Report on the first half of 2020|21

#HELLO TOMORROW

Ready for the future.

First half of 2020|21 at a glance

- Revenue: € 1,309.3 million (+4.7%; H1 prior year: € 1,250.0 million)
- EBIT: € 55.8 million (+7.9%; H1 prior year: € 51.7 million)
- EBIT margin: 4.3% (H1 prior year: 4.1%)
- Profit for the period: € 34.4 million (+19.0%; H1 prior year: € 28.9 million)
- Equity ratio: 55.2% (29 February 2020: 54.4%)
- Gearing ratio[1]: 36.1% (29 February 2020: 33.5%)
- Number of employees (FTE)[2]: 9,150 (H1 prior year: 9,668)

[1] Debt-equity ratio (ratio of net debt to total equity).
[2] Average number of full-time equivalents in the reporting period.

Contents

Letter from the CEO

Dear Investor,

The COVID-19 pandemic continued to be a defining issue for AGRANA in the financial second quarter (June to August 2020). Although the lockdown was followed by an easing of restrictions, the resulting rapid normalisation in private transport and thus in bioethanol sales was offset by revenue declines in out-of-home consumption. While our food customers had still built up inventories in the first quarter, these stocks tended to be reduced again recently.

AGRANA's crisis management worldwide has proved its worth; we have had no production stoppages and only few COVID-19 cases in the workforce, with mild individual outcomes.

Despite the pandemic, our operating profit (EBIT) in the first six months of the financial year reached € 55.8 million, up almost 8% from the same period last year. Revenue increased by about 5% in the first half of 2020|21, on stable sales volumes.

Much of the stability of our business performance can be credited to our diversification. The breadth of the AGRANA Group provides extensive scope for balancing out fluctuations in results, both regionally and divisionally: A weaker performance in one segment can usually be buffered by a positive trend in another business area.

This was evident in the first half of 2020|21 in the Starch segment, among others, where earnings were maintained at the year-ago level despite significantly lower starch sales into the paper sector. The main reason for this was a very good performance in bioethanol, especially in the second quarter. While in the first quarter of 2020|21 the slump in the fuel sector was partly compensated by the positive volume effect of the disinfectant boom, in the last four months the upside drivers were the normalisation of private transport coupled with a very positive trajectory of ethanol price quotations.

One of the pillars of the solid Group EBIT in the first half of 2020|21 was the Sugar segment, which, as in the first quarter, saw a year-on-year improvement in EBIT in the second quarter. Higher sugar prices were the primary factor in this. The Sugar segment's EBIT nevertheless remained negative.

In the Fruit segment, we held earnings in the fruit preparations business in line with one year earlier. The performance of the fruit juice concentrate business was down significantly due to lower available volumes from last year's apple crop.

Now that we have passed the mid-point of the year, I would also like to briefly touch on the current raw material situation, especially in the Sugar segment: Thanks to the ample rainfall in the summer, we expect very good yields for corn (maize), potatoes and also for sugar beet. However, as a result of pest pressure and dry spring weather, only about 26,000 hectares of sugar beet will be harvested in Austria.

Since the beet harvest is now expected to produce record yields per hectare of 20% above the long-term average, both Austrian sugar factories will run a campaign in 2020. However, if 38,000 hectares of beet cannot be contracted in Austria for the next sugar marketing year (2021|22) by the middle of November 2020, the Leopoldsdorf sugar plant will be closed after this year's campaign. In total this year in all countries, we expect the Sugar segment to process more than 5 million tonnes of beet from slightly less than 80,000 hectares of beet fields.

Our betaine plant was successfully commissioned in August 2020 and the market launch of the crystalline product has begun.

Dear shareholders, in a time of COVID-19, having a first half of the year with an EBIT above last year's level was anything but a foregone conclusion. We are optimistic that for the full year too, we will be able to exceed the 2019|20 Group EBIT – although this will also depend on the further course of the coronavirus pandemic.

Wishing you continued health and all the best in the coming months!

Sincerely

Johann Marihart

Chief Executive Officer

Group management report

AGRANA Group results for the first half of 2020|21

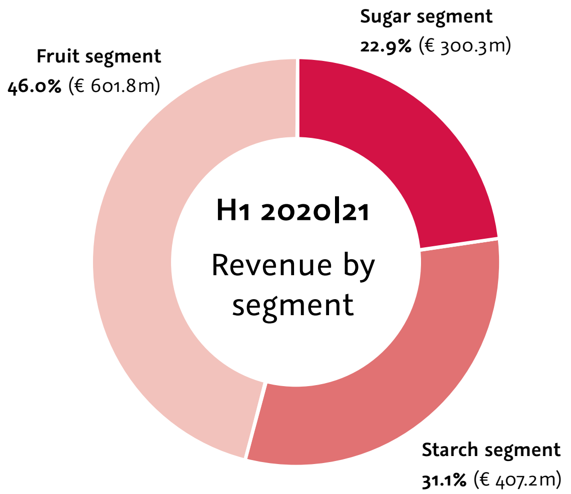
Revenue and earnings

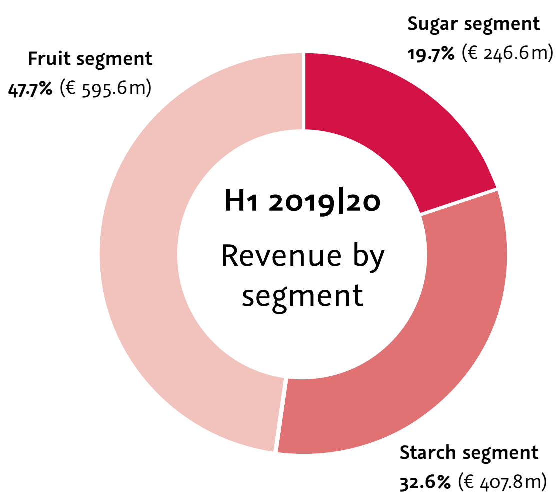
Consolidated income statement (condensed) €m, except as otherwise indicated	H1 2020|21	H1 2019|20
Revenue	1,309.3	1,250.0
EBITDA[1]	101.1	90.8
Operating profit before exceptional items and results of equity-accounted joint ventures	47.4	44.0
Share of results of equity-accounted joint ventures	8.9	7.7
Exceptional items	(0.5)	0.0
Operating profit [EBIT]	**55.8**	**51.7**
EBIT margin	**4.3%**	**4.1%**
Net financial items	(9.1)	(7.9)
Profit before tax	46.7	43.8
Income tax expense	(12.3)	(14.9)
Profit for the period	34.4	28.9
Earnings per share (€)	0.54	0.43

Consolidated income statement (condensed) €m, except as otherwise indicated	Q2 2020|21	Q2 2019|20
Revenue	656.7	611.6
EBITDA[1]	46.4	39.3
Operating profit before exceptional items and results of equity-accounted joint ventures	19.3	16.5
Share of results of equity-accounted joint ventures	5.0	4.3
Exceptional items	(0.5)	0.0
Operating profit [EBIT]	**23.8**	**20.8**
EBIT margin	**3.6%**	**3.4%**
Net financial items	(3.0)	(4.1)
Profit before tax	20.8	16.7
Income tax expense	(5.6)	(6.1)
Profit for the period	15.2	10.6
Earnings per share (€)	0.24	0.16

In the first half of the 2020|21 financial year (the six months ended 31 August 2020), **revenue** of the AGRANA Group was € 1,309.3 million, up slightly from the same period one year earlier, with the growth coming from the positive revenue trend in the Sugar segment.

Operating profit (EBIT) was € 55.8 million in the first six months of 2020|21, a moderate increase from the year-ago comparative period. In the Fruit segment, EBIT decreased to € 30.1 million, a reduction of 16.6% driven by a weaker result in the fruit juice concentrate business. The high ethanol prices prevailing since the second quarter led to constant EBIT of € 34.7 million in the Starch segment. In the Sugar segment, as a result of firmer prices and higher sugar sales quantities than one year earlier, the EBIT loss was halved to € 9.0 million (H1 prior year: € 18.7 million). The Group's **net financial items** amounted to a net finance expense of € 9.1 million (versus a net expense of € 7.9 million in the year-earlier period) due mainly to a deterioration in "other financial items" as a result primarily of higher fees. After an income tax expense of € 12.3 million, corresponding to a tax rate of 26.3% (H1 prior year: 34.0%), **profit for the period** was € 34.4 million (H1 prior year: € 28.9 million). **Earnings per share** attributable to AGRANA shareholders increased to € 0.54 (H1 prior year: € 0.43).





[1] EBITDA represents operating profit before exceptional items, results of equity-accounted joint ventures, and operating depreciation and amortisation.

Investment[1]

In the first half of 2020|21, AGRANA invested € 27.8 million, or € 40.3 million less than in the year-earlier period. Capital expenditure was thus significantly reduced upon the completion of the major projects of recent years; it was distributed among the segments as follows:

Investment €m, except %	H1 2020|21	H1 2019|20	Change
Fruit segment	13.4	22.3	-39.9%
Starch segment	9.4	37.5	-74.9%
Sugar segment	5.0	8.3	-39.8%
Group	**27.8**	**68.1**	**-59.2%**

In addition to the regular projects for product quality improvement, asset replacement and maintenance across all production sites, the following individual investments are worth highlighting:

Fruit segment

- Effluent treatment in Jacona, Mexico
- Expansion of the warehouse for finished product in Chung-Buk, South Korea
- New production line in Lysander, USA
- New production line in Central Mangrove, Australia

Starch segment

- Expansion of the corn starch derivatives plant in Aschach, Austria
- Measures to increase specialty corn processing in Aschach, Austria
- Optimisation work at the wheat starch plant in Pischelsdorf, Austria

Sugar segment

- Conversion of the energy supply of the Sered‘, Slovakia, site to natural gas

Additionally in the first half of 2020|21, € 21.1 million (H1 prior year: € 14.9 million) was invested in the equity-accounted joint ventures (the HUNGRANA and STUDEN groups and Beta Pura GmbH; values for these entities are stated at 100% of the totals).

The betaine crystallisation project of Beta Pura GmbH represents the Group’s largest capital expenditure for the 2020|21 financial year. Together with the US partner The Amalgamated Sugar Company LLC of Boise, Idaho, about € 37 million (stated at 100% of the total) is being invested in the value-added processing of by-products from sugar production at the site in Tulln, Austria. Due to the COVID-19 pandemic, production started with a slight delay, in August 2020. The plant’s operation is currently being ramped up towards regular levels and optimisation measures are being carried out.

Cash flow

Consolidated cash flow statement (condensed)

€m, except %	H1 2020|21	H1 2019|20	Change
Operating cash flow before changes in working capital	112.8	81.8	37.9%
Changes in working capital	(28.1)	(9.3)	> -100%
Interest received and paid and income tax paid, net	(13.2)	(12.8)	-3.1%
Net cash from operating activities	**71.5**	**59.7**	**19.8%**
Net cash (used in) investing activities	(32.3)	(69.0)	53.2%
Net cash (used in)/from financing activities	(29.0)	36.4	> -100%
Net increase in cash and cash equivalents	**10.2**	**27.1**	**-62.4%**
Effects of movements in foreign exchange rates on cash and cash equivalents	(5.3)	(0.5)	> -100%
Cash and cash equivalents at beginning of period	93.4	82.6	13.1%
Cash and cash equivalents at end of period	**98.3**	**109.2**	**-10.0%**

[1] Investment represents purchases of property, plant and equipment and intangible assets, excluding goodwill.

Operating cash flow before changes in working capital rose to € 112.8 million in the first half of 2020|21 (H1 prior year: € 81.8 million) as a result partly of the higher profit for the period. After a significantly larger increase of € 28.1 million in working capital than one year earlier (H1 prior year: increase of € 9.3 million), net cash from operating activities improved to € 71.5 million (H1 prior year: € 59.7 million). Net cash used in investing activities was € 32.3 million, reflecting significantly reduced payments for purchases of property, plant and equipment and intangibles (H1 prior year: net cash use of € 69.0 million). This includes the purchase price payment for the acquisition of the US company Marroquin Organic International, Inc., based in Santa Cruz, California, by AGRANA Stärke GmbH (also see the Notes, page 21). Net cash used in financing activities amounted to about € 29.0 million and was driven above all by the dividend payment (prior year: net cash from financing activities of € 36.4 million, primarily reflecting the raising of a Schuldscheindarlehen, or bonded loan).

Financial position

Consolidated balance sheet (condensed)

€m, except % and pp	31 August 2020	29 February 2020	Change
Assets			
Non-current assets	**1,289.5**	**1,331.9**	**-3.2%**
Of which intangible assets	275.5	275.1	+0.1%
Of which property, plant and equipment	884.1	932.8	-5.2%
Current assets	**1,121.1**	**1,217.5**	**-7.9%**
Of which inventories	556.1	710.5	-21.7%
Of which trade receivables	381.8	319.5	+19.5%
Of which cash and cash equivalents	98.3	93.4	+5.2%
Total Assets	**2,410.6**	**2,549.4**	**-5.4%**
Equity and liabilities			
Equity	**1,329.9**	**1,387.1**	**-4.1%**
Equity attributable to shareholders of the parent	1,268.8	1,323.7	-4.1%
Non-controlling interests	61.1	63.4	-3.6%
Non-current liabilities	**561.4**	**565.3**	**-0.7%**
Of which borrowings	445.2	450.2	-1.1%
Current liabilities	**519.3**	**597.0**	**-13.0%**
Of which borrowings	152.1	126.8	+20.0%
Of which trade payables	207.7	311.8	-33.4%
Total equity and liabilities	**2,410.6**	**2,549.4**	**-5.4%**
Net debt	**479.6**	**464.0**	**+3.4%**
Gearing ratio[1]	**36.1%**	**33.5%**	**+2.6pp**
Equity ratio	**55.2%**	**54.4%**	**+0.8pp**

Total assets at 31 August 2020 were off moderately from the 2019|20 year-end balance sheet date, at € 2.41 billion (29 February 2020: € 2.55 billion), with an equity ratio of 55.2% (29 February 2020: 54.4%).

[1] Debt-equity ratio (ratio of net debt to total equity).

The value of non-current assets eased slightly, due especially to depreciation. Current assets declined moderately; while inventories were significantly reduced, trade receivables increased. On the other side of the balance sheet, non-current liabilities remained almost constant. Current liabilities decreased as an increase in short-term borrowings coincided with a significant reduction in trade payables.

Net debt at 31 August 2020 amounted to € 479.6 million, up € 15.6 million from the year-end level of 29 February 2020 (year-ago level of 31 August 2019: € 423.6 million). The gearing ratio rose accordingly to 36.1% as of the quarterly balance sheet date (29 February 2020: 33.5%; 31 August 2019: 31.2%).

AGRANA capital market developments

Share data	H1 2020|21
High (6 July 2020)	€ 18.90
Low (16 March 2020)	€ 13.02
Closing price (31 August 2020)	€ 17.78
Closing book value per share	€ 20.30
Closing market capitalisation	€ 1,111.1m

AGRANA started the 2020|21 financial year at a share price of € 17.56 and closed at € 17.78 on the last trading day of August 2020, representing a slight increase of 1.3%. Austria's blue-chip ATX equity index declined by a significant 20.5% over the same period.

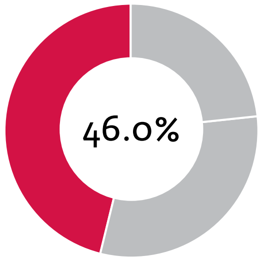
The average daily trading volume[1] in the period from March to August 2020 measured just over 27,000 shares (H1 prior year: approximately 32,000 shares).

AGRANA's share price performance can be followed in the investor relations section of the Group's website at www.agrana.com. The market capitalisation at the end of August 2020 was € 1,111.1 million.

The 33rd Annual General Meeting of AGRANA Beteiligungs-AG on 3 July 2020 approved the payment of a dividend of € 0.77 per share for the 2019|20 financial year (2018|19: € 1.00 per share); the dividend was paid in July 2020.

Fruit segment

Share of Group revenue



Financial results

Fruit segment €m, except %	H1 2020|21	H1 2019|20
Revenue	601.8	595.6
EBITDA[2]	50.3	55.3
Operating profit before exceptional items and results of equity-accounted joint ventures	30.6	36.1
Exceptional items	(0.5)	0.0
Operating profit [EBIT]	**30.1**	**36.1**
EBIT margin	**5.0%**	**6.1%**

Fruit segment €m, except %	Q2 2020|21	Q2 2019|20
Revenue	298.1	284.1
EBITDA[2]	24.2	23.8
Operating profit before exceptional items and results of equity-accounted joint ventures	14.6	14.3
Exceptional items	(0.5)	0.0
Operating profit [EBIT]	**14.1**	**14.3**
EBIT margin	**4.7%**	**5.0%**

Fruit segment revenue in the first half of 2020|21 was € 601.8 million, somewhat above the year-earlier level. In the fruit preparations business, revenue remained stable despite slightly lower sales volumes. In the fruit juice concentrate activities, revenue was up from a year ago, thanks largely to higher prices for apple juice concentrate from the 2019 harvest.

[1] Trading volume based on double counting, as published by the Vienna Stock Exchange.
[2] EBITDA represents operating profit before exceptional items, results of equity-accounted joint ventures, and operating depreciation and amortisation.

The Fruit segment's EBIT was € 30.1 million in the first six months, down 16.6% from one year earlier. The causes of the deterioration lay in the fruit juice concentrate business, which saw reduced delivery volumes coupled with lower contribution margins of apple juice concentrate produced from the 2019 crop. EBIT in fruit preparations all but attained the prior-year value. An improvement in EBIT in Mexico and North America and savings in administration were offset by earnings decreases in South America and Europe, resulting from lower sales volumes mainly due to the COVID-19 crisis.

Market environment

The market environment for fruit preparations is determined by consumer trends in the global markets for dairy products, ice-cream, bakery and food service. The top trends continue to revolve around naturalness, sustainability, health, pleasure and convenience. The global COVID-19 pandemic is having a profound impact on many of these consumer trends. For example, there is a growing demand for comfort foods, in other words, foods that convey a combined feeling of pleasure, security and nostalgia. Consumers are also focusing on the health theme. Products aimed at boosting the immune system have great short- and medium-term market potential. Notwithstanding these opportunities, the global recession is driving a demand trend towards lower-priced and simpler products. Premium products must be very well positioned in order not to lose market share to cheaper private labels in economically difficult times.

The main target market, that for fruit yoghurt, is being slightly negatively affected by the coronavirus pandemic. Current forecasts by Euromonitor call for a global growth rate for yoghurt of 1.8% in the 2020 calendar year; that is 0.5 percentage points less than the rate predicted before the outbreak of the COVID-19 crisis.

Demand for apple juice concentrate remained solid this spring and was able to be met from the 2019 crop.

For most of the berry juice concentrate volumes produced from the 2020 harvest, contracts were already concluded with customers. The market environment was extremely challenging, especially for cherry and raspberry, which led to margins below those of the previous year. As well, customers showed a general pattern of very defensive and hesitant purchasing.

Raw materials and production

The strawberry harvest was completed in July in all relevant procurement markets. The planned purchasing quantity was fully contracted, at slightly higher prices than in the previous year. In countries with Mediterranean climate zones such as Morocco, Egypt and Spain, a reduced amount of raw material was available due to limited processing capacities in connection with the COVID-19 pandemic. For the continental varieties from Poland and Ukraine, the crop volume was below expectations, due mostly to unfavourable weather conditions during flowering and harvesting. As well, Chinese strawberries were again increasingly purchased for the overseas plants.

In Mexico, mango processing reached the planned quantity despite COVID-19 restrictions, but, as in India, at higher raw material costs than in the year before.

The sour cherry harvest in Serbia and Poland was very good, with significant price reductions of up to 35% compared to the year-earlier period.

The raspberry summer harvests in Serbia, Poland and Ukraine brought slightly below-average yields with prices at about the prior-year level. Demand from the fresh market sector remains high.

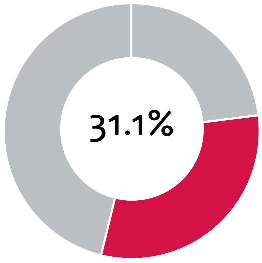
In the first half of 2020|21, about 218,000 tonnes of raw materials were purchased for the fruit preparations business.

In the largely completed 2020 berry juice processing season in the fruit juice concentrate activities, red berry prices in particular – and also raw material prices overall – were significantly higher than the year before.

For apples, the most important fruit in the fruit juice concentrate business, good availability is expected in Poland, the main apple production region. As a result of spring frost in Hungary, harvest expectations in this country are at the low level of the prior year. In China, apple receiving already started at the beginning of August and a very good supply of raw materials is expected here.

Starch segment

Share of Group revenue



Financial results

STARCH SEGMENT €m, except %	H1 2020|21	H1 2019|20
Revenue	407.2	407.8
EBITDA[1]	48.0	44.3
Operating profit before exceptional items and results of equity-accounted joint ventures	25.1	27.1
Share of results of equity-accounted joint ventures	9.6	7.2
Operating profit [EBIT]	**34.7**	**34.3**
EBIT margin	**8.5%**	**8.4%**

STARCH SEGMENT €m, except %	Q2 2020|21	Q2 2019|20
Revenue	202.8	200.1
EBITDA[1]	23.4	20.7
Operating profit before exceptional items and results of equity-accounted joint ventures	11.8	11.9
Share of results of equity-accounted joint ventures	5.9	4.0
Operating profit [EBIT]	**17.7**	**15.9**
EBIT margin	**8.7%**	**7.9%**

Revenue in the first half of 2020|21, at € 407.2 million, was in line with the year-earlier level. With the full operation of the new, second wheat starch plant, sales volumes and revenues of the products manufactured in-house increased.

At the same time, revenue from resold merchandise declined sharply, as the sale of sugar by-products is now charged on a commission basis and the corresponding sales are no longer included in the Starch segment's revenue. Ethanol quotations, after collapsing in March 2020 amid the COVID-19 lockdown and the significant drop in demand for petrol, recovered again progressively especially in the second financial quarter (due to the renewed increase in private transport) and even reached a new all-time high in August. Sales volumes of saccharification products were negatively affected by the COVID-19 crisis.

At € 34.7 million, EBIT in the Starch segment was slightly above the year-earlier amount. The earnings were driven by the high selling prices for ethanol, which made up for the lower market demand. Savings in energy and material costs were positive for EBIT, while a significant increase in depreciation had a negative impact. The earnings contribution of the equity-accounted HUNGRANA group rose from € 7.2 million to € 9.6 million. The main earnings driver at the Hungarian joint venture was the high level of ethanol prices, with an otherwise stable course of business.

At the end of August 2020, Marroquin Organic International Inc., based in Santa Cruz, California, a US trading company specialising in organic products that was acquired in March 2020, was fully consolidated in the Group accounts for the first time.

Market environment

The global COVID-19 pandemic also affected the product markets of the Starch segment. Impacts of the lockdown and the associated global changes in consumer behaviour were evident in almost all sales markets.

The standstill in the hotel and catering sector, a weak Easter business and the collapse of summer tourism in Southern and Southeastern Europe led to significant demand declines in the food sector, especially in the starch saccharification business.

In technical starches (i.e., non-food starches), production cutbacks in the graphic paper industry and declines in the packaging paper sector (e.g., for packaging of automotive and consumer electronics) led to reduced starch sales.

[1] EBITDA represents operating profit before exceptional items, results of equity-accounted joint ventures, and operating depreciation and amortisation.

Competitive and market pressure will be crucial factors in all areas, especially in potato starch, where a very good harvest is expected throughout Europe.

The European fuel alcohol market saw consumption fall by more than 40% during the lockdown. As a result, ethanol quotations came under severe pressure and marked an all-time low of € 350 per cubic metre (FOB Rotterdam). In spite of numerous cancellations and postponements of ethanol purchases by existing customers, volume losses in the overall Starch segment in the first quarter were largely offset by the early maximising of alcohol sales into the disinfection sector. After the loosening of COVID-19 restrictions and the resurgence of private transport, ethanol demand also rose again significantly. The combination of the increase in required ethanol content of fuel blends in the EU under the Renewable Energy Directive and delayed ethanol imports exacerbated the shortage in Europe and pushed quotations to a historic high of over € 800 per cubic metre in August.

Raw materials and production

World grain production in the 2020|21 grain marketing year (July to June) is estimated by the International Grains Council in its forecast of 27 August 2020 at 2.23 billion tonnes, exceeding the prior year by about 49 million tonnes and outpacing expected consumption by around 8 million tonnes. Wheat production is forecast at 763 million tonnes (prior year: 762 million tonnes; estimated 2020|21 consumption: 749 million tonnes) and the projected production of corn (maize) is 1,167 million tonnes (prior year: 1,121 million tonnes; estimated 2020|21 consumption: 1,178 million tonnes). Total ending grain stocks are to increase by approximately 8 million tonnes to a new balance of 630 million tonnes.

Grain production in the EU-27 and the United Kingdom is estimated by Stratégie Grains at about 300 million tonnes (prior year: 312 million tonnes). Of this total, the soft wheat harvest is to account for about 128 million tonnes, significantly less than the 2019 crop of 147 million tonnes. The 2020 corn harvest in the EU is expected to reach 67 million tonnes (prior year: 64 million tonnes).

The corn quotations on the NYSE Euronext Liffe commodity derivatives exchange in Paris moved sideways from the beginning of March 2020. For wheat, the COVID-19 pandemic led to greater volatility and overall slightly rising prices. At the balance sheet date, the quotations were around € 167 per tonne for corn and € 188 for wheat (year earlier: € 163 and € 164 per tonne, respectively).

Potatoes

On 20 August the potato starch factory in Gmünd, Austria, began the processing of starch potatoes from the 2020 harvest. Thanks to the favourable weather conditions during the growing season, contract fulfilment by the growers is expected to reach 100% to 105% of the contracted amount of starch potatoes. The average starch content will be about 18.5%, similar to last year.

Corn and wheat

Receiving of freshly harvested wet corn at the corn starch plant in Aschach, Austria, began at the start of September. Wet corn volume is expected to be about 120,000 to 130,000 tonnes, comparable to last year, and its processing should be completed in mid-December. Processing will then switch to the use of dry corn. In the first half of 2020|21, approximately 233,700 tonnes of corn was processed in Aschach (H1 prior year: 238,800 tonnes).

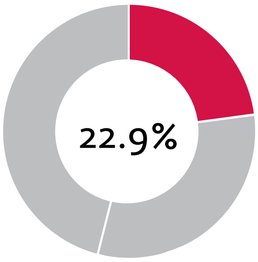
As raw materials for the integrated biorefinery in Pischelsdorf, Austria, in the first half of 2020|21, AGRANA used grain (wheat, organic wheat, and triticale) and corn in a ratio of approximately 80 to 20. The total processing volume at this facility in the first six months of the financial year was approximately 466,000 tonnes (H1 prior year: 412,000 tonnes). Processing of wet corn began at the start of September, with 85,000 metric tonnes to be processed, some 20,000 tonnes less than in the previous year.

The purchasing of feedstock for the plants in Aschach and Pischelsdorf from the 2019 crop is complete. Including the amounts contracted from the 2020 harvest, approximately 80% of the raw material supply for the 2020|21 financial year is secured.

The wet corn campaign at the equity-accounted plant in Hungary (HUNGRANA) began at the end of August. The projection is for a wet corn processing volume similar to last year's, which was 250,000 tonnes (quantities given for HUNGRANA, a joint venture, represent the totals rather than AGRANA's ownership proportion. In the first half of 2020|21, some 521,000 tonnes of corn was processed here (H1 prior year: 530,000 tonnes).

Sugar segment

Share of Group revenue



Financial results

Sugar segment €m, except %	**H1 2020|21**	**H1 2019|20**
Revenue	300.3	246.6
EBITDA[1]	2.8	(8.8)
Operating loss before exceptional items and results of equity-accounted joint ventures	(8.3)	(19.2)
Share of results of equity-accounted joint ventures	(0.7)	0.5
Operating loss [EBIT]	**(9.0)**	**(18.7)**
EBIT margin	**(3.0%)**	**(7.6%)**

Sugar segment €m, except %	**Q2 2020|21**	**Q2 2019|20**
Revenue	155.8	127.4
EBITDA[1]	(1.2)	(5.2)
Operating loss before exceptional items and results of equity-accounted joint ventures	(7.1)	(9.7)
Share of results of equity-accounted joint ventures	(0.9)	0.3
Operating loss [EBIT]	**(8.0)**	**(9.4)**
EBIT margin	**(5.1%)**	**(7.4%)**

The Sugar segment's revenue in the first half of 2020|21, at € 300.3 million, was up significantly from one year earlier. This growth was attributable both to higher sugar selling prices and increased sugar sales volumes, especially with resellers.

Although EBIT in the first six months of 2020|21 was still negative at a deficit of € 9.0 million, it marked a significant improvement year-on-year made possible by a more benign sales price environment.

Market environment

World sugar market

As a result of the shaken confidence amid the COVID-19 pandemic (uncertain consumption outlook), and following the historic drop in oil prices, world market sugar quotations moved in parallel with oil prices and remained at low absolute levels during the reporting period. Brazil has increased its sugar output, as ethanol production from sugar cane is hardly competitive when oil prices are low. In addition, the depreciation of the Brazilian real weighed on world market prices.

At the end of the financial period under review, white sugar quoted at US$ 359.7 per tonne and raw sugar at US$ 279.10.

EU sugar market

According to estimates by the European Commission, EU sugar production in the 2020|21 sugar marketing year (SMY) is expected to reach about 16 million tonnes, in line with the prior year. Given the COVID-19 restrictions, a decrease in consumption is projected both for human nutrition and in industrial use.

Since the abolition of the sugar quotas at the end of September 2017, the average sugar prices as per the EU price reporting system have declined significantly. By January 2019 the price was only € 312 per tonne. In the 2019 calendar year, the price of sugar in the EU recovered steadily, and a price of € 378 per tonne was reported in July 2020.

Industrial and reseller markets

In the first quarter of 2020|21, sales reductions relative to one year earlier in the industrial segment were more than outweighed by resellers' purchases brought forward in connection with stocking up for the COVID-19 crisis. Prices increased by more than 10%, largely because of higher prices for the 2019|20 sugar marketing year contracts.

During the summer months, sugar sales volumes remained high. Sales in Romania and Bulgaria, especially in the retail sector, were particularly strong.

[1] EBITDA represents operating profit before exceptional items, results of equity-accounted joint ventures, and operating depreciation and amortisation.

Raw materials and production

In the 2020 crop year, the sugar beet production acreage contracted by AGRANA with beet growers was approximately 86,000 hectares, or about 4,000 hectares more than the contract area in the prior year. Group-wide, around 2,100 hectares were contracted for the production of organic sugar beet.

Generally speaking, beet planting occurred early. Juvenile development was very slow in all growing regions in April and May 2020 for lack of rainfall. From the middle of April, severe damage was caused in the Austrian core beet production areas by insect pests, including the beet weevil and the beet flea beetle. To combat and contain the further spread of the beet weevil, a variety of measures were taken, such as the use of obstacle furrow ploughs, the placing of more than 180,000 pheromone traps, and insecticide application. While the damage sustained could not be prevented, very valuable advance work was done for controlling the establishment of a new population of weevils with a view to beet production in 2021. A total of about 14,500 hectares of beet had to be turned under as a result of adverse weather and animal pests; only a small portion of this was replanted. From the end of May 2020, enough precipitation was recorded in the entire production area in all regions. This eased the situation regarding beet growth. Given the weather and growing conditions to date, the approximately 76,500 hectares remaining under beet at the balance sheet date are expected to provide above-average beet yields.

At the raw sugar refineries in Bosnia and Herzegovina and Romania, about 97,000 tonnes of raw cane sugar were converted into some 96,500 tonnes of white sugar.

The molasses desugarisation facility in Tulln, Austria, produced liquid betaine as planned in the reporting period, which since August 2020 has found additional use as a raw material in the new betaine crystallisation plant.

The beet campaigns of all factories are scheduled to start between 11 September and 8 October 2020. In addition, a thick-juice campaign was launched at the Tulln plant on 8 September 2020.

On 25 August 2020, the Supervisory Board of AGRANA Beteiligungs-AG approved the closure of the sugar factory at the Leopoldsdorf, Austria, site in December 2020 after this year's beet campaign, in the event that by mid-November 2020 there is no assurance that at least 38,000 hectares of beet will be planted in Austria for the 2021 campaign.

Management of risks and opportunities

AGRANA uses an integrated system for the early identification and monitoring of risks that are relevant to the Group.

There are currently no known risks to the AGRANA Group's ability to continue as a going concern and no future risks of this nature are discernible at present.

A detailed description of the Group's business risks, including risks related to COVID-19, is provided on pages 91 to 97 of AGRANA's annual report 2019|20.

Number of employees

Full-time equivalents	H1 2020|21	H1 2019|20	Change
Fruit segment	6,112	6,679	-8.5%
Starch segment	1,142	1,065	7.2%
Sugar segment	1,896	1,924	-1.5%
Group	**9,150**	**9,668**	**-5.4%**

In the first half of 2020|21 the AGRANA Group employed an average of 9,150 full-time equivalents (H1 prior year: 9,668). The decrease in personnel was due primarily to a reduced need for seasonal workers in the fruit preparations business.

Related party disclosures

For disclosures on related party relationships, refer to page 24 in the interim consolidated financial statements.

Significant events after the interim reporting date

No significant events occurred after the quarterly balance sheet date of 31 August 2020 that had a material effect on AGRANA's financial position, results of operations or cash flows.

Outlook

AGRANA Group €m	2019|20 Actual	2020|21 Forecast including COVID-19 effects
Revenue	2,480.7	↗
EBIT	87.1	→
Investment[1]	149.7	73

↗ *Slight increase*[2]

→ *Steady*[2]

Based on adjusted internal forecasting that best reflects potential economic, business and financial impacts of the COVID-19 pandemic, AGRANA expects Group EBIT for the full 2020|21 financial year to at least match the prior-year level. Group revenue is projected to show slight to moderate growth.

EBIT in the third quarter of the current 2020|21 financial year will only differ little from that in the third quarter of last year year (which was € 18.1 million).

Due to the ongoing COVID-19 pandemic and the associated high volatility in all business segments, the forecast for both the full year and the third quarter remains characterized by a very high degree of uncertainty.

This **outlook INCLUDING COVID-19 EFFECTS** is supplemented on page 14 by an assessment of COVID-19 risk factors that could affect the Group forecast.

The forecast does not yet include financial effects of a possible closure of the sugar plant in Leopoldsdorf, Austria, after the 2020 campaign.

Fruit segment €m	2019|20 Actual	2020|21 Forecast including COVID-19 effects
Revenue	1,185.4	↗
EBIT	55.9	→
Investment[1]	56.5	33

↗ *Slight increase*[2]

→ *Steady*[2]

In the **Fruit segment**, AGRANA's forecast for the 2020|21 financial year **including COVID-19 effects** is for slight growth in revenue, with EBIT at least at the prior-year level. The fruit preparations business is projecting stable revenue, which despite negative COVID-19 effects is to be achieved through full utilisation of the capacity already created. EBIT is to be raised through higher margins, which are to be realised partly via smaller cost increases than in 2019|20. In the fruit juice concentrate business, a significant increase in revenues is expected for the full financial year, but the earnings situation will deteriorate significantly due to lower apple juice concentrate margins.

Starch segment €m	2019|20 Actual	2020|21 Forecast including COVID-19 effects
Revenue	807.0	↗
EBIT	75.2	↓
Investment[1]	73.6	21

↗ *Slight increase*[2]

↓ *Moderate reduction*[2]

Including COVID-19 effects, the **Starch segment** is forecasting a slight increase in revenue for the 2020|21 financial year. Sales prices for native starches and wheat gluten are expected to be reduced as a result of increased supply in the European market. For starch-based saccharification products, no major recovery in prices can be expected, owing to the persistently challenging market environment. Consistently positive impetus for growth is anticipated in organic and GMO-free products. Starch segment EBIT is projected to decrease moderately as a consequence of foreseeable margin reductions resulting from lower selling prices. The business performance in the Starch segment overall will continue also to depend on the further trend in ethanol prices.

[1] Investment represents purchases of property, plant and equipment and intangible assets, excluding goodwill.

[2] These quantitative terms as used in this "Outlook" section are defined as specific ranges of percentage change; see the definitions on page 26.

Sugar segment €m	2019|20 Actual	2020|21 Forecast including COVID-19 effects
Revenue	488.3	↑↑
EBIT	(44.0)	↑↑
Investment[1]	19.6	19

↑↑ *Significant increase*[2]

↑↑ *Significant improvement*[2]

In the **Sugar segment**, **including COVID-19 effects**, AGRANA expects a continual improvement in conditions in the EU sugar market. On the distribution side, the company predicts rising sugar prices in the EU and a shift in consumption from industrial to reseller demand. This positive evolution in the EU sugar market environment, combined with rigorous cost management, leads to the expectation of a significant improvement in EBIT (although the absolute value will still be negative).

COVID-19 risk factors for the outlook

The still dynamically changing effects of the COVID-19 pandemic make for high uncertainty in the outlook.

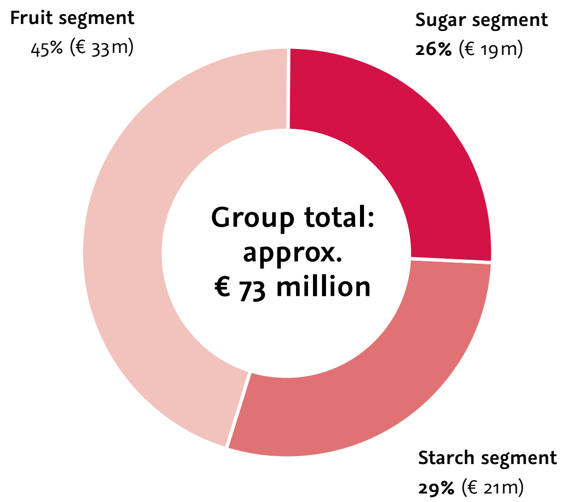
Especially in the **Fruit segment** with its global production operations (41 sites in 21 countries), the forecast is subject to substantial uncertainties, including with regard to the short- and medium-term demand situation in many regions of the world.

Bioethanol is a major core product in the **Starch segment**. Restrictions on business activity and on mobility may have a renewed negative impact on the price trend in the European ethanol markets.

The sales volume gains and revenue growth in the **Sugar segment** in the first half of the year were encouraging, but were also due to the pulling-forward of sugar purchases by many consumers at the beginning of the COVID-19 pandemic. It remains to be seen how the demand situation will unfold over the next few months, especially in the industrial sector. The low sugar quotations in the world market may have a negative impact on EU prices in the new 2020|21 sugar marketing year.

Investment

Total **investment** across the three business segments in this financial year, at approximately € 73 million, is to be significantly below both the 2019|20 level (of about € 150 million) and this year's budgeted depreciation of just under € 120 million.



[1] Investment represents purchases of property, plant and equipment and intangible assets, excluding goodwill.
[2] These quantitative terms as used in this "Outlook" section are defined as specific ranges of percentage change; see the definitions on page 26.

Interim consolidated financial statements

For the first six months ended 31 August 2020 (unaudited)

Consolidated income statement

€000, except per-share data	First six months (1 March – 31 August) H1 2020|21	H1 2019|20	Second Quarter (1 June – 31 August) Q2 2020|21	Q2 2019|20
Revenue	1,309,323	1,249,951	656,709	611,530
Changes in inventories of finished and unfinished goods	(166,241)	(107,579)	(69,189)	(48,042)
Own work capitalised	375	539	159	317
Other operating income	18,865	13,739	9,734	5,660
Cost of materials	(750,830)	(764,175)	(394,230)	(381,871)
Staff costs	(168,331)	(165,045)	(85,308)	(82,956)
Depreciation, amortisation and impairment losses	(53,664)	(46,826)	(27,042)	(22,758)
Other operating expenses	(142,577)	(136,598)	(72,007)	(65,350)
Share of results of equity-accounted joint ventures	8,883	7,646	4,957	4,211
Operating profit [EBIT]	**55,803**	**51,652**	**23,783**	**20,741**
Finance income	16,913	14,020	7,984	6,791
Finance expense	(26,029)	(21,898)	(11,025)	(10,878)
Net financial items	**(9,116)**	**(7,878)**	**(3,041)**	**(4,087)**
Profit before tax	**46,687**	**43,774**	**20,742**	**16,654**
Income tax expense	(12,245)	(14,844)	(5,504)	(6,015)
Profit for the period	**34,442**	**28,930**	**15,238**	**10,639**
▪ Attributable to shareholders of the parent	33,939	26,989	15,093	10,328
▪ Attributable to non-controlling interests	503	1,941	145	311
Earnings per share under IFRS (basic and diluted)	€ 0.54	€ 0.43	€ 0.24	€ 0.16

Consolidated statement of comprehensive income

€000	First six months (1 March – 31 August) H1 2020|21	H1 2019|20	Second Quarter (1 June – 31 August) Q2 2020|21	Q2 2019|20
Profit for the period	**34,442**	**28,930**	**15,238**	**10,639**
Other comprehensive (expense)/income				
▪ Currency translation differences and hyperinflation adjustments	(41,374)	(9,131)	(18,933)	(6,973)
▪ Changes in fair value of hedging instruments (cash flow hedges), after deferred taxes	130	(657)	(1,161)	(722)
▪ Share of other comprehensive (expense) of equity-accounted joint ventures	(3,086)	(3,067)	(1,165)	(1,440)
(Expense) to be recognised in the income statement in the future	(44,330)	(12,855)	(21,259)	(9,135)
▪ Changes in actuarial gains and losses on defined benefit pension obligations and similar liabilities, after deferred taxes	331	(7,249)	(2,259)	(5,074)
Income/(expense) that will not be recognised in the income statement in the future	331	(7,249)	(2,259)	(5,074)
Other comprehensive (expense)	(43,999)	(20,104)	(23,518)	(14,209)
Total comprehensive (expense)/income for the period	**(9,557)**	**8,826**	**(8,280)**	**(3,570)**
▪ Attributable to shareholders of the parent	(7,275)	7,685	(7,595)	(3,199)
▪ Attributable to non-controlling interests	(2,282)	1,141	(685)	(371)

Condensed consolidated cash flow statement

For the first six months (1 March – 31 August) €000	H1 2020|21	H1 2019|20
Operating cash flow before changes in working capital	112,751	81,761
Changes in working capital	(28,050)	(9,264)
Interest received and paid and income tax paid, net	(13,161)	(12,770)
Net cash from operating activities	**71,540**	**59,727**
Net cash (used in) investing activities	(32,262)	(68,989)
Net cash (used in)/from financing activities	(29,068)	36,444
Net increase in cash and cash equivalents	**10,210**	**27,182**
Effect of movements in foreign exchange rates and hyperinflation adjustments on cash and cash equivalents	(5,321)	(531)
Cash and cash equivalents at beginning of period	93,415	82,582
Cash and cash equivalents at end of period	**98,304**	**109,233**

Consolidated balance sheet

€000	31 August 2020	29 February 2020	31 August 2019
Assets			
A. Non-current assets			
Intangible assets, including goodwill	275,455	275,108	274,105
Property, plant and equipment	884,116	932,795	911,844
Equity-accounted joint ventures	82,717	76,919	78,523
Securities	19,426	19,599	19,312
Investments in non-consolidated subsidiaries and outside companies	1,004	919	526
Other assets	11,450	12,410	9,914
Deferred tax assets	15,293	14,175	15,483
	1,289,461	**1,331,925**	**1,309,707**
B. Current assets			
Inventories	556,081	710,500	536,351
Trade receivables	381,847	319,457	365,357
Other assets	80,546	89,334	80,431
Current tax assets	4,327	4,813	6,159
Cash and cash equivalents	98,304	93,415	109,233
	1,121,105	**1,217,519**	**1,097,531**
Total assets	**2,410,566**	**2,549,444**	**2,407,238**
Equity and liabilities			
A. Equity			
Share capital	113,531	113,531	113,531
Share premium and other capital reserves	540,760	540,760	540,760
Retained earnings	614,494	669,406	639,475
Equity attributable to shareholders of the parent	1,268,785	1,323,697	1,293,766
Non-controlling interests	61,139	63,435	62,095
	1,329,924	**1,387,132**	**1,355,861**
B. Non-current liabilities			
Retirement and termination benefit obligations	72,102	73,401	78,691
Other provisions	29,537	29,756	27,492
Borrowings	445,191	450,212	413,864
Other payables	5,451	6,418	6,760
Deferred tax liabilities	9,096	5,504	6,684
	561,377	**565,291**	**533,491**
C. Current liabilities			
Other provisions	19,802	20,789	22,576
Borrowings	152,139	126,814	138,304
Trade payables	207,695	311,771	216,547
Other liabilities	132,431	131,553	129,218
Current tax liabilities	7,198	6,094	11,241
	519,265	**597,021**	**517,886**
Total equity and liabilities	**2,410,566**	**2,549,444**	**2,407,238**

Condensed consolidated statement of changes in equity

For the first six months (1 March – 31 August) €000	Equity attributable to shareholders of the parent	Non-controlling interests	Total
2020|21			
At 1 March 2020	**1,323,697**	**63,435**	**1,387,132**
Changes in fair value of hedging instruments (cash flow hedges)	(10)	(47)	(57)
Changes in actuarial gains and losses on defined benefit pension obligations and similar liabilities	332	(1)	331
Currency translation and hyperinflation adjustments (loss)	(41,536)	(2,737)	(44,273)
Other comprehensive (expense) for the period	**(41,214)**	**(2,785)**	**(43,999)**
Profit for the period	33,939	503	34,442
Total comprehensive (expense) for the period	**(7,275)**	**(2,282)**	**(9,557)**
Dividends paid	(48,116)	(720)	(48,836)
Other changes	479	706	1,185
At 31 August 2020	**1,268,785**	**61,139**	**1,329,924**

For the first six months (1 March – 31 August) €000	Equity attributable to shareholders of the parent	Non-controlling interests	Total
2019|20			
At 1 March 2019	**1,348,742**	**61,186**	**1,409,928**
Changes in fair value of hedging instruments (cash flow hedges)	(779)	(40)	(819)
Changes in actuarial gains and losses on defined benefit pension obligations and similar liabilities	(7,246)	(3)	(7,249)
Currency translation and hyperinflation adjustments (loss)	(11,279)	(757)	(12,036)
Other comprehensive (expense) for the period	**(19,304)**	**(800)**	**(20,104)**
Profit for the period	26,989	1,941	28,930
Total comprehensive income for the period	**7,685**	**1,141**	**8,826**
Dividends paid	(62,489)	(547)	(63,036)
Changes in equity interests and in scope of consolidation	(106)	(8)	(114)
Other changes	(66)	(323)	257
At 31 August 2019	**1,293,766**	**62,095**	**1,355,861**

Notes to the interim consolidated financial statements

For the first six months ended 31 August 2020 (unaudited)

Segment reporting

For the first six months (1 March – 31 August) €000	H1 2020|21	H1 2019|20
Total revenue		
Fruit	602,501	596,061
Starch	412,494	412,531
Sugar	318,440	273,186
Group	**1,333,435**	**1,281,778**
Inter-segment revenue		
Fruit	(667)	(465)
Starch	(5,266)	(4,707)
Sugar	(18,179)	(26,655)
Group	**(24,112)**	**(31,827)**
Revenue		
Fruit	601,834	595,596
Starch	407,228	407,824
Sugar	300,261	246,531
Group	**1,309,323**	**1,249,951**
Operating profit before exceptional items and results of equity-accounted joint ventures		
Fruit	30,623	36,056
Starch	25,126	27,150
Sugar	(8,314)	(19,200)
Group	**47,435**	**44,006**
Exceptional items		
Fruit	(515)	0
Starch	0	0
Sugar	0	0
Group	**(515)**	**0**

For the first six months (1 March – 31 August) €000	H1 2020|21	H1 2019|20
Share of results of equity-accounted joint ventures		
Fruit	0	0
Starch	9,572	7,196
Sugar	(689)	450
Group	**8,883**	**7,646**
Operating profit [EBIT][1]		
Fruit	30,108	36,056
Starch	34,698	34,346
Sugar	(9,003)	(18,750)
Group	**55,803**	**51,652**
Investment[2]		
Fruit	13,409	22,336
Starch	9,397	37,452
Sugar	4,965	8,350
Group	**27,771**	**68,138**
Number of employees (FTE)[3]		
Fruit	6,112	6,679
Starch	1,142	1,065
Sugar	1,896	1,924
Group	**9,150**	**9,668**

[1] Operating profit (EBIT) is after exceptional items and results of equity-accounted joint ventures.
[2] Investment represents purchases of property, plant and equipment and intangible assets (excluding goodwill).
[3] Average number of full-time equivalents in the reporting period.

Basis of preparation

The interim report of the AGRANA Group for the period ended 31 August 2020 was prepared in accordance with the rules for interim financial reporting under IAS 34, in compliance with International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) and their interpretation by the IFRS Interpretations Committee. Consistent with IAS 34, the consolidated financial statements of AGRANA Beteiligungs-Aktiengesellschaft ("AGRANA Beteiligungs-AG") at and for the period ended 31 August 2020 are presented in condensed form. The interim consolidated financial statements at and for the period ended 31 August 2020 were not audited or reviewed. They were prepared by the Management Board of AGRANA Beteiligungs-AG on 28 September 2020.

The annual report 2019|20 of the AGRANA Group is available on the Internet at www.agrana.com/en/investor for online viewing or downloading.

Accounting policies

In the preparation of these interim financial statements, certain new or changed standards and interpretations became effective for the first time, as described on pages 115 to 117 of the annual report 2019|20 in the notes to the consolidated financial statements, section 2, "Basis of preparation".

Critical assumptions and judgements

- At the time of preparation of the consolidated financial statements for the year ended 29 February 2020, AGRANA's judgement was that the coronavirus crisis would not have any material long-term impact on the AGRANA Group's business activities. The impacts were re-evaluated as of August 31, 2020 and this review still did not reveal any material negative impact on the financial position, results of operations and cash flows or on the recoverability of goodwill.

- The credit risk on trade receivables was assessed and this did not result in any material changes in the loss rates applied and the related impairment allowances.

- Securities classified as at "fair value through profit or loss" included investment fund units. Due to the coronavirus crisis, unit prices initially fell sharply. The losses were almost fully recouped thanks to the stock market rally.

- On 25 August 2020, AGRANA published the Supervisory Board's conditional decision to close the Leopoldsdorf sugar facility in Austria after the 2020 campaign. Should a beet planting area of at least 38,000 hectares be assured by the end of November 2020, AGRANA will evaluate whether beet processing at the Leopoldsdorf site in autumn 2021 can be economically justified. In the negotiations with the beet growers and the Austrian federal government, an agreement in principle was reached that it is a shared goal to maintain the site. As the continued operation of the plant is not ruled out, no restructuring expenses were recognised in the interim consolidated financial statements at 31 August 2020. The need for a provision will be reassessed as soon as the results of the negotiations are known.

Otherwise, the same accounting methods were applied as in the preparation of the annual consolidated financial statements for the year ended 29 February 2020 (the latest full financial year).

The notes to those 2019|20 annual consolidated financial statements therefore apply mutatis mutandis to these interim accounts. Corporate income taxes were determined on the basis of country-specific income tax rates, taking into account the tax planning for the full financial year.

Basis of consolidation

In the first quarter of 2020|21 the fully consolidated companies AGRANA TANDAREI S.r.l., Ţăndărei, Romania, and AGRANA d.o.o., Brčko, Bosnia and Herzegovina, were liquidated. The derecognition of the net assets of the two companies did not have a material impact on the consolidated balance sheet and income statement.

On 1 March 2020, 100% of the shares of Marroquin Organic International, Inc. of Santa Cruz, California, USA, were acquired by AGRANA Stärke GmbH, Vienna; the new subsidiary was fully consolidated in the Group financial statements in the second quarter of 2020|21. The US company distributes organic and GMO-free food ingredients and is an ideal fit for implementing AGRANA's specialties strategy in the Starch segment.

The initial consolidation had the following effects on the AGRANA Group:

€000	Carrying amount at acquisition date
Non-current assets	3,527
Inventories	4,403
Receivables and other assets	2,279
Cash, cash equivalents and securities	2,170
Total assets	**12,379**
Less non-current liabilities	(10)
Less current liabilities	(948)
Net assets (i.e., equity)	**11,421**
Negative goodwill	**(140)**
Acquisition cost (all in cash)	**11,281**

The negative goodwill of € 140 thousand was recognised in other operating income.

Also in the second quarter of 2020|21, AGRANA ZHG Zucker Handels GmbH, Vienna, was merged into AGRANA Sales & Marketing GmbH, Vienna, and AUSTRIA JUICE Germany GmbH, Bingen, Germany, was merged into AGRANA Juice Sales & Marketing GmbH, Bingen, Germany. AGRANA Juice Sales & Marketing GmbH, the absorbing entity, was renamed AUSTRIA JUICE Germany GmbH.

At the half-year balance sheet date, in total in the consolidated financial statements, 58 companies besides the parent were fully consolidated (29 February 2020 year-end: 61 companies) and 13 companies were accounted for using the equity method (29 February 2020: 13 companies).

Seasonality of business

Most of the Group's sugar production falls into the period from September to January. Depreciation and impairment of plant and equipment used in the campaign are therefore incurred largely in the financial third quarter. The material costs, staff costs and other operating expenses incurred before the sugar campaign in preparation for production are recognised intra-year under the respective type of expense and capitalised within inventories as unfinished goods (through the item “changes in inventories of finished and unfinished goods”).

Notes to the consolidated income statement

Operating profit (EBIT) in the first half of 2020|21 was € 55.8 million (H1 prior year: € 51.7 million). The increase resulted from significantly improved earnings in the Sugar segment. EBIT in the Starch segment remained stable, while earnings in the Fruit segment were down.

Net financial items deteriorated somewhat to a net finance expense of € 9.1 million, from a net expense of € 7.9 million in the first half of the prior year. This was due to a small loss on the valuation of securities (versus a year-earlier gain) and to a slightly higher net interest expense.

The Group's profit for the period was € 34.4 million (H1 prior year: € 28.9 million).

Notes to the consolidated cash flow statement

From the beginning of March to the end of August 2020, cash and cash equivalents increased by € 4.9 million to € 98.3 million.

Net cash from operating activities, at € 71.5 million, was € 11.8 million higher than in the first half of the prior year. The change resulted primarily from the year-on-year rise in profit for the period, which outweighed a cash outflow under changes in working capital in the form of a greater reduction in trade payables and a higher increase in trade receivables than in the prior-year comparative period.

Net cash used in investing activities, at € 32.3 million (H1 prior year: € 69.0 million) was below the year-earlier level, due mainly to significantly lower capital expenditures.

The negative cash flow from financing activities, at a net cash use of € 29.1 million (H1 prior year: net cash inflow of € 36.4 million), reflected the fact that working capital financing of € 85.0 million obtained in the first half of 2020|21 was offset by repayments of € 61.0 million (including syndicated credit lines of € 50.0 million). In the same period last year, the raising of a € 200.0 million Schuldscheindarlehen (bonded loan) had more than compensated for the repayment of € 85.0 million in borrowings to the Südzucker Group. The dividend payment to the shareholders of AGRANA Beteiligungs-AG in 2020 decreased from € 62.5 million in the prior year to € 48.1 million.

Notes to the consolidated balance sheet

Total assets eased by € 138.8 million compared with 29 February 2020, to a new total of € 2,410.6 million. The decrease on the assets side resulted primarily from a reduction in carrying amounts of property, plant and equipment (essentially, currency translation differences and depreciation outweighed investment) as well as a significant decrease in inventories, while trade receivables increased. The balance sheet decrease on the liabilities side was driven mostly by the significant reduction in trade payables.

With shareholders' equity of € 1,329.9 million (29 February 2020: € 1,387.1 million), the equity ratio at the end of August was 55.2% (29 February 2020: 54.4%).

Financial instruments

To hedge risks from operating and financing activities (risks related to changes in interest rates, exchange rates and commodity prices), the AGRANA Group to a limited extent uses common derivative financial instruments. Derivatives are recognised at cost at the inception of the derivative contract and are subsequently measured at fair value at every balance sheet date. Changes in value are as a rule recognised in profit or loss. Where the hedging relationship meets the hedge accounting requirements under IFRS 9, the unrealised changes in value are recognised directly in equity.

In the table below, the financial assets and liabilities measured at fair value are analysed by their level of the fair value hierarchy. The levels are defined as follows under IFRS 7:

- Level 1 consists of those financial instruments for which the fair value represents exchange or market prices quoted for the exact instrument on an active market (i.e., these prices are used without adjustment or change in composition).
- In Level 2, the fair values are determined on the basis of exchange or market prices quoted on an active market for similar assets or liabilities, or using other valuation techniques for which the significant inputs are based on observable market data.
- Level 3 consists of those financial instruments for which the fair values are determined on the basis of valuation techniques using significant inputs that are not based on observable market data.

In the reporting period no reclassifications were made between levels of the hierarchy.

31 August 2020 €000	Level 1	Level 2	Level 3	Total
Securities (non-current)	12,276	0	7,150	19,426
Investments in non-consolidated subsidiaries and outside companies (non-current)	0	0	1,004	1,004
Derivative financial assets at fair value through other comprehensive income (hedge accounting)	985	67	0	1,052
Derivative financial assets at fair value through profit or loss	18	6,810	0	6,828
Financial assets	**13,279**	**6,877**	**8,154**	**28,310**
Liabilities from derivatives at fair value through other comprehensive income (hedge accounting)	606	885	0	1,491
Liabilities from derivatives at fair value through profit or loss	0	3,316	0	3,316
Financial liabilities	**606**	**4,201**	**0**	**4,807**

31 August 2019 €000	Level 1	Level 2	Level 3	Total
Securities (non-current)	12,650	0	6,662	19,312
Investments in non-consolidated subsidiaries and outside companies (non-current)	0	0	526	526
Derivative financial assets at fair value through other comprehensive income (hedge accounting)	339	29	0	368
Derivative financial assets at fair value through profit or loss	85	3,365	0	3,450
Financial assets	**13,074**	**3,394**	**7,188**	**23,656**
Liabilities from derivatives at fair value through other comprehensive income (hedge accounting)	137	1,491	0	1,628
Liabilities from derivatives at fair value through profit or loss	0	5,746	0	5,746
Financial liabilities	**137**	**7,237**	**0**	**7,374**

For cash and cash equivalents, securities, investments in non-consolidated subsidiaries, trade receivables and other assets, and trade and other payables, the carrying amount can be assumed to be a realistic estimate of fair value.

The following table presents the carrying amounts and fair values of borrowings. The fair values of bank loans and overdrafts, and other loans from non-Group entities, are measured at the present value of the payments related to the borrowings:

31 August 2020 €000	Carrying amount	Fair value
Bank loans and overdrafts, and other loans from non-Group entities	572,062	573,992
Lease liabilities	25,268	-
Borrowings	**597,330**	**573,992**

31 August 2019 €000	Carrying amount	Fair value
Bank loans and overdrafts, and other loans from non-Group entities	525,520	528,334
Lease liabilities	26,648	-
Borrowings	**552,168**	**528,334**

Further details on the fair value measurement of the individual types of financial instruments and their assignment to levels of the fair value hierarchy are provided on pages 162 to 166 of the AGRANA annual report 2019|20, in section 11.3, "Additional disclosures on financial instruments".

Number of employees

In the first half of 2020|21 the AGRANA Group employed an average of 9,150 full-time equivalents (H1 prior year: 9,668). The reduction in personnel resulted mainly from a lower requirement for seasonal workers in the Fruit segment, notably in Ukraine, Mexico and Morocco.

Related party disclosures

There were no material changes in related party relationships since the year-end balance sheet date of 29 February 2020 or since the year-ago comparative period.

Transactions with related parties as defined in IAS 24 are conducted on arm's length terms. Further information on individual related party relationships is provided in the annual report 2019|20 (from page 173).

Significant events after the interim reporting date

No significant events occurred after the quarterly balance sheet date of 31 August 2020 that had a material effect on AGRANA's financial position, results of operations or cash flows.

Management Board's responsibility statement

We confirm that, to the best of our knowledge:

- the condensed consolidated interim financial statements, which have been prepared in accordance with the applicable accounting standards, give a true and fair view of the Group's financial position, results of operations and cash flows within the meaning of the Austrian Stock Exchange Act; and

- the Group's management report for the first six months gives a true and fair view of the financial position, results of operations and cash flows of the Group, within the meaning of the Stock Exchange Act, in relation to (1) the important events in the first half of the financial year and their effects on the condensed consolidated interim financial statements, (2) the principal risks and uncertainties for the remaining six months of the financial year, and (3) the reportable significant transactions with related parties.

Vienna, 28 September 2020

The Management Board of AGRANA Beteiligungs-AG

Johann Marihart
Chief Executive Officer
Business Strategy, Quality Management, Human Resources, Communication (incl. Investor Relations), Research & Development

Stephan Büttner
Member of the Management Board
Finance, Controlling, Treasury, Information Technology & Organisation, Mergers & Acquisitions, Legal, Compliance

Fritz Gattermayer
Member of the Management Board
Sales, Raw Materials, Purchasing & Logistics

Norbert Harringer
Member of the Management Board
Production Coordination, Investment

Thomas Kölbl
Member of the Management Board
Internal Audit

Other information

Forward-looking statements

This interim report contains forward-looking statements, which are based on assumptions and estimates made by the Management Board of AGRANA Beteiligungs-AG. Although these assumptions, plans and projections represent the Management Board's current intentions and best knowledge, a large number of internal and external factors may cause actual future developments and results to differ materially from these assumptions and estimates. Some examples of such factors are, without limitation: negotiations concerning world trade agreements; changes in the overall economic environment, especially in macroeconomic variables such as exchange rates, inflation and interest rates; EU sugar policy; consumer behaviour; and public policy related to food and energy. AGRANA Beteiligungs-AG does not guarantee in any way that the actual future developments and actual future results achieved will match the assumptions and estimates expressed or made in this interim report, and does not accept any liability in the event that assumptions and estimates prove to be incorrect.

THE QUANTITATIVE STATEMENTS AND DIRECTION ARROWS IN THE "OUTLOOK" SECTION OF THIS REPORT ARE BASED ON THE FOLLOWING DEFINITIONS:

Modifier	Visualisation	Numerical rate of change
Steady	→	0% up to +1%, or 0% up to -1%
Slight(ly)	↗ or ↘	More than +1% and up to +5%, or more than -1% and up to -5%
Moderate(ly)	↑ or ↓	More than +5% and up to +10%, or more than -5% and up to -10%
Significant(ly)	↑↑ or ↓↓	More than +10% and up to +50%, or more than -10% and up to -50%
Very significant(ly)	↑↑↑ or ↓↓ ↓	More than +50% or more than -50%

This interim report has not been audited or reviewed.

For financial performance indicators not defined in a footnote, please see the definitions on page 204 of the annual report 2019|20.

In the interest of readability, this document may occasionally use language that is not gender-neutral. Any gender-specific references should be understood to include masculine, feminine and neuter as the context permits.

As a result of the standard round-half-up convention used in rounding individual amounts and percentages, this interim report may contain minor, immaterial rounding errors.

No liability is assumed for misprints, typographical and similar errors.

This English translation of the interim report is solely for readers' convenience and is not definitive. In the event of discrepancy or dispute, only the German version shall govern.

Financial calendar

14 January 2021	Results for first three quarters of 2020|21
11 May 2021	Results for full year 2020|21 (annual results press conference)
19 June 2021	Record date for Annual General Meeting participation
29 June 2021	Annual General Meeting in respect of 2020|21
2 July 2021	Ex-dividend date
5 July 2021	Record date for dividend
6 July 2021	Dividend payment date
8 July 2021	Results for first quarter of 2021|22
14 October 2021	Results for first half of 2021|22
13 January 2022	Results for first three quarters of 2021|22

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