level personnel responsible for the materiality analysis, in order to gain an understanding of the processes for determining material sustainability topics and respective reporting boundaries of the Company;

- Performance of a media analysis on relevant information concerning the sustainability performance of the Company in the reporting period;

- Evaluation of the design and implementation of the systems and processes for the acquisition, processing and monitoring of information disclosed on environmental, social and employee matters, respect for human rights and anti-corruption and bribery, including the consolidation of the data;

- Inquiries with corporate-level personnel responsible for providing and consolidating and for carrying out internal control procedures, concerning the disclosures on concepts, risks, due diligence processes, results and performance indicators;

- Inspection of selected internal and external documents in order to determine whether qualitative and quantitative information is supported by sufficient evidence and presented in an accurate and balanced manner;

- Inquiries with personnel of the production site in Russia by Skype conference to assess local data collection and reporting processes and the reliability of the reported environmental data;

- Analytical evaluation of the data and trends in the quantitative disclosures submitted by all sites for consolidation at corporate level;

- Evaluation of the consistency of the disclosures and indicators of the NFI reporting with the requirements of the Austrian Sustainability and Diversity Improvement Act (Section 267a UGB) applicable to the Company and with the GRI Standards, “Core” option);

- Evaluation of the overall presentation of the disclosures, by critical reading of the NFI reporting;

The procedures that we performed do not constitute an audit or a review in accordance with Austrian professional guidelines, International Standards on Auditing (ISA) or International Standards on Review Engagements (ISRE). Our engagement did not focus on the detection and investigation of criminal acts such as fraud or other breaches of trust or regulatory offences, nor did it focus on assessing the effectiveness and efficiency of management. Furthermore, it was not part of our engagement to review forward-looking disclosures, prior-year data or statements from external information sources and expert opinions. Information verified during the financial audit was checked for correct transfer (no substantive examination).

This assurance report is issued based on the assurance agreement concluded with the Company. Our responsibility and liability towards the Company and any third party is subject to paragraph 7 of the General Conditions of Contract (AAB) for the Public Accounting Professions. The respective latest version of the AAB is available at https://home.kpmg/at/de/home/misc/aab.html.

Conclusion

Based on the procedures performed, nothing has come to our attention that causes us to believe that the NFI reporting of the Company is not in accordance with the legal requirements of the Austrian Sustainability and Diversity Improvement Act (Section 267a UGB) and the sustainability reporting guidelines of the Global Reporting Initiative (GRI Standards, “Core” option) in all material respects.

Vienna, 22 April 2020

KPMG Austria GmbH
Wirtschaftsprüfungs- und Steuerberatungsgesellschaft

Peter Ertl
Austrian Chartered Accountant

Other information 2019|20

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Parent company income statement

for the year ended 29 February 2020
of AGRANA Beteiligungs-AG, under Austrian Commercial Code (UGB)

€000	2019|20	2018|19
1. Revenue	35,137	32,339
2. Other operating income	205	121
3. Staff costs	(22,524)	(22,707)
4. Depreciation, amortisation and impairment of property, plant and equipment and intangible assets	(1,303)	(1,221)
5. Other operating expenses	(25,090)	(23,195)
6. Operating (loss) [subtotal of items 1 to 5]	**(13,575)**	**(14,663)**
7. Income from investments in subsidiaries and other companies	74,810	64,523
Of which from subsidiaries	74,793	64,499
8. Income from other securities and loans classified as non-current financial assets	2,524	1,864
Of which from subsidiaries	2,524	1,864
9. Other interest and similar income	3,794	2,963
Of which from subsidiaries	3,794	2,906
10. Interest and similar expense	(2,993)	(1,228)
Of which from subsidiaries	(790)	(1,167)
11. Net financial items [subtotal of items 7 to 10]	**78,135**	**68,122**
12. Profit before tax [subtotal of items 1 to 11]	**64,560**	**53,459**
13. Income tax benefit	320	168
14. Profit for the period	**64,880**	**53,627**
15. Retained profit brought forward from prior year	5,278	14,140
16. Retained profit	**70,158**	**67,767**

Parent company balance sheet

at 29 February 2020
of AGRANA Beteiligungs-AG, under Austrian Commercial Code (UGB)

€000	29 Feb 2020	28 Feb 2019
ASSETS		
A. Non-current assets		
I. Intangible assets	983	1,594
II. Property, plant and equipment	1,050	1,065
III. Non-current financial assets	664,283	459,783
	666,316	**462,442**
B. Current assets		
I. Receivables and other assets	364,213	353,123
Of which due in more than 1 year	15,915	20,413
II. Cash and bank balances	28	33
	364,241	**353,156**
C. Prepaid expenses	**58**	**59**
D. Deferred tax assets	**618**	**589**
Total assets	**1,031,233**	**816,246**
EQUITY AND LIABILITIES		
A. Equity		
I. Share capital	113,531	113,531
II. Share premium and other capital reserves	550,689	550,689
III. Revenue reserve	13,928	13,928
IV. Retained profit	70,158	67,767
Of which brought forward from prior year	5,278	14,140
	748,306	**745,915**
B. Provisions		
I. Provisions for retirement, termination and long-service benefit obligations	16,728	15,072
II. Provisions for tax and other liabilities	3,935	4,321
	20,663	**19,393**
C. Liabilities		
I. Borrowings	247,000	42,500
Of which due in up to 1 year	0	35,500
Of which due in more than 1 year	247,000	7,000
II. Other liabilities	15,264	8,438
Of which due in up to 1 year	8,232	6,425
Of which due in more than 1 year	7,032	2,013
	262,264	**50,938**
Total equity and liabilities	**1,031,233**	**816,246**

Proposal for the appropriation of profit

of AGRANA Beteiligungs-AG
under Austrian Commercial Code (UGB)

	2019|20 €
The financial year to 29 February 2020 closed with retained profit of	70,157,982
The Management Board proposes to the Annual General Meeting to allocate this retained profit as follows:	
Distribution of a dividend of € 0.77 per ordinary no-par value share on 62,488,976 participating ordinary shares, that is, a total of	48,116,512
Retained profit to be carried forward	22,041,470
	70,157,982

Glossary of industry and trade terms

A

ActiProt®: AGRANA's own brand of high-protein animal feed. This form of distillers dried grains with solubles (DDGS) is a by-product of bioethanol production from cereals, obtained by drying the mash (the residue from distillation). The DDGS is pelleted and marketed as a non-perishable feedstuff. With its high protein content of at least 30% and its valuable energy content, DDGS is a sought-after feed for livestock, particularly dairy animals. In the AGRANA Group this co-product is generated in the bioethanol plant in Pischelsdorf, Austria, which typically processes corn, wheat, triticale and molasses. Like all other products marketed by AGRANA, ActiProt® is GMO-free.

B

Biodiversity: Biodiversity, or biological diversity, by the definition of the Convention on Biological Diversity (CBD) is "the variability among living organisms from all sources including, inter alia, terrestrial, marine and other aquatic ecosystems and the ecological complexes of which they are part". This includes diversity within species, diversity between species and diversity of ecosystems. The preservation and sustainable use of biological diversity are considered important foundations of human wellbeing. The destruction and fragmentation of habitats is viewed as the greatest threat to the diversity of life on earth.

Bioethanol: Bioethanol is a fuel manufactured by the fermentation of carbohydrate-containing biomass (renewable carbon sources). It has a minimum alcohol content of 99% by volume and contains effectively no water. In Europe, for climate reasons, bioethanol is produced mainly from starch-containing grain crops or from sugar beet. Unlike fossil fuels, bioethanol is CO_2 neutral, and its physical properties differ from those of petrol. Its use as a petrol substitute in more or less undiluted form (in so-called high blends) therefore requires modifications to engines. For low blends (such as E10), engine modification is not needed.

Biogas: Biogas contains methane as a combustible component, which is manufactured through the zymosis of biomass in biogas facilities and is used for the generation of bioenergy. Biogas can be acquired from fermentable recycling material that contains biomass, such as sewage sludge, biowaste or food waste, liquid and solid farmyard manure, or also from energy crops that have been planted specifically for this purpose, i.e., renewable raw materials.

C

Campaign: The processing period for agricultural raw materials that have a limited storage life.

Cane sugar: Sugar produced from sugar cane. Chemically identical to beet sugar.

Clean label: "Clean label" means that a food product was made without certain ingredients such as dyes, preservatives or flavourings, i.e., additives. These and similar substances are sometimes avoided by consumers for health or other reasons. Labels additionally contain "free-from" statements to explicitly highlight the absence of these substances.

Corn starch: Starch produced from corn (maize), used especially as an ingredient in foods (such as puddings), but also in industrial applications, such as in paper products and cosmetics.

Coronavirus disease (COVID-19): COVID-19 is a viral disease caused by the novel coronavirus SARS-CoV-2. First described at the end of 2019 in Wuhan, China, the illness developed into an epidemic in January 2020 in the People's Republic of China and ultimately grew into the worldwide COVID-19 pandemic. The virus is spread primarily by droplet transmission.

CO_2 equivalent: To make the greenhouse effect of different greenhouse gases comparable and calculable, their global warming potential is used. It indicates the contribution of a gas to the heating of the earth's atmosphere by assigning an equivalent volume of CO_2. The greenhouse effect per kilogram of a given gas is expressed as a multiple ("equivalent factor") of the greenhouse effect of one kilogram of carbon dioxide.

Cross compliance system: Agricultural policy mechanism in the EU that ties the payment of subsidies to compliance with defined environmental standards.

Customs duties: Also known as import duties or customs tariffs, these help to protect domestic products against cheap imports from non-EU countries (thus providing tariff protection). The basic import duty for sugar is a fixed amount. In addition, a special safeguard provision provides for a higher tariff when sugar imports exceed a certain quantity.

D

Deficit countries/markets/regions: Countries, markets or regions that consume more sugar than they produce and which therefore cover their needs through sugar imports.

E

Emission: Generally signifies the release of noxious substances such as pollutants or greenhouse gases into the environment. A typical example is that of car exhaust fumes.

Ethanol: Ethanol is a form of alcohol and is a clear, flammable liquid. It is also known as pure alcohol, grain alcohol or drinking alcohol, and is found in drinks such as wine and beer. In recent years, ethanol has acquired great importance outside the beverage industry as a biofuel referred to as bioethanol. See bioethanol.

EU sugar regime: See sugar regime.

F

Fermentation: In the context of biotechnology, fermentation (zymosis) means the conversion of biological material through the addition of enzymes (known as "ferment") or in the presence of bacterial, fungal or cell cultures.

F.O. Licht: A leading private-sector source of analysis on the global markets for sugar, ethanol, molasses, feed additives, biofuels, coffee and tea, F.O. Licht publishes a wide range of print reports and organises conferences for the sugar and ethanol industries.

Fruit juice concentrate: Forming the basis for fruit juice drinks, fruit juice concentrates are sold into the fruit juice and beverage industry. The same quantity of water carefully removed from the pressed fruit juice is later added to the concentrate again to create the end product for consumption. The result is high-quality juice with 100% fruit content.

Fruit preparations: Sometimes referred to as fruit ingredients. High-quality fruit is prepared in liquid or piece form and thermally preserved for further processing, especially for use by the dairy, ice-cream and bakery industries.

G

GMO: Genetically modified organisms are organisms whose genetic material has been altered through genetic engineering.

I

IGC (International Grains Council): The International Grains Council is an intergovernmental organisation concerned with grains trade. Since 1995 the London-based IGC also administers the Grains Trade Convention, an international agreement. The IGC Secretariat provides both administrative support to the Council, and services to the Food Aid Committee established under the Food Aid Convention of 1999. The IGC's grain market studies are widely used in sector and market research.

ISO (International Organisation for Standardisation): The International Organisation for Standardisation (widely known as ISO) is the leading international association of national standard-setting bodies and develops international standards in all areas but electricity and electronics, which are the responsibility of the International Electrotechnical Commission (IEC), and telecommunication, which is the province of the International Telecommunication Union (ITU). Together, these three organisations form the World Standards Cooperation, or WSC.

Isoglucose: Isoglucose, a liquid, is a sweetener based on starch that has been converted to sugar. At a fructose content of 42%, it has the same sweetness as sugar and is therefore used as a sugar substitute. The fructose content can be raised to as much as 55% through further process stages. Isoglucose is manufactured from grains, especially corn.

M

Marketing year for grains: This period runs from July to June of the following year.

Minimum price for sugar beet (applied until 30 September 2017): The EU sugar regime featured a minimum price for quota beet, specific to a certain delivery stage and quality standard. For deliveries of higher or lower quality, premiums or deductions were applied.

Modified starch: Modified starches are obtained by physical, enzymatic or chemical processes and are starch products that meet higher technological requirements. Important properties remain intact after modification. Modified starches are used in the food industry and in industrial applications where they are superior to natural starch in qualities such as stability against heat and acidity, shear strength, and freezing and thawing properties. Modified starches used as food additives must be declared as such if they are chemically changed. Otherwise – if modified physically (through heat or pressure) or enzymatically – they are considered food ingredients and have no E number.

Molasses: Sweet, dark-brown by-product of sugar manufacturing, with the consistency of syrup. It still contains about 50% sugar, which cannot be further crystallised. Molasses is used predominantly in the manufacture of yeast and alcohol, and as a cattle feed supplement.

N

Native starch: See starch.

Non-quota sugar (applied until 30 September 2017): Under the sugar regime, non-quota sugar was sugar that exceeded the production quota. This could be marketed as industrial (non-food) sugar for use primarily in the chemical or pharmaceutical industry (e.g., to produce yeast, citric acid and vitamins), or exported to non-EU countries or carried over to the next sugar marketing year.

P

Prime Market: A subsegment of the "equity market.at" market segment of the Vienna Stock Exchange. The Prime Market comprises the shares of companies admitted to listing in the Official Market or Second Regulated Market and meeting the special additional requirements for admission to the Prime Market. These securities are traded via the Xetra trading system using the Continuous Trading procedure, in conjunction with auctions.

Production quota (applied until 30 September 2017): See sugar quota.

Q

Quota (applied until 30 September 2017): See sugar quota.

Quota sugar (applied until 30 September 2017): The amount of sugar produced and marketed in the course of a sugar marketing year within the allotted production quota.

Quota sugar beet (applied until 30 September 2017): The term referred to the amount of sugar beet required to fully utilise the sugar production quota.

R

Raw sugar: Raw sugar is a semi-finished form of cane sugar (or of beet sugar) in which the sugar crystals are not yet completely freed from the adhering non-sugar materials, which give it its brown colour.

Refining: The term "refining" in its general sense refers to a technical process for the cleaning, processing, separation or concentration of raw materials. In the case of sugar, it means the de-coloration of brown raw sugar (from sugar cane or sugar beet) through repeated recrystallisation.

S

Starch: Starch is an organic compound and one of the most important energy storage materials in plant cells. In our latitudes, starch is mainly acquired from corn, wheat or potatoes. To extract starch, the starch-containing parts of the plants are milled to a small size and the starch is washed out. Through filtration and centrifugation steps, the starch is extracted. After the final stage of drying, native starch emerges from the process as a white powder.

Sugar: In Europe, sugar is produced from sugar beet. In sub-tropical and tropical regions of the world, sugar cane is the main raw material for sugar production. The term "sugar" in general usage typically refers to granulated sugar, i.e., sucrose. However, there are several other types of sugar, including glucose, fructose and lactose, among others. All are part of the carbohydrate food group.

Sugar beet: Sugar beet is an agricultural crop grown almost exclusively for sugar production. The sugar beet plant consists of the leaves and a large, fleshy root. The root stores sucrose, which is extracted in the sugar factory.

Sugar marketing year (SMY): The sugar marketing year of the European Union begins on 1 October and ends on 30 September of the following year. This definition applies for all regulations of the EU sugar market.

Sugar production: In sugar production from sugar beet, raw juice is extracted from the sugar beet slices. The juice is then cleaned in several stages and eventually thickened until sugar crystallises from it. Through repeated recrystallisation, the sugar is purified to produce clean, white crystals. These crystals have a sucrose content of very close to 100%. That makes sugar an extremely pure food product with an almost unlimited shelf life.

Sugar quota (applied until 30 September 2017): Under the EU sugar regime, a production quota for sugar and isoglucose was set for every EU member state that produces sugar. Each national quota was apportioned among the respective country's sugar-producing companies as their individual production quota. This restricted production volumes and minimised surpluses.

Sugar regime (EU sugar policy): In place since 1968, the European Union's sugar regulatory framework serves to organise the EU common market for sugar and ensure security of intra-EU sugar production.

On 26 June 2013 the European Parliament and European Council reached an agreement to extend the rules of the then-current sugar market policy for a final time, to 30 September 2017. For the era after this expiration date, sweeping changes were decided that have by now come into force. National sugar quotas and minimum beet prices, which for many years had formed the central features of the old market regime, are no longer part of EU sugar policy since 1 October 2017.

Since that date, the sugar-specific rules of the EU's agricultural policy involve the following elements:

- Preferential imports from various countries, including unlimited duty-free imports from the Least Developed Countries and the ACP (African, Caribbean and Pacific) Group of States, as well as duty-free or reduced-duty import quotas under free trade agreements; imports from other non-EU countries are subject to the normal duty rate

- Possibility of private storage aid, at the discretion of the European Commission, which in its decision takes into account the reference thresholds for white and raw sugar

- Requirement to conclude sector-wide master agreements between beet growers and sugar companies

- Official price reporting of the European Commission

After the end of the production quotas and minimum beet prices, and with export subsidies having been discontinued many years ago, the sugar policy of the European Union is thus limited to protecting the EU market from subsidised imports and to employing private storage aid. Protection against unfair competition is of vital importance to the European sugar industry, as nearly all major sugar producing countries subsidise their production. Private storage aid may be granted, by order of the European Commission. Its purpose is to counteract price erosion in the internal market triggered by market imbalances.

As a result of the restriction of the EU's sugar policy to these instruments, combined with the opening of the single market to sugar imports from numerous other countries, particularly many developing economies, the European Union today has one of the most liberal sugar markets in the world.

T

Triticale: As a hybrid grain resulting from the crossing of wheat and rye, triticale combines the characteristics of both these grains in terms of flavour and composition. Thanks to its higher starch content, triticale is also used as an energy crop for the production of bioethanol.

W

West Balkan Agreement: Since autumn 2000 the successor countries of the former Yugoslavia may import limited quantities of duty-free sugar (among other products) into the EU. The EU has since then concluded corresponding free trade agreements with Croatia and Serbia.

White sugar: Also called granulated or table sugar, white sugar is produced by crystallisation and centrifugation.

World Trade Organisation (WTO): In the Geneva-based World Trade Organisation, its 160 member states negotiate the liberalisation of world trade.

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Global Reporting Initiative content index

In accordance with the GRI Standards: Core option

GRI	Disclosure Supplementary explanations	Presented on page[1]
GRI 102	**General disclosures[2] (2016)**	
102-1	Name of the organisation	38
102-2	Activities, brands, products, and services	38f., 40f.
102-3	Location of headquarters	205
102-4	Location of operations	30f., 38f.
102-5	Ownership and legal form	34ff.
102-6	Markets served	38f., 40f.
102-7	Size of organisation	10, 38f., 40f.
102-8	Information on employees and other workers a) Data for the prior year (2018|19)	30f., 85ff.

AGRANA employees within the GRI reporting boundaries[3] at the balance sheet date of 28 February 2019

Segment	Non-permanent staff[4]		Permanent staff						Managers[5]		Of whom executive leadership[6]	
	Total	Female	Blue-collar	Female	White-collar	Female	Total	Female	Total	Female	Total	Female
Fruit	1,919	72.5%	2,679	23.8%	1,594	47.7%	4,273	32.7%	301	29.9%	13	15.4%
Starch	85	20.0%	635	12.0%	341	43.1%	976	22.8%	58	13.8%	4	25.0%
Sugar[7]	144	37.5%	1,026	17.2%	768	40.1%	1,794	27.0%	157	26.8%	18	11.1%
Group	**2,148**	**68.1%**	**4,340**	**20.5%**	**2,703**	**45.0%**	**7,043**	**29.9%**	**516**	**27.1%**	**35**	**14.3%**

b) An analysis of staff by contract type (non-permanent and permanent) by region is omitted. Non-permanent positions are used especially for the relatively brief processing campaign season in the primary processing plants of the fruit preparations business (within the Fruit segment, which operates globally) and for the sugar beet campaigns (in the Sugar segment, which operates in the EU).

c) In view of the low part-time share of 3.2%, a breakdown of employees by full-time and part-time contracts by gender is omitted.

d) The proportion of temporary agency staff in the 2019|20 financial year was 5.6%.

GRI	Disclosure	Presented on page
102-9	Supply chain	40f.
102-10	Significant changes to the organisation and its supply chain	118ff.
102-11	Precautionary principle or approach	44ff., 91ff.
102-12	External initiatives With its sustainability initiatives, AGRANA supports the UN Sustainable Development Goals (SDG).	51
102-13	Membership of associations	52
102-14	Statement from senior decision-maker	12f.
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102-42	Identifying and selecting stakeholders	42ff.
102-43	Approach to stakeholder engagement	42ff.
102-44	Key topics and concerns raised	42ff.
102-45	Entities included in the consolidated financial statements	118ff.
102-46	Defining report content and topic boundaries	44ff.
102-47	List of material topics	44ff.
102-48	Restatement of information None	
102-49	Changes in reporting None	
102-50	Reporting period 2019|20 financial year (year-end: 29 February 2020)	

[1] In page number references, “f.” means “and the following page”; “ff.” means “and the following pages”.
[2] A breakdown by region is not applicable, as AGRANA manages its operations through the Fruit, Starch and Sugar segments, which differ in their geographic boundaries and thus allow a regional allocation. The Starch and Sugar segments’ sites within the GRI reporting boundaries (see page 44) operate only in the EU; those of the Fruit segment operate worldwide.
[3] See the GRI reporting boundaries in the AGRANA annual report 2018|19, page 42.
[4] Almost all non-permanent positions represent seasonal local workers in the processing campaigns.
[5] Management positions at reporting levels 2 and 3.
[6] Reporting level 1 (the reporting level immediately below the Management Board of AGRANA Beteiligungs-AG; level 1 also includes the regional managing directors of the three segments).
[7] The staff of AGRANA Beteiligungs-AG is counted under the Sugar segment.

GRI	Disclosure Supplementary explanations	Presented on page
102-51	Date of most recent previous report 2018|19 financial year, published 13 May 2019	
102-52	Reporting cycle Annual report	
102-53	Contact point for questions regarding the report	195
102-54	Claims of reporting in accordance with the GRI Standards	40, 183f.
102-55	GRI content index	196ff.
102-56	External assurance Yes; see assurance report.	183f.
GRI 103	**Management approach (2016)**	
103-1	Explanation of the material topics and their boundaries	27f., 44ff.
103-2	The management approach and its components	27f., 44ff.
103-3	Evaluation of the management approach	27f., 44ff.
GRI 201	**Economic performance[1] (2016)**	
201-2	Financial implications and other risks and opportunities due to climate change Physical and regulatory/transition risks from climate change and their potential impacts on the Group are qualitatively described in the "Risk management" section and in the non-financial information (NFI) statement; they are not quantified. Opportunities from the transformation into a low-carbon economy are presented within the NFI statement under "Social matters", subheading "Products".	44ff., 92, 95f.

Compliance and business conduct

GRI	Disclosure	Presented on page
GRI 205	**Anti-corruption (2016)**	
205-1	Operations assessed for risks related to corruption	28
205-2	Communication and training about anti-corruption policies and procedures A further breakdown of the information by region and employee category (besides white-collar employees and managers) is not relevant for the management of the topic and is thus not reported.	28
205-3	Confirmed incidents of corruption and actions taken No violations were identified at business partners.	28
GRI 206	**Anti-competitive behaviour (2016)**	
206-1	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	94

Environmental and energy topics in AGRANA's production activities

GRI	Disclosure	Presented on page
GRI 301	**Materials (2016)**	
301-1	Materials used by weight or volume Report scope: agricultural raw materials. These are renewable materials (numbered "ii" in the GRI Standard). Other materials are non-significant and are therefore not reported; these other materials are largely non-renewable (numbered "i" in the GRI Standard). For competition reasons, no complete analysis by raw material category is provided.	42, 45, 63, 70, 77
GRI 302	**Energy (2016)**	
302-3	Energy intensity b) In the energy intensity ratio used by AGRANA, the denominator is the total weight of core products and by-products manufactured. c) All types of energy relevant for GRI purposes are used.	46ff., 65, 71, 78
302-4	Reduction of energy consumption b) All types of energy relevant for GRI purposes are included in the reductions.	46ff., 65, 71, 78

[1] Also see the Group management report from page 37.

GRI	Disclosure Supplementary explanations	Presented on page
GRI 303	**Water (2018)**	
303-1	Interactions with water as a shared resource	48f., 65, 72, 79
303-2	Management of water discharge-related impacts a) (i) All AGRANA sites within the GRI reporting boundaries are subject to legal requirements on water discharge. a) (ii) AGRANA's internationally operating fruit preparations business set up a water management progamme in the 2019|20 financial year that establishes AGRANA's mininum standards. a) (iii) There are no sector-specific standards within AGRANA's areas of business activity. a) (iv) The profile of the receiving water bodies is considered within the scope of the applicable legal requirements.	48f., 65, 72, 79
303-5	Water consumption b) Sites (number in brackets) with water stress based on WWF Water Risk Filter and/or Aqueduct Water Risk Atlas, in the following countries: Algeria (1), Brazil (1), China (2), Egypt (1), India (1), Mexico (1), Morocco (1), Romania (3), Serbia (1), Turkey (1), Ukraine (2). At these sites with risk, a total of 118,946 m^3 of water was consumed in the 2019|20 financial year. c) No significant quantities of stored water are used. d) Calculation method: Water consumption = water withdrawal – water discharge. No additional sector-specific standards are used.	48f., 65, 72, 79
GRI 305	**Emissions (2016)**	
305-4	GHG emission intensity b) The organisation-specific metric is the total weight of core and by-products. The calculation is based on site-specific consumption values, guided by the Greenhouse Gas Protocol; emission factors based on the individual grid mix factor of the respective energy supplier or on the respective national grid mix factor (biograce.net). c) AGRANA's calculation of direct (Scope 1) and indirect (Scope 2) emissions also includes (by CO_2 equivalent) other greenhouse gases besides CO_2, depending on the source of the emission factors (reported by the energy supplier or by biograce.net).	46ff., 65, 71, 78
305-5	Reduction of GHG emissions See GRI 305-4	46ff., 65, 71, 78
GRI 306	**Effluents and waste (2016)**	
306-2	Waste by type and disposal method In some countries, the feeds and fertilisers marketed (or in some cases given away free) as by-products by AGRANA must be declared as waste for regulatory reporting purposes, solely to comply with the local regulatory regimes. Since the 2015|16 financial year, AGRANA no longer reports these as waste in the annual report, as they are directly used as valuable feedstuffs in animal husbandry or as fertilisers in crop cultivation. c) The waste disposal method is determined by the respective commissioned qualified waste disposal provider. As waste disposal providers usually report on a calendar year basis and intra-year reporting to match the AGRANA financial year is not possible everywhere, some of the waste data relate to the last calendar year (these are not identified further).	49, 66, 72, 80

Working conditions and human rights in respect of AGRANA employees: Employment

GRI	Disclosure	Presented on page
GRI 403	**Occupational health and safety (2018)**	
403-1	Occupational health and safety management system a) (ii) AGRANA's occupational safety management system is based primarily on legal requirements, which are in many cases guided by international occupational safety standards. b) AGRANA's occupational safety management system includes all sites within the GRI reporting boundaries and all persons working at AGRANA sites (regardless of their employment relationship or reason for being on AGRANA premises). For organisational reasons, occupational safety statistics can only be reported for AGRANA employees.	88ff.

GRI	Disclosure Supplementary explanations	Presented on page
403-2	Hazard identification, risk assessment, and incident investigation a) (i) The qualifications and training of the safety personnel meet the respective local legal requirements. Safety instructions for workers typically comprise: – Personal initial instruction for every new employee (general safety instruction, fire protection, hygiene training, instruction at the workplace) – Personal initial training for contractors (general safety instruction, hygiene training) – An annual training for all employees, the scope of which depends on the individual work area (various online trainings are assigned) – Additional annual trainings are provided for employees in production, such as for handling hot materials or chemicals, use of personal protective equipment, handling of electrical hazards, and vehicle load safety training – An annual evacuation drill for all employees – Personal refresher training is provided as part of the processing of accidents c) AGRANA requires and encourages its employees to actively report hazards. In the event that employees experience negative consequences from the reporting of hazards, they have access to the usual complaint channels (e.g., reporting to the works council, using the local complaint systems if no works council exists, as well as use of the AGRANA whistleblowing system).	88ff.
403-3	Occupational health services	88ff.
403-4	Worker participation, consultation, and communication on occupational health and safety	88ff.
403-5	Worker training on occupational health and safety	88ff.
403-6	Promotion of worker health	90f.
403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	88ff.
403-9	Work-related injuries a) (v) Total paid hours worked are defined by AGRANA as contractual work hours plus paid overtime. In the 2019|20 financial year, this total was 18,618,067 hours. b) (iv) Data on contractors other than the number of work-related accidents cannot be provided due to lack of information. f) The AGRANA workplace safety data represent all AGRANA employees within the GRI reporting boundaries. Data on contractors are limited to the number of accidents due to lack of information (see b).	88
GRI 404	**Training and education (2016)**	
404-1	Average number of hours of training and development per year per employee	86
GRI 405	**Diversity and equal opportunity (2016)**	
405-1	Diversity of governance bodies and employees	21ff.

a) Age structure of members of governance bodies by gender in the 2019|20 financial year

Members of governance bodies	Up to 30 years	31 to 50 years	Over 50 years
Supervisory Board members			
Shareholder representatives			
Male	0%	0%	100%
Female	0%	0%	0%
Employee representatives			
Male	0%	100%	0%
Female	0%	0%	0%
Management Board members			
Male	0%	40%	60%
Female	0%	0%	0%

GRI	Disclosure Supplementary explanations	Presented on page

b) Age structure of staff, by gender, in the 2019|20 financial year, in absolute numbers and % (based on headcount at year-end)

Segment	Female	Male	Total	Proportion Male	Proportion Female
Fruit	**2,877**	**3,413**	**6,290**	**45.7%**	**54.3%**
Up to 30 years	688	783	1,471	46.8%	53.2%
31 to 50 years	1,655	1,932	3,587	46.1%	53.9%
Over 50 years	534	698	1,232	43.3%	56.7%
Starch	**273**	**861**	**1,134**	**24.1%**	**75.9%**
Up to 30 years	77	222	299	25.8%	74.2%
31 to 50 years	134	419	553	24.2%	75.8%
Over 50 years	62	220	282	22.0%	78.0%
Sugar[1]	**548**	**1,417**	**1,965**	**27.9%**	**72.1%**
Up to 30 years	83	231	314	26.4%	73.6%
31 to 50 years	295	702	997	29.6%	70.4%
Over 50 years	170	484	654	26.0%	74.0%
Group	**3,698**	**5,691**	**9,389**	**39.4%**	**60.6%**
Up to 30 years	848	1,236	2,084	40.7%	59.3%
31 to 50 years	2,084	3,053	5,137	40.6%	59.4%
Over 50 years	766	1,402	2,168	35.3%	64.7%

GRI 407 Freedom of association and collective bargaining (2016)

407-1 Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk — 45, 50, 63

All AGRANA sites are covered by the AGRANA Code of Conduct, which affirms the right to free association and collective bargaining. AGRANA sites perform an annual SEDEX self-assessment. Additionally in the year under review, 25 external social audits were performed at AGRANA sites (see 412-1), which also audit for this potential issue. In the Starch and Sugar segments, which operate in the EU and Europe, the risk in the supply chain is considered to be low, as most contract growers are sole proprietors. The globally operating fruit preparations business uses SEDEX for supplier assessment to evaluate this risk and, where appropriate, to take action.

GRI 408 Child labour (2016)

408-1 Operations and suppliers at significant risk for incidents of child labor — 45, 50, 63

All AGRANA sites are covered by the AGRANA Code of Conduct, which prohibits child labour. AGRANA sites perform an annual SEDEX self-assessment. Additionally in the year under review, 25 external social audits were performed at AGRANA sites (see 412-1), which also audit for this potential issue. In the Starch and Sugar segments, which operate in the EU and Europe, the risk of child labour in the supply chain is classified as low, as a result of the strong regulatory environment and very high degree of mechanisation. The globally operating fruit preparations business uses SEDEX for supplier assessment (especially in higher-risk countries) in order to reduce this risk.

GRI 409 Forced or compulsory labour (2016)

409-1 Operations and suppliers at significant risk for incidents of forced or compulsory labor — 45, 50, 63

All AGRANA sites and suppliers are subject to the AGRANA Code of Conduct and perform an annual SEDEX self-assessment. Additionally in the year under review, 25 external social audits were performed at AGRANA sites (see 412-1), which also audit for this potential issue. In the Starch and Sugar segments, which operate in the EU and Europe, the risk in the supply chain is classified as low, as a result of the strong regulatory environment and very high degree of mechanisation. The globally operating fruit preparations business uses SEDEX for supplier assessment (especially in higher-risk countries such as Vietnam, Morocco and the Philippines) in order to reduce this risk.

[1] The staff of AGRANA Beteiligungs-AG is counted under the Sugar segment.

GRI	Disclosure Supplementary explanations	Presented on page
GRI 412	**Human rights assessment (2016)**	
412-1	Operations that have been subject to human rights reviews or impact assessments Social audits were conducted in the following countries: Austria (6), Brazil (1), China (2), Czech Republic (2), Germany (1), Hungary (2), India (1), Mexico (1), Morocco (1), Poland (3), Russia (1), Slovakia (1), Turkey (1), USA (2).	50

Environmental and social criteria in procurement

GRI	Disclosure	Presented on page
GRI 308	**Supplier environmental assessment (2016)**	
308-2	Negative environmental impacts in the supply chain and actions taken a) and b) In accordance with the requirements of the Sustainable Agriculture Initiative Platform (SAI), suppliers' statements are verified based on a representative sample (including the use of obligatory external audits). The absolute number of suppliers assessed is therefore not an applicable disclosure. c) No significant actual or potential negative environmental impacts were identified.	45, 63, 70, 77
GRI 414	**Supplier social assessment (2016)**	
414-2	Negative social impacts in the supply chain and actions taken a) and b) In accordance with the requirements of the Sustainable Agriculture Initiative Platform (SAI), suppliers' statements are verified based on a representative sample (including the use of obligatory external audits). The absolute number of suppliers assessed is therefore not an applicable disclosure. c) No significant actual or potential negative social impacts were identified.	45, 63, 70, 77

Social performance: Product responsibility and sustainable products

GRI	Disclosure	Presented on page
GRI 416	**Customer health and safety (2016)**	
416-1	Assessment of the health and safety impacts of product and service categories	50f.
416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	50
GRI 417	**Marketing and labelling (2016)**	
417-2	Incidents of non-compliance concerning product and service information and labeling In the 2019|20 financial year there were no reportable incidents.	

Task Force on Climate-related Financial Disclosures (TCFD) content index

GRI	Disclosure Supplementary explanations	Presented on page[1]

Governance

a) Board's oversight of climate-related risks and opportunities

102-18	Governance structure	21ff., 44
102-19	Delegating authority	21ff., 44
102-20	Executive-level responsibility for economic, environmental, and social topics	21ff., 44
102-26	Role of highest governance body in setting purpose, values, and strategy	21ff., 44
102-27	Collective knowledge of highest governance body a) Sustainability aspects relevant to AGRANA's business activities and related further information are addressed at the meetings of the AGRANA Supervisory Board.	21ff.
102-29	Identifying and managing economic, environmental, and social impacts a) On the Audit Committee of the Supervisory Board, the risk manager responsible presents the risk and opportunity report twice a year to all committee members in the presence of the members of the Management Board, for further discussion and to support strategy development. b) AGRANA conducts structured stakeholder surveys at irregular intervals.	42f., 91ff.
102-31	Review of economic, environmental, and social topics a) The review is performed twice annually.	91ff.
102-32	Highest governance body's role in sustainability reporting a) The AGRANA Management Board reviews and approves the integrated sustainability report and confirms the completeness of its content to the independent auditor and the Supervisory Board.	

b) Management's role in assessing and managing climate-related risks and opportunities

102-29	Identifying and managing economic, environmental, and social impacts See above	
102-31	Review of economic, environmental, and social topics See above	
102-32	Highest governance body's role in sustainability reporting See above	

Strategy

a) Climate-related risks and opportunities

102-15	Key impacts, risks and opportunities	44ff.

b) Impacts of climate-related risks and opportunities

201-2	Financial implications and other risks and opportunities due to climate change Physical and regulatory/transition risks from climate change and their potential impacts on the Group are qualitatively described in the "Risk management" section and in the NFI statement; they are not quantified. Opportunities from the transformation into a low-carbon economy are presented within the NFI statement under "Social matters", subheading "Products".	44ff., 92, 95f.

c) Resilience of the organization's strategy

	AGRANA is well positioned to balance physical and transition risks thanks to its strategy of diversification into the three business segments Fruit, Starch and Sugar with their differing profiles in terms of geography, processing, product portfolios and regulatory environments. Also see the sections "AGRANA's strategy" and "Organisational structure".	32f., 38f.

[1] In page number references, "f." means "and the following page"; "ff." means "and the following pages".

GRI	Disclosure Supplementary explanations	Presented on page

Risk management

a) Process for identifying and assessing risks

201-2	Financial implications and other risks and opportunities due to climate change Physical and regulatory/transition risks from climate change and their potential impacts on the Group are qualitatively described in the "Risk management" section and in the NFI statement; they are not quantified. Opportunities from the transformation into a low-carbon economy are presented within the NFI statement under "Social matters", subheading "Products".	44ff., 92, 95f.

b) Management process

	Also see the section "Risk management", sub-heading "Non-financial risks".	44ff., 92, 95f.

c) Integration into overall risk management

	Also see the section "Risk management", sub-heading "Non-financial risks".	44ff., 92, 95f.

Metrics and targets

a) Metrics used for assessment

102-30	Effectiveness of risk management processes AGRANA complies with rule 83 C of the Austrian Code of Corporate Governance. This rule requires the independent auditor to assess the effectiveness of the processes. The auditor informs the Management Board and reports to the Audit Committee of the Supervisory Board.	20f.

b) Greenhouse gas emissions

102-29	Identifying and managing economic, environmental, and social impacts See above	
102-30	Effectiveness of risk management processes See above	
201-2	Financial implications and other risks and opportunities due to climate change See above	

c) Goals

		47f.

Performance indicators and their meaning

AGRANA Group (under IFRS)

Abbreviation if any	**Indicator** Definition		**2019|20**	**2018|19**
	Borrowings = Bank loans and overdrafts, and other loans from non-Group entities + borrowings from affiliated companies + lease liabilities	€000	577,026	423,627
CE	Capital employed = (PP&E + intangibles including goodwill) + working capital I	€000	1,865,397	1,751,578
	Dividend yield = Dividend per share ÷ closing share price × 100	%	4.4	5.7
EBIT	Operating profit = Earnings before interest and tax and after exceptional items and results of equity-accounted joint ventures	€000	87,050	66,618
EBITDA	= Operating profit before exceptional items, results of equity-accounted joint ventures, and operating depreciation and amortisation	€000	183,065	147,738
EBITDA margin	= EBITDA ÷ revenue × 100	%	7.4	6.0
EPS	Earnings per share (basic and diluted) = Profit for the period ÷ average number of shares outstanding	€	0.77	0.41
	Equity ratio = Equity ÷ total assets × 100	%	54.4	59.0
EVS	Equity value per share = Equity attributable to shareholders of the parent ÷ average number of shares outstanding	€	21.2	21.6
FCF	Free cash flow = Net cash from/used in operating activities + net cash from/used in investing activities	€000	(45,482)	(20,178)
	Gearing ratio = Net debt ÷ total equity × 100	%	33.5	22.9
	Intangible assets including goodwill	€000	275,108	276,740
	Net debt = Borrowings less (cash + cheques + other bank deposits + current securities + non-current securities)	€000	464,012	322,202
	Operating margin = Operating profit before exceptional items ÷ revenue × 100	%	2.9	2.1
	Operating profit before exceptional items and results of equity-accounted joint ventures	€000	73.136	51.102
P/E	Price/earnings ratio = Closing share price at financial year end ÷ earnings per share		22,8	42,4
PP&E	Property, plant and equipment	€000	932,795	864,221
ROCE	Return on capital employed = Operating profit before exceptional items and results of equity-accounted joint ventures ÷ capital employed × 100	%	3.9	2.9
ROS	Return on sales = Profit before tax ÷ revenue × 100	%	2.8	2.1
WC I	Working capital I = Inventories + trade receivables + other assets − current provisions − current prepayments received − trade payables − other payables	€000	657,494	610,617

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Forward-looking statements
This annual report contains forward-looking statements, which are based on assumptions and estimates made by the Management Board of AGRANA Beteiligungs-AG. Although these assumptions, plans and projections represent the Management Board's current intentions and best knowledge, a large number of internal and external factors may cause actual future developments and results to differ materially from these assumptions and estimates. Some examples of such factors are, without limitation: negotiations concerning world trade agreements; changes in the overall economic environment, especially in macroeconomic variables such as exchange rates, inflation and interest rates; EU sugar policy; consumer behaviour; and public policy related to food and energy. AGRANA Beteiligungs-AG does not guarantee in any way that the actual future developments and actual future results achieved will match the assumptions and estimates expressed or made in this annual report, and does not accept any liability in the event that assumptions and estimates prove to be incorrect.

The quantitative statements and direction arrows in the "Outlook" section of this report are based on the following definitions:

Modifier	Visualisation	Numerical rate of change
Steady	→	0% up to +1%, or 0% up to −1%
Slight(ly)	↗ or ↘	More than +1% and up to +5%, or more than −1% and up to −5%
Moderate(ly)	↑ or ↓	More than +5% and up to +10%, or more than −5% and up to −10%
Significant(ly)	↑↑ or ↓↓	More than +10% and up to +50%, or more than −10% and up to −50%
Very significant(ly)	↑↑↑ or ↓↓↓	More than +50% or more than −50%

For financial performance indicators not defined in a footnote, please see the definitions on page 204.

In the interest of readability, this document may occasionally use language that is not gender-neutral. Any gender-specific references should be understood to include masculine, feminine and neuter as the context permits. As a result of the standard round-half-up convention used in rounding individual amounts and percentages, this report may contain minor, immaterial rounding errors. No liability is assumed for misprints, typographical and similar errors.

This English translation of the AGRANA annual report is solely for readers' convenience and is not definitive. In the event of discrepancy or dispute, only the German version shall govern.

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