

Supervisory Board's report



In the 2018|19 financial year, AGRANA operated in an extremely challenging business environment. The effects of the expiry of the sugar and isoglucose quotas in the European common market put pressure on profitability in the Sugar segment and also weighed on the Starch segment, with only the Fruit segment posting slight earnings growth.

The Supervisory Board actively oversaw this difficult business trajectory in the 2018|19 financial year and exercised its responsibilities and powers under the law and the Articles of Association while observing the provisions of the Austrian Code of Corporate Governance. Regular key agenda items of the Supervisory Board's deliberations were the measures for the strategic further development of the Group, the optimisation of business performance in all segments, and matters of corporate financing. Convening for a total of four meetings in the year, the Supervisory Board, on the basis of the reports of the Management Board and detailed written material, considered the company's business situation and financial position, all relevant matters concerning the company's further development, and exceptional business transactions. The Management Board briefed the Supervisory Board in a timely and comprehensive manner on measures requiring the approval of the Supervisory Board. The Supervisory Board members' overall attendance at the meetings in 2018|19 was approximately 92%. All members of the Supervisory Board attended at least half of its meetings. Outside the regular meetings as well, the Chairman of the Supervisory Board had numerous conversations with the Management Board and communicated closely with the Chief Executive Officer to discuss ongoing developments in the Group's environment, their impact on current business results, and the risk situation.

In its meeting on 7 May 2018, the Supervisory Board dealt with the audit of the parent company and consolidated financial statements for the year ended 28 February 2018 and the nomination of the independent auditor for election for the 2018|19 financial year. The independent auditor attended this meeting and reported on the audit priorities and results, which also included the accounting-related elements of the internal control system. The Supervisory Board adopted the parent company financial statements and approved the consolidated financial statements. In addition, at this meeting the Supervisory Board deliberated on the medium-term investment planning.

The meeting on 6 July 2018 discussed and approved the medium-term planning and a strategic equity investment project.

In the meeting on 22 November 2018 the Supervisory Board addressed the forecast financial results for 2018|19 and corporate governance matters, and discussed and approved the construction of a betaine crystallisation plant at the site in Tulln, Austria.

In its meeting on 21 February 2019 the Supervisory Board deliberated especially on the financial planning and the capital investment projects for the 2019|20 financial year, as well as on strategic equity investment projects. In 2018|19 the Supervisory Board again performed a check of its effectiveness, based on a self-assessment, with the aim of evaluating its organisation and procedures so as to ensure the ability to fulfil its responsibilities appropriately in the interests of the shareholders and all other stakeholders. The results of this self-assessment were discussed in detail in the February 2019 meeting.

Audit Committee

The Audit Committee convened for two meetings in the 2018|19 financial year. With the independent auditor in attendance, the Audit Committee dealt exhaustively with the 2017|18 parent company and consolidated financial statements of AGRANA Beteiligungs-AG and discussed the Management Board's proposal for the appropriation of profit. Other topics of the Committee's deliberations were the audit of the corporate governance report, the report from Internal Audit, and the risk management system. The Audit Committee also dealt with the planning and priorities for the audit of the 2018|19 financial statements and discussed the subjects of anti-corruption and compliance.

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

Parent company and consolidated financial statements

The independent auditor appointed for the financial year ended 28 February 2019, KPMG Austria GmbH, Wirtschaftsprüfungs- und Steuerberatungsgesellschaft, Vienna, has audited the parent company financial statements of AGRANA Beteiligungs-AG for the year ended 28 February 2019 prepared in accordance with Austrian Generally Accepted Accounting Principles and submitted by the Management Board, and the parent company management report of the Management Board. The independent auditor has reported the result of the audit in writing and issued an unqualified audit opinion.

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

After detailed review and discussion by the Audit Committee and the Supervisory Board, the Supervisory Board has approved the parent company financial statements for the year ended 28 February 2019 submitted by the Management Board (including the notes) and the parent company management report, corporate governance report, and proposal for the appropriation of profit. The parent company financial statements for the year ended 28 February 2019 are thus adopted for the purposes of section 96 (4) Austrian Stock Corporation Act. The Supervisory Board is in agreement with the Management Board's proposal for the appropriation of profit.

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

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

Vienna, 10 May 2019



Erwin Hameseder
Chairman of the Supervisory Board