



# Nordzucker Post 2/2021

## Lars Gorissen: From our own strength



Dear Readers,

"A cold May and windy," goes an old saying in many countries, "makes a barn full and findy." Whether the old rule is verified, we will see at harvest time. For a good harvest and a good result, all of us, farmers and companies, need a lot of commitment, constant improvement and optimization, and a good plan for the future, in addition to the right weather.

The previous fiscal year 2020/2021 shows that we have succeeded in bringing Nordzucker back into the profit zone. This is thanks to a good performance on the market, but primarily to our own cost-cutting and transformation programs. We want to develop the company into excellence in all areas so that we can compete in the market, remain a good partner for our farmers and shareholders, and are an attractive employer.

Our newly developed Sustainability Strategy 2030 will also contribute to this. It covers all parts of the company with specific targets. In particular, we have committed to science-based climate targets. We will transparently make our contribution to limiting the rise in temperature so that the following generations can also look to the future with confidence. Read more about our sustainability strategy in our annual report at [nordzucker.com](https://www.nordzucker.com).

The Annual General Meeting of Nordzucker AG will again be held online on July 7, 2021. We will hold it at the same time as the Annual General Meeting of Nordzucker Holding AG. This will allow our shareholders to attend both meetings on the same date and be able to submit their votes. Please also take advantage of the opportunity to obtain information and ask questions in advance via our [website](https://www.nordzucker.com).

I wish you an interesting reading of the Nordzucker Post, good weather and a good development of the beets on your farms.

Yours

Lars Gorissen

# Annual financial statements 2020/21: Nordzucker achieves significant profit



Nordzucker returned to profit in financial year 2020/21 and was significantly profitable. The financial statements show an operating profit of 81.0 million euros, compared to minus 14.6 million euros in the previous year. Sales were increased from 1,438.5 million euros to 1,670.4 million euros.

Developments in the market, with very stable prices in the EU, underpinned the positive business performance. A slight pandemic-related decline in sales, on the other hand, had only a minor impact on earnings. The majority interest in Australia's second largest sugar producer Mackay Sugar Ltd. (MSL) developed in line with expectations and again made a positive contribution to group earnings in 2020/21.

A dividend payment of 60 Euro cents per share will be proposed to the Annual General Meeting. This corresponds to a total payout of 29 million euros. No dividends were paid out in the two previous years.

Nordzucker has succeeded in getting back on the success track in the past two years. Based on a comprehensive transformation program, contributions of around 55 million euros were generated, which significantly improved

earnings. "Our employees made this success possible by actively supporting our Act Now! transformation program with many ideas. Especially under the difficult conditions during the Corona pandemic, everyone showed personal commitment, a sense of responsibility and flexibility. That was a great achievement!", explains Dr. Lars Gorissen, CEO.

Due to the cost reductions implemented in all parts of the company and currently largely stable sugar markets, a clearly positive result can also be expected for the current 2021/22 fiscal year. "We must consequently continue to work on our cost structure and the optimization of our processes with a view to our customers in order to remain competitive. The aim is to be an attractive partner for our beet growers in Europe and to secure dividends for our shareholders in the long term," emphasizes Alexander Bott, CFO.

The benchmark for the future is high. Overall, the sugar market is characterized by volatility, high competition and increasing political and social demands. "We are tackling the challenges and have great ambitions. For the coming years, we have launched new initiatives in all core areas of the company under the motto "Good.Better.Excellent!" to further optimize and digitalize the company comprehensively and to reduce our costs," underlines Dr. Lars Gorissen.

## Joint virtual Annual General Meetings on July 7, 2021



*Again only virtual: Annual General Meeting 2021*

"To our regrets, we will only be able to hold our Annual General Meeting in digital form again this year. The uncertainties and risks regarding the pandemic are still too great at the moment. Next year, we hope, things will look different again," says Lars Gorissen, CEO.

This year, the Annual General Meeting will once again be held on a purely virtual basis. It will be streamed from the company's headquarters in Braunschweig from 9:00 a.m. on July 7, 2021. Our shareholders will be provided with further information on the process and technical details with their invitation to the Annual General Meeting. For the first time, the 2021 Annual General Meetings of Nordzucker AG and Nordzucker Holding AG will also be held in conjunction with each other via a joint agenda.

"We are aware that this virtual form cannot replace face-to-face meetings. Unfortunately, direct question opportunities live during the event are also not possible this year. This is a great pity, because a good Annual General Meeting also thrives on questions and contributions from shareholders. On behalf of my colleagues and the Supervisory Board, I would therefore like to encourage you to submit your questions in writing to us in advance via our Annual General Meeting online portal. We will answer them in detail at our virtual Annual General Meeting," explains Lars Gorissen.

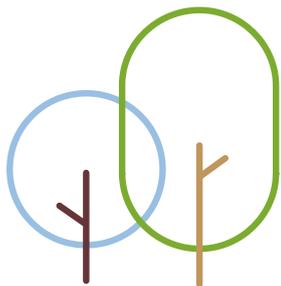
On our Annual General Meeting portal at [nordzucker.com/de/hauptversammlung](https://nordzucker.com/de/hauptversammlung) you will find extensive information in advance about the 2020/21 fiscal year, which was very positive overall. In particular, I would like to recommend our annual report with a special section on excellence and sustainability. You will also find short video addresses by Lars Gorissen, Axel Aumüller, Alexander Bott and Jochen Johannes Juister as well as video presentations of the candidates for the respective Supervisory Boards.

We look forward to a good participation on July 7, 2021 from 9:00 a.m. onwards.

Visit our Annual General Meeting portal online also in advance at:

[nordzucker.com/de/hauptversammlung](https://nordzucker.com/de/hauptversammlung)

## Excellence in sustainability



Sustainability has been an integral part of our business model for many years. In recent months, Nordzucker experts have worked to develop targets, measures and key performance indicators for a new sustainability strategy and define them in agreement with the Executive Board.

The Sustainability Strategy 2030 covers our entire supply chain and is based on four pillars: People Focus, Sustainable Procurement, Sustainable Production and Sustainable Products. These four pillars include a wide range of commitments and actions on topics such as climate change, greening agriculture, sustainable supply chains, and take into account changing expectations of consumers, employees and other society groups.

Our new strategy builds on a long-standing commitment to environmental protection and sustainability. We were

already active more than 30 years ago, when the issues of climate change, resource protection and social commitment did not yet dominate public debate. From 1990 to the present day, for example, we have already reduced CO<sub>2</sub> emissions from our sugar production by around 60 percent. As part of the new strategy, Nordzucker has committed to the Science Based Target initiative: On an independent and scientific basis, work is now underway to align the Group-wide target for reducing greenhouse gas emissions with the goals of the Paris Climate Agreement.

"Sustainability has always been strongly integrated into our business. For us, sustainability means even more than working against climate change. For example, social commitment throughout the supply chain, the manufacturing of sustainable products, the development of sustainable cultivation methods together with our beet growers, more environmentally friendly packaging and much more are on our agenda for the coming years as well. However, we cannot go down this path alone. Sustainability concerns us all, because it is about enabling future generations to have a good life," emphasizes Axel Aumüller, COO.

Read more about our Sustainability Strategy 2030 in our latest [Annual Report](#).

## Sugar beet grow modestly

Sowing took place under good conditions this year. The soil was dry and had a good structure. The onset of rainfall around Easter led to a break in drilling in some countries, but this ended quickly. Almost all beet were drilled by the end of April, in Finland and Lithuania beet have been drilled in May, as usual due to the prevailing climate.

However, the emergence and juvenile development of the plants was delayed in all countries due to low temperatures, in some countries it was still snowing. Exceptional frost damage occurred only in Slovakia and about 1,700 hectares had to be resown.

In the meantime, herbicide measures are being carried out everywhere and increasing temperatures are promoting growth. Rainfall is still necessary as the subsoil is still too dry.

The trials within our "Smart Beet Initiatives" have also been set up and the first measures have also been carried out there, e.g. band spraying or hoeing with the robot.



*Robots in hoeing operation*

## Mackay Sugar in the starting blocks for the new crushing season 2021



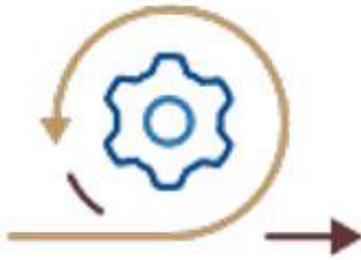
*Installation of the drying drum for sugar*

The weather conditions with good rainfall from November 2020 to January 2021 and a good distribution of rainfall in the months February to April promoted cane growth. While other regions in Australia were affected by cyclones and floods, MSL growers in Queensland were spared.

For the coming harvest, an above-average crop is therefore expected in the MSL growing regions. To ensure that all the sugar cane can be processed, as was the case last year, colleagues in the mills are working flat out to complete maintenance and investment projects in time for the start of the Crushing Season (campaign). The focus is on sugar drying, evaporators and pressure vessels, for example.

The start of the Crushing Season is planned for the three sugar mills in Australia for the first half of June.

# Transformation at Nordzucker - the basis for success



In recent years, the Nordzucker Group has faced one of the greatest challenges in its history: Making savings of 65 million euros and creating a new organizational structure with a stronger focus on local responsibility; furthermore, an increased focus on process optimization, margin orientation, consequence and transparency.

This strenuous effort required a clearly managed and streamlined change process in which all stakeholders were actively involved at the same time. Nordzucker deliberately avoided external consulting. The specially established Transformation Office, staffed by colleagues from various functions, was given the task of providing impetus for the change process and supporting colleagues in the implementation.

Accompanying these changes "from the inside" caused everyone - the Executive Board, top managers and the Transformation Office - to embark on the path of change together.

In the first step, the definition of the implementation measures as well as the communication of the contents to

the employees was in responsibility of the respective top manager. The Transformation Office was able to respond flexibly to the needs of those involved through many individual discussions with top managers and employees. The speed of the change process was adjusted to the needs in an agile manner. Impulses for change and operational measures interlocked to form a common path.

## **Platforms for dialog, feedback and collaboration**

In addition to the traditional information channels such as the resort meetings of the Executive Board members and regular communications from each top manager, a direct communication channel was established between the Executive Board and all employees. In digital live events, the Executive Board regularly informs all employees about the company's financial status, successes and challenges.

As well, a wide range of content is offered to all employees in digital "Let's talk!" events on a roughly weekly basis: from strategy discussions with the Executive Board to explanations of major projects and IT training.

## **Transparency, appreciation and team spirit**

The numerous digital meetings in recent months have changed the way we collaborate and communicate. They enable participation at eye level. The local independence of digital meetings additionally helps us to come together in larger, international circles, even at short notice. Today, we feel well equipped for what will probably be a never-ending transformation process. The next steps, in particular the even greater involvement of our colleagues in the plants, are already planned.

# Clarification and facts about sugar and nutrition



For more facts in the nutrition debate, the German sugar sector launched the campaign “Gegen Lebensmittelpopulismus” (Against Food Populism) in May. We also want to make our contribution against obesity and secondary diseases - with scientifically sound information and in support of our regional, sustainable product and the people behind it.

The nutrition debate in the public, the media and politics is increasingly characterised by false statements and half-

knowledge, especially about sugar. Apparently, clicks and strong headlines count more than facts. Instead of teaching consumers the necessary nutritional competence and the complex causes of obesity and follow-up diseases, sugar is often attributed as the sole culprit for causing illness and fattening. Our product is thus discriminated against in the public debate.

The campaign of the German Sugar Association (WVZ) "Gegen Lebensmittelpopulismus!" takes up the most common misconceptions against our sugar and counters them with provable facts. It is about the importance of calories, about supposedly healthier types of sugar from overseas imports or about the fairy tale of hidden sugar. The campaign stands up for our regional, sustainable product and the people behind it.

The campaign focuses mainly on social media. In the political centre of Berlin, special visibility is also ensured in May with posters at the main railway station and on the streets. More information you can find at [www.gegen-lebensmittelpopulismus.de](http://www.gegen-lebensmittelpopulismus.de)



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