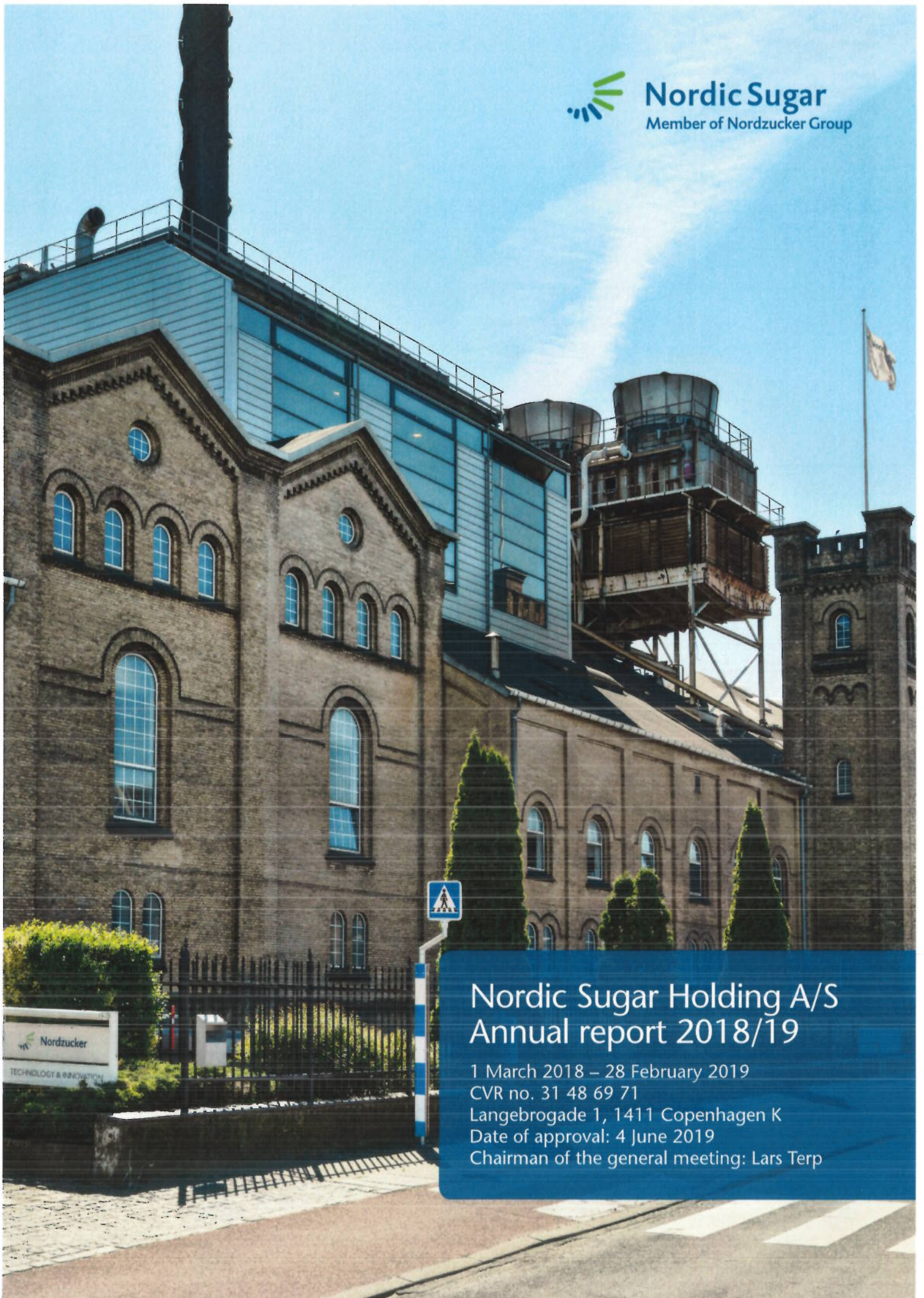




Nordic Sugar
Member of Nordzucker Group



Nordzucker
TECHNOLOGY & INNOVATION



Nordic Sugar Holding A/S
Annual report 2018/19
1 March 2018 – 28 February 2019
CVR no. 31 48 69 71
Langebrogade 1, 1411 Copenhagen K
Date of approval: 4 June 2019
Chairman of the general meeting: Lars Terp

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Company information

Company

Nordic Sugar Holding A/S
Langebrogade 1
DK-1411 Copenhagen K

CVR no.: 31 48 69 71
Founded: 12 June 2008
Registered office: Copenhagen, Denmark
Financial year: 1 March – 28 February

Telephone: +45 32 66 25 00
Internet: www.nordicsugar.com
E-mail: sugarinfo@nordicsugar.com

Nordic Sugar Holding A/S is 100% owned by Nordzucker AG, Küchenstrasse 9, 38100 Braunschweig, Germany.

The annual report can be obtained from the company's address.

Board of Directors

Axel Aumüller, Chairman
Inga Dransfeld-Jaase, Vice Chairman
Frank Knälmann
Maciej Wujec

Executive Board

Jesper Thomassen, Managing Director

Auditor

Ernst & Young, Godkendt Revisionspartnerselskab

Approved by the company's annual general meeting on 4 June 2019

Chairman of the general meeting


Lars Terp

Management's statement

The Board of Directors and the Executive Board have today approved the annual report of Nordic Sugar Holding A/S for 2018/19.

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 2019 and the results for the financial year 1 March 2018 – 28 February 2019.

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.

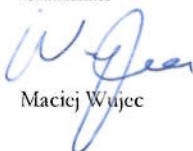
Copenhagen, 4 June 2019

Executive Board:


Jesper Thomassen
Managing Director

Board of Directors:


Axel Aumüller
Chairman


Maciej Wujec


Inga Dransfeld-Haase
Vice Chairman


Frank Knälmann

Independent auditor's report

To the shareholder of Nordic Sugar Holding A/S

Opinion

We have audited the financial statements of Nordic Sugar Holding A/S for the financial year 1 March 2018 – 28 February 2019, 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 2019 and of the results of the Company's operations for the financial year 1 March 2018 – 28 February 2019 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 skepticism 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.
- 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.

Independent auditor's report

- 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.

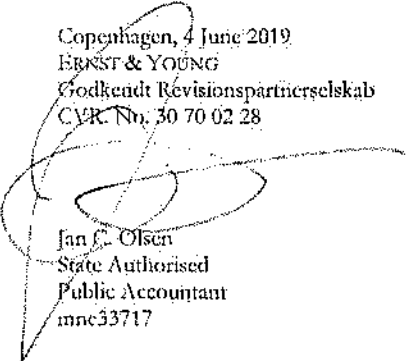
Our opinion on the financial statements does not cover the Management's review, and we do not express any form of assurance conclusion thereon.

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, 4 June 2019
ERNST & YOUNG
Godkendt Revisionspartnerselskab
CVR No. 30 70 02 28



Jan C. Olsen
State Authorised
Public Accountant
mnc33717

Management's review

Key figures and financial ratios (DKKt)

Income statement:	2018/19	2017/18	2016/17	2015/16	2014/15
EBIT	-66	-110	-232	-1,282	1,097
Income from investments in subsidiaries and associated companies	518,941	192,724	58,238	219,691	296,496
Financial income and expenses, net	-261	5,205	4,007	1,394	3,912
Profit for the year	518,686	196,717	61,060	219,294	300,515
Balance sheet:					
Assets	2,166,924	3,133,042	2,936,387	2,871,164	2,665,012
Equity	2,155,381	1,636,695	2,929,478	2,868,418	2,649,124

Core activities

Nordic Sugar Holding A/S' main activities consist of ownership of Nordic Sugar A/S and TitoConcerto AB. Nordic Sugar A/S and TitoConcerto AB via its subsidiary Nordic Sugar AB develop, produce and sell a wide range of sugar products and animal feed products based on sugar beet as the main raw material.

Furthermore, Nordic Sugar A/S owns subsidiaries in Finland and Lithuania with similar sugar activities.

Development in activities and financial position

The company's activities are unchanged compared to previous year. However, it was decided on 30 November 2018 to liquidate the joint venture NP Sweet A/S due to unsatisfactory financial prospects. Consequently, NP Sweet A/S is in liquidation and is to be deregistered during the financial year 2019/20.

The profit for the year amounts to DKK 518,686 k as expected which is significantly higher than the previous year. The increase in the profit for the year is due to higher dividend from Nordic Sugar A/S.

Outlook for 2019/20

The profit for the year is expected to be close to 0 in the financial year 2019/20 as a result of no expected dividend from subsidiaries.

Special risks

Following the end of the EU sugar market regime on 30 September 2017, production volumes inside the EU have increased significantly which has resulted in an oversupply of sugar on the EU market with a similar situation on the world market; the latter driven by a rapid increase in production in India as a result of subsidies.

The increase in production has resulted in increased competition inside the EU and the development in sales prices and earnings is expected to be more closely linked to the development in the world market prices as the EU is expected to remain a net exporter of sugar. Increased volatility of sales prices and lower average margins are expected in the long term. In order to guarantee profitability over the long term, the Nordzucker Group has decided to restructure and reduce costs. Consequently, the Nordzucker Group expects to increase profitability via cost savings and other measures by EUR 70 million annually until the end of the financial year 2023/24 with most measures expected to be realised until the end of the financial year 2021/22. The measures are focused on overhead costs to be reduced by EUR 40 million on annual basis while the production and sales areas are expected to deliver the remaining part. Nordic Sugar Holding A/S' subsidiaries will naturally contribute significantly to the before-mentioned measures which are expected to facilitate a satisfying earnings level in Nordic Sugar Holding A/S' subsidiaries in the medium and long term.

The Nordzucker Group is a strong supplier of sugar and considers the current commercial challenges as an opportunity for market consolidation and further expansion.

Income statement

1 March 2018 - 28 February 2019

(DKKt)	Note	2018/19	2017/18
Administrative expenses		-66	-110
Operating profit (EBIT)		-66	-110
Income from investments in subsidiaries and associated companies		518,941	192,724
Financial income	2	326	5,207
Financial expenses	2	-587	-2
Profit before tax		518,614	197,819
Income tax	3	72	-1,101
Profit for the year		518,686	196,717
Proposal to distribution of profit			
Amount to be carried forward		518,686	-1,143,833
Extraordinary dividend during the year		0	1,340,550
		518,686	196,717

Balance sheet

ASSETS

(DKKt)	Note	28 February 2019	28 February 2018
NON-CURRENT ASSETS			
Financial assets			
Investments in subsidiaries	4	2,154,317	2,154,317
Investments in associated companies	4	968	723
Total		2,155,285	2,155,040
Total non-current assets		2,155,285	2,155,040
CURRENT ASSETS			
Receivables			
Receivables from related parties			970,958
Deferred tax asset	5	4	5
Income tax receivable		11,566	6,697
Total		11,570	977,660
Cash and cash equivalents		70	341
Total current assets		11,640	978,001
Total assets		2,166,924	3,133,042

EQUITY AND LIABILITIES

(DKKt)	Note	28 February 2019	28 February 2018
EQUITY			
Share capital		500	500
Retained earnings		2,154,881	1,636,195
Total equity		2,155,381	1,636,695
CURRENT LIABILITIES			
Trade payables		50	50
Current income tax payable to Nordic Sugar A/S		11,493	6,797
Amount owed to related parties			1,489,500
Total		11,543	1,496,347
Total liabilities		11,543	1,496,347
Total equity and liabilities		2,166,924	3,133,042

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Statement of changes in equity

(DKK)	Share capital	Retained Earnings	Total
Equity at 1 March 2017	149,450	2,780,028	2,929,478
Reduction of share capital	-148,950		-148,950
Dividend paid		-1,340,550	-1,340,550
Transferred, cf. distribution of profit		196,717	196,717
Equity at 28 February 2018	500	1,636,195	1,636,695
Dividend paid		-	-
Transferred, cf. distribution of profit		518,686	518,686
Equity at 28 February 2019	500	2,154,881	2,155,381

The share capital amounting to DKK 500,000 consists of 5,000 shares with a nominal value of DKK 100 each.

Note I – Accounting policies

The annual report of Nordic Sugar Holding A/S has been prepared in accordance with the Danish Financial Statements Act's rules for class C medium as income now exceeds DKK 89 million together with a total balance sum above DKK 44 million. The accounting policies are unchanged compared to previous year as the shift from class B to medium C solely has implication on the disclosure requirements.

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 Holding 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.de.

Recognition and measuring in general

Income is recognised in the income statement when realised, and expenses are recognised with the amounts related to the accounting year. Valuation adjustments of financial assets and liabilities are recognised in the income statement as financial income or financial expenses.

Assets are recognised in the balance sheet when it is likely that future economic benefits will add value to the company, and the value of the asset can be measured in a reliable way.

Liabilities are recognised in the balance sheet when it is likely that future economic benefits will be paid out from the company, and the value of the liability can be measured in a reliable way.

Assets and liabilities are at initial recognition measured at cost price. The assets and liabilities are hereafter measured as described below.

Profits, losses and risks, which occur before the annual report is finalised, and which confirm or disconfirm statements existing at the day of the balance sheet are taken into consideration by recognition and measurement.

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.

Income statement

Administrative expenses

Administrative expenses comprise of audit, legal advisors and other expenses.

Income from investments in subsidiaries

The item comprises profit from sale of investments in subsidiaries, any write downs 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.

Income from investments in associated companies

The item comprises proportionate share of the profit/loss for the year in associates after elimination net of intra-group income or losses and net of amortization and impairment of goodwill and other excess values at the time of acquisition.

Financial income and expenses

Financial income and expenses include interest income, interest expenses, realised and unrealised exchange gains and losses related to liabilities and transactions in foreign currencies.

Note 1 – Accounting policies - continued

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.

Nordic Sugar Holding A/S is jointly taxed with its Danish subsidiary Nordic Sugar A/S and any other Danish subsidiaries. The joint current Danish income tax is recognised as a debt/receivable considering advance income tax payments and Nordic Sugar A/S' share of the income tax relative to their share of taxable income is recognised as a receivable or payable. Withholding taxes relating to dividends from subsidiaries outside Denmark are recognised in the year in which the dividend is declared.

Balance sheet

Financial assets

Investments in subsidiaries are measured at cost less write downs. To the extent that distributed dividends exceed accumulated earnings after acquisition, the dividend is recognised as an adjustment of the cost price of the investments in subsidiaries.

Investments in associated companies are measured, using the equity method, at the company's proportionate share of such entities' equity plus goodwill on consolidation and intra-group losses and less intra-group gains and negative goodwill, if any. Investments in entities whose net asset value is negative are measured at DKK 0. The entity's proportionate share of a deficit on equity, if any, is set off against receivables from the investment in so far as the deficit is irrecoverable. Amounts in excess thereof are recognized under 'Provisions' in so far as the company has a legal or constructive obligation to cover the deficit.

Impairment of non-current assets

At year-end, the carrying amount of financial assets 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.

Financial non-current 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.

Receivables

Receivables mainly include short-term loans to other companies 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.

Note 1 – Accounting policies - continued

Current tax and deferred tax

Current tax includes tax as receivable based on the taxable profit for the year adjusted for tax of taxable profit from previous years and advance income tax payments respectively.

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 liability. When the tax base can be valued after alternative tax rules, deferred tax is measured based on the planned use of the asset, respectively settlement of the liability. Deferred tax assets including tax value of tax losses carried forward are recognised to the value, as the asset can be realised, either by reduction of future tax payments (as net tax assets) or by settlement against deferred tax liabilities within the jointly taxable entities. Contingent deferred net tax assets are measured at net realizable value.

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.

Equity

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

Financial liabilities

Other payables, 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 Holding A/S has been prepared. Cash flows for Nordic Sugar Holding A/S are part of the consolidated financial statements of Nordzucker AG.

Notes to the income statement

2 Financial income and expenses		
(DKKt)	2018/19	2017/18
Financial income		
Financial income from related parties	326	5,118
Other financial income		88
Total	326	5,207
Financial expenses		
Financial expenses to related parties	-586	-
Other financial expenses	-1	-2
Total	-587	-2
Financial income and expenses, net	-261	5,205

3 Income tax		
(DKKt)	2018/19	2017/18
Current tax on profit for the year	73	-1,100
Change in deferred tax	-1	-1
Total	72	-1,101

Notes to the balance sheet

4 Financial assets		
(DKKt)	Investment in subsidiaries	Investment in associated companies
Carrying amount at 1 March 2018	2,154,317	723
Additions	-	1,304
Disposals / value adjustment	-	-1,059
Carrying amount at 28 February 2019	2,154,317	968

Companies	Country	Currency	Equity	Profit for the year	Owner's share	Carrying amount Nordic Sugar Holding A/S in DKKt
Subsidiaries						
TitoConcerto AB	Sweden	EUR	166m	23m	100%	54
Nordic Sugar A/S	Denmark	DKK	1,806m	0m	100%	2,154,263
Associated companies						
NP Sweet A/S	Denmark	EUR	0.3m	-0.3m	50%	968

5 Deferred tax asset		
(DKKt)	2018/19	2017/18
Deferred tax at 1 March	5	6
Change in deferred tax	-1	-1
Deferred tax at 28 February	4	5

Supplementary notes

6 Contingent liabilities

Liability for tax in the Danish joint taxation:

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 2019, the net taxes payable to SKAT by the companies included in the joint taxation amounted to DKKt 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.

7 Transactions with related parties

Ownership

Nordic Sugar Holding A/S is wholly owned by Nordzucker AG, Küchenstrasse 9, 381 00 Braunschweig, Germany

Transactions with related parties:

The below transactions have taken place with comparison figures for previous year in brackets. Figures are in DKKt.

Interest income from Nordzucker AG	326 (5,118)
Interest expenses to Nordzucker AG	-586 (0)
Receivable from Nordzucker AG	0 (970,958)
Payable to Nordzucker AG	0 (1,489,500)
Current income tax payable to Nordic Sugar A/S	11,493 (6,797)

Outlays have not been considered in the above figures.

8 Post balance sheet events

There have been no subsequent events of significance to the annual report 2018/19 after the end of the financial year on 28 February 2019.