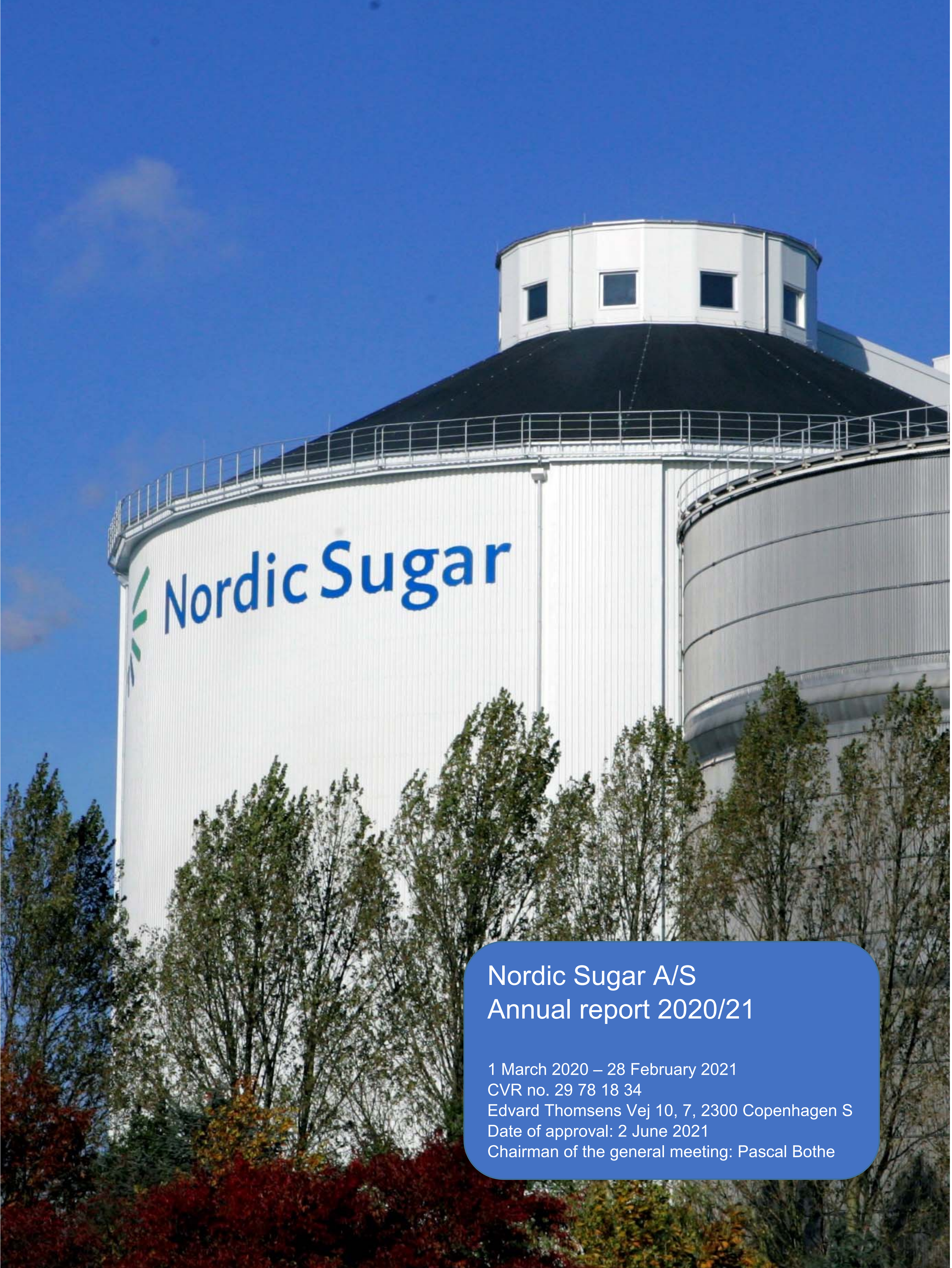

Nordic Sugar A/S
Annual report 2020/21

1 March 2020 – 28 February 2021
CVR no. 29 78 18 34
Edvard Thomsens Vej 10, 7, 2300 Copenhagen S
Date of approval: 2 June 2021
Chairman of the general meeting: Pascal Bothe

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Nordic Sugar A/S

Company information

Company

Nordic Sugar A/S
Edvard Thomsens Vej 10, 7th floor
DK-2300 Copenhagen S

CVR no.:	29 78 18 34
Founded:	31 August 2006
Registered office:	Copenhagen, Denmark
Financial year:	1 March – 28 February
Telephone:	+45 32 66 25 00
Internet:	www.nordzucker.com
E-mail:	sugarinfo@nordzucker.com

Board of Directors

Axel Aumüller, Chairman
Anja Kirschbaum-Marheine, Vice Chairman
Frank Knälmann
Maciej Wujec
Lars Müller
Thomas Kjær*)
Klaus Hansen *)
Lone Gonge *)
*) employee-elected

Executive Board

Jesper Thomassen, Managing Director

Auditor

EY Godkendt Revisionspartnerselskab

Approved by the company's annual general meeting on 2 June 2021

Chairman of the general meeting

Pascal Bothe

Management's statement

The Board of Directors and the Executive Board have today approved the annual report of Nordic Sugar A/S for 2020/21. The annual report has been prepared in accordance with the Danish Financial Statements Act.

We believe that the annual report gives a true and fair view of the company's assets, liabilities and equity, financial position as per 28 February 2021 and the results for the financial year 1 March 2020 – 28 February 2021.

We also believe that the management's review gives a fair presentation of the development in the company's activities and financial performance, results for the year and of the company's financial position.

We present the annual report for approval at the annual general meeting.

Copenhagen, 2 June 2021

Executive Board:

Jesper Thomassen
Managing Director

Board of Directors:

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Chairman

Anja Kirschbaum-Marheine
Vice Chairman

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Lone Gønge

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Lars Müller	Thomas Kjær	Klaus Hansen	Lone Gønge

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Managing Director

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		Klaus Hansen	Lone Gønge
Lars Müller	Thomas Kjær	Klaus Hansen	Lone Gønge

Independent auditor's report

To the shareholder of Nordic Sugar A/S

Opinion

We have audited the financial statements of Nordic Sugar A/S for the financial year 1 March 2020 – 28 February 2021, which comprise an income statement, balance sheet and notes, including accounting policies. The financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the financial position of the Company at 28 February 2021 and of the results of the Company's operations for the financial year 1 March 2020 – 28 February 2021 in accordance with the Danish Financial Statements Act.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the "Auditor's responsibilities for the audit of the financial statements" section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Company in accordance with the International Ethics Standard Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) and additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these rules and requirements.

Management's responsibilities for the financial statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the Danish Financial Statements Act and for such internal control as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, Management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting in preparing the financial statements unless Management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance as to whether the 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 ISAs and additional requirements applicable in Denmark 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 the financial statements.

As part of an audit conducted in accordance with ISAs and additional requirements applicable in Denmark, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the 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.

Independent auditor's report

- 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 Company'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 in preparing the financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in 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 the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and contents of the financial statements, including the note disclosures, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and fair view.

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

Statement on the Management's review

Management is responsible for the Management's review.

Our opinion on the financial statements does not cover the Management's review, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the Management's review and, in doing so, consider whether the Management's review is materially inconsistent with the financial statements or our knowledge obtained during the audit, or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether the Management's review provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, we conclude that the Management's review is in accordance with the financial statements and has been prepared in accordance with the requirements of the Danish Financial Statements Act. We did not identify any material misstatement of the Management's review.

Copenhagen, 2 June 2021
EY Godkendt Revisionspartnerselskab
CVR. No. 30 70 02 28

Jan C. Olsen
State Authorised
Public Accountant
mne33717

Management's review

Key figures and financial ratios (DKKm)

Income statement:	2020/21	2019/20	2018/19	2017/18	2016/17
Revenue	2,175	2,024	2,082	2,647	3,142
EBIT	111	12	29	245	245
Income from investments in subsidiaries	-11	-37	-40	55	-3
Financial income and expenses, net	14	8	22	28	8
Profit for the year	87	-21	0	269	195
Balance sheet:					
Assets	2,797	2,710	2,754	2,893	2,993
Equity	1,872	1,776	1,806	2,327	2,262
Investment in property, plant and equipment	68	63	65	84	110
Financial ratios (%):					
EBITDA margin	8.8	4.9	5.0	12.9	11.1
EBIT margin	5.1	0.6	1.4	9.3	7.8
ROIC	6.9	0.8	1.9	15.1	13.2

The above KPI's are calculated in accordance with the definitions of financial ratios on page 19. The recognition principles of IFRS 16 have been implemented as from 1 March 2020 meaning that all lease contracts existing on 1 March 2020 and applicable for capitalisation have been capitalised prospectively as from 1 March 2020. Comparison figures have not been adjusted.

Core activity

Nordic Sugar A/S consists of Nordic Sugar's sugar activities in Denmark as well as ownership of a number of foreign subsidiaries.

Nordic Sugar A/S develops, produces and sells a wide range of sugar products and animal feed based on sugar beet as the main raw material. The majority of the sugar is sold within the food industry and retail market in Northern Europe and to related companies in the Nordzucker Group. Nordic Sugar A/S owns subsidiaries in Finland and Lithuania with similar sugar activities.

Development in activities and financial position

Nordic Sugar A/S realised revenues of DKK 2,175 million which is DKK 151 million higher than last year (2019/20: DKK 2,024 million). The higher revenues are mainly driven by higher sales prices on sugar plus higher sales volumes of sugar and by-products. Gross profit of DKK 379 million is DKK 100 million above last year (2019/20: DKK 279 million) which is mainly driven by the increase in sales prices plus the higher sales volumes of sugar and by-products.

EBIT of DKK 111 million is DKK 99 million above last year (2019/20: DKK 12 million). Expense items between gross profit and EBIT (i.e. excl. other operating income) are at the same level as last year. Distribution and sales expenses are DKK 5 million higher than last year which is driven by higher operational costs related to our silo and warehouse setup, partly driven by additional measures during the Covid-19 pandemic. Administrative expenses are DKK 6 million below last year which is the effect from the savings programme Act Now! which was introduced in the financial year 2018/19. Other income is DKK 9 million below last year which is driven by lower reinvoicing of corporate services due to the Act Now! savings and other expenditures are below accordingly as the related costs of providing corporate services are reported within this line item. Financial items amount to DKK 14 million which is DKK 6 million above last year (2019/20: DKK 8 million). The increase in net financial income is due to hedging gains.

The EBT of DKK 125 million (excl. the impairment of investments in subsidiaries amounting to DKK 11 million) is at the upper level of the outlook provided for the financial year 2020/21 as the annual report for 2019/20 included an EBT in the range of DKK 75-125 million. EBT incl. the impairment of investments in subsidiaries is DKK 114 million. The EBT is considered as satisfactorily. As the company operates within the food sector, the impact from Covid-19 has been low. Sales have overall been realized at a higher level than planned while business operations have been executed without significant negative impact from Covid-19. Covid-19 impacted the raw material markets for sugar and oil negatively at the beginning of the financial year 2020/21, but those markets have now stabilised.

Profit for the year is realised at DKK 87 million which is DKK 108 million above last year. The increase is mainly due to the improved gross profit as explained above plus the higher impairment of investments in subsidiaries recognised last year.

Total assets are DKK 87 million (2019/20: DKK 2,710 million) higher than last year which is mainly due to higher inventories as a result of higher production plus higher accounts and other receivables partly offset by the impairment of investments in subsidiaries. Total liabilities are slightly below last year due to lower loan from Nordzucker AG partly offset by higher trade payables.

Outlook for 2021/22

The company expects positive earnings before tax (excl. any value adjustment of investment of subsidiaries) for the financial year 2021/22 which is in the range of DKK 100-150 million. The expected EBT is driven by already contracted sales volumes at similar prices plus continued cost savings. The indicated EBT level is especially connected with uncertainties in relation to the coming harvest plus the sales price level for uncontracted sales volumes.

Foreign investments

Nordic Sugar A/S' investments in subsidiaries, which mainly consist of sugar activities in Finland and Lithuania, showed a positive development during the financial year 2020/21 with positive operating results. Realised earnings are overall at a low level with an improved outlook for the Lithuanian subsidiary and a worse outlook for the Finnish subsidiaries. This has resulted in an overall impairment of investments in subsidiaries at an amount of DKK 11 million.

Research and development activities

Nordic Sugar A/S has its main research and development activities in the areas of beet research, production processes and product development.

Nordic Sugar A/S contributes to the external research and development entity Nordic Beet Research which is the research and development organisation of the sugar beet growers and sugar industry in Denmark and Sweden. Nordic Beet Research uses its funds to perform research and development activities with sugar beet growing in order to increase competitiveness and sustainability. Focus areas among others include improvement of yield potential by enhanced soil tillage, research on beet varieties for increased yield and development of seed treatments, sustainable control of fungi and integrated weed control.

The function, Quality, Innovation & Production Support, is – besides support to ongoing production/business - responsible for the research and development activities within production technology and processes as well as new business opportunities related to the raw material sugar beet, production side streams (e.g. beet pulp and molasses), and the main product sugar. Current examples are: The development of a fully automated sugar factory including activities on "Industry 4.0", big data, and new sensor types plus development of a transition plan for Nordzucker in the light of "Nordzucker Go Green". Nordzucker will be 100% climate neutral latest by 2050 including beet farming. Reducing energy consumption, making use of renewable energy sources, and reuse/sale of surplus energy from the sugar production (e.g. biogas production and utilization of waste heat for district heating) are examples. Although all parts of a sugar beet end up in commercial products today - sugar, molasses, beet pulp etc. - R&D activities on adding value to raw material and products and finding new business opportunities are performed - often in collaboration with external knowledge centres and/or other partners.

Nordic Sugar A/S' product oriented R&D has in 2020/21 been concentrated on reformulation of various sugar products aimed at the food industry as well as at the consumer market. The reformulation has primarily been driven by a supply security and cost optimisation based need to find alternative raw materials and ingredients for specialised products like syrups and jam sugars. Like in recent years, also application support to the food and beverage industry has been carried out. The support covers a wide spectrum of sugar technical and food production aspects related to sugar's functional properties in food and beverage products.

Finance related risks

Credit risks

The main credit risks include trade debtors, other outstanding amounts, including gains on derivative financial instruments (forward exchange contracts) and bank deposits. Trade debtors are spread in such a manner that the company's credit risks are not considered exceptional. Furthermore, trade debtors are in all material respects covered by credit insurance. Agreements concerning financial instruments are only entered into with recognised credit institutions.

Financial risks

The company's funding is handled through Nordzucker. On an ongoing basis, the company's management considers whether the capital structure is in accordance with the interests of the company and the shareholder. The overall objective is to have a capital structure which supports long-term growth and at the same time maximises the return for the company's stakeholders through an optimisation of the balance between equity and debt. The company's strategy is unchanged from last year.

Foreign exchange risks

Foreign exchange risks occur as a consequence of the company's business operations. Nordic Sugar A/S pursues a policy of limiting the impact of exchange rate movements on the company's results and financial position through active currency management hedging significant transactions in foreign currencies.

Statement on corporate social responsibility

Sustainability is an integral part of Nordzucker's business model. We see ourselves as a responsible industrial company and as a responsible employer and partner in the value chain.

By this part of the financial report, we comply with the CSR reporting requirements EU Directive 2014/95/EU and local national requirements.

Our strong commitment to sustainability continues to play a key role in shaping our future business decisions. Our social commitment is demonstrated through our role as an employer and through our assumption of responsibility in the communities where our plants are located and from where we source. Moreover, as a leading sugar producer, we play an active role in the debate on sugar and nutrition. We do this responsibly in relation to our employees, business partners and consumers, as well as towards society as a whole. See our Sugar and Nutrition policy here.

We take our responsibility towards people and the planet seriously. In spring 2021, we are introducing Nordzucker´s 2030 Sustainability Strategy. The Strategy, and the subsequent sustainability priorities, were directed by a materiality assessment, analysis of megatrends influencing society and identification of relevant UN Sustainable Development Goals. Our key focus is on the following four areas; Sustainable Production, Sustainable Products, Sustainable Sourcing and Caring for People. Under these areas, we have analyzed the risks and opportunities, and set ourselves ambitious actions and targets, with clear KPI's for monitoring progress. We will report on the objectives of the four focus areas on a yearly basis, starting in the Nordzucker annual report 2021.

Specific UN Sustainable Development Goals (SDGs) are part of our work in practice. We have identified the following goals to be relevant for our business: SDG 6 on water, SDG 7 on affordable and clean energy, SDG 8 on decent work and economic growth, SDG 10 on inequality, SDG 12 on responsible consumption and production, SDG 13 on climate action, SDG 14 on oceans and SDG 17 on partnership for the goals. These goals influence our work within beet growing, sugar and feed production and our cooperation with customers and end consumers.

Environment and climate

Nordzucker is committed through our Energy and Environmental policy to minimize the climate and environmental impacts of our activities. That includes improving our processes in Nordzucker´s factories and working closely with our growers to ensure sustainable cultivation of our sugar beets, as well as collaborating with our customers, suppliers and other service providers to improve our environmental performance. Our Energy and Environmental policy can be found here.

Sugar production is an energy-intensive process. Apart from the expenses which sugar beets entail, energy consumption is a major cost factor and thus also of economic significance. To address our future climate impact, we have set a new ambitious climate target for 2030. Under the Go Green project, we have committed to reducing our Scope 1 and 2 greenhouse gas (GHG) emissions by at least 25%, with a baseline in 2018. Moreover, we have committed to phasing out coal by 2030 and to convert all of our factories to renewable energies. By 2050 at the latest, we aim to be carbon-neutral and fossil fuel-free. Although the Go Green project is in its infancy, to achieve this, we have set up a cross-functional team to meet these targets and are currently examining and assessing the potential offered by different technologies and how they can be used in our factories. Promising technologies will be subsequently tested in live production so that they can be implemented throughout the Nordzucker Group. Moreover, in Denmark, Nordzucker´s ambitions to phase out coal will be supported by a new gas-pipeline. From 2024, the islands of Lolland-Falster will be connected to the national natural gas network which means that the two of our Danish sugar factories, Nakskov and Nykøbing, will gain access to more climate-friendly energy.

On EcoVadis, a rating platform that assesses corporate social responsibility, we have improved our score to 72 points from 71 points in 2019, achieving a gold medal in recognition of our sustainability achievement. We also report on our climate impact to the Carbon Disclosure Project, which benchmarks more than 9,000 companies on how they are managing their climate change impacts. Despite scoring B- in 2019, an above average performance for our sector, we received C in 2020, highlighting the fast acceleration of sustainability efforts across the industry. We take this scoring seriously, and strongly believe that our new 2030 Sustainability Strategy, which will be announced in May 2021, will reflect our ambitions to improve Nordzucker´s performance on minimizing climate change impacts. We will commit to Science Based Targets in the upcoming months, and update our product carbon footprint.

Although there is still ample space for achieving sustainability excellence, we are proud of our accomplishments so far. We use the newest boiler technologies, significantly reducing our emissions of air pollutants such as Nitrogen dioxide. Relevant to circular economy, our manufacturing process turns almost the entire sugar beet as well as the products arising from the processing operation into valuable products. Examples are beet pulp used as animal feed, lime used as soil conditioner (fertilizer), molasses used for fermentation and other products. The result is that we hardly produce any waste. We are also actively working on minimizing plastic packaging, and on achieving 100% recyclable plastic packaging and responsibly sourced paper packaging by 2025, commitments stipulated in the Nordzucker´s Sustainable Packaging policy here. Moreover, by re-using water from beet plants, we are able to meet almost all our water requirements and keep consumption of fresh water to a minimum. Transport of sugar beets and final products is optimized to lower the cost and the climate impact from transportation. We clean the beets in the fields to avoid transporting soil and stones to the factory, and a substantial part of the final products are transported by train to lower the impact on the environment further.

Through the Nordic Beet Research (NBR) in cooperation with the beet growers association (DKS) we support research to increase our growers' yields and lower and optimize their external inputs and develop new growing regimes. In collaboration with NBR and the Nordic Sugar Agricenter we conduct pest and disease monitoring, organize grower field days and focus groups. Optimizing the inputs into sugar beet growing will result in lowering the CO2 emissions related to our agricultural operations. Additionally Nordzucker Group is investing additional funds into a new flagship project "Smart Beet Initiative", supporting practical field trials on plant protection product reduction and digital tools.

In Denmark, we have had an energy and CO2 reduction target of 1% per tonne sugar since 2014.

- In 2020/21, our energy consumption was 7% lower compared to 2014 and our CO2 emissions were 17.7% lower compared to 2014.
- We clean the beets in the field to lower the soil tare. In Denmark, the cleanness for 2020/21 was 91.2%, compared to 89.4% the year before. This is the second highest cleanliness after the dry year 2018/19.
- The sugar yield per hectare in 2020/2021 was 13.8 t/ha, which is the second highest sugar yield ever recorded in Denmark.

Human rights

We are committed to respecting and protecting human rights across our operations and supply chains. We do not tolerate forced labour and are against child labour. Our values are the cornerstone of our culture and our Code of Conduct and Supplier Code of Conduct are built on these. That sets high expectations of how we do business. Adding to this, in 2020, we have published a group-wide Nordzucker Human Rights policy, which emphasizes our commitment to respecting and protecting human rights, and outlines our responsibilities in line with the UN Guiding Principles on Business and Human Rights. The Human Rights policy also highlights how we undertake human rights due diligence, and describes the grievance and remediation procedures. You can find the link to the Human Rights policy here and the link to CoC and SCoC here.

To ensure that all products and services that we source are in line with our high social and environmental requirements, we have escalated our efforts on sustainable procurement. We undertake periodic training of our buyers on sustainability topics, and have an established process on identifying and assessing the risks and impacts throughout our supply chains. Human rights are also in our focus when we evaluate suppliers and contractors. In February 2021, we launched a new Sustainability Supplier Engagement Programme through which we work closely with our key suppliers to assess their sustainability performance and provide support where needed. In the upcoming months, we aim to scale this programme to cover a large number of suppliers to have a better understanding of the sustainability baseline of our supply chain. Besides this, human rights, as well as other CSR issues, are important parts of the supplier and contractor audits that we perform. The supplier audits are planned on a yearly basis as a result of a performance and risk evaluation, included in the Nordzucker´s human rights due diligence process. To understand the risks we might be dealing with in countries outside the EU and EFTA, we perform a country risk assessment covering security situation, human rights violations, corruption, land conflict, working conditions, forced labour, child labour, lack of freedom of association, contamination of water, water use, negative impact on ecosystems, and greenhouse gas emissions. The country risk assessment together with the analysis of the supplier are used to evaluate the actual risk, and serves as a basis for the decision on whether an on-site audit is necessary or not. We usually audit a couple of suppliers yearly, but unfortunately, due to the Covid-19 pandemic, the on-site audit plans were disrupted. We plan to audit several suppliers once it is safe to do so.

Human rights and labour standards are also part of the Sustainable Agriculture Initiative (SAI) Farm Sustainability Assessment (FSA), which was implemented for the first time in Denmark in 2016. We use the aligned SAI framework to assess and third party verify our sugar beet growers, thereby promote sustainable farming. The target for the external verified self-assessments is to get at least a silver grade in all Nordzucker countries. This is verified every 3 years. The result has been met in Denmark since 2016. After verification in 2019, 62% of the assessed growers received a gold rating, while 38% received a silver rating.

Anti-corruption

Anti-corruption is fundamental to how we do business. We refuse to offer, give or receive bribes or other improper payments as described in our Code of Conduct. The Code of Conduct was implemented in our company in 2013 followed by training for all employees in 2014 and 2015. Key risk groups in relation to anti-corruption are Sales and Procurement and in 2016, a Gifts and Hospitalities guideline was implemented for the whole group and special training for Sales and Procurement was carried out. Most recently, at the beginning of 2021, all employees of Nordzucker group underwent Code of Conduct refresher training, also covering the issues of anti-corruption and bribery. Furthermore, we have introduced various risk tools to evaluate partners and agents and we have mandatory training for management and key employees in relation to competition and antitrust laws, most recent in January 2021. We are planning to finalize and implement our Anti-corruption guideline.

In 2016, we implemented a whistleblower system called "Speak Up" in the Nordzucker group. All of our employees, customers, suppliers and other stakeholder groups can help to expose misconduct, illegal business practices and all breaches of the Nordzucker Code of Conduct and Supplier Code of Conduct Speak Up is a protected system that is made available and managed by an external service provider. It can be used to make a report in written form in the respective national language and, if desired, submitted in fully anonymized form. The Speak Up system complements the existing communication channels. We have had zero reported cases in Denmark in 2020. To avoid corruption, a four eyes principle is part of our purchase handling in the Nordzucker group. The four eyes principle requires that a business transaction is approved by at least two individuals. The principle is fully implemented.

Social responsibility

Safety first is our motto and safety is in focus in everything we do. In 2018, we initiated the Safety Culture project. The project is set up to improve our Health & Safety culture in the company and reduce accidents. We do this by affecting the behavior of our colleagues rather than making more policies. The project has an emphasis on local ownership of the issues and culture, with the factories having their own-trained employees to take initiative and facilitate the changes on-site. We have a Health and Safety strategy and goals are set in all our plants. See the Health & Safety policy here.

As the employees are the backbone of our company and thus the most material risk, we need to retain a skilled, knowledgeable and motivated workforce. This is obtained by a yearly dialogue (regularly feedback between the manager and employee), implemented for all employees. During the dialogue, the focus is not only on reviewing the past (such as the performance appraisal and feedback on targets achieved), but also on the future, with the aim to define key future responsibilities and to talk about developing competencies. Feedback is also provided on the working relationship. Other social responsibilities as diversity, fair treatment, human rights, wellbeing, privacy, harassment and discrimination are all included in our Code of Conduct, and are a strong focus of our new 2030 Sustainability Strategy.

Nordzucker's factories are large workplaces and are important for many people's daily lives. We make an effort to have a good relationship with our neighbours. We open the factories for visits from neighbours, schools, students and other interested parties, support local sport clubs, offer internships and have a good and established dialogue with the authorities. The following targets have been set within social responsibility.

- Target is to reduce our absence index. In Denmark, despite the Covid-19 pandemic, we decreased our absence to 3.5% in 2020, from 4.2% in 2019 and 4.3% in 2018.
- Our target is 100% performed dialogues for all employees. In Denmark, we reached 89% performed dialogues during 2020. Focus for the future is that all dialogues with employees must be kept.
- There were two serious accidents (with more than 3 days absence) in the Danish operations in 2020. In 2018, we also had 2 serious accidents, but only 1 in 2019.
- We have a target to improve the ratio of women in leadership positions in order to ensure diversity and to support the business strategy. The target is to improve the ratio every year; however, the figure continues to be 17% in Denmark in 2020, same as in 2019. This is mainly due to organizational changes.

Nordzucker is a reliable supplier for our customers. We hold a long list of certifications: ISO 9001, 14001, 22000 and in Denmark ISO 50001 and OHSAS 18001. In addition, we have SMETA, Kosher and Halal audits, Fair trade products, organic and KRAV-labelled products that all have their own specific requirements that we comply with.

Our Nordzucker board is heavily involved in the development and execution of our Sustainability Strategy, which is supplemented with our certificates, policies, commitments and action plans that cover all parts of our organization. We have launched a new website where we will work on better communicating our results, giving our stakeholders a clear update on our progress within our sustainability focus areas on a continuous basis. You can find the website here.

HR policy

With respect to the female representatives of the Nordic Sugar board, previously being the underrepresented gender, the board decided on 4 June 2019 that the target for 2023 should be 50% - 50% gender representation in the board. Currently, one out of five board members elected at the general assembly is a female representative. Thus, the target for 2023 is currently not fulfilled. The current board members are found to be the most suitable representatives based on experience and competencies.

It was decided in 2013 to implement a policy to increase the number of female managers at other management levels. Main focus areas in the policy are:

- to ensure that Nordic Sugar A/S' staff policy at all times and in all respects promotes equal career opportunities for men and women, including in connection with employment procedures and recruitment, maternity and paternity leave and return from leave;
- to create a framework for women's career development through networking;
- to ensure that talent programmes contribute to rendering female management talents;
- to aim at having both female and male candidates presented during recruitment; and
- an aim of having at least 1 female candidate on the shortlist when recruiting at management level.

Initiatives for the financial year 2020/21 to achieve the targets of the policy have been listed below. The initiatives have created a broader base for the female candidates in management positions and include among others:

- When recruiting, a special focus is continuously set at choosing a diverse segment aiming for female representation in both screening process and final rounds. This also applies when recruiting at managerial level.
- Recruiting 22 new white collar employees in financial year 2020/21, 8 of those were female.
- In the financial year 2020/21, 1 female manager was appointed to take over a broader responsibility within the company.

Income statement

1 March 2020 - 28 February 2021

(DKKm)	Note	2020/21	2019/20
Revenue	3	**2,175**	**2,024**
Production costs	4	-1,796	-1,745
Gross profit		**379**	**279**
Distribution and sales expenses	4	-215	-210
Administrative expenses	4	-51	-57
Other operating income		63	72
Other operating expenses		-65	-72
EBIT	5	**111**	**12**
Income from investments in subsidiaries	6	-11	-37
Financial income	7	27	20
Financial expenses	7	-13	-12
Profit before tax		**114**	**-17**
Income tax	8	-27	-4
Profit for the year		**87**	**-21**

Balance sheet

ASSETS

(DKKm)	Note	28 February 2021	29 February 2020
NON-CURRENT ASSETS			
Intangible assets	9		
Other intangible assets		56	43
Total		**56**	**43**
Property, plant and equipment	10		
Land and buildings		225	227
Plant and machinery		533	548
Fixtures, fittings, tools and equipment		24	20
Prepayments and assets under construction		2	5
Total		**784**	**800**
Financial assets	11		
Investments in subsidiaries		724	735
Total		**724**	**735**
Total non-current assets		**1,564**	**1,578**
CURRENT ASSETS			
Inventories			
Raw materials and consumables		92	91
Finished goods and goods for resale		831	751
Total		**923**	**842**
Receivables	12		
Trade receivables		225	216
Receivables from related parties		35	38
Current income tax receivable from Nordic Sugar Holding A/S		5	0
Other receivables		33	15
Accruals		2	3
Total		**300**	**272**
Cash and cash equivalents		10	18
Total current assets		**1,233**	**1,132**
Total assets		**2,797**	**2,710**

Balance sheet

EQUITY AND LIABILITIES

(DKKm)	Note	28 February 2021	29 February 2020
EQUITY	13		
Share capital		1,000	1,000
Other reserves		870	783
Cash flow hedges		2	-7
Proposed dividend		0	0
Total equity		**1,872**	**1,776**
PROVISIONS			
Provision for deferred tax liability	14	130	123
Other provisions	15	3	9
Total provisions		**133**	**132**
NON-CURRENT DEBT	16		
Other payables	18	17	15
Total		**17**	**15**
CURRENT DEBT	16		
Trade payables	17	349	234
Amounts owed to related parties		366	501
Other payables	18	60	52
Total current liabilities		**775**	**787**
Total liabilities		**925**	**934**
Total equity and liabilities		**2,797**	**2,710**

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Statement of changes in equity

(DKKm)	Note	Share capital	Other reserves	Cash flow hedging	Proposed dividend	Total
Equity at 1 March 2019		**1,000**	**804**	**2**	**0**	**1,806**
Dividend paid		-	-	-	0	0
Transferred, cf. distribution of profit	2	-	(21)	-	-	-21
Changes in cash flow hedging		-	-	-12	-	-12
Tax on changes in cash flow hedging		-	-	3	-	3
Equity at 1 March 2020		**1,000**	**783**	**-7**	**0**	**1,776**
Dividend paid		-	-	-	-	0
Transferred, cf. distribution of profit	2	-	87	-	-	87
Changes in cash flow hedging		-	-	11	-	11
Tax on changes in cash flow hedging		-	-	-2	-	-2
Equity at 28 February 2021		**1,000**	**870**	**2**	**0**	**1,872**

Note 1 – Accounting policies

The annual report of Nordic Sugar A/S has been prepared in accordance with the Danish Financial Statements Act's rules for large enterprises in reporting class C.

Effective from the financial year 2020, Nordic Sugar A/S has implemented amending act no. 1716 of 27 December 2018 to the Danish Financial Statements Act. The implementation of the amending act has not affected Nordic Sugar A/S' accounting policies on recognition and measurement of assets and liabilities but has solely entailed new and amended presentation and disclosure requirements.

The annual report has been prepared in accordance with the same accounting principles as last year.

The annual report is presented in Danish kroner (DKK), which is the functional currency of the company.

With reference to section 112.1 of the Danish Financial Statements Act, no consolidated financial statements have been prepared for Nordic Sugar A/S, since the company and its subsidiaries are included in the consolidated financial statements of Nordzucker AG which are prepared in accordance with IFRS and are available at Nordzucker's homepage www.nordzucker.com.

Accounting estimates, assumptions and uncertainties

In determining the carrying amount of assets and liabilities at the balance sheet date, estimates are required of how future events will affect the valuation at the balance sheet date. Estimates, which are significant for the financial reporting, are mainly made in relation to measurement of inventories, depreciation and write down, including impairment of investments in subsidiaries, amortisation, provisions plus contingent assets and contingent liabilities. Estimates are based on assumptions which are reasonable, but which in the nature of the case are uncertain. The assumptions may be incomplete or inaccurate and unexpected events or circumstances may arise. Furthermore, the company is subject to risks and uncertainties which may imply that the actual results may differ from these estimates.

Currency translation

Transactions in foreign currency are recognised using the exchange rate prevailing at the day of the transaction. Non-monetary assets acquired in foreign currency are not subsequently adjusted. Receivables, liabilities and other monetary items in foreign currency are translated using the exchange rate prevailing at the balance sheet date. Currency adjustments arising from the difference between the exchange rate at the transaction date and the balance sheet date are recognised in the income statement under financial items. Currency adjustments of debt in foreign currency are recognised in the income statement.

Derivatives

The company uses forward exchange contracts to reduce exchange rate risks. Sugar futures as well as oil swaps are used to reduce the risk of sugar sales based on world market prices respectively production costs, including forward currency contracts to hedge mainly transactions in USD and NOK. The company does not use derivatives for speculative purposes. Derivative financial instruments are initially recognised at fair value and are subsequently remeasured to the fair value at each balance sheet date. Furthermore, the company uses CO2 futures to hedge the price risk related to CO2 consumption.

Fair value of derivatives is included in Other receivables (positive fair value) or Other payables (negative fair value) as the case may be. Hedge accounting is applied for hedging of oil (cash flow hedging) where realised as well as unrealised gains and losses on derivatives are deferred in equity until the hedged item is recognised in the income statement under the same item as the hedged risk (production costs). Hedge accounting is not applied for hedging of revenues and CO2 certificates where realised as well as unrealised gains and losses on derivatives are recognised in the income statement as financial items.

Fair values of derivative financial instruments are calculated on the basis of current market data and recognised valuation methods (level 2: Value based on recognised valuation methods on the basis of observable market information).

Note 1 – Accounting policies - continued

Income statement

Revenue

Revenue comprises invoiced sales less returned goods, bonuses and discounts granted in connection with sales. Sale of goods is recognised when the goods have been delivered and ownership and risk have passed to the buyer in accordance with the principles in IFRS 15 (point in time).

Production costs

Production costs include raw materials, consumables, direct labour and indirect production costs such as maintenance and depreciation of production plant as well as administration and plant management. Production costs also include research and development costs. Research costs are recognised in the income statement in the year in which they are incurred. Clearly defined and identifiable development projects in which the technical degree of exploitation, adequate resources and potential future market or development possibility inside the company are recognisable, and where it is the intention to produce, market or use the project, are recognised as intangible assets where a correlation between the costs incurred and future earnings exists.

Distribution and sales expenses

Distribution and sales expenses comprise transportation costs, salary expenses for sales and logistics personnel, advertising and exhibition expenses, depreciation and other indirect expenses. Furthermore, it includes cost of warehouses and silos.

Administrative expenses

Administrative expenses comprise expenses of the administrative staff and management and other indirect expenses.

Audit fees are not disclosed with reference to section 96.3 of the Danish Financial Statements Act. The fee is specified in the consolidated financial statements of Nordzucker AG.

Other operating income

Other operating income comprises income of a secondary nature in relation to the activities of the company, including gains on the sale of intangible assets, property, plant and equipment, rental income plus recharged intercompany services.

Other operating expenses

Other operating expenses comprise expenses of a secondary nature in relation to the activities of the company, including losses on the sale of intangible assets and property, plant and equipment.

Government grants

Government grants include CO2 allowances and investments. CO2 allowances are recognised in the income statement on a systematic basis to match the related cost. Investment grants are set off against the cost of the subsidised assets. In case the investment grants exceed the carrying amount of the assets, the residual is recognised as other operating income.

Income from investments in subsidiaries

The item comprises profit from sale of investments in subsidiaries, any write downs and reversals hereof plus dividends from investments in subsidiaries. Dividends are recognised when the right to receive dividends has been approved by the relevant company bodies. To the extent that distributed dividends exceed accumulated earnings after acquisition, only the part comprising accumulated earnings after acquisition is recognised in the income statement.

Financial income and expenses

All financial costs are recognised in the income statement. Financial income and expenses include interest income, interest expenses, commission for committed facilities, borrowing expenses, amortisation of financial assets and liabilities, gains and losses on derivatives where hedge accounting is not applied plus the interest part of capitalised leases.

Income tax

Income tax consists of current tax and changes in deferred tax. Income tax related to cash flow hedging is recognised in equity until the hedged item is recognised in the income statement or balance sheet.

Current tax

The tax currently payable is based on the taxable profit for the year using the applicable tax rates that have been enacted at the balance sheet date.

Deferred tax

Deferred tax is measured according to the balance sheet liability method in respect of all temporary differences between the tax base and the carrying amount of an asset or a liability. Deferred tax on goodwill is not recognised unless the goodwill is tax deductible. Taxation arising on the sale of investments in subsidiaries is not recognised in the balance sheet unless the investments are expected to be sold within a short period. The tax base of tax losses carried forward and negative deferred tax are recognised as assets when it is likely that they will reduce future tax payments within a reasonable period of time. Deferred tax is measured on the basis of the regulatory tax rules and tax rates applicable at the balance sheet date when the deferred tax is expected to become current tax. Changes in deferred tax due to changes in tax rates are recognised in the income statement.

Nordic Sugar A/S is jointly taxed with its Danish parent company Nordic Sugar Holding A/S. Current Danish income tax is divided between the jointly taxed companies relative to their taxable income. Withholding taxes relating to dividends from subsidiaries outside Denmark are recognised in the year in which the dividend is declared.

Balance sheet

Other intangible assets

Intangible assets are measured at cost less accumulated amortisation and impairment losses. Amortisation is made on a straight-line basis over the estimated useful lives of the assets.

Amortisation period:

Patents, licences and other intellectual property rights	up to 20 years
Software	up to 5 years
CO2 certificates	when consumed

Useful life is determined on the basis of management's experience in the company's business areas and reflects in the opinion of management the best estimate of the economic useful lives of the assets.

Property, plant and equipment

Property, plant and equipment are measured at cost less accumulated depreciation and write downs. Cost includes costs of materials, components, sub-supplier services, direct labour and indirect production costs. Interest and other borrowing costs are not included in cost. Property, plant and equipment are depreciated on a straight-line basis over the expected useful lives of the assets. Depreciation is initiated when the assets are deemed to be ready for use. Land is not depreciated.

Depreciation period:

Buildings	20-60 years
Plant and machinery	10-25 years
Fixtures, fittings, tools and equipment	3-15 years

The basis of depreciation is determined subject to the residual value of the asset. The residual value is estimated to be 0 as it is the intention to keep all property, plant and equipment until the end of the physical useful life.

Expenditure relating to repair and maintenance of property, plant and equipment is recognised either as indirect production costs in the cost of inventories or directly in the income statement.

Lease contracts and related lease liabilities are recognised at the present value of the lease payments in accordance with IFRS 16. Recognition takes place when the assets are made available for the company. Such leases are subsequently depreciated linearly on the same basis as other property, plant and equipment. Residual lease obligations are recognised in the balance sheet under other payables and interest charges on the leases are recognised as financial expenses in the income statement.

Lease payments under non-capitalisable leases include short-term leases and low-value leases and are accrued and recognised in the income statement as operating expenses over the lease term. The service component of the lease contract is as well not capitalised, but recognised as operating expenses in line with the use of the assets.

Gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in the income statement.

Financial assets

Investments in subsidiaries are measured at cost less write downs. To the extent that distributed dividends exceed accumulated earnings after acquisition, only the part comprising accumulated earnings after acquisition is recognised in the income statement. The remaining part reduces the value of investments in subsidiaries.

Impairment of non-current assets

At year-end, the carrying amount of tangible and intangible assets and investments in subsidiaries is reviewed to determine any indication of impairment.

In the case of such indication, the recoverable amount of the asset is estimated in order to determine the extent of any impairment loss. Where the asset does not generate cash flows that are deemed to be independent of other assets, an estimate is made of the recoverable amount of the cash generating unit to which the asset belongs.

The recoverable amount is determined at the higher of the fair value less selling cost and the value in use. In the determination of value in use, estimated future cash flows are discounted by a discount rate reflecting market assessments of the time value of money and special risks associated with the asset for which adjustments have not been made in the estimated future cash flows.

Where the recoverable amount of the asset or unit is estimated to be lower than the carrying amount, the carrying amount is written down to the recoverable amount.

Any impairment loss is recognised in the income statement. Where the impairment is subsequently reversed, the carrying amount of the asset is increased to the adjusted estimate of the recoverable amount, however not exceeding the carrying amount, which the asset would have had, had it not been written down. Reversal of impairment is recognised in the income statement.

Non-current financial assets that are not measured at fair value are assessed at the balance sheet date to determine if any objective indicators exist that an asset or group of assets has been impaired. In that case, the recoverable amount of the asset is determined and where lower than the carrying amount is written down to the recoverable amount.

Inventories

Finished goods and goods for resale are recognised on a first-in/first-out (FIFO) basis and measured at cost. Raw materials and consumables are measured based on periodical average prices. Where cost exceeds the realisable value, a write down to this lower value is performed. Cost includes raw materials, consumables, direct labour and indirect production costs such as maintenance and depreciation of production plant and operations as well as administration and plant management. Obsolete items, including slow-moving items, are written down to net realisable value.

Receivables

Receivables mainly include trade receivables and short-term loans to other subsidiaries of the Nordzucker Group.

Trade receivables are initially measured at cost and subsequently at amortised cost or a lower value subject to individual assessment of potential loss. Fixed-interest short-term loans to subsidiaries are held to maturity and measured at amortised cost.

Other receivables include fair value of derivatives plus receivables from VAT and other duties etc.

Equity

Dividends are recognised as a liability at the date of adoption at the annual general meeting. Proposed dividend payments for the financial year are disclosed as a separate line item in equity.

Pension liabilities

Contributions under defined contribution plans are recognised in the income statement in the period they are related to and any contributions payable are recognised in the balance sheet as other payables.

Note 1 – Accounting policies - continued

Other provisions

Other provisions primarily relate to obligations concerning restructuring and obligations towards employees. Provisions are recognised for legal and constructive obligations that have arisen as a result of past events in the financial year or prior years, and where it is likely that the company's financial resources will be required in settling such obligations. The provisions are measured according to management's assessment of the amount by which the obligation is expected to be settled.

Financial liabilities

Mortgage debt and debt to credit institutions are measured at the time of the loan at nominal value less capital loss and transaction expenses and subsequently at amortised cost. The difference between the loan proceeds and the nominal value is recognised as a financial item in the income statement over the term of the loan.

Other payables, which include trade payables, payables to subsidiaries as well as other debt, are measured at amortised cost.

Cash flow statement

With reference to section 86.4 of the Danish Financial Statements Act, no cash flow statement for Nordic Sugar A/S has been prepared. Cash flows for Nordic Sugar A/S are part of the consolidated financial statements of Nordzucker AG.

Segment information on revenue

Segment information is based on the company's accounting policies, risks and internal financial management.

Definition of key figures and financial ratios

EBITDA margin % =	Operating profit (EBIT) before depreciation and amortisation x 100
	Revenue
EBIT margin % =	Operating profit (EBIT) x 100
	Revenue
Return on invested capital =	Operating profit (EBIT) x 100
(ROIC) %	Average invested capital, including goodwill

Notes to the income statement

2 Distribution of profit

(DKKm)	2020/21	2019/20
Amount to be carried forward	87	-21
Proposed dividend	-	-
Total	87	-21

3 Segment reporting

(DKKm)	2020/21	2019/20
Product segments		
Sugar	1,887	1,757
By-products	250	200
Other	38	67
Total	**2,175**	**2,024**

4 Employee expenses

(DKKm)	2020/21	2019/20
Employee expenses		
Wages and salaries	-217	-221
Defined contribution plans	-20	-20
Social security expenses etc.	-4	-4
Total	-241	**-245**
Employee expenses are included in the costs below		
Production costs	-160	-160
Distribution and sales expenses	-37	-40
Administrative expenses	-41	-45
Other operating expenses	-1	-
Total	-239	**-245**
Employee expenses, which are included in the balance sheet		
Projects	-2	-
Total employee expenses	**-241**	**-245**
Average number of employees	456	466

The remuneration of management and board amounted to DKKt 2,020 respectively 75 during the financial year 2020/21. The remuneration of management and board amounted to DKKt 1,948 respectively 82 during the financial year 2019/20.

Management has a bonus agreement which is dependent on the financial performance of the Nordzucker Group.

Notes to the income statement

5 Special items

(DKKm)	2020/21	2019/20
Impairment of inventories related to sales contracts recognised as Production costs	-1	-5
Impairment of inv. in subsidiaries recognised as Income from investments in subsidiaries	-11	-37
Total	-12	**-37**

6 Income from investments in subsidiaries

(DKKm)	2020/21	2019/20
Dividend	-	-
Value adjustment of investments	-11	-37
Total	**-11**	**-37**

7 Financial income and expenses

(DKKm)	2020/21	2019/20
Financial income		
Gains on derivatives	26	19
Other financial income	1	1
Total	**27**	**20**
Financial expenses		
Financial expenses to related parties	-2	-2
Losses on derivatives	-10	-10
Other financial expenses	-1	-
Total	**-13**	**-12**
Financial income and expenses, net	**14**	**8**

8 Income tax

(DKKm)	2020/21	2019/20
Current tax on profit for the year recognised in the income statement	-20	-
Change in deferred tax for the year recognised in the income statement	-7	-4
Total	**-27**	**-4**

Total current tax for the financial year 2020/21 amounts to DKKm 22 of which DKKm 2 has been recognised in equity.

Notes to the balance sheet

9 Intangible assets

(DKKm)	CO2 certificates	Rights	Total
Cost at 1 March 2020	43	5	48
Additions	19	1	20
Disposals	-3	-	-3
Cost at 28 February 2021	**59**	**6**	**65**
Amortisation at 1 March 2020	-3	-3	-6
Amortisation of disposals during the year	3	-	3
Amortisation for the year	-6	0	-6
Amortisation at 28 February 2021	**-6**	**-3**	**-9**
Carrying amount at 28 February 2021	**53**	**3**	**56**

10 Property, plant and equipment

(DKKm)	Land and buildings	Plant and machinery	Fixtures, fittings, tools and equipment	Prepayments and assets under construction	Total
Cost at 1 March 2020	810	2,425	73	5	3,313
Additions	20	34	11	3	68
Disposals	-22	-15	-7	-6	-50
Reclassifications	0	0	-	0	(0)
Cost at 28 February 2021	**808**	**2,444**	**77**	**2**	**3,331**
Depreciation and write-downs at 1 March 2020	-583	-1,877	-53	-	-2,513
Depreciation of disposals during the year	21	13	7	-	41
Depreciation for the year	-21	-47	-7	-	-75
Reclassifications		-	-	-	-
Depreciation/write-downs at 28 February 2021	**-583**	**-1,911**	**-53**	**0**	**-2,547**
Carrying amount at 28 February 2021	**225**	**533**	**24**	**2**	**784**
Carrying amount of leased assets	17	-	7	0	24

There are no pledges in property, plant and equipment.

Notes to the balance sheet

11 Financial assets

(DKKm)	Investments in subsidiaries
Cost at 1 March 2020	735
Additions	-
Disposal	-
Value adjustment	-11
Carrying amount at 28 February 2021	724

Subsidiaries	Country	Currency	Nominal capital *	Nordic Sugar's share in %
Nordic Sugar Oy	Finland	EUR	15,000	100
Nordic Sugar SIA	Latvia	EUR	2	100
AB Nordic Sugar Kedainiai	Lithuania	EUR	25,931	71

* Nominal share capital in 1,000's.

Subsidiaries	Country	Currency	Result**	Equity**
Nordic Sugar Oy	Finland	EUR	1	60
Nordic Sugar SIA	Latvia	EUR	0	0
AB Nordic Sugar Kedainiai	Lithuania	EUR	4	38

** Result and equity are stated in million local currency based on local GAAP in the respective countries and the latest available annual report.

Notes to the balance sheet

12 Receivables

(DKKm)	2020/21 28 February 2021	2019/20 29 February 2020
Other receivables		
VAT and other taxes	17	7
Derivative financial instruments	14	7
Other	2	1
Total	**33**	**15**

Accruals include accrued insurance premiums and prepaid rent etc.

Receivables payable more than 1 year after the balance sheet date	0	1

13 Equity

The share capital amounting to DKK 1 billion consists of 1,000,000 A shares with a nominal value of DKK 100 each and 9,000,000 B shares with a nominal value of DKK 100 each. The B shares have preference of up to 10% accumulated dividend.

14 Provision for deferred tax liability

(DKKm)	2020/21 28 February 2021	2019/20 29 February 2020
Deferred tax liability at 1 March	123	122
Change in deferred tax recognised in the income statement	7	4
Change in deferred tax recognised in equity	0	-3
Deferred tax liability at 28 February	**130**	**123**

15 Other provisions

(DKKm)	2020/21 28 February 2021	2019/20 29 February 2020
Other provisions at 1 March	9	6
Provisions during the year	3	9
Provisions utilised during the year	-9	-6
Other provisions at 28 February	**3**	**9**
Due date is expected to be:		
Within 1 year	3	9
Over 1 year	-	-
Total	**3**	**9**

Other provisions mainly include obligations towards employees.

Notes to the balance sheet

16 Maturity analysis of debt

(DKKm)	2020/21 28 February 2021	2019/20 29 February 2020
Remaining contractual maturities		
Within 1 year	775	787
Between 1 and 5 years	17	15
Over 5 years	-	-
Total	**792**	**802**

17 Trade payables

With reference to the current industrial professional agreement with beet growers supplying beets based on a variable pricing model, the EBIT profit/loss sharing has been calculated according to IFRS based on an EBIT of DKK 110 million.

18 Other payables

(DKKm)	2020/21 28 February 2021	2019/20 29 February 2020
Non-current other payables		
Derivative financial instruments	-	5
Finance lease debt	17	10
Total	**17**	**15**
Current other payables		
Wages, salaries, holiday pay, etc.	38	35
VAT and other taxes	3	1
Finance lease debt	8	7
Derivative financial instruments	11	6
Other items	-	3
Total	**60**	**52**

Supplementary notes

19 Financial instruments

(DKKm)

The company uses FX forward currency contracts to hedge currency exposure related to sales and purchases in other currencies than EUR unless the exposure in another currency is immaterial. The company uses sugar futures to hedge price exposure related to sales outside of the EU. The sugar futures are entered into at group level and subsequently allocated to each entity upon realisation. The company also uses oil swaps to hedge the price of purchased oil. The company does not use derivatives for speculative purposes.

Hedge accounting is applied for hedging of oil, including related FX exposure in USD (cash flow hedging) while other exposures are considered as economic hedges where gains and losses from derivatives are recognised immediately in the income statement as gains or losses.

Furthermore, the company has purchased CO2 futures in order to hedge the price on CO2 certificates. Hedge accounting is not applied in this case. Consequently, gains and losses are recognised in financial income and costs when the market value changes.

Currency exposure as per 28 February 2021 (DKKm)

	Period	Recognised receivables	Recognised payables	Hedging	Net position
EUR	< 1 year	74	(8)	0	66
NOK	< 1 year	35	(0)	(35)	0
USD	< 1 year	3	0	(3)	0
Other currencies	< 1 year	0	(1)	0	(1)
Total		112	(9)	(38)	65

Price exposure related to sugar

The fair value of FX forward contracts except for cash flow hedges cf. below is DKK -4 million on 28 February 2021.

Cash flow hedging

The company has applied cash flow hedging for the following anticipated oil transactions as per 28 February 2021:

(DKKm)	Period	Contractual value	Gain/loss recognised in equity
Oil swaps	0-12 months	39	5
FX forward contracts	0-12 months	Same as oil swap	(3)
Total	0	39	2

During the financial year 2020/21 hedging losses of DKK 19 million have been recognised in cost of goods manufactured of which DKK 6 million have been recognised in production costs as a result of sales transactions. Furthermore, gains from previous year of DKK 9 million have been recognised in production costs as a result of sales transactions. Consequently, the total effect of cash flow hedging in the income statement is a gain of DKK 3 million.

CO2 futures

The market value of CO2 futures is DKK 4 million on 28 February 2021.

Supplementary notes

20 Contingent assets and contingent liabilities

(DKKm)	2020/21 28 February 2021	2019/20 29 February 2020
Guarantees	8	12
Total	8	12
Operating lease and rental obligations		
Maturity of operating lease and rental obligations:		
Within 1 year	2	2
Between 2 and 5 years	1	-
Total	3	2

Credit facility agreement

Nordzucker AG has entered into a syndicated revolving credit facility agreement on 27 October 2020 amounting to EUR 300 million with an uncommitted increase option of up to EUR 100 million. Nordic Sugar A/S takes part in this credit facility agreement as a guarantor together with other subsidiaries of the Nordzucker Group.

Operating lease and rental obligations

The company has only entered into operating lease agreements in the normal line of business. The leasing agreements include buildings and equipment.

Legal proceedings pending

There are no pending legal proceedings.

Joint and several liability

The parent company is jointly taxed with the Danish subsidiary. As the administrative company, together with the subsidiary, the company has joint and several unlimited liability for Danish corporation taxes and withholding taxes on dividends, interest and royalties in the joint taxation unit. At 28 February 2021, the net taxes payable to SKAT by the companies included in the joint taxation amounted to DKK 0. Any subsequent corrections of the taxable income subject to joint taxation or withholding taxes on dividends, etc., may entail that the companies' liability will increase. The Group as a whole is not liable to others.

21 Transactions with related parties

Ownership

Nordic Sugar A/S is wholly owned by Nordic Sugar Holding A/S, Edvard Thomsens Vej 10, 7th floor, 2300 Copenhagen S.

Transactions with related parties:

Transactions with related parties are carried out on an arm's length basis. With reference to section 98c of the Danish Financial Statements Act, transactions with related parties are consequently not disclosed.

22 Post balance sheet events

There have been no subsequence events of significance to the annual report 2020/2021 after the end of the financial year on 28 February 2021.