



Oud-Beijerland, 13 April 2021

Südzucker International Finance B.V.

FINANCIAL REPORT
for the financial year
1 March 2020 to 28 February 2021

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Directors' report for the financial year 2020/21

We have the pleasure in presenting the Financial Report of Südzucker International Finance B.V. ('SZIF', or 'the Company') for the financial year 1 March 2020 up to and including 28 February 2021. The home member state of SZIF is the Netherlands.

Group structure

SZIF was incorporated on 13 January 1994. The Company is a wholly-owned subsidiary of Südzucker AG, Mannheim, Germany.

The Company's purpose is to finance affiliated companies, within the Südzucker AG group structure, through, among others, the issuance of bonds listed on public markets. The loans currently issued are listed on the Frankfurt Stock Exchange and the Luxembourg Stock Exchange.

Business review and activities during this year

SZIF continued to be an important liquidity provider within the Südzucker Group.

The interest rate for the loans to affiliated companies is disclosed in the Loan Pricing Policy of the Company. The interest rate on the credit facilities is based on the weighted average yield of all funds drawn from the financial markets by SZIF. The costs related to the bonds (i.e. guarantee fee, the annualized bank costs, annualized discount and the required spread for the Company's financing activities) are added to the weighted average yield.

At the annual General Meeting of the Company held on 28 April 2020 the general assembly has been decided upon the allocation of the results of the financial year 2019/20 to pay a dividend of EUR 1 million on 8 May 2020.

As all bonds are issued by the Company and are guaranteed by Südzucker AG, the credit ratings of Südzucker AG continue to be a significant support of the bond business of SZIF.

Credit ratings provide an opinion for the debt capital markets as to the issuer's ability to meet its financial obligations to security holders when due. Credit ratings represent an independent and current assessment of a company's credit standing. Creditworthiness checks by rating agencies have a substantial effect on a company's options for raising external funding. The better the rating, the easier the access to international credit markets and the more affordable the borrowings.

Südzucker AG continues to have credit ratings assigned from both Moody's Investors Service and Standard & Poor's Global Ratings.

Moody's current rating for Südzucker AG is Baa3/P-3 with a negative outlook (January 2021). The Moody's rating for the hybrid bond is B2 (January 2021). Standard & Poor's current rating for Südzucker AG is BBB-/A-3 with a negative outlook (September 2020). Standard & Poor's rating for the hybrid bond is B+ (September 2020).

Bonds

On 28 February 2021 the Company has the following bonds at its disposal:

- On 30 June and 15 August 2005 a fixed-rate coupon of 5.25% perpetual **hybrid bond** was issued to a total amount of EUR 700 million. Since 30 June 2015 the subordinated bond has a variable coupon of the 3 month Euribor interest rate plus 3.10 % p.a.

On 28 February 2021 the interest rate was applied 2.562 % p.a. for the period from 31 December 2020 to 31 March 2021 exclusively (90 days).

The Company currently does not meet the requisite conditions for termination and repayment of the bond. Neither does Südzucker AG currently intend to take any action, such as increase capital for cash or issue a new hybrid bond to fulfil the conditions for termination nor make a public offer to buy back any bonds by way of meeting a capital market compliant procedure, since this could negatively impact the rating agencies' assessment of the company's equity credit.

- On 22 November 2016 a 1.25% **bond** was issued and paid on 29 November 2016 to an amount of EUR 300 million for a 7-years period. The Notes shall be redeemed at their principal amount on 29 November 2023 (maturity date).
- On 21 November 2017 a 1.00% **bond** was issued and paid on 28 November 2017 to an amount of EUR 500 million for an 8-years period. The Notes shall be redeemed at their principal amount on 28 November 2025 (maturity date).

Results

The net result after tax for the year ended at 28 February 2021 amounts to EUR 1,147 thousand (2019/20: EUR 1,033 thousand). The net result after tax improved by EUR 114 thousand mainly due to an increase in net interest income. The covid-19 crisis had no impact on the result of the year for SZIF. In line with the overall market developments, Südzucker's credit spreads after a Covid-19 driven widening in the beginning of the year returned to slightly below previous year's levels by the end of 2020/21. The net result after tax for the fiscal year 2020/21 is in line with the tax ruling obtained from the Dutch tax authorities about the application of Dutch tax law for its activities in the Netherlands (APA).

Composition of the board

The size and composition of the Board of Management and the combined experience and expertise should reflect the best fit for the profile and strategy of the Company. Currently the Board consists of two male board members.

Financial risk management

The risk appetite of the Company is limited. This is also embedded in the structure of the Company, in which external financing is applied only for internal financing purposes with limited risks. Reference is also made to disclosures below on separate risks. As part of the applicable tax ruling (APA) a fixed spread is set on the interest expenses resulting in a higher interest income on the intercompany loan receivable. The Company has designed and implemented control measures in order to mitigate risks. These control measures are both automated and manual. Amongst others the control measures are monitoring, reviewing, 4-eye principles and authorization matrices within Südzucker group.

SZIF's financing needs are directly related to funding requests of other Südzucker Group companies. The Company's activities might expose it to a variety of financial risks: market risk (including fair value interest rate risk), credit risk, liquidity risk and cash flow interest rate risk. The Company's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Company's financial performance.

The risk profile is not significantly changed in comparison with the last years.

Market risk

Market risk is defined as the risk of a loss due to a change of market prices. The Company's market risk is limited to the bonds issued by the Company. These amounts are secured by Südzucker AG and on-lent within the Group. There is a difference in maturity of the bonds and the amounts lent. This mismatch is managed and monitored by a mid-term strategic planning, revolving financial and liquidity planning and analysis and an early refinancing of these bonds.

Credit risk

Credit risk is the risk of loss due to a counterparty's non-payment of a loan or other receivable. Following the purpose of the Company, its counterparties for loans and receivables are all related parties and hence members of the Südzucker Group. These companies have a long and proven track record of being reliable creditors and their suitability for future credit is monitored on an ongoing basis. Therefore the company's exposure to credit risk is influenced mainly by the characteristics of Südzucker Group related default risk. In case of a non-payment of a loan or other receivable of an affiliated company, the risk is limited at 1% of the outstanding amount with a maximum of EUR 10 million. Südzucker AG, Mannheim, which has issued an unconditional and irrevocable guarantee in relation to every single bond, at year-end has a short-term A-3 rating by Standard & Poor's and a P-3 rating by Moody's. The expenses associated to the bonds are charged on to the lending companies through an additional risk premium on top of the base rate.

Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash in order to ensure payment of short-term liabilities. Liquidity risk is the risk that liabilities cannot be met when they fall due. Also a substantial and / or a simultaneous withdrawal of loans fall into such risks. The Company addresses such risk by matching the cash flows resulting from assets and liabilities wherever economically viable but also by maintaining a range of financing possibilities. As such the Company has the option on a short term deposit available with Südzucker AG. Overall, the Company believes that adequate financing instruments are available to ensure sufficient liquidity at all times.

Interest rate risk

The Company's interest rate risk arises from assets and liabilities having either a different interest rate base (fixed vs. variable) or different tenures (short term vs. long term). The Company's external borrowings are at a fixed interest rate until the maturity for the bonds and at quarter based variable interest rate for the subordinated hybrid bond. The loans are lent to the parent company and affiliated companies. Interest rates applied for intercompany loans under the SZIF Loan Pricing Policy are continuously adopted to the actual interest cost situation of the Company taking the APA agreement into account. These intercompany interest rates are based on the average interest expenses for the Company, including a spread. As such, the Company's cash flow interest rate risk is limited.

Taxation

SZIF has agreed an Advance Pricing Agreement with the Dutch tax authorities (APA) till 28 February 2022. SZIF aims to conclude an appropriate follow-up agreement in the course of the year 2021.

Governance

Based on Article 1, par. I, sub 1 in the Audit Firms Supervision Act (*Wet toezicht accountantsorganisaties*) the Company is considered as a public interest entity (*Organisatie van openbaar belang*) and following the Royal Decree of 26 July 2008, concerning the implementation of Article 41 of EC directive 2006/43 the Management of the Company assigned the Audit Committee tasks to the Audit Committee of Südzucker AG on 10 September 2012.

The members of Südzucker AG Audit Committee are Helmut Friedl (chairman), Dr. Hans-Jörg Gebhard, Ulrich Gruber, Veronika Haslinger, Franz-Josef Möllenberg and Rolf Wiederhold; the Audit Committee meeting to review the financial statements and management report of SZIF 2019/20 took place on 7 May 2020; the Audit Committee meeting to review the half year 2020/21 interim financial statements of SZIF took place on 6 October 2020.

Outlook for the financial year 2021/22

The Company's management expects for the fiscal year 2021/22 a profit in line with FY 2020/21 and the APA. Whilst uncertain, we do not believe, that the impact of Covid-19 crisis would have a material impact on our financial condition or liquidity.

Directors' responsibility statement

All directors confirm that, to the best of their knowledge:

- the financial statements which have been prepared in accordance with Part 9 of Book 2 of the Dutch Civil Code, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company;
- the Directors' report includes a fair review of the development and performance of the business and the position of the Company, together with a description of the principal risks and uncertainties they face as required pursuant to section 5:25 c of the Dutch Financial Markets Supervision Act (*Wet op het financieel toezicht*).

Events after 28 February 2021

There are no events which have occurred after 28 February 2021, which need to be disclosed in these financial statements.

Oud-Beijerland, 13 April 2021

The Managing Directors:

G.P. Nota

S. Moll

Financial statements

Balance sheet as at 28 February 2021

(Before profit appropriation of the year)

Assets (in € thousand)	Notes	28 February 2021	29 February 2020
Non-current assets			
Non current tangible assets		2	3
Non current financial assets			
Receivables from the shareholder	4	74 770	70 900
Receivables from affiliated companies	5	1 444 966	1 447 908
		1 519 738	1 518 811
Current assets			
Receivables			
Receivables from affiliated companies		-	-
Receivables from tax authorities	6	52	95
Prepaid expenses		5	5
Cash at banks	7	45	54
		102	154
Total assets		1 519 840	1 518 965

Equity and liabilities			
(in € thousand)	Notes	28 February 2021	29 February 2020
Shareholder's equity			
	8		
Share capital		10 000	10 000
Retained earnings			
Retained earnings previous years		7 463	7 430
Result of the financial year		1 147	1 033
		18 610	18 463
Long-term liabilities			
Bonds			
Bond € 300 million	9+10	299 082	298 749
Bond € 500 million	9+10	496 893	496 240
Hybrid bond € 700 million	9+10	700 000	700 000
		1 495 975	1 494 989
Short-term liabilities			
Liabilities to affiliated companies		2	2
Payable to tax authorities	11	2	7
Other payables	12	117	129
Accrued expenses	12	5 134	5 375
		5 255	5 513
Total equity and liabilities		1 519 840	1 518 965

Profit and loss account for the year

(in € thousand)	Notes	ended 28 February 2021	ended 29 February 2020
Other operating income	13	17	61
Wages and salaries	14	146	144
Social security and pension expenses		28	25
Depreciation		1	1
Other operating expenses	15	66	114
Other operating expenses		(241)	(284)
Interest income from:			
the shareholder	4	1 214	2 499
affiliated companies	5	30 710	30 033
Financial income or interest and similar income		31 924	32 532
Interest expenses:			
bonds	9	27 654	28 288
Amortisation bonds discount	10	986	990
Other financing expenses	16	1 669	1 727
Financial expenses or interest and similar expenses		(30 309)	(31 005)
Profit before taxation		1 391	1 304
Taxation	17	(244)	(271)
Profit after taxation		1 147	1 033

Cash flow statement

(in € thousand)	Notes	1 March 2020 - 28 February 2021	1 March 2019 - 29 February 2020
Cash flow from operating activities			
Result before taxation		1 391	1 304
Adjustment for:			
Movements in deferred tax		-	-
Amortisation discount on bonds issued	10	986	990
Other		26	(66)
Net cash (used in)/from operating activities		<u>2 403</u>	<u>2 228</u>
Changes in working capital:			
Movements interest payable	12	(241)	(23)
Cash flow generated from operating activities			
Income tax paid	17	(244)	(271)
Net cash generated from operating activities		<u>1 918</u>	<u>1 934</u>
Cash flows used in investment activities			
Decrease/(increase) in tangible assets		1	(3)
Decrease/(increase) in loans to affiliated companies long term	4+5	(928)	(963)
Net cash used in investment activities		<u>(927)</u>	<u>(966)</u>
Cash flows generated from financing activities			
Issuance/(redemption) of long-term bond	9	-	-
Dividend payment for prior year	8	(1 000)	(1 000)
Net cash generated from financing activities		<u>(1 000)</u>	<u>(1 000)</u>
Change in cash		<u>(9)</u>	<u>(32)</u>
Cash as at 1 March	7	54	86
Cash as at 28/29 February		<u>45</u>	<u>54</u>

Notes

General

1. Group affiliation and principal activity

Südzucker International Finance B.V. ('SZIF', or 'the Company'), a private company with limited liability incorporated under the laws of The Netherlands on 13 January 1994, having its corporate seat in Oud-Beijerland, the Netherlands and its registered office at Laurens Jzn. Costerstraat 12, 3261 LH Oud-Beijerland, the Netherlands and registered with the Dutch Chamber of Commerce under 33255988.

All shares were issued to Südzucker AG, Mannheim, Germany.

The principal activity of the Company is to facilitate financing of Südzucker AG and group companies.

2. Basis of presentation

These financial statements have been prepared in accordance with the provisions of the Dutch Civil Code, Book 2, Part 9 and the accounting principles generally accepted in the Netherlands.

The financial statements are expressed in thousand Euro.

3. Significant accounting policies

3.1 General

In general, assets and liabilities are stated at the amounts at which they were acquired or incurred, if not specially stated otherwise. The balance sheet and profit and loss account include references to the notes.

3.2 Estimates

The preparation of the financial statements in conformity with the relevant rules requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. If necessary the nature of these estimates and judgements, including the related assumptions, is disclosed in the applicable notes to the financial statement items in question.

3.3 Loans to shareholder and loans to affiliated companies

Loans to group companies included in the financial assets are initially measured at fair value, and subsequently carried at amortised cost.

The interest rate charged on loans to group companies has been set in conformity with the tax ruling obtained from the local tax authorities (APA).

The Company assesses at the reporting date whether there is any objective evidence that a financial asset or group of financial assets is impaired. A financial asset is considered impaired if, and only if, there

is objective evidence of impairment as a result of one or more loss events that occurred after the initial recognition of the asset and prior to the statement of financial position date, and that loss event has had an impact on the estimated future cash flows of the financial asset that can be reliably estimated.

For loans and receivables, the amount of impairment loss is measured as the difference between the assets carrying amount and the present value of expected future cash flows discounted at the assets original effective interest rate. The amount of the loss is included in the profit and loss statement. If, in a subsequent period, the amount of impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed in the profit and loss statement.

3.4 Receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost with use of the effective interest rate method. When a trade receivable is not collectible, it is written off against the allowance for trade receivables.

3.5 Cash

Cash consist of cash at banks and deposits with a maturity of less than three months. Current account liabilities at banks are recognised under bank overdrafts forming part of current liabilities. Cash are stated at nominal value.

3.6 Equity

The Company has no statutory or mandatory reserves.

3.8 Long-term liabilities

Bonds included in long-term liabilities are initially measured at fair value net of transaction costs and subsequently valued at amortised costs.

3.9 Short-term liabilities

Short-term liabilities include under the accrued expenses the unpaid interest on the bonds. These are stated at amortised cost.

Accounting policies for the profit and loss account

3.10 General

Results on transactions are recognized in the year in which they are realised; losses are recognized in the period in which they pertain.

Income and expenses are recognized on an accrual basis in accordance with the relevant agreements.

Premiums and discounts on loans are amortised over the term of the loans in accordance with the effective interest method.

Interest paid and received is recognised on a time-weighted basis, applying the effective interest rate of the assets and liabilities concerned.

3.11 Employee related costs

Short term employee benefits

Salaries, wages and social security contributions are taken to the income statement based on the terms of employment, where they are due to employees.

3.12 Taxation

Corporate income tax is calculated on the profit/loss before taxation in the profit and loss account, taking into account tax-exempt items and non-deductible expenses, and using current tax rates.

3.13 Related-party transactions

All legal entities that can be controlled, jointly controlled or significantly influenced are considered to be a related party. Also entities which can control the Company are considered a related party. In addition, statutory directors, other key management of SZIF or Südzucker AG and close relatives are regarded as related parties.

3.14 Cash flow statement

The Cash flow statement has been prepared using the indirect method. The cash items disclosed in the cash flow statement are comprised of cash. Interest paid and received and income taxes are included in cash from operating activities. Transactions not resulting in inflow or outflow cash are not recognized in the cash flow statements.

3.15 Financial risk factors

The Company's activities might expose it to a variety of financial risks: market risk (including fair value interest rate risk), credit risk, liquidity risk and cash flow interest rate risk. The Company's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Company's financial performance.

The risk profile is not significantly changed in comparison with the last fiscal years.

- *Market risk*

Market risk is defined as the risk of a loss due to a change of market prices. The Company's market risk is limited to the bonds issued by the Company. These amounts are secured by Südzucker AG and on-lent within the Group. There is a difference in maturity of the bonds and the amounts lent. This mismatch is managed and monitored by a mid-term strategic planning, revolving financial and liquidity planning and analysis and an early refinancing of these bonds.

- *Credit risk*

Credit risk is the risk of loss due to a counterparty's non-payment of a loan or other receivable. Following the purpose of the Company, its main counterparties for loans and receivables are all related parties and hence members of the Südzucker Group. These companies have a long and proven track record of being reliable creditors, and their suitability for future credit is monitored on an ongoing basis. In cooperation with Südzucker AG headquarters, assessments of credit risk are made. The maximum credit risk exposure is EUR 1.5 billion (2019/20: EUR 1.5 billion). The company's exposure to credit risk is influenced mainly by the characteristics of Südzucker Group related default risk. In case of a non-payment of a loan or other receivable of an affiliated company, the risk is limited at 1% of the outstanding amount with a maximum of EUR 10 million. Südzucker AG, Mannheim, which has issued an unconditional and irrevocable guarantee in relation to every single bond, at year-end has a short-term A-3 rating by Standard & Poor's and a P-3 rating by Moody's. The associated expenses are charged on to the lending companies through an additional risk premium on top of the base rate.

- *Liquidity risk*

Prudent liquidity risk management implies maintaining sufficient cash in order to ensure payment of short-term liabilities. Liquidity risk is the risk that liabilities cannot be met when they fall due. Also a substantial and / or a simultaneous withdrawal of loans fall into such risks. The Company addresses such risk by matching the cash flows resulting from assets and liabilities wherever economically viable but also by maintaining a range of financing possibilities. As such the Company has the option on a short term deposit readily available with Südzucker AG. The Company has various possibilities for liquidity facilities. A concentration of liquidity risk has not been identified.

- *Interest rate risk*

The Company's interest rate risk arises from assets and liabilities having either a different interest rate base (fixed vs. variable) or different tenures (short term vs. long term). The Company's external borrowings are at a fixed interest rate until the maturity for the bonds and at quarter based variable interest rate for the subordinated hybrid bond. The loans are lent to the parent company and affiliated companies. Interest rates applied for intercompany loans under the SZIF Loan Pricing Policy are continuously adopted to the actual interest cost situation of the Company. These intercompany interest rates are based on the average interest expenses for the Company, including a spread. The interest rates and interest conditions on the issued bonds are equal to these on the loans to affiliated companies. Therefore the Company is not exposed to variability of cash flows due to market developments in interest rates.

Balance sheet

4. Receivables from the shareholder

(in € thousand)	28 February 2021	29 February 2020
Loans	74 770	70 900
	74 770	70 900

The loan to the shareholder is a long-term loan with no scaled maturity which bears interest at 2.02% since 31 December 2020 in accordance with the loan policy. The interest is variable and will change every calendar quarter end depending on the interest rate of the hybrid bond.

Due to the quarterly interest rates revisions the interest rate is assumed to be equal to the effective interest rate.

The fair value of the loans does not differ materially from the recorded amount in the balance sheet due to the variable interest on the loans.

5. Receivables from affiliated companies

(in € thousand)	28 February 2021	29 February 2020
Loans to affiliated companies	1 444 966	1 447 908
	1 444 966	1 447 908

The loans to affiliated companies consist of:

- EUR 10,000,000 long-term loan to Südzucker Polska Sp.z.o.o. and EUR 29,500,000 long-term loan to Südzucker Moldova S.A. which bears interest at 2.13% since 31 December 2020 in accordance with the loan policy. This includes an additional spread for withholding tax.
- EUR 1,405,466,000 long-term loans to other affiliated companies which bear interest at 2.02% since 31 December 2020 in accordance with the loan policy.

The interest is variable and will change every calendar quarter end depending on the interest rate of the hybrid bond. Due to the quarterly interest rates revisions the interest rate is assumed to be equal to the effective interest rate.

The fair value of the loans does not differ materially from the recorded amount in the balance sheet due to the variable interest on the loans.

6. Receivables from tax authorities

The prepayments to the Dutch tax authorities are higher than the tax calculated for FY 2020/21.

7. Cash at banks

The current accounts are held with Deutsche Bank AG, Amsterdam and ING Bank N.V., Amsterdam. None of this cash is restricted as at 28 February 2021.

8. Shareholder's equity

(in € thousand)	Paid-up and issued capital	Retained earnings	Profit financial year	Total
Shareholder's equity as at 1 March 2019	10 000	7 246	1 184	18 430
Appropriation of net result 2018/19	-	184	(184)	-
Dividend payment	-	-	(1 000)	(1 000)
Net result for the year 1 March 2019- 29 February 2020	-	-	1 033	1 033
Shareholder's equity as at 29 February 2020	10 000	7 430	1 033	18 463
Appropriation of net result 2019/20	-	33	(33)	-
Dividend payment	-	-	(1 000)	(1 000)
Net result for the year 1 March 2020 - 28 February 2021	-	-	1 147	1 147
Shareholder's equity as at 28 February 2021	10 000	7 463	1 147	18 610

As at 28 February 2021, 220,365 ordinary shares have been issued and fully paid of EUR 45.38 each for a total of EUR 10,000,163.70.

The retained earnings represent the withheld profits of prior financial years.

In accordance with Article 18 of the Articles of Association, the net result for the year is at the disposal of the General Meeting of the Shareholders.

The proposal to the General Meeting of the Shareholders will be:

- to pay a dividend for FY 2020/21 of EUR 1 million on 21 May 2021;
- to add the remaining amount to the retained earnings.

9. Long-term liabilities

SZIF has issued the following bonds under the law of the Federal Republic Germany outstanding per 28 February 2021:

- On 30 June 2005 the Company issued a hybrid bond to an amount of EUR 500 million at a rate of 98.669%. This amount was increased on 15 August 2005 by an amount of EUR 200 million at a rate of 99.113%. The hybrid bond is divided into a nominal value of EUR 1,000 each. In the first ten years till 30 June 2015 the subordinated bond has a fixed coupon of 5.25%. Since 30 June 2015 the subordinated bond has a variable coupon of the 3 month Euribor interest rate plus 3.10% p.a. effective. The interest rate was set at 2.562% p.a. for the period from 31 December 2020 to 31 March 2021 exclusively.

The Company currently does not meet the requisite conditions for termination and repayment of the bond. Neither does Südzucker AG currently intend to take any action, such as increase capital for cash or issue a new hybrid bond to fulfil the conditions for termination nor make a public offer to buy back any bonds by way of meeting a capital market compliant procedure, since this could negatively

impact the rating agencies' assessment of the company's equity credit. A limited buyback by Südzucker AG has been performed in the past to a current maximum of around 4% of nominal face value.

Furthermore, the terms and conditions of the bond provide SZIF, in the event of a dividend event, with the option to defer the interest coupon payments. An optional (voluntary) coupon suspension may occur if no dividend was approved for shares of Südzucker AG at the last annual general meeting. In case of a Cash Flow-Event, SZIF is obliged to suspend remuneration payments. A Cash Flow-Event shall exist if the consolidated Cash Flow of the Guarantor Südzucker AG is less than 5 % of the consolidated Sales Revenues of the Guarantor Südzucker AG, in each case as shown in the annual report containing the audited financial statements of the Guarantor Südzucker AG.

This hybrid bond is guaranteed by Südzucker AG, Mannheim.

The fair value of this bond as at 28 February 2021 amounts to 78.90% (29 February 2020: 83.60%) at the Frankfurt Stock Exchange for a total amount of EUR 552.3 million.

- On 22 November 2016 the Company issued a 1.25% bond for an amount of EUR 300 million with a payment date of 29 November 2016 at the Luxembourg Stock Exchange. The bond has been issued against a rate of 99.687%. Redemption of the EUR 300 million takes place on 29 November 2023.

This bond is also guaranteed by Südzucker AG, Mannheim.

The fair value of this bond as at 28 February 2021 amounts to 102.445% (29 February 2020: 103.61%) at the Frankfurt Stock Exchange for a total amount of EUR 307.335 million.

- On 21 November 2017 the Company issued a 1.00% bond for an amount of EUR 500 million with a payment date of 28 November 2017 at the Luxembourg Stock Exchange. The bond has been issued against a rate of 99.367%. Redemption of the EUR 500 million takes place on 28 November 2025.

This bond is also guaranteed by Südzucker AG, Mannheim.

The fair value of this bond as at 28 February 2021 amounts to 102.3% (29 February 2020: 100.815%) at the Frankfurt Stock Exchange for a total amount of EUR 511.5 million.

The fair values of these loans are determined by market quotations of these bonds on 28 February 2021.

10. Bond discount

All the bonds will be amortised over the term of these loans in accordance with the linear interest method.

(in € thousand)	Bond discount at cost	Amortisation	Balance end FY	Bond discount book value	
				long-term	short-term
1 March 2019	7 571	(1 570)	6 001	6 001	-
Movements FY 2019/20:					
Amortisation		(990)	(990)		
29 February 2020	7 571	(2 560)	5 011	5 011	-
Movements FY 2020/21:					
Amortisation		(986)	(986)		
28 February 2021	7 571	(3 546)	4 025	4 025	-

11. Payable to tax authorities

(in € thousand)	28 February 2021	29 February 2020
Other tax	1	6
VAT	1	1
	2	7

12. Other payables / Accrued expenses

(in € thousand)	28 February 2021	29 February 2020
Interest accrual on bonds	5 134	5 375
Other payables	117	129
	5 251	5 504

The remaining term of the interest accrual and other payables is less than one year.

Profit and loss account

13. Other income

Recharging other affiliated companies for labour and other costs paid by SZIF and made in order of the services provided for these affiliated companies.

14. Wages and salaries

(in € thousand)	ended 28 February 2021	ended 29 February 2020
Wages (incl. holiday pay)	106	130
Bonus	40	14
	146	144

The newly appointed director as per June 2019 received a bonus contract for his services rendered, which increased as agreed per FY 2020/21. Early 2020, a new controller has been appointed. The former controller retired in October 2020.

15. Other operating expenses

The operating expenses can be split in:

(in € thousand)	ended 28 February 2021	ended 29 February 2020
Independent audit of the financial statements	34	37
Tax advice	13	9
Legal advice	1	11
Third-party hired management	-	15
Building rental	6	6
IT	5	7
Website	2	11
Other expenses	5	18
	66	114

All audit services are provided by Ernst & Young Accountants LLP, Amsterdam. The tax advices are provided by KPMG Meijburg & Co, Belastingadviseurs, Rotterdam.

The legal advice costs have decreased compared to last year by non-recurring expenses last year regarding to the advice on the publication of capital market announcements.

The expenses for third-party hired management disappeared in FY 2020/21 as the mandate of the external director has been terminated per 28 February 2020.

16. Other financing expenses

(in € thousand)	ended 28 February 2021	ended 29 February 2020
Guarantee fee paid to Südzucker AG	1 521	1 525
Withholding tax Poland and Moldova	46	109
Other financial expenses	102	93
	1 669	1 727

17. Taxation

(in € thousand)	ended 28 February 2021	ended 29 February 2020
Taxable amount	1 442	1 418
Income tax current year	342	341
Nominal tax rate	23,7%	24,0%
Restitution withholding tax	(46)	(27)
	296	314
Income tax previous year	(52)	(43)
	244	271
Profit before tax	1 391	1 304
Effective tax rate	17,5%	20,8%

18. Related parties

Südzucker International Finance BV is a 100% subsidiary of Südzucker AG, Mannheim, Germany. SZIF supplies financing facilities exclusively to Südzucker AG and other companies within the Südzucker AG group. During the year the Company concluded several financing transactions with its parent and affiliated companies. The interest and other conditions are determined on arm's length basis.

19. Employees

The Company employed 3 persons during FY 2020/21 with an average of 1.03 FTE (2019/20: 0.75 FTE) in the Netherlands. There are no employees abroad.

One person of the management has a bonus contract (not included in FTE).

20. Benefits management board

The total remuneration of the members of the management board of the Company is:

(in € thousand)	ended 28 February 2021	ended 29 February 2020
Wages and salaries		
Wages	28	55
Bonus	34	14
Social security and pension expenses	2	4
Purchased management services	-	15
	64	88

One of the directors has a labour contract and provides also services to other affiliated companies. These services are being recharged (see note 13). Another director has a bonus contract.

Last year, one of the directors was external and for the services provided, SZIF received an invoice. These expenses were recorded as purchased management services (see note 15). His mandate terminated as per 28 February 2020.

21. Commitments and contingencies not included in the balance sheet

There are no commitments and contingencies, which are not included in the balance sheet.

22. Events after the balance sheet date

There are no events occurring after the balance sheet date. The Covid-19 crisis as of the date of this report has limited impact on the activities of SZIF.

23. Profit appropriation

In accordance with Article 18 of the Articles of Association, the net result for the year is at the disposal of the General Meeting of the Shareholders.

The proposal to the General Meeting of the Shareholders will be:

- to pay a dividend of EUR 1 million on 21 May 2021;
- the remaining amount to the retained earnings.

Oud-Beijerland, 13 April 2021

The Managing Directors:

G.P. Nota

S. Moll

Other information

Independent auditor's report

The independent auditor's report is taken up on the following page.

Independent auditor's report

To: the shareholders of Südzucker International Finance B.V.

Report on the audit of the financial statements 2020/2021 included in the annual report

Our opinion

We have audited the financial statements for the year ended 28 February 2021 of Südzucker International Finance B.V., based in Oud-Beijerland.

In our opinion the accompanying financial statements give a true and fair view of the financial position of Südzucker International Finance B.V. as at 28 February 2021 and of its result and its cash flows for the year then ended 28 February 2021 in accordance with Part 9 of Book 2 of the Dutch Civil Code.

The financial statements comprise:

- ▶ The company balance sheet as at 28 February 2021
- ▶ The company profit and loss account for 2021
- ▶ The notes comprising a summary of the accounting policies and other explanatory information

Basis for our opinion

We conducted our audit in accordance with Dutch law, including the Dutch Standards on Auditing. Our responsibilities under those standards are further described in the Our responsibilities for the audit of the financial statements section of our report.

We are independent of Südzucker International Finance B.V. in accordance with the EU Regulation on specific requirements regarding statutory audit of public-interest entities, the "Wet toezicht accountantsorganisaties" (Wta, Audit firms supervision act), the "Verordening inzake de onafhankelijkheid van accountants bij assurance-opdrachten" (ViO, Code of Ethics for Professional Accountants, a regulation with respect to independence) and other relevant independence regulations in the Netherlands. Furthermore, we have complied with the "Verordening gedrags- en beroepsregels accountants" (VGBA, Dutch Code of Ethics).

We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our audit approach

Our understanding of the business

The purpose of Südzucker International Finance B.V. is to finance affiliated companies, within the Südzucker AG group structure through, among others, the issuance of bonds listed on public markets. We start by determining materiality and identifying and assessing the risks of material misstatement of the financial statements, whether due to fraud, non-compliance with laws and regulations or error in order to design audit procedures responsive to those risks and to 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.

Materiality

Materiality	€7.6 million (29 February 2020: €7.6 million)
Benchmark applied	0.5% of total assets (29 February 2020: 0.5% of total assets)
Explanation	Based on the type of business, financing affiliates within the Südzucker AG group structure, the total assets is an appropriate and stable benchmark. Considering the activities and based on our professional judgment, the outstanding loans is most relevant for the stakeholders of the company (shareholder and noteholders), which represent approximately 100% of the total assets.

We have also taken into account misstatements and/or possible misstatements that in our opinion are material for the users of the financial statements for qualitative reasons.

We agreed with the managing directors that misstatements in excess of €500 thousand, which are identified during the audit, would be reported to them, as well as smaller misstatements that in our view must be reported on qualitative grounds.

Our focus on fraud and non-compliance with laws and regulations

Our responsibility

Although we are not responsible for preventing fraud or non-compliance and cannot be expected to detect non-compliance with all laws and regulations, it is our responsibility to obtain reasonable assurance that the financial statements, taken as a whole, are free from material misstatement, whether caused by fraud or error.

Non-compliance with laws and regulations may result in fines, litigation or other consequences for the company that may have a material effect on the financial statements.

Our audit response related to fraud risks

In order to identify and assess the risks of material misstatements of the financial statements due to fraud, we obtained an understanding of the entity and its environment, including the entity's internal control relevant to the audit and in order to design audit procedures that are appropriate in the circumstances. As in all of our audits, we addressed the risk of management override of internal control. We do not audit internal control per se for the purpose of expressing an opinion on the effectiveness of the company's internal control.

We considered available information and made enquiries of relevant executives and the managing directors. As part of our process of identifying fraud risks, we evaluated fraud risk factors with respect to financial reporting fraud and misappropriation of assets.

In our process of identifying fraud risks, we considered whether the Covid-19 pandemic gives rise to specific fraud risk factors resulting from a dilution in the effectiveness of controls as a result of the general disruption associated with remote working, management overrides and workarounds becoming the norm or manual payments.

We evaluated the design and the implementation and, where considered appropriate, tested the operating effectiveness, of internal controls that mitigate fraud risks. In addition, we performed procedures to evaluate key accounting estimates for management bias in particular relating to important judgment areas and significant accounting estimates related to fair value estimates as disclosed in note 4 "Receivables from the shareholder", note 5 "Receivables from affiliated companies" and note 9 "Long term liabilities the financial statements". We have also used data analysis to identify and address high-risk journal entries.

We incorporated elements of unpredictability in our audit. We considered the outcome of our other audit procedures and evaluated whether any findings were indicative of fraud or non-compliance. If so, we reevaluate our assessment of fraud risk and its resulting impact on our audit procedures.

Our audit response related to risks of non-compliance with laws and regulations

We assessed factors related to the risks of non-compliance with laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general industry experience, through discussions with the management board, reading minutes, inspection of internal audit and compliance reports, and performing substantive tests of details of classes of transactions, account balances or disclosures.

We also inspected lawyers' letters and correspondence with regulatory authorities and remained alert to any indication of (suspected) non-compliance throughout the audit. Finally we obtained written representations that all known instances of non-compliance with laws and regulations have been disclosed to us.

Going concern

We performed the following procedures in order to identify and assess the risks of going concern and to conclude on the appropriateness of managing directors' use of the going concern basis of accounting. Managing directors made a specific assessment of the company's ability to continue as a going concern and to continue its operations for at least the next twelve months. We discussed and evaluated the assessment with the managing directors exercising professional judgment and maintaining professional skepticism.

We consider based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion.

Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause a company to cease to continue as a going concern.

General audit procedures

Our audit further included among others:

- ▶ Performing audit procedures responsive to the risks identified, and obtaining audit evidence that is sufficient and appropriate to provide a basis for our opinion
- ▶ Evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the managing directors
- ▶ Evaluating the overall presentation, structure and content of the financial statements, including the disclosures
- ▶ Evaluating whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation

Our key audit matter

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements. We have communicated the key audit matter to the managing directors. The key audit matter is not a comprehensive reflection of all matters discussed.

In comparison with previous year, our key audit matter did not significantly change.

These matter was addressed in the context of our audit of the financial statements as a whole and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Measurement of the outstanding loans	
Key audit matter	<p>The main activity of Südzucker International Finance B.V. is to finance affiliated companies through, among others, the issuance of loans on public markets. The company runs the risk that an affiliated company defaults on meeting its obligations to Südzucker International Finance B.V. The outstanding loans (refer to note 4 and 5) are significant to Südzucker International Finance B.V. as these represent approximately 100% of the total assets in the financial statements of the company. Therefore, we consider this risk as a key audit matter.</p>
Our audit approach	<p>We have performed, among others, the following procedures with respect to the loans:</p> <ul style="list-style-type: none"> ▶ We challenged the appropriateness of management's assumptions and estimates in relation to the recoverability of the outstanding loans. ▶ We inspected the loan agreements. ▶ We inspected the agreement between Südzucker International Finance B.V. and Südzucker AG that limits the credit risks of Südzucker International Finance B.V. ▶ We inspected the financial position of Südzucker AG. ▶ We inspected the financial statements' disclosures for compliance with accounting principles generally accepted in the Netherlands. <p>We determined that the affiliated companies have met their financial obligations towards Südzucker International Finance B.V. throughout the year.</p>
Key observations	<p>Based on our procedures performed we consider the measurement of the outstanding loans to be reasonable and concur with the related disclosures in the financial statements.</p>

Report on other information included in the annual report

In addition to the financial statements and our auditor's report thereon, the annual report contains other information that consists of:

- ▶ The directors' report
- ▶ Other information as required by Part 9 of Book 2 of the Dutch Civil Code

Based on the following procedures performed, we conclude that the other information:

- ▶ Is consistent with the financial statements and does not contain material misstatements

We have read the other information. Based on our knowledge and understanding obtained through our audit of the financial statements or otherwise, we have considered whether the other information contains material misstatements. By performing these procedures, we comply with the requirements of Part 9 of Book 2 and Section 2:135b sub-Section 7 of the Dutch Civil Code and the Dutch Standard 720. The scope of the procedures performed is substantially less than the scope of those performed in our audit of the financial statements.

The managing directors are responsible for the preparation of the other information, including the management board report in accordance with Part 9 of Book 2 of the Dutch Civil Code, other information required by Part 9 of Book 2 of the Dutch Civil Code and the remuneration report in accordance with Sections 2:135b and 2:145 sub-section 2 of the Dutch Civil Code.

Report on other legal and regulatory requirements

Engagement

We were engaged by the general meeting as auditor of Südzucker International Finance B.V. on 14 January 2015, as of the audit for the year 2014/2015 and have operated as statutory auditor ever since that date.

No prohibited non-audit services

We have not provided prohibited non-audit services as referred to in Article 5(1) of the EU Regulation on specific requirements regarding statutory audit of public-interest entities.

Description of responsibilities for the financial statements

Responsibilities of managing directors for the financial statements

The managing directors are responsible for the preparation and fair presentation of the financial statements in accordance with Part 9 of Book 2 of the Dutch Civil Code. Furthermore, the managing directors are responsible for such internal control as management determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

As part of the preparation of the financial statements, the managing directors responsible for assessing the company's ability to continue as a going concern. Based on the financial reporting frameworks mentioned, managing directors should prepare the financial statements using the going concern basis of accounting unless they either intends to liquidate the company or to cease operations, or has no realistic alternative but to do so. The managing directors should disclose events and circumstances that may cast significant doubt on the company's ability to continue as a going concern in the financial statements.

The managing directors are responsible for overseeing the company's financial reporting process.

Our responsibilities for the audit of the financial statements

Our objective is to plan and perform the audit engagement in a manner that allows us to obtain sufficient and appropriate audit evidence for our opinion.

Our audit has been performed with a high, but not absolute, level of assurance, which means we may not detect all material errors and fraud during our audit.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. The materiality affects the nature, timing and extent of our audit procedures and the evaluation of the effect of identified misstatements on our opinion.

We have exercised professional judgment and have maintained professional skepticism throughout the audit, in accordance with Dutch Standards on Auditing, ethical requirements and independence requirements. The *Our audit approach* section above includes an informative summary of our responsibilities and the work performed as the basis for our opinion.

Communication

We communicate with the managing directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant findings in internal control that we identify during our audit.

In this respect we also submit an additional report to the audit committee in accordance with Article 11 of the EU Regulation on specific requirements regarding statutory audit of public-interest entities. The information included in this additional report is consistent with our audit opinion in this auditor's report.

We provide the managing directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them 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 managing directors, we determine the key audit matters: those matters that were of most significance in the audit of the financial statements. 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, not communicating the matter is in the public interest.

Amsterdam, 13 April 2021

Ernst & Young Accountants LLP

signed by P. Sira