TEREOS

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FORWARD-LOOKING STATEMENTS

Certain statements in this document (this "**Document**") are not historical facts and are forward-looking. Forward-looking statements appear in various locations, including, without limitation, in the sections entitled "*Summary*," "*Risk Factors*," "*Management's Discussion and Analysis of Financial Condition and Results of Operations*," "*Industry*" and "*Business*." We may from time to time make written or oral forward-looking statements in reports to shareholders and in other communications. In addition, this Document includes forward-looking information that has been extracted from third-party sources. Forward-looking statements include statements concerning our plans, expectations, projections, objectives, targets, goals, strategies, future events, future operating revenues or performance, capital expenditures, return on capital invested, operating margin, financing needs, plans or intentions relating to acquisitions, our competitive strengths and weaknesses, our business strategy, and the trends we anticipate in the industries and the political and legal environments in which we operate and other information that is not historical information.

Words such as "believe," "anticipate," "estimate," "target," "potential," "expect," "intend," "predict," "project," "could," "should," "may," "will," "plan," "aim," "seek" and similar expressions are intended to identify forward-looking statements, but are not the exclusive means of identifying such statements.

The forward-looking statements contained in this Document are largely based on our expectations, which reflect estimates and assumptions made by our management. These estimates and assumptions reflect our best judgment based on currently known market conditions and other factors, some of which are discussed below. In addition, management's assumptions about future events may prove to be inaccurate. We caution all readers that the forward-looking statements contained in this Document are not guarantees of future performance, and we cannot assure any reader that such statements will be realized or that the forward-looking events and circumstances will occur.

Forward-looking statements were not prepared with a view toward compliance with published guidelines of the Securities and Exchange Commission or the guidelines established by the American Institute of Certified Public Accountants for preparation or presentation of prospective financial information.

Forward-looking statements included in this document have been prepared by, and are the responsibility of, Tereos SCA's (the "**Company**") management. PricewaterhouseCoopers Audit and Ernst & Young Audit have not audited, reviewed, examined, compiled nor applied agreed-upon procedures with respect to the accompanying forward-looking statement and, accordingly, PricewaterhouseCoopers Audit or Ernst & Young Audit do not express an opinion or any other form of assurance with respect thereto. The statutory auditors' reports included in this document relates to the Company's previously issued consolidated financial statements. It does not extend to forward-looking statements and should not be read to do so.

By their very nature, forward-looking statements involve inherent risks and uncertainties, both general and specific, many of which are beyond our control. These risks, uncertainties and other factors include, among other things, those listed in the section entitled "*Risk Factors*," as well as those included elsewhere in this Document. You should be aware that a number of important factors could cause actual results to differ materially from the plans, objectives, expectations, estimates and intentions expressed in such forward-looking statements. These factors include:

- the industry and the markets in which we operate being subject to cyclicality;
- adverse and uncertain economic conditions in global markets;
- unfavorable weather conditions, natural disasters and climate change;
- seasonality;
- volatility in the availability and price of the agricultural materials on which we rely;
- regional or global health pandemics, including the ongoing COVID-19 pandemic;
- the competitive environment;
- energy costs;
- fluctuations in currency exchange rates;
- demand for our products being affected by changes in consumer preferences, legislation or corporate actions;
- changes in tariffs or other government trade policies;

- developments in the EU, market perceptions concerning any uncertainties or instability with regard to the future of the UK's relationships with the EU or the future of the euro and the Eurozone;
- the successful implementation of our industrial strategy, including the performance programs;
- various macroeconomic and regulatory risks;
- risk associated with operating in Brazil;
- our limited control over some of our joint ventures and other similar business arrangements;
- our ability to integrate and manage the companies we acquire;
- our ability to maintain and expand our production capacity;
- major operational disruptions;
- failure to obtain or renew necessary permits, authorizations or licenses;
- various operational risks related to our use of transportation and logistics services;
- loss resulting from non-payment or non-performance by our customers;
- risks related to our use of transportation and logistics services;
- risks related to our product quality and non-compliance with quality standards;
- our dependence on certain major customers and major suppliers;
- any significant disruption in the relations with our employees;
- information technology systems failures, network disruptions and breaches of cyber security;
- impairment of our intangible assets, including our brand and image;
- risks relating to our cooperative corporate form;
- our dependence on the continued service of certain key personnel;
- environmental, health and safety and other regulations, including regulation specific to the agricultural industry;
- litigation, regulatory investigations and other proceedings;
- our exposure to additional tax liabilities;
- our ability to adequately protect our intellectual property rights;
- risks related to our coverage under insurance policies;
- non-compliance with sanction, anti-bribery and anti-corruption regulations;
- changes to accounting standards;
- non-compliance with requirements regarding the use, retention and security of personal information;
- risks related to taxation and changes to applicable tax regimes; and
- risk related to the Council of the European Union's use of an EU list of non-cooperative jurisdiction for tax purposes in the jurisdictions where we operate.

This list of factors above and the other factors discussed in the section entitled "*Risk Factors*" are not exhaustive. Other sections of this Document describe additional factors that could adversely affect our results of operations, financial condition, liquidity and the development of the industry in which we operate. New risks can emerge from time to time, and it is not possible for us to predict all such risks, nor can we assess the impact of all such risks on our business or the extent to which any risks, or combination of risks and other factors, may cause actual results to differ materially from those contained in any forward-looking statements. Given these risks and uncertainties, you should not rely on forward-looking statements as a prediction of actual results.

Any forward-looking statements are only made as of the date of this Document. Accordingly, we do not intend, and do not undertake any obligation, to update any forward-looking statements set forth in this Document. You should interpret all subsequent written or oral forward-looking statements attributable to us or to persons acting on our behalf as being qualified by the cautionary statements in this Document. As a result, you should not place undue reliance on such forward-looking statements.

CERTAIN DEFINITIONS

Unless indicated otherwise in this Document or the context requires otherwise:

"**2017/2018 crop season**"	refers to the crop season during the financial year ended March 31, 2018.
"**2018/2019 crop season**"	refers to the crop season during the financial year ended March 31, 2019.
"**2019/2020 crop season**"	refers to the crop season during the financial year ended March 31, 2020.
"**2020/2021 crop season**"	refers to the crop season during the financial year ending March 31, 2021.
"**Audited Consolidated Financial Statements**"	refers to the Group's audited consolidated financial statements as of and for the years ended March 31, 2020, 2019 and 2018.
"**B2B**"	refers to business-to-business.
"**B2C**"	refers to business-to-consumer.
"**Brazilian real**" or "**BRL**"	refers to the currency of Brazil.
"**CAGR**"	refers to compound annual growth rate.
"**CAP**"	refers to the EU's Common Agricultural Policy.
"**CFE**"	refers to corporate property tax.
"**CHF**"	refers to the currency of Switzerland.
"**COMI**"	refers to center of main interest as defined in Article 3(1) of the EU Insolvency Regulation.
"**Company**"	refers to Tereos SCA.
"**CONSECANA**"	refers to the Council of Sugarcane, Sugar and Ethanol Producers.
"**COVID-19**"	refers to the disease caused by the novel SARS-Cov-2 coronavirus.
"**crop season**"	refers to the period from one year's harvest to the next.
"**CSR**"	refers to corporate social responsibility.
"**CZK**"	refers to the currency of the Czech Republic.
"**EEA**"	refers to the European Economic Area.
"**ETEA Transactions**"	refers to transactions described under "*Management's Discussion and Analysis of Financial Condition and Results of Operations—Factors Impacting our Results of Operations—Acquisitions, Disposals and Partnerships.*"
"**ETBE**"	refers to ethyl tertiary butyl ether.
"**EU**"	refers to the European Union.
"**FIEA**"	refers to the Financial Instruments and Exchange Law of Japan (Act no. 25 of 1948, as amended).
"**GDPR**"	refers to General Data Protection Regulation 2016/679.
"**GHG**"	refers to greenhouse gas.
"**GMP**"	refers to good manufacturing practices.
"**GWh**"	refers to gigawatt hours.
"**IDR**"	refers to the currency of Indonesia.
"**IFRS**"	refers to the International Financial Reporting Standards, as adopted by the European Union.
"**INR**"	refers to the currency of India.
"**Interim Financial Statements**"	refers to the Group's unaudited consolidated interim financial statements for the nine months ended December 31, 2020.
"**IRS**"	refers to the U.S. Internal Revenue Service.
"**LIFFE No. 5.**"	refers to the London International Financial Futures and Options Exchange Contract No. 5.
"**Member State**"	refers to a member state of the European Economic Area.
"**NY11**"	refers to the New York Board of Trade Futures Contract No. 11.
"**R&D**"	refers to research and development.
"**RenovaBio**"	refers to the Brazilian Biofuels National Policy program.
"**Renewable Energy Directive"**	refers to Directive 2009/28/EC, published on April 23, 2009.
"**Renewable Energy Directive II"**	refers to the revised Renewable Energy Directive 2018/2001/EU.

“**SDA**”	refers to Sucreries et Distilleries de l’Aisne.
“**Tereos**,” “**Group**,” “**we**,” “**us**,” or “**our**”	refers to the Company and its consolidated subsidiaries.
“**Tereos France**”	refers to Tereos France, *union de coopératives agricoles*, a wholly-owned subsidiary of the Company.
“**TSSE**”	refers to Tereos Starch & Sweeteners Europe.
“**UK**”	refers to the United Kingdom.
“**ZAR**”	refers to the currency of South Africa.
“**£**,” “**sterling**,” “**GBP**,” or “**pounds sterling**”	refers to the currency of the United Kingdom.
“**€**,” “**EUR**” or “**euro**”	refers to the currency of the member states of the EU participating in the European Monetary Union.
“**$**,” “**USD**” or “**U.S. dollar**”	refers to the currency of the United States.

PRESENTATION OF FINANCIAL AND OTHER INFORMATION

Historical Financial Information

Tereos SCA's ("**Tereos**", or the "**Company**") financial year commences on April 1 and ends on March 31 of each following year. Unless otherwise indicated, all historical financial information included in this Document is that of the Company and its consolidated subsidiaries (the "**Group**").

This Document contains English-language translations of the Group's audited consolidated financial statements as of and for the years ended March 31, 2020, 2019 and 2018 (the "**Audited Consolidated Financial Statements**") and of the Group's unaudited consolidated interim financial statements for the nine months ended December 31, 2020, including comparative figures for the nine months ended December 31, 2019 and the notes thereon (the "**Interim Financial Statements**").

The Audited Consolidated Financial Statements have been audited by Ernst & Young Audit and PricewaterhouseCoopers Audit, independent statutory auditors, as set forth in their audit reports, a free English translation of which is included therein. The Audited Consolidated Financial Statements discussed in this Document have been prepared in accordance with International Financial Reporting Standards ("**IFRS**") as published by the International Accounting Standards Board ("**IASB**") and as adopted by the EU ("**EU**"), as applicable at such dates. The Interim Financial Statements have been subject to a limited review by Ernst & Young Audit and PricewaterhouseCoopers Audit, as stated in their report thereon, a free English translation of which is included therein. The Interim Financial Statements have been prepared in accordance with IAS 34, the international accounting standard relating to the establishment of interim financial statements, as adopted by the European Union and in force on December 31, 2020.

Financial information for the twelve months ended December 31, 2020 has been calculated by adding together (1) financial information for the year ended March 31, 2020 included or derived from the Audited Consolidated Financial Statements for the year ended March 31, 2020 and (2) financial information for the nine months ended December 31, 2020 included or derived from the Interim Financial Statements and then subtracting (3) financial information for the nine months ended December 31, 2019 included or derived from the Interim Financial Statements.

The preparation of consolidated financial statements in accordance with IFRS requires the use of certain critical accounting estimates. Please refer to note 2 "Significant accounting principles" to the Group's consolidated financial statements as of and for the financial year ended March 31, 2020. It also requires management to exercise its judgement in the process of applying our accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial information are disclosed in the notes to the financial statements included elsewhere in this Document.

Adoption of Certain Accounting Standards and Comparability of Financial Information Presented in this Document

During the periods under review in this Document, we have adopted certain accounting standards that may have an impact on the comparability of the financial information presented herein. For a further description of these accounting standards and the impact of their adoption on our financial statements, see "*Management's Discussion and Analysis of Financial Condition and Results of Operations—Factors Affecting Our Comparability of Results of Operations—Changes in Accounting Policies*" and the notes to the Audited Consolidated Financial Statements included in this Document.

IFRS 15

IFRS 15 was adopted by European Commission Regulation 1905/2016 of September 22, 2016, with an effective mandatory application date for years beginning on or after January 1, 2018. This replaced IAS 18 which covered contracts for goods and services and IAS 11 which covered construction contracts. The new standard is based on the principle that revenue is recognized when performance obligations are met and control of goods or services transfers to a customer. The standard applies a five-step approach to the timing of revenue recognition. We have applied this standard since April 1, 2018 and in our consolidated financial statements as of and for the year ended March 31, 2019, we have opted to apply the retrospective approach, by restating the comparative period ended March 31, 2018. For a description of the impact of the adoption of IFRS 15 on our financial statements, see note 1.3 to our audited consolidated financial statements as of and for the financial year ended March 31, 2019 and

"*Management's Discussion and Analysis of Financial Condition and Results of Operations—Factors Affecting Our Comparability of Results of Operations—Changes in Accounting Policies.*"

IFRS 9

IFRS 9 was adopted by European Commission Regulation 2067/2016 of November 22, 2016, with effective application date for annual periods beginning on or after January 1, 2018. IFRS 9 replaced IAS 39 Financial Instruments: Recognition and Measurement. It addresses the classification, measurement and de-recognition of financial assets and financial liabilities, introduces new rules for hedge accounting and a new impairment model for financial assets. The Group adopted IFRS 9 on April 1, 2018 applying the retrospective approach, with the option not to restate the consolidated financial statements for the year ended March 31, 2018. For a description of the impact of the adoption of IFRS 9 on our financial statements, see note 1.3 to our audited consolidated financial statements as of and for the financial year ended March 31, 2019 and "*Management's Discussion and Analysis of Financial Condition and Results of Operations—Factors Affecting Our Comparability of Results of Operations—Changes in Accounting Policies.*"

IFRS 16

In May 2016, the IASB published IFRS 16, which replaced the prior standards for accounting for leases, including IAS 17 "Leases" and became mandatory for companies reporting in IFRS for financial years beginning on or after January 1, 2019. IFRS 16 introduced a uniform accounting model for lessees, under which a lessee is required to recognize a right-of-use asset representing the lessee's right to use the underlying asset and a financial liability representing the lessee's obligation to make future lease payments.

Under IFRS 16, the Group assesses whether a contract is or contains a lease based on the definition of a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a specified period of time in exchange for consideration.

The Group adopted IFRS 16 on April 1, 2019 applying the modified retrospective transition approach, under which a liability is recognized at the transition date for an amount equal to the present value of the residual lease payments alone, offset by a right-of use asset adjusted for the amount of prepaid lease payments or amounts recognized within accrued expenses. These liabilities are measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate at April 1, 2019. The right-of-use assets have been measured at the amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to the corresponding lease recognized in the statement of financial position at March 31, 2019. The comparative information presented for the prior year has not been restated and therefore the results of operations for the year ended March 31, 2020 are limited in comparability to the results of operations for the year ended March 31, 2019. The reclassifications and adjustments arising from the new rules have therefore been recognized in the opening balance sheet at April 1, 2019. The Group elected to apply the practical expedients provided under IFRS 16 to exclude leases with a residual term of less than twelve months and leases of low-value assets, and not to capitalize costs directly related to signing leases. The amount of the liability depends to a large degree on the assumptions used for the lease term and, to a lesser extent, the discount rate. For a description of the impact of the adoption of IFRS 16 on our financial statements, see note 1.3 to our audited consolidated financial statements as of and for the financial year ended March 31, 2020 and "*Management's Discussion and Analysis of Financial Condition and Results of Operations—Factors Affecting Our Comparability of Results of Operations—Changes in Accounting Policies.*"

Non-IFRS Financial Measures

In addition to the results reported under IFRS, we use certain non-IFRS financial measures to monitor and measure the performance of our business and operations and the profitability of our segments. In particular, we use Adjusted EBITDA, Adjusted EBITDA margin, net debt and Free Cash Flow. Adjusted EBITDA, Adjusted EBITDA margin, net debt and Free Cash Flow are not recognized measurements of financial performance or liquidity under IFRS and should not be viewed as substitutes for any IFRS measures. We present non-IFRS financial measures in this Document because we believe that they are important supplemental measures of the core operating performance of the Group and its segments. However, they have limitations as analytical tools, and should not be considered in isolation from, or as a substitute for, the Group's financial statements. Other companies may calculate Adjusted EBITDA, Adjusted EBITDA margin, net debt, Free Cash Flow and similar measures differently.

- We define Adjusted EBITDA as operating income before amortization, change in fair value of biological assets, change in fair value of financial instruments of inventories and of sale and purchase commitment, except for the portion of these items related to trading activities, any impairment of goodwill and of fixed assets, gains on bargain purchase, seasonality adjustments, non-recurring items and price adjustments. For a reconciliation of Adjusted EBITDA to operating income see "*Summary Consolidated Financial and Other Information*."
- We define Adjusted EBITDA margin as Adjusted EBITDA divided by revenue.
- We define net debt as long- and short-term borrowings, net of cash and cash equivalents.
- We define net debt *as adjusted* for readily marketable inventories as net debt as adjusted for the balance-sheet value of all finished products, raw materials and energy supplies that can be readily convertible into cash through access to widely available markets.
- We define Free Cash Flow as net debt variation excluding exchange rate and miscellaneous technical effects.
- We define Cash Capital Expenditure as acquisitions of intangible and tangible assets including the working capital effect on these line items.

INDUSTRY AND MARKET DATA

In this Document, we refer to information regarding our business and the industry in which we operate and compete. We obtained this information from various third-party sources and our own internal estimates. In certain cases, we have made statements on the basis of information obtained from third-party sources that we believe are reliable, including market studies and databases published by the Organization for Economic Co-operation and Development ("**OECD**") and the Food and Agriculture Organization ("**FAO**"), LMC International ("**LMC**") and UNICA publications, surveys and forecasts generally state that the information contained therein has been obtained from sources believed to be reliable. We have not independently verified these industry publications, surveys and forecasts and cannot guarantee their accuracy or completeness.

In addition, in many cases, we have made statements in this Document regarding our industry and our position in the industry based on our experience and own evaluation of general market conditions. However, our internal surveys and estimates have not been verified by independent experts or other independent sources. Furthermore, we cannot guarantee that a third party using different methods to assemble, analyze or compute market data would obtain or generate the same results.

CONSTANT CURRENCY

To enhance the comparability of our financial information between the financial years included in this Document, we present certain information using a constant exchange rate. Measures calculated using constant exchange rates are not IFRS financial measures. Foreign exchange variation at constant rates are calculated using foreign exchanges rate of prior financial year applied to actual financial year. The financial information presented on a constant currency basis included in this Document is unaudited and reflects an adjustment to eliminate the effect of exchange rate movements on our financial results. Management reviews and analyses business results excluding the effect of foreign currency translation to enhance comparability between periods in evaluating our business performance and growth.

ROUNDING

Certain figures included in this Document, including financial data presented in millions or thousands, certain operating data, percentages and other data, have been subject to rounding adjustments; accordingly, figures shown for the same category presented in different tables may vary slightly and figures shown as totals in certain tables may not be an arithmetic aggregation of the figures which precede them. Percentages and amounts reflecting changes over time periods relating to financial and other information set out in "*Management's Discussion and Analysis of Financial Condition and Results of Operations*" are calculated using the numerical information in the Selected Historical Financial Information or the tabular presentation of other information (subject to rounding) set out in this Document, as applicable, and not using the numerical information in the narrative description thereof.

CURRENCY

In this Document, references to “£,” “sterling,” “GBP” or “pounds sterling” are to the currency of the United Kingdom (“**UK**”), references to “€,” “EUR” or “euro” are to the currency of the member states of the EU participating in the European Monetary Union, references to the “Brazilian real” or “BRL” are to the currency of Brazil, references to CHF are to the currency of Switzerland, references to IDR are to the currency of Indonesia, references to ZAR are to the currency of South Africa, references to CZK are to the currency of the Czech Republic, references to INR are to the currency of India, and references to “$,” “USD” or “U.S. dollar” are to the currency of the United States.

OTHER INFORMATION IN THIS DOCUMENT

Certain information provided in this Document has been sourced from third parties. We confirm that such third-party information has been accurately reproduced and that, so far as we are aware and are able to ascertain from information published by such third parties, no facts have been omitted which would render the third-party information reproduced herein inaccurate or misleading.

SUMMARY

Unless otherwise indicated or implied by the context, references in this section to “we,” “our” and “us” are to the Company and its consolidated subsidiaries.

Overview

We are a leading global agro-industrial company specialized in the sourcing and processing of agricultural raw materials into a variety of commodities, natural extracts and ingredients.

We produce sugar, starch & sweeteners, alcohol, bioethanol, vegetable protein, animal nutrition, renewables and electricity in Europe, Brazil, Africa, the Indian Ocean (Reunion Island) and Asia, through the processing of a wide range of agricultural raw materials including sugar beet, sugarcane, corn, wheat, potatoes, cassava and alfalfa, equivalent to 47.3 million tonnes during the 2019/20 season.

We are a market leader across our product range. By volume, we are the leading sugar producer in France, one of the top three sugar producers in Europe and the second largest sugar producer in Brazil. Sugar products accounted for 39.7% of our total revenues for the financial year ended March 31, 2020. We are also the second largest producer of alcohol and ethanol by capacity and the third largest producer of both starch products and sweeteners products in Europe.

Our product offering is diversified across multiple end markets. We serve a wide range of customers operating in various end-markets such as food & beverage but also pharmaceutical, retail, energy, transportation, animal nutrition, aquaculture, fermentation, construction, paper, carton, and cosmetics industries. Our customers include leading brands such as Coca-Cola, Nestlé, PepsiCo, Ferrero, Sanofi, Johnson & Johnson, Pernod-Ricard, Diageo, Total, BP and Smurfit Kappa. For the financial year ended March 31, 2020, our ten largest third-party customers accounted for less than 15% of our revenue, and our most significant third-party customer accounted for less than 5% of our revenue.

We serve our customers through our global production and sales network, which consists of 48 industrial facilities across Europe, South America, Africa and Asia and supported by our presence in 130 countries worldwide. Our retail brands benefit from strong market recognition, with leading brands such as Béghin Say in France, Whitworths in the UK and TTD in the Czech Republic. Our La Perruche brand is a worldwide luxury brand now available in more than 52 countries and is generally regarded as top quality sugar that is served in many high end locations around the world, including hotels, restaurants and cafés.

We are an agricultural cooperative company with over 12,000 cooperative members. In France, agricultural cooperatives are a fundamental component of the agricultural system, with a substantial number of French sugar beet growers currently belonging to an agricultural cooperative. Members of our cooperatives are both our shareholders and farmers, and act as our largest suppliers for sugar beet in Europe. 181 regional representatives are elected once a year among these cooperative members to represent, assist and vote at the cooperative members' general meeting.

We employed 22,358 employees on average during the financial year ended March 31, 2020, of which approximately 15,890 employees were employed on a permanent basis across 18 countries as of March 31, 2020. In addition, we employed 6,468 temporary workers for seasonal work linked to harvesting and processing periods during the financial year ended March 31, 2020.

We generated revenue of €4,491.8 million and Adjusted EBITDA of €419.8 million during the financial year ended March 31, 2020. This represented an increase in revenue of €53.5 million, or 1.2%, from €4,438.3 million for the financial year ended March 31, 2019 as well as an increase in Adjusted EBITDA of €145.3 million, or 52.9%, from €274.5 million for the financial year ended March 31, 2019. During the nine months ended December 31, 2020, we generated revenue of €3,201.9 million and Adjusted EBITDA of €372.8 million. This represented a decrease in revenue of €35.0 million, or 1.1%, from €3,236.9 million for the nine months ended December 31, 2019 as well as an increase in Adjusted EBITDA of €139.9 million, or 60.1%, from €232.9 million for the nine months ended December 31, 2019.

Our operations are organized into the following four operating segments:

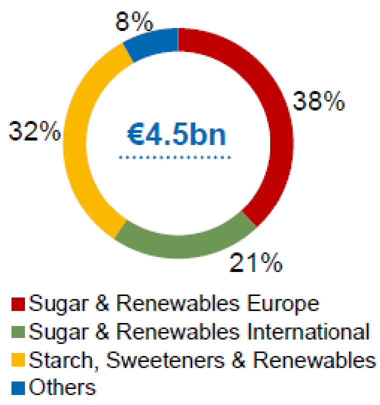
- *Sugar & Renewables Europe*: This operating segment focuses on producing sugar, alcohol and bioethanol by processing sugar beet, as well as producing animal nutrition products by processing sugar beet pulps and alfalfa. Our Sugar & Renewables Europe operating segment mainly operates in France, Czech Republic, Romania and Spain and distributes its products throughout Europe. By volume, we are the leading sugar producer in France and one of the top three sugar producers in Europe. We are also the second largest producer of alcohol and ethanol by capacity in Europe. For the financial year ended March 31, 2020, our Sugar & Renewables Europe operating segment had revenues of €1,727.4 million and Adjusted EBITDA of €95.5 million. For the nine months ended December 31, 2020, the segment had revenues of €1,269.5 million and Adjusted EBITDA of €148.5 million.

- *Sugar & Renewables International*: This operating segment focuses on cultivating and processing sugarcane and producing raw and refined sugar and ethanol. Our Sugar & Renewables International operating segment operates in Africa, Brazil and Reunion Island. By volume, as of March 31, 2020, we were the second largest sugar producer in Brazil, the world's preeminent market for sugar production, and we are among the top 10 ethanol producers in Brazil as of March 31, 2020. For the financial year ended March 31, 2020, our Sugar & Renewables International operating segment accounted for €958.7 million of revenue and Adjusted EBITDA of €221.6 million. For the nine months ended December 31, 2020, the segment had revenues of €674.0 million and Adjusted EBITDA of €174.3 million.

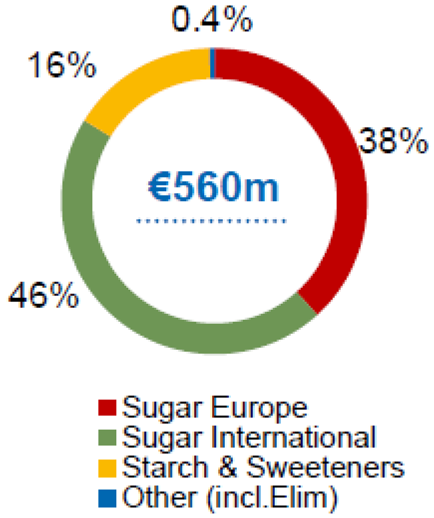
- *Starch, Sweeteners & Renewables*: This operating segment focuses on producing alcohol and ethanol, starches and sweeteners, vegetable proteins and animal nutrition products by processing cereal, corn and tubers. Our Starch, Sweeteners & Renewables operating segment operates in Europe, Brazil and Asia. We are the third largest starch & sweeteners producer in Europe by volume. Additionally, we are the second largest producer of wheat protein worldwide as of March 31, 2020. For the financial year ended March 31, 2020, our Starch, Sweeteners & Renewables operating segment accounted for €1,501.5 million of revenue and Adjusted EBITDA of €93.4 million. For the nine months ended December 31, 2020, the segment had revenues of €1,068.4 million and Adjusted EBITDA of €54.4 million.

- *Others*: This operating segment consists of sugar and ethanol trading through our Tereos Commodities subsidiaries, inter-segment eliminations and corporate activities, and accounted for €304.3 million of revenues and Adjusted EBITDA of €9.3 million for the financial year ended March 31, 2020 and are presented as "Others" in our analysis of Results by Operating Segment. For the nine months ended December 31, 2020, the segment had revenues of €190.0 million and Adjusted EBITDA of negative €4.4 million.

The chart below shows our revenue by operating segment for the twelve months ended December 31, 2020:



The chart below shows the percentage of our Adjusted EBITDA generated by each of our operating segments for the twelve months ended December 31, 2020:



We are committed to satisfying the global needs for our customers, while taking into account new societal and environmental challenges and expectations. We strive to continually strengthen our contribution to sustainable initiatives and further position ourselves as a responsible group, while driving business growth and performance over the long term. We are committed to continue to build a truly sustainable model in which the principles of a circular economy are reflected at all steps of our production processes.

Our Strengths

We attribute our strong competitive position to several factors, including:

Global market leader operating across essential, growing, resilient and diversified markets.

We are a global market leader operating across essential, growing, resilient and diversified markets and benefit from a well-established local presence in each of the countries in which we operate. We believe that, based on the volume of our production, we are the second largest producer of sugar in the world, the leading producer of sugar in France and the second largest producer of sugar in Brazil (which itself is the largest sugar-exporting country in the world).

The industries in which we operate continue to grow. According to the OECD and FAO update in May 2019, from 2016-2018 on average to 2028, global demand for sugar is expected to grow at a compound average growth rate ("**CAGR**") of 1.6% per year, driven both by higher rates of consumption and a growing worldwide population. We believe that we are well positioned in developing markets, through our leading operations in Brazil.

We are also a significant supplier of alcohol and ethanol, starch, sweeteners, vegetable proteins, electricity and other renewables. Demand for ethanol is expected to increase in selected markets in which we are present, largely driven by legislative and regulatory changes, including in our core markets through new EU regulations and a Brazilian nationwide program to cut carbon emissions. According to LMC, between 2019 to 2023, consumption of sweeteners as well as starches is expected to grow by a CAGR of 2.3% and 2.7%, respectively, due to a growing focus on health and nutrition. We benefit from leading positions in the sweeteners and starches market and believe that we are the third largest producer of both products in Europe by volume.

Our business model leverages our exposure to a diversified base of resilient and essential markets. We supply clients operating in varied end-markets, including the food, pharmaceutical, energy and feed sectors. These sectors each provide goods and services that are generally considered necessities. Moreover, we ourselves have been classified by French authorities as a company operating in one of the 12 sectors of activity of vital importance to France, which among other things, enabled us to continue operating in France during the lockdown imposed by the government in response to the novel coronavirus SARS-CoV-2 ("**COVID-19**") outbreak. We expect demand from these sectors for our products to continue to grow in line with or faster than global population growth.

While the majority of our products are sold business-to-business ("**B2B**"), we have a portfolio of retail brands that benefit from strong consumer market recognition. Our leading sugar brands include Béghin Say in France, Whitworths in the UK and TTD in the Czech Republic. Our La Perruche sugar brand is a worldwide luxury brand now available in more than 52 countries, is considered top quality sugar and is served by many high-end hotels, restaurants and cafés around the world.

Highly flexible and complementary operations ensuring responsiveness to the evolving needs of the Group's end-markets

We are able to dynamically optimize our product offering thanks to our flexible and complementary operations. We are able to efficiently shift our production to higher margin products or those that are most in demand in response to changing market dynamics with minimal switching costs and without changing our raw material inputs. For example, in Europe we can use sugar beet to produce sugar, alcohol or ethanol and therefore, depending namely on market dynamics as well as plant and logistical capacity, we are constantly able to allocate production across these three products to maximize output recovery, meaning the capacity to adjust our mix in order to obtain the best output from the processed raw material, as well as optimize overall margins and increase cash flow. As a result of our investments into our innovative industrial tool we have the flexibility to produce up to 40% of our mix as ethanol, an increase from 25% of our mix in 2014. Similarly, our sugarcane operations in Brazil are able to switch production between sugar and ethanol, providing us with a natural hedge against prolonged decreases in the price of either product. We estimate that the share of sugar in our output mix can vary from an estimated 51% to approximately 67% (compared to approximately 50% for the market according to UNICA) in any given crop in Brazil, depending on the market dynamic. For the years ended March 31, 2018, 2019 and 2020, the share of sugar in our output mix was 63%, 56% and 60%, respectively.

Through our starch, sweeteners & renewables operations, we are able to produce a wide range of starch, sweeteners and protein-based products, the mix of which we continually seek to optimize in order to ensure maximum capacity utilization of our mills (push) and serve our large range of customers (pull). Our starch, sweeteners & renewables production is highly flexible, as we have the capacity to quickly switch processing of raw materials across multiple end markets and products. Furthermore, our industrial setup offers further opportunities for synergies across our divisions in Europe. For example, during the sugar beet campaign, we are able to process sugar beet molasses in our Lillebonne distillery (in Normandy, France) which usually produces wheat-based ethanol.

We are the only sugar producer that is fully integrated into the value chain across multiple continents, with 32 facilities in Europe, eight in South America, five in Africa and the Indian Ocean and three in Asia. Moreover, our facilities are located in the most productive agricultural basins for our raw materials, and near both our customers and suppliers. See "*—High barriers to entry due to well invested state of the art asset base characterized by efficient cost and performance management*." Our geographic reach and strategically located facilities allow us to timely and effectively serve our end users around the world while benefitting from growing consumption across international markets.

With our diverse client base across multiple end-markets, we are able to take advantage of favorable developments and capture the growth trends in numerous industries. Our customers operate primarily in the food, beverage, fuel, energy, animal nutrition, aquaculture, fermentation, construction, paper, carton, pharmaceutical, cosmetics and industries, and retail. As such, we are well-positioned to benefit from any evolving positive trends in these industries. At the same time, the diversity of our customer base ensures that we are not overly dependent on fluctuations in any specific industry.

Most recently, the flexibility of our operations and production capacity allowed us to quickly increase our production of disinfection alcohol and hydro-alcoholic gel in response to the peak in demand for those products resulting from the COVID-19 pandemic.

High barriers to entry due to well invested state of the art asset base characterized by efficient cost and performance management

There are a number of factors that make it difficult for new entrants to enter the markets in which we operate. First, new entrants must invest significant upfront capital to set up production capabilities. Once established, production facilities must operate at sufficiently high utilization rates in order to achieve sustainable returns. Moreover, new entrants must secure sourcing of raw materials from a fragmented base of suppliers, form relationships with numerous suppliers and overcome the availability of technological expertise if they are to be able to compete effectively on price and provide their customers with a level of product development support comparable to that provided by our team.

We believe that our strong market position is protected in part by our well invested asset base that allows us to outperform our peers. For example, our facilities in France had an average campaign length, meaning the period of time during which they operate (around-the-clock, seven days a week), of 125 days for the 2019/2020 crop year compared to less than 105 days for our competitors. Since the 2015/2016 crop year, our campaign duration has increased from 104 days to 123 days in 2018/2019 and 125 days for the most recent year. We have continued to invest in and focus on efficiency gains, as illustrated by improving performance by our plants. The average daily processing volume of our French plants amounted to approximately 15,000 tonnes per day for the crop year ended January 2020, compared with approximately 14,500 tonnes per day in the prior crop year. In addition, five of our Brazilian plants placed in the top ten most productive plants in Brazil.

Our facilities are generally clustered around key supply basins including the sugar beet rich north of France, and the São Paulo state in Brazil, which is a prime growing area for sugarcane. We believe that our proximity to suppliers and customers reduces our processing and transportation costs and enables us to have direct contact with these parties, strengthening our relationships. In addition, our plants are generally well connected to large infrastructure facilities, allowing us to be competitive when exporting our products to foreign markets where sugar is in short supply. For example, in November 2018, we inaugurated a new logistics center in France, the Tereos Escaudoeuvres Export Logistics Center, which provides us with the flexibility to export up to approximately 350,000 tonnes of sugar in a crop year. In Brazil, in June 2018, we entered into a strategic partnership with VLI Group, one of the largest railway operators in Brazil that provides logistic solutions to agribusiness, steel and industrial producers in Brazil, which provided for our investment in the construction of two sugar warehouses and allows us to benefit from VLI Group's infrastructure network and transportation services, including an advantageous access to port facilities in Santos, which is the largest sugar export facility in Brazil.

We are constantly improving the cost efficiency and performance of our plants. The investments that we have made in recent years have further reinforced our strong market position. For the financial year ended March 31, 2020, our cash capital expenditure amounted to €436.8 million. These investments have additionally served to drive performance and optimize costs, improving our operational leverage. For example, from 2015 to 2018 we made investments of over €100 million in order to achieve energy efficiency gains, which resulted in a reduction of approximately 10% in the energy consumed by our French sugar plants.

Long-term commercial partnerships supported by global R&D platform and local client-centric approach

Our global geographic footprint is supported by a strong local presence in each of the markets that we operate in. We have forged long-lasting relationships with our customers and suppliers in each market, and our history of consistent quality and availability of supply gives our brands strong local reputations and high degrees of customer loyalty.

We believe that the strategic location of our plants in proximity to our customers is particularly important, as protecting against supply chain risk is the most critical element of our customers' decision-making processes. Therefore, the reliability and the quality of our supply, measured through local certifications arising from increasing regulatory and compliance requirements, are among the key factors that provide us with an advantage over our competitors. The sustainability of our products is also a key driver in many of our customers' decision-making processes. Ensuring consistent, long-term supply therefore justifies additional marginal costs for our customers. As a consequence, price fluctuations in our products are more readily tolerated by our customers as our products are considered vital inputs for their operations, though they represent a small portion of their overall production costs, and price momentum in producing countries are generally driven by local supply and demand dynamics. As an example, the price we receive for our sugar in Europe shows limited correlation against the sugar price set by the New York Board of Trade Futures Contract No. 11 ("**NY11**"). See "*—Demonstrated track record of managing business through commodity price cycles.*"

Our production facilities are either strategically located close to our major customers or are well connected to logistics infrastructures, reducing transportation costs for our customers. We aim to induce customer loyalty and foster closer relationships with our customers through our marketing efforts and R&D initiatives. For example, our sugar beet plant in Lillers is located 34 kilometers from a large Coca-Cola plant in Dunkirk, and supplies 100% of the plant's sugar, ensuring a short circuit food supply. Also, at our Nesle starch plant, we have a strategic partnership with one of our customers, Nigay, a firstranking French producer of caramels, whereby our site is directly connected to their production facility through a pipe for glucose supply, thereby optimizing transportation costs and CO_2 emissions. Furthermore, in Europe, we have a centralized sales support staff, which is divided into specialized teams that cover key segments and customer accounts. This specialization allows our staff to provide customers with a “one-stop shop”, through which we are able to market and sell a diversified offering of products and to ensure optimal service and execution for our customers.

In addition, our R&D projects in cooperation with our customers’ teams strengthen long-term relationships. Such projects develop our local ties with clients while providing us with the ability to develop solutions that can be deployed for other customers worldwide. One of our innovations, the “Sweet&You” offering, was launched in 2017 with a view to help consumers balance their diet and vary their sources of sweeteners. This offering provides tailored support to our B2B customers by leveraging our wide portfolio of sweetening solutions and nutrients in order to allow our customers to offer reduced calorie products while preserving their taste, appearance and texture. We believe that we are at the forefront of assisting our clients in their industrial processing and product design, and we have a proven track record of helping to reformulate our clients’ end-products.

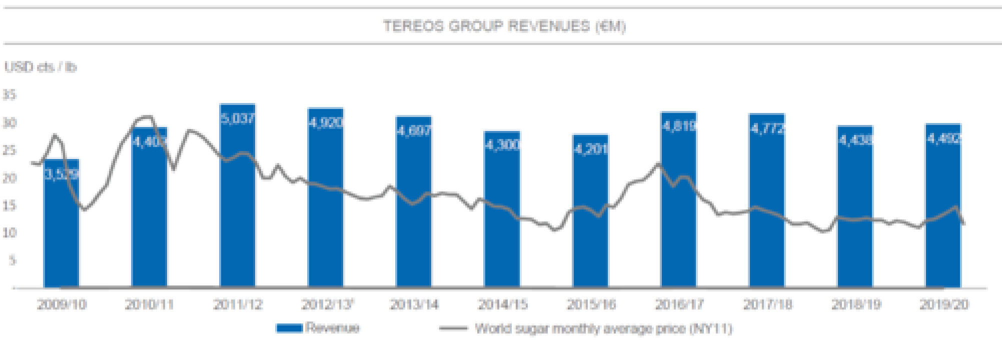
We believe we have strong and long-term customer relationships. Our customer base is widespread and well-balanced across geographies and end markets. For the financial year ended March 31, 2020, no single customer represented more than 5% of our revenues while our top 10 customers accounted for less than 15% of our revenues. Our customers include such leading brands as Coca-Cola, Nestlé, PepsiCo, Ferrero, Sanofi, Johnson & Johnson, Pernod-Ricard, Diageo, Total, BP and Smurfit Kappa.

Demonstrated track record of managing business through commodity price cycles

Despite challenging global commodity prices over the past several years, we have continued to expand our market share and increase revenues. Since 2017, world sugar prices have remained near decade lows. In Europe, due to market liberalization of the sugar industry in 2017 combined with historically high surpluses in the market during the 2017/2018 crop season, prices reached historical lows in 2018. However, since the summer of 2019, the price of sugar has started to trend upwards toward its historical average due in part to depressed prices leading to the closure of certain competitors production facilities and sugar beet farms across the continent decreasing their available supply. According to management’s best estimates based on a leading market research firm’s reporting, we were ranked as the world’s second largest sugar producer in 2019/20 by volume, from the fifth largest in 2014.

Our ability to grow during these challenging times is, in part, an illustration of our ability to mitigate the downside of fluctuating commodity prices. A key mitigating factor against downturns is our ability to efficiently switch production lines to higher margin or in demand products, providing a hedge when prices fluctuate. More generally, we are able to protect our profit margins through (i) the continued development and diversification of our business areas; (ii) market-based price mechanisms for purchasing third-party sugarcane in Brazil as well as sugar beet in France following the introduction of a flexible formula which provides a natural hedge against market prices; and (iii) the continuous optimization measures through which we strive for best-in-class operational management.

In addition, there has historically been a limited correlation between our financial performance and that of the global market price for sugar set by NY11, in part due to our ability to differentiate our overall offering through quality, reliability and proximity to our customers as well as hedging strategies. The chart below shows a comparison between the world sugar monthly average price (NY11) and our revenue since 2009:



Source: Tereos annual report, Bloomberg. (1) Change in reporting in 2012/13: fiscal year reporting from October to September for the 2004/05-2011/12 period, from 2012/13 to date, fiscal year reporting from April to March

Moreover, as a result of our active diversification efforts, only 39.7% of our revenues were derived from the sale of sugar for the financial year ended March 31, 2020.

Key player in a circular economy shaping customers' sustainability agenda

We have a strong record of corporate social responsibility ("**CSR**"), and we believe that our past achievements and ongoing commitment to CSR set us apart from other industries and some of our competitors. For example, since 2019, the Group has received gold ratings from EcoVadis, placing it in the top 3% of over 50,000 participating companies when scored on the basis of policies, processes and performance related to environmental, labor, human rights, ethics and supply chain issues. Moreover, given the breadth of our CSR activities and our global reach, we believe that we have the distinctive capability to positively impact the entire value chain "from field to table" and to contribute to the emergence of new, more sustainable models and practices at all levels of the value chain.

We strive to maximize the value that can be extracted from the natural resources we use. For example, in Brazil, our plants produce renewable energy as a byproduct of our sugar and ethanol production allowing us to not only be energy self-sufficient, but also to provide up to one million residents in our local communities with renewable and clean energy. Of the energy used by the Group at our plants worldwide, approximately 50% is derived from renewable sources. Further, our production processes are highly efficient. For example, we estimate that we use approximately 99% of the raw materials we process in the production of our products. Moreover, approximately 90% of the water that we use in our European sugar beet operations comes from the water naturally contained in sugar beets. Our commitment to increase the efficiency of our use of raw materials is one of our core focuses. Recently, we have invested in several cogeneration facilities to increase our production of renewable energy in various countries, as well as in new fertigation systems which promote the efficient use of water.

Our commitment to a circular economy goes beyond our production facilities, extending to our upstream and downstream value chain. We have long-standing ties to upstream suppliers across our businesses through our historic roots as a cooperative, and we work with our suppliers to ensure that they are operating in a sustainable fashion. By purchasing from our cooperative farmers, we are able to provide direct economic benefits to those local communities while also securing transparent and traceable channels to source raw materials. For the financial year ended March 31, 2020, approximately 62% of our raw materials were evaluated and certified as sustainable.

Experienced management team, aligned to execute on future strategy, supported by a strong cooperative structure

We benefit from a strong and highly skilled management team with significant experience in the sugar industry. Our senior management has an average experience of over 10 years in the industry, a deep understanding of relevant legal and regulatory frameworks, an extensive global network of relationships and a proven ability to execute on our strategy, including through acquisitions, joint ventures, and partnerships. For example, Philippe de Raynal, the Chairman of the Management Board, has extensive experience in the agri-food sector and in the management of large international cooperative groups, having notably headed the grain cooperative group Axereal from 2011 to 2017. Additionally, Gwenaël Eliès has had previous experience at Tereos in 2009 as Deputy Director for Global Business with a strong focus on the Company's operations in Brazil in the context of a capital increase. He then took over the responsibility of Financial Controlling & Investor Relations (Group) to supervise all aspects of the Tereos Internacional IPO in Brazil, while carrying out a new funding strategy and building the controlling activity at Group level.

Together with our global workforce, which included an average of 22,358 employees during the financial year ended March 31, 2020, our management team has a strong track record of growing our business through geographic diversification of revenue, expanding into high-growth countries, and building long-term customer partnerships.

We also benefit from strong, long-term relationships with our cooperative members who, in addition to being shareholders, are also our suppliers of agricultural raw materials. Our cooperative members' long-term commitment and inherent interest in our continued performance provides us with stability in both our capital structure and our supply chain.

Our Strategy

We intend to consolidate our position as a global leader in nutrition and renewable energy solutions by strengthening our three business pillars to capture demand growth in key developed and emerging markets. We strive to enhance our resilience to market volatility by offering a balanced and diversified product portfolio, rapidly adapting to changes in consumer expectations in a global market and focusing on profitablity and cost-competitiveness.

We aim to achieve this through the following:

Continuously increase operational efficiency and improve cost competitiveness

We consistently seek to control costs, improve our efficiency and grow cash flows while maintaining and improving the quality of our products. Our former performance plan, spanning from 2015 to 2018, led to energy efficiency gains through the increase of processed sugar beet volume by approximately 30% from 2015 to 2018 which led to an overall increase of approximately 45% in the volume of sugar produced per plant on average over the period. We also have made investments in favor of energy gains of over €100 million in the same period, which have led to a decrease in energy consumption by our French sugar plants of approximately 10% over the same period, and investments of approximately €50 million to increase our production flexibility, which have led to additional 5% to 10% alcohol/ethanol flexibility during the year, measured as a range of percentage of sugars in sugar beet that can be directed to either sugar or ethanol production. Based on the success of our previous performance plans, we launched in 2018 a performance program with core drivers in operations, sales & marketing, procurement, logistics & supply chain, as well as some transversal initiatives. While these drivers remain at the core of our profitability programs, we are in the process of reassessing our profitability programs' scope and phasing with the goal of providing continuous long-term operational improvements.

To ensure our competitiveness, we are focused on continually improving our operational efficiencies through constant monitoring and adjustments of industrial tool and processes as well implementing measures to digitalize our industrial and agricultural activities. Advanced data management solutions allow us to optimize farming and industrial techniques. Since 2018, we have launched two pilot Industry 4.0 plants in Cruz Alta, Brazil and Connantre, France, in order to leverage digitalization and big data to optimize every stage of our process and develop preventive maintenance. In addition, we continue to leverage new technologies in furtherance of sustainable agricultural practices across Brazil and Europe. Using drones, captors and satellites, we are able to gather extensive data which is used to optimize our farming operations. For example, we have invested in the Orion Project in Brazil, which uses real-time satellite surveillance to help prevent field fires that cause substantial losses throughout the entire production chain and have major impacts on local communities and the environment. Real-time data and images from satellites and drones also enable us to optimize the treatment and management of each plot for increased agricultural yield and a decreased environmental footprint. We expect these, and other investments for cost competitiveness and efficiency, to drive our continued growth and improve our cash flows over the following years.

Capitalize on favorable market trends due to our diverse array of products, geographic proximity and commitment to innovation

As consumers become increasingly conscious about the health, safety and sources of the food that they purchase, it is increasingly important that we provide transparency and the information required by consumers to make informed decisions. As a cooperative, we mainly address these concerns by purchasing raw materials directly from farmers. These direct relationships with our farmers also provide us with greater control over the quality of our products. Further, we closely monitor the quality and food safety of our products wherever we operate in accordance with national regulations and internationally recognized standards such as ISO/FSCC 22000 or ISO 9001. Halal and Kosher certifications are also in place. Moreover, we have diversified our product offering to cater to health-conscious consumers focused on sustainability.

Additionally, we believe we are well-positioned to capitalize on growing demand in developing economies through our leading operations in Brazil. According to the OECD FAO update in May 2019, from 2016-2018 on average to 2028, global demand for sugar is expected to grow at a CAGR of 1.6% per year. A significant component of this growth is expected to come from rising consumption in developing markets, including Asia and Africa. We believe that our strong trading operations and logistics capabilities, including our recent partnership with VLI Group, one of the largest railway operators in Brazil that provides logistic solutions to agribusiness, steel and industrial producers in Brazil, will allow us to export our products into new and growing markets where there are fewer local competitors.

Furthermore, our strong track record in R&D has provided us with distinctive industrial processes and products that improve our production techniques and expand our product offering. We benefit from long-standing cooperative arrangements with public research institutes and hospitals which enable our researchers to acquire and expand their level of knowledge skills. Our research department employed 53 employees as of March 31, 2020 and had expensed costs of €18.9 million for the financial year ended March 31, 2020. We are committed to continue to invest in R&D to develop our production capabilities, improve agricultural processes, but also to reduce our carbon footprint and energy and water usage. Our R&D capabilities have allowed us to substantially improve the productivity of our sugar extraction process and have also allowed us to develop and improve cutting-edge specialties in our starch, sweeteners & renewables operations that extend our range of consumer products and meet the requirements of the food, pharmaceutical, chemical and fermentation industries. For example, in 2017, Tereos launched its innovative new food made from plant protein and chickpeas under the name "Sauté Végétal". This product was developed in-house and was recognized at the Worldwide Innovation Competition in 2015 by the French Directorate-General for Enterprise. Since this launch, our offer of plant protein products has been expanded, including an organic version, and added to the Epi&Co portfolio of products with solutions for our B2B customers. In addition, our R&D center in Singapore has been developing applications for popular categories of products in the Asian market, such as noodles, tea beverages, meat and confectionery. We have also developed support projects with our clients, including troubleshooting and improving the process control of hard-boiled candies for our customer PT Agel through our on-site technique training and product quality and shelf life control support. Further, through our modified starch offering, we have optimized the texture of instant noodles and cookies for our customers Ottogi and Mayora.

Our ability to innovate, our proximity to our core client base and the wide recognition of our brands are key cornerstones of our strategy. We intend to continue developing those strengths to consolidate our market share while renewing our focus on profitability across our product portfolio.

Continue to mitigate volatility and effectively respond to commodity price cycles

Though the sugar & ethanol markets in which we operate are volatile, we continue to grow our revenue through a diversified product offering, expansive global footprint and flexible operational approach.

Commercial opportunities in our markets will continue to help us navigate volatile market conditions. For the financial year ended March 31, 2020, approximately 30% of our sales were generated in emerging markets, mainly in Brazil, where we are the second largest producer of sugar by volume and eighth largest producer of ethanol. Due to our established presence in Brazil, where we are one of the most efficient producers of sugar & ethanol in terms of operational indicators such as general utilization time and distillery yield, we believe that we are well-positioned to benefit from the expected growth in consumption of sugar and ethanol in the country.

Moreover, we believe that our ongoing product diversification efforts will continue to allow us to mitigate the risk of downside pressure on commodity prices. Although we have historically been a sugar-focused group, we now produce sugar, starch and sweeteners, alcohol, bioethanol, vegetable protein, animal nutrition, renewables and electricity. For the financial year ended March 31, 2020, only 39.7% of our revenue was derived from the sale of sugar. This diversification allows us to potentially mitigate the impact of a sudden decrease in the price of a given commodity. For example, in our Brazilian and European sugar facilities, we are able to produce both sugar and ethanol at the same production site, with the same input raw material and with minimal switching costs, and as a result, we are able to shift production from one product to the other when a fluctuation in the price of one or both commodities prices presents the opportunity to hedge or seek higher margins. This provided a buffer against the sudden drop in the price of ethanol recorded in March 2020, which had fallen alongside the price of crude oil, and also helped lessen the impact of the sharp reduction of demand for ethanol due to lockdown measures imposed in response to the COVID-19 pandemic. We intend to continue to strengthen the flexibility of our industrial network and production capacities by regularly adapting our product mix to the dynamics of the markets in which we operate.

In Europe, since 2017, sugar prices have remained at near decade lows, in large part due to market liberalization of the sugar industry. However, with production facilities and sugar beet farms closing across the continent due to these depressed prices, the ensuing reduction in supply is guiding the price of sugar towards its historical average. We focus on margin maximization through our presence in regions that we believe are highly performing from an agricultural standpoint, with a concentration of industrial units in France and nearby countries, complemented by a presence in Eastern Europe - this last region being in a deficit position in terms of sugar production, which may allow us to optimize our margins with local customers.

Maintain commitment to our five operational priorities: competitiveness, safety, food safety and quality, sustainability and compliance

We intend to remain at the forefront of our industry as a leader in safety, food safety, competitiveness, sustainability and compliance. Since 2018, as part of our industrial strategy, we have been implementing our Ambitions 2022 performance program. We are performing a reassessment of this program to enlarge its scope, with the goal to provide continuous long-term operational improvements.

First, we are improving *safety* with a comprehensive plan aimed at shifting the behaviors and the management culture of the entire Group. Second, we are increasing our *competitiveness* by establishing over a thousand new initiatives across the Group aimed at boosting our bottom-line financial performance. Third, we are ensuring *food quality and safety* with a defined roadmap including audits of production facilities and the creation of a dedicated quality department within the Group. Fourth, we are taking a cross-functional approach based on our pre-existing extensive CSR framework to identify further opportunities for *sustainability*. Finally, we have reformed our *compliance* program, notably in accordance with the principles of the French Sapin II anti-corruption law. See "*Business—Social and Environmental Responsibility—Sustainable Action and a Commitment Towards our Five Pillars*" for a further description of these operational priorities.

Recent Developments

Trading Update

In the months of January and February 2021, despite the COVID-19 pandemic situation, we have maintained a sustained level of activity at all our plants, while complying with all necessary measures to protect our employees, and have not experienced disruptions or delays in our production activities.

For the two-month period ended February 28, 2021, our revenue was €648.4 million, a decrease of €155.2 million, or 19.3%, compared to €803.6 million for the two-month period ended February 29, 2020. At constant exchange rates, our revenue for the two-month period ended February 28, 2021 decreased by 13.5% compared to the two-month period ended February 29, 2020, reflecting the impact of the depreciation of the Brazilian real against the euro. This decrease resulted mainly from the decrease in volumes sold in all our divisions including trading, in particular in our Sugar & Renewables Europe division as a consequence of the exceptionally low 2020 beet crop, which experienced a 26% decrease in yield compared to the historical average. This was partially offset by increasing sugar prices in Europe. Moreover, in Brazil, the sugarcane volume crushed by our seven plants was the highest ever recorded by our Brazilian operations, reaching 20.9 million tonnes in the 2020/21 crop season.

From a market perspective, we expect that there will be upward pressure on world sugar prices as a result of supply constraints arising from a delay in the announcement of India's sugar export policy and failing crops in Thailand, Europe and Central America, combined with strong Chinese and Indonesian demand and an improved macroeconomic environment as a result of the increased expectations for a resolution of the COVID-19 pandemic. In Europe, the sugar beet crop has suffered from a widespread decline in volumes and yields caused by unfavorable weather conditions, attacks from bio-aggressors (notably the beet yellows virus in France) and a decline in harvested surface areas. As a result, the European Union is expected to remain in a sugar deficit position at approximately 2.0 million tonnes over the next crop year.

With regard to our Starch, Sweeteners & Renewables division, the commercial strategy in place until 2020 led to an increase in volumes at the expense of profitability, notably in the three months ended December 31, 2020. The negative impact of this strategy is expected to extend in the fourth quarter and lead to lower Adjusted EBITDA in this division on a full year basis compared to the financial year ended March 31, 2020. Several changes, including a review of the division's commercial strategy and the replacement of a top manager, have already been undertaken and are expected to lead to initial improvement in the following quarters. In addition, the Group is in the process of conducting a more granular assessment which will lead to an expanded action plan for the medium term.

We further expect, based on preliminary management estimates, that our Adjusted EBITDA for the year ended March 31, 2021 will be significantly greater than our Adjusted EBITDA for the year ended March 31, 2020, primarily due to strong overall pricing in the Sugar & Renewables Europe division as well as strong volumes and strong pricing in the Sugar & Renewables International division, partly offset by the impact of the accounting translation of the Brazilian real depreciation against the euro, the yellows virus impact on our Sugar & Renewables Europe division and the lower margins in our Starch, Sweeteners & Renewables division, demonstrating the resilience of our business model in the context of a challenging year. In terms of timing, the impact of some of these aforementioned items is expected to materialize in the fourth quarter of the year ended March 31, 2021, and, as a result, is expected to have a negative impact on our quarter over quarter EBITDA growth.

As a consequence, we expect our Adjusted EBITDA for the year ending March 31, 2021 to be significantly lower than our Adjusted EBITDA for the twelve months ended December 31, 2020. Based on management estimates, excluding (i) the positive impact of certain specific items such as non-recurring items in the three months ended March 31, 2020, (ii) the negative impact of the valuation of non-cash inventories related to lower capacity utilization as result of the yellows virus in our Sugar & Renewables Europe division in the three months ended March 31, 2021 and (iii) unfavorable foreign exchange rate impacts in the same period, our estimated Adjusted EBITDA for the year ended March 31, 2021 would be similar to our Adjusted EBITDA for the twelve months ended December 31, 2020.

As of February 28, 2021, our net debt was €2,631.5 million, a decrease of €36.0 million compared to €2,667.6 million as of December 31, 2020.

The unaudited preliminary financial results for the months of January and February 2021 presented above are derived from our accounting records and are the responsibility of our management. The estimated Adjusted EBITDA trend information for the year ended March 31, 2021 referred to above has been prepared by, and is the responsibility of, management and represents management's current beliefs, expectations, assumptions, to the best of management's knowledge and opinion as of the date of this Document. This information has not been audited, reviewed, examined, compiled, nor have any agreed-upon procedures been applied by PricewaterhouseCoopers Audit and Ernst & Young Audit, our independent auditors, with respect thereto. Accordingly, PricewaterhouseCoopers Audit and Ernst & Young Audit do not express an opinion or any other form for assurance with respect thereto. The reports of PricewaterhouseCoopers Audit and Ernst & Young Audit relate to the Company's previously issued consolidated financial statements. It does not extend to the unaudited preliminary financial results and Adjusted EBITDA estimates for the periods presented above and should not be read to do so. You should not place undue reliance on such unaudited preliminary financial results and Adjusted EBITDA estimates. Our preliminary unaudited financial results and Adjusted EBITDA estimate are based upon a number of assumptions and judgments that are subject to inherent uncertainties and are subject to change and are not intended to be a comprehensive statement of our financial or operational results for the periods presented. Although we believe the management estimates and unaudited preliminary financial information and the assumptions on which they are based to be reasonable, our preliminary financial results and Adjusted EBITDA estimate are subject to change, and are not intended to be a comprehensive statement of our financial or operational results for the periods presented above.

Objectives

The discussion set forth below includes forward-looking statements that have been prepared by, and are the responsibility of, management and represent, to the best of management's knowledge and opinion as of the date of this Document, the Group's expected course of action. They are based on management's current beliefs, expectations, assumptions and business plan and involve known and unknown risks and uncertainties that could cause actual results, performance or events to differ materially from the trends and objectives described. The Group has constructed the objectives presented in this section in accordance with the accounting policies applied in the Company's consolidated interim financial statements for the third quarter ended December 31, 2020.

These forward-looking statements and objectives, which are the result of the Group's strategic decisions, do not constitute forecasts or estimates of the Group's profits. No assurance can be given that the objectives described below will be achieved. These forward-looking statements involve assessments about matters that are inherently uncertain and actual results may differ for a variety of reasons, including those described in "Forward-Looking Statements" and "Risk Factors".

Furthermore, the objectives presented are based on the Group's strategic goals and action plans, which in turn are based on data, assumptions and estimates that the Group considers to be reasonable. These data, assumptions and estimates may change over time or be modified due to uncertainties related to the economic, financial, competitive and regulatory environment, as well as other factors. Moreover, the achievement by the Group of the objectives presented below implies the success of the Group's strategy. In addition, if any of the risks described under "Risk Factors" were to actually occur, they could have an impact on its business, results of operations, financial position and/or outlook, and could therefore jeopardize its ability to achieve the objectives presented below. The Group cannot give any assurance or guarantee that it will achieve the objectives described in this section.

It remains difficult to assess the effect of the COVID-19 crisis on the short-term prospects of certain sectors in which the Group is active, notably due to the fact that the vaccination campaign, on the one hand, and new lockdown measures, on the other hand, are evolving and will impact some of the Group's markets, in particular the sugar sector in Europe.

Operating in resilient markets such as agri-food, health and animal nutrition, we are committed to leveraging the flexibility of our industrial tool to meet the challenges of the crisis. We will continue to rely on our diversification strategy and on gains implemented and realized in the context of our performance programs. Our new management team was put in place in December 2020 with a mandate to review the commercial strategy fo the Group. We intend to focus on profitability improvements by leveraging the Group's flexible industrial tools and shifting our commercial strategy to a margin-oriented approach, and on cash generation to accelerate de-leveraging of the Group's capital structure. With a renewed emphasis on cost efficiency to further improve operating margins, we are increasing controls on capital expenditures and selling, general & administrative (SG&A) spending. A review of the Group's portfolio of assets to identify potential disposals is ongoing.

Previously, the main performance program aimed at generating by 2022 an improvement in Adjusted EBITDA of €200 million as compared to our Adjusted EBITDA for the financial year ended March 31, 2018. Based on this target, we had communicated our objective to achieve Adjusted EBITDA of between €600 million and €700 million for the financial year ended March 31, 2022 under the assumptions that (a) sugar prices remain in line with pre-COVID-19 market prices (namely, European sugar prices at approximately €400 per tonne and a NY11 index price between U.S.$0.13 and U.S.$0.14 per pound), (b) foreign exchange rates are in line with average 2019/20 rates, (c) crop yields remain in line with historical averages and (d) there are no changes in regulatory or tax matters.

As of today, we note that some of these assumptions might be challenged in the current circumstances, especially as the effects of beet yellows virus on the growth of sugar beet plants will extend into the next campaign's yield and the depreciated level of the Brazilian real against the euro has created uncertainties. Moreover, we are currently reassessing the phasing of the current performance programs.

In this context, we anticipate that the achievement of the previously stated objectives for our Adjusted EBITDA for the financial year ended March 31, 2022 will be delayed by a couple of quarters and is likely to be at the lower end of the range set out above.

Tereos Finance Groupe I SA is a *société anonyme* (limited liability corporation) organized under the laws of France. Incorporated in 1998, Tereos Finance Groupe I SA is a finance subsidiary of the Company. As of December 31, 2020, the Tereos Finance Groupe I SA's issued share capital amounted to €152,500 represented by 10,000 ordinary shares of €15.25 nominal value each. The registered office of Tereos Finance Groupe I SA is located at 11 rue Pasteur, 02390 Origny-Sainte-Benoîte (France) and its phone number is +33 3 28 38 79 30.

SUMMARY CONSOLIDATED FINANCIAL AND OTHER INFORMATION

The tables below set forth summary consolidated financial data for the Company as of and for the three financial years ended March 31, 2020, 2019 and 2018, and unaudited summary consolidated interim financial information as of and for the nine months ended December 31, 2020, including comparative figures for the nine months ended December 31, 2019.

The summary consolidated financial data as of and for the years ended March 31, 2020, 2019 and 2018 have been derived from the Company's English translation of the Audited Consolidated Financial Statements included elsewhere in this Document. The Audited Consolidated Financial Statements have been audited by Ernst & Young Audit and PricewaterhouseCoopers Audit, independent statutory auditors, as set forth in their audit reports, a free English translation of which is included therein. The Audited Consolidated Financial Statements discussed in this Document have been prepared in accordance with International Financial Reporting Standards ("**IFRS**") as published by the International Accounting Standards Board ("**IASB**") and as adopted by the European Union ("**EU**"), as applicable at such dates.

The unaudited summary consolidated interim financial information as of and for the nine months ended December 31, 2020, including comparative figures for the nine months ended December 31, 2019, have been derived from the Company's English translation of the Interim Financial Statements included elsewhere in this Document. The Interim Financial Statements have been subject to a limited review by Ernst & Young Audit and PricewaterhouseCoopers Audit, as stated in their report thereon, a free English translation of which is included therein. The Interim Financial Statements have been prepared in accordance with IAS 34, the international accounting standard relating to the establishment of interim financial statements, as adopted by the European Union and in force on December 31, 2020.

Financial information for the twelve months ended December 31, 2020 has been calculated by adding together (1) financial information for the year ended March 31, 2020 included or derived from the Audited Consolidated Financial Statements for the year ended March 31, 2020 and (2) financial information for the nine months ended December 31, 2020 included or derived from the Interim Financial Statements and then subtracting (3) financial information for the nine months ended December 31, 2019 included or derived from the Interim Financial Statements.

You should exercise caution in comparing the non-IFRS measures as reported by us to non-IFRS measures of other companies. Non-IFRS measures have limitations as an analytical tool, and you should not consider them in isolation. See "*Presentation of Financial and Other Information—Non-IFRS Financial Measures.*"

During the periods under review in this Document, we have adopted certain accounting standards that may have an impact on the comparability of the financial information presented herein. This includes the adoption of IFRS 16—Leases, IFRS 15—Revenue from Contracts with Customers and IFRS 9—Financial Instruments. As a result, our consolidated financial statements included elsewhere in this Document may not be directly comparable between periods. See "*Presentation of Financial and Other Information*."

The following tables should be read in conjunction with, and are qualified in their entirety by reference to, our financial statements and the accompanying notes included elsewhere in this Document, and should also be read together with the information set forth in "*Summary*," "*Presentation of Financial and Other Information*," "*Business*," "*Selected Historical Consolidated Financial Information*" and "*Management's Discussion and Analysis of Financial Condition and Results of Operations*."

Summary Consolidated Income Statement Information

	For the financial year ended March 31,			For the nine months ended December 31,		For the twelve months ended December 31,
	2020	**2019**	**2018(1)**	**2020**	**2019**	**2020**
	(€ in millions)					
Revenue	4,491.8	4,438.3	4,772.2	3,201.9	3,236.9	4,456.8
Cost of sales	(3,699.7)	(3,728.7)	(3,804.8)	(2,520.1)	(2,721.6)	(3,498.2)
Distribution expenses	(481.3)	(492.3)	(501.1)	(343.7)	(355.9)	(469.1)
General and administrative expenses	(334.5)	(335.0)	(331.3)	(238.7)	(253.0)	(320.2)

	For the financial year ended March 31,			For the nine months ended December 31,		For the twelve months ended December 31,
	2020	**2019**	**2018[(1)]**	**2020**	**2019**	**2020**
			(€ in millions)			
Other operating income (expense)	200.6	(32.3)	(31.7)	(79.6)	167.3	(46.3)
Operating income (expense)	**176.9**	**(150.0)**	**103.3**	**19.9**	**73.7**	**123.1**
Financial expenses	(287.5)	(277.1)	(331.3)	(162.0)	(198.9)	(250.6)
Financial income	132.5	119.7	187.1	67.4	86.2	113.7
Net financial income (expense)	**(155.0)**	**(157.4)**	**(144.1)**	**(94.7)**	**(112.7)**	**(137.0)**
Share of profit of associates and joint ventures	10.2	42.0	40.9	0.1	7.1	3.2
Net income (loss) before taxes	**32.1**	**(265.4)**	**0.1**	**(74.7)**	**(31.9)**	**(10.7)**
Income taxes	(7.8)	5.0	(18.2)	(19.6)	0.1	(27.5)
Net income (loss)	**24.3**	**(260.5)**	**(18.1)**	**(94.3)**	**(31.8)**	**(38.2)**

(1) Restated column shows figures for the financial year ended March 31, 2018 reflecting the application of IFRS 15 (see note 1 to audited consolidated financial statements of the Company for the financial year ended March 31, 2019).

Summary Consolidated Balance Sheet Information

Assets	As of March 31, 2020	2019	2018(1)	As of December 31, 2020
	(€ in millions)			
Goodwill	1,089.4	1,063.7	1,091.8	1,053.4
Intangible assets	159.3	125.8	100.1	135.8
Property, plant and equipment	2,437.0	2,501.1	2,493.7	2,276.5
Investments in associates and joint ventures	195.4	349.6	335.6	180.9
Non-consolidated investments	30.5	35.0	44.7	32.8
Other non-current financial assets	102.4	77.7	64.5	73.7
Non-current financial assets with related parties	0.9	5.0	9.9	0.4
Deferred tax assets	53.5	52.9	47.7	48.5
Tax assets receivables	0.5	2.9	1.9	0.7
Other non-current assets	1.6	3.5	5.4	3.2
Total non-current assets	**4,070.6**	**4,217.2**	**4,195.3**	**3,805.9**
Biological assets	83.7	74.4	72.9	69.1
Inventories	973.1	1,026.6	1,138.4	1,178.7
Trade receivables	440.9	447.2	491.1	424.4
Other current financial assets	365.2	310.9	378.1	489.0
Current financial assets with related parties	65.8	27.3	23.4	29.3
Current income tax receivables	35.2	59.5	65.0	34.4
Cash and cash equivalents	655.3	540.3	461.8	296.4
Other current assets	12.3	15.1	16.2	22.3
Total current assets	**2,631.5**	**2,501.4**	**2,646.9**	**2,543.5**
Total assets	**6,702.1**	**6,718.6**	**6,842.2**	**6,349.4**

Liabilities and equity	As of March 31, 2020	2019	2018(1)	As of December 31, 2020
	(€ in millions)			
Additional paid-in capital	39.4	39.4	39.4	39.4
Reserves and retained earnings	1,451.2	1,667.3	2,081.1	1,292.1
Equity attributable to owners of the parent	**1,490.6**	**1,706.7**	**2,120.5**	**1,331.5**
Non-controlling interests	348.0	348.4	373.6	346.8
Total equity	**1,838.6**	**2,055.1**	**2,494.2**	**1,678.3**
Cooperative capital	196.0	184.6	184.3	193.8
Cooperative capital and total equity	**2,034.6**	**2,239.8**	**2,678.5**	**1,872.2**
Long-term borrowings	2,488.1	2,355.4	2,409.1	2,408.6
Provisions for pensions and other post-employment benefits	70.9	62.2	59.6	71.3
Long-term provisions	18.3	21.5	60.5	16.6
Deferred tax liabilities	20.4	22.5	53.8	24.8
Other non-current financial liabilities	81.3	96.7	120.1	78.2
Non-current financial liabilities with related parties	13.5	6.4	6.4	12.0
Other non-current liabilities	21.5	21.9	21.7	24.3
Non-current liabilities	**2,714.0**	**2,586.7**	**2,731.2**	**2,635.8**
Short-term borrowings	725.0	685.1	402.8	555.3
Short-term provisions	20.1	34.3	6.2	24.2
Other current financial liabilities	475.7	397.8	364.7	521.7
Current financial liabilities with related parties	8.2	14.1	19.3	4.4
Trade payables	641.3	696.4	597.8	673.0
Current income tax payables	10.6	6.8	11.9	17.5
Other current liabilities	72.4	57.8	29.7	45.3
Current liabilities	**1,953.4**	**1,892.2**	**1,432.5**	**1,841.5**
Total equity and liabilities	**6,702.1**	**6,718.6**	**6,842.2**	**6,349.4**

(1) Restated column shows figures for the financial year ended March 31, 2018 reflecting the application of IFRS 15 (see note 1 to audited consolidated financial statements of the Company for the financial year ended March 31, 2019).

Summary Cash Flow Information

	For the financial year ended March 31, 2020	2019	2018	For the nine months ended December 31, 2020	2019
	(€ in millions)				
Net cash provided by (used in) operating activities	447.1	463.7	551.8	214.5	(26.1)

	For the financial year ended March 31,			For the nine months ended December 31,	
	2020	2019	2018	2020	2019
	(€ in millions)				
Net cash provided by (used in) investing activities	(177.9)	(391.1)	(459.2)	(230.8)	(71.2)
Net cash provided by (used in) financing activities	(212.2)	21.5	(164.5)	(227.0)	(120.2)
Impact of exchange rate on cash and cash equivalents in foreign currency	(80.2)	(10.1)	(31.6)	(29.1)	(5.4)
Net change in cash and cash equivalents, net of bank overdrafts	**(23.3)**	**84.0**	**(103.6)**	**(272.4)**	**(222.9)**
Cash and cash equivalents, net of bank overdrafts at the beginning of the period	489.5	405.5	509.0	466.2	489.5
Cash and cash equivalents, net of bank overdrafts at period end	466.2	489.5	405.5	193.8	266.6

Certain Other Financial Information

	As of and for the financial year ended March 31,			As of and for the nine months ended December 31,		As of and for the last twelve months ended December 31,
	2020	2019	2018	2020	2019	2020
	(€ in millions, unless otherwise indicated)					
Adjusted EBITDA[(1)]	419.8	274.5	594.2	372.8	232.9	559.7
Adjusted EBITDA margin[(2)]	9.3%	6.2%	12.5%	11.6%	7.2%	12.6%
Cash provided by (used in) operating activities	447.1	463.7	551.8	214.5	(26.1)	687.7
Cash Capital Expenditure[(3)]	436.8	438.6	477.5	249.1	308.8	377.1
of which maintenance capital expenditure	271.5	273.7	277.0	160.3	180.4	251.4
of which expansionary and productivity capital expenditure	165.3	164.9	200.5	88.8	128.4	125.7
Net debt[(4)]	2,557.7	2,500.2	2,350.2	2,667.6	—	—
Net debt as adjusted *for* readily marketable inventories[(5)]	2,199.7	2,120.8	1,907.2	2,089.6	—	—
Free Cash Flow[(6)]	(22.6)	(98.7)	(40.8)	(137.7)	(314.2)	153.9

(1) Adjusted EBITDA is operating income before amortization, change in fair value of biological assets, change in fair value of financial instruments of inventories and of sale and purchase commitment, except for the portion of these items related to trading activities, any impairment of goodwill and of fixed assets, gains on bargain purchase, seasonality adjustments, non-recurring items and price adjustments. Adjusted EBITDA is not a measure of financial performance under IFRS and should not be considered as an alternative to operating income as an indicator of our operating performance or any other measures of performance derived in accordance with IFRS.

The following table reconciles operating income to Adjusted EBITDA for the periods indicated

	For the financial year ended March 31,			For the nine months ended December 31,		For the twelve months ended December 31,
	2020	2019	2018[(a)]	2020	2019	2020
	(€ in millions, unless otherwise indicated)					
Operating income	**176.9**	**(150.0)**	**103.3**	**19.9**	**73.7**	**123.1**
Amortizations	420.1	367.2	385.3	311.6	353.4	378.3
Impairment of goodwill and fixed assets	3.6	19.3	—	77.0	—	80.6
Gain on bargain purchase (badwill)	—	—	(2.9)	—	(1.7)	1.7
Price adjustments[(b)]	7.4	—	42.3	—	7.4	—
Change in fair value:						
of biological assets[(c)]	(42.3)	20.3	38.4	(0.5)	(11.4)	(31.4)
of other items	5.6	1.7	2.6	2.2	2.7	5.1
Non-recurring items[(d)]	(153.4)	15.3	30.1	0.9	(153.7)	1.2
Seasonality adjustments[(e)]	1.9	0.7	(4.9)	(38.2)	(37.4)	1.1
Adjusted EBITDA	**419.8**	**274.5**	**594.2**	**372.8**	**232.9**	**559.7**
Total Revenue	**4,491.8**	**4,438.3**	**4,772.2**	**3,201.9**	**3,236.9**	**4,456.8**
Adjusted EBITDA margin	**9.3%**	**6.2%**	**12.5%**	**11.6%**	**7.2%**	**12.6%**

(a) Restated column shows figures for the financial year ended March 31, 2018 reflecting the application of IFRS 15 (see note 1 to audited consolidated financial statements of the Company for the financial year ended March 31, 2019).

(b) Price adjustments consist of historical price complements paid under a former regime, under which additional payments were paid to our cooperative members for each financial year, in proportion to the quantities of beet provided during the harvest. As of the 2019/2020 crop season and going forward, we apply a new sugar beet purchase price mechanism using on a "market price formula," which is based on a price equivalent to the estimated average price of the product mix of Tereos France (sugar, alcohol and ethanol) for the upcoming twelve-month harvest, beginning each September. See "*Management's Discussion and Analysis of Financial Condition and Results of Operations—Factors Impacting Our Results of Operations—Payment of Price Adjustments to Our Cooperative Members*" and "*Related Party Transactions*." Due to the change in the calculation of the price paid to our sugar beet farmers, we do not expect price adjustments to have material effects on our financial results going forward.

(c) Changes in fair value of biological assets represent changes in fair value of sugarcane and cassava and related agricultural products, which are initially recognized at fair value less estimated expenses at the point of sale.

(d) Non-recurring items include the impact of our European reorganization announced in 2018 and the net gain on the ETEA Transactions recorded during the financial year ended on March 31, 2020.

(e) Seasonality adjustments include the temporary difference in the recognition of depreciation charges and price adjustment in the Group's financial statements according to IFRS and the Group's management accounts in the course of a crop period. On a full-year basis, this adjustment is not material.

(2) Adjusted EBITDA margin is Adjusted EBITDA divided by revenue for that period.

(3) Cash Capital Expenditure corresponds to acquisition of intangible and tangible assets including the working capital effect on these line items.

(4) Net Debt represents the Group's long and short term borrowings, net of cash and cash equivalents.

(5) Net Debt as adjusted for readily marketable inventories represents net debt as adjusted for the balance-sheet value of all finished products, raw materials and energy supplies that can be readily convertible into cash through access to widely available markets.

(6) Free Cash Flow measures net debt variation excluding exchange rate and miscellaneous technical effects. Free cash flow is not a measure of financial performance under IFRS and is not a measure of financial performance under IFRS and should not be considered as an indicator of our operating performance or any other measures of performance derived in accordance with IFRS. See "*Management's Discussion and Analysis of Financial Condition and Results of Operations—Liquidity and Capital Resources—Free Cash Flow*" for a reconciliation of Adjusted EBITDA to Free Cash Flow. Amounts for the financial year ended March 31, 2020 and for the twelve months ended December 31, 2020 reflect the one-off impact of the ETEA Transactions recorded during the financial year ended on March 31, 2020.

The summary table below sets forth our revenue by operating segment:

	For the financial year ended March 31,			**For the nine months ended December 31,**		**For the twelve months ended December 31,**
	2020	**2019**	**2018**	**2020**	**2019**	**2020**
			(€ in millions)			
Sugar & Renewables Europe	1,727.4	1,770.0	1,951.3	1,269.5	1,194.0	1,802.9
Sugar & Renewables International	958.7	919.7	1,263.6	674.0	681.3	951.4
Starch, Sweeteners & Renewables	1,501.5	1,460.5	1,393.2	1,068.4	1,123.6	1,446.3
Others	304.3	288.1	164.0	190.0	237.9	256.4
Revenue	**4,491.8**	**4,438.3**	**4,772.2**	**3,201.9**	**3,236.9**	**4,456.8**

The summary table below sets forth our Adjusted EBITDA by operating segment:

	For the financial year ended March 31,			**For the nine months ended December 31,**		**For the twelve months ended December 31,**
	2020	**2019**	**2018[(1)]**	**2020**	**2019**	**2020**
			(€ in millions)			
Sugar & Renewables Europe	95.5	37.2	179.4	148.5	29.4	214.6
Sugar & Renewables International	221.6	168.4	310.7	174.3	141.2	254.7
Starch, Sweeteners & Renewables	93.4	87.4	106.3	54.4	59.9	87.9
Others (including eliminations)	9.3	(18.5)	(2.2)	(4.4)	2.4	2.5
Adjusted EBITDA[(2)]	**419.8**	**274.5**	**594.2**	**372.8**	**232.9**	**559.7**

(1) Restated column shows figures for the financial year ended March 31, 2018 reflecting the application of IFRS 15 (see note 1 to audited consolidated financial statements of Tereos for the financial year ended March 31, 2019).

(2) For the year ended March 31, 2020, the impact of IFRS 16 on Adjusted EBITDA was €4.3 million, €22.4 million, €4.7 million and €2.1 million for the Sugar & Renewables Europe, Sugar & Renewables International, Starch, Sweeteners & Renewables and Other (including eliminations) operating segments, respectively. For the nine months ended December 31, 2020, the impact of IFRS 16 on Adjusted EBITDA was €3.3 million, €16.6 million, €3.5 million and €1.7 million for the Sugar & Renewables Europe, Sugar & Renewables International, Starch, Sweeteners & Renewables and Other (including eliminations) operating segments, respectively. For the nine months ended December 31, 2019, the impact of IFRS 16 on Adjusted EBITDA was €3.0 million, €17.5 million, €3.2 million and €1.4 million for the Sugar & Renewables Europe, Sugar & Renewables International, Starch, Sweeteners & Renewables and Other (including eliminations) operating segments, respectively. Adjusted EBITDA is not a measure of financial performance under IFRS and should not be considered as an alternative to operating income as an indicator of our operating performance or any other measures of performance derived in accordance with IFRS. See "*Presentation of Financial and Other Information—Non-IFRS Financial Measures.*" For a reconciliation of Adjusted EBITDA to operating income, see "*—Certain Other Financial Information*."

Other Operating Data

The summary table below sets forth our own production volume sold by operating segment. We use this data to analyze our business on a consolidated basis for the periods indicated.

	For the financial year ended March 31,			For the nine months ended December 31,	
	2020	**2019**	**2018**	**2020**	**2019**
Sugar & Renewables Europe					
Sugar (MT)	2,228.0	2,588.0	2,482.0	1,634.5	1,640.2
Alcohol and ethanol (Mm3)	629.0	588.0	560.0	388.9	421.5
Sugar & Renewables International					
Sugar (MT)	1,757.0	1,590.0	1,996.0	1,539.8	1,229.7
Alcohol and ethanol (Mm3)	647.0	682.0	640.0	448.7	379.7
Starch, Sweeteners & Renewables					
Starch & Sweeteners (MT)	1,940.0	1,940.0	1,902.0	1,497.8	1,423.5
Alcohol and ethanol (Mm3)	320.0	253.0	257.0	238.0	232.7

RISK FACTORS

Risks Relating to our Business and Industry

The industry and the markets in which we operate are subject to cyclicality, which may cause fluctuations and adversely impact our results of operations.

We sell a variety of agricultural products such as sugar, alcohol and ethanol, starch, sweeteners, vegetable proteins, electricity and other renewables in markets that have historically been highly cyclical and sensitive to fluctuations in supply and demand, both at the domestic and international levels. Historically, the international sugar market has been particularly cyclical. Periods of limited supply, during which sugar prices and industry profit margins have increased, are followed by an increase in agricultural or industrial production that in turn result in oversupply, as it occurred, for example, in India and Thailand in 2017 and 2018, respectively.

Our production processes also require us to purchase large quantities of raw materials, such as sugar beet, sugarcane, cereals *(e.g.*, wheat and corn), alfalfa, tubers (*e.g.*, potatoes and cassava) and energy (*e.g.*, gas, electricity, diesel fuel). Market prices for our raw materials and energy have been volatile in recent years, and these fluctuations may adversely affect our business and results of operations.

Various factors contribute to volatility in the price of cereals, sugar beet, sugarcane, tubers and energy we purchase, as well as the price of the end products we sell. These factors include international supply and demand trends, weather conditions and natural disasters, government policies and regulation and foreign exchange effects. For instance, in October 2017, the end of the quota regime in the European sugar market, led to a 30% increase in European sugar production in the 2017/2018 harvesting season compared to the prior season. The increased production resulted in a surplus in the European market, which drove prices to historically low levels. Sugar prices remained historically low both in Europe and in the global market throughout the 2018/19 crop. Significant fluctuations in the price of our products due to cyclicality of the markets and industry in which we operate may have a material adverse effect on our business, financial position and results of operations.

Adverse and uncertain economic conditions in global markets could negatively impact our business and ability to borrow or raise capital.

Changes in global or regional economic conditions may adversely impact demand for our products or reduce our access to credit, as well as negatively impact our suppliers and customers. General business and economic drivers that could adversely affect our operations and financial condition include short-term and long-term interest rates, unemployment, inflation and fluctuations in debt markets. A deterioration in any of these drivers or in global economic conditions could result in the insolvency of our suppliers or customers, disruptions in the supply of our raw materials, order delays or cancellations, any of which could adversely impact our business, results of operations, financial condition and cash flows.

Moreover, adverse economic conditions can affect consumer and business spending generally, which could in turn result in decreased demand for our products. In addition, challenging worldwide economic conditions and market instability make it more difficult for us, our customers and our suppliers to accurately forecast future product demand trends, which could cause us to produce a suboptimal quantity of products, thereby increasing inventory carrying costs or reducing potential revenues.

Finally, adverse conditions in the credit and financial markets could prevent us from obtaining financing or credit at favorable terms in order to fulfil our financing needs. If we are unable to refinance or repay our debt obligations or access the credit and capital markets, we may not be able to execute our business plan and strategy, which could materially adversely affect our business, financial condition and results of operations.

Our business could be severely impacted by extreme or unfavorable weather conditions, natural aggressors, natural disasters and climate change.

The primary raw materials that we use in our operations are agricultural products, which are inherently subject to weather conditions that can vary unpredictably from period to period. Weather conditions have typically impacted the sugar industry by causing crop failures or reduced harvests. An increased frequency of floods, drought, frost, natural disasters (such as the cyclones in Reunion Island and Mozambique in 2019) or natural agressors, may significantly damage the crops used to manufacture our products, which would have a material effect on the commodities that we produce in our business and the price we pay for raw materials. Wheat prices have also historically been volatile, with weather conditions having a strong effect on the size of annual crop yields and, by extension, the price of the wheat we use in our starch, sweeteners & renewables activities.

Climate change may increase the frequency or intensity of extreme weather such as storms, floods, heat waves, droughts and other events that could affect the quality, volume and cost of goods produced for sale, as well as demand and product mix. Climate change may also affect the availability and suitability of arable land and contribute to unpredictable shifts in the average growing season and types of crops produced. Crop seasons may also be affected by the occurrence of natural disasters or an outbreak of crop disease, which may impact our suppliers' ability to provide us with the quantity of raw materials we need in our production processes. The potential impact of climate change is uncertain and may vary by region. These potential effects could include changes in rainfall patterns, water shortages, changing sea levels, changing storm patterns and intensities, the proliferation of pests, such as the yellows virus, or crop disease, and changing temperature levels that could adversely impact our ability to source necessary inputs.

In Brazil, a severe drought in 2018 had a significant impact on crops harvested in the south-central portion of the country, which is home to the most productive agricultural area in Brazil in which the majority of our operations are based, and led to a significant reduction in the volume of sugarcane we processed in Brazil during the financial year ended March 31, 2019, declining from approximately 20.2 million tonnes for the financial year ended March 31, 2018 to approximately 17.6 million tonnes for the financial year ended March 31, 2019. In addition, in Reunion Island, where we source 100% of our agricultural products from third-party suppliers, the volume of sugarcane processed during the financial year ended March 31, 2019 decreased by 24% compared to the previous year due to adverse weather conditions, including tropical storms. Moreover, for the 2020/21 crop season in Europe, the combined impacts of the severe beet yellows virus and adverse weather conditions have significantly affected sugar beet yields in some regions.

Furthermore, our industrial facilities and own biological assets (typically sugarcane in Brazil or Mozambique) are exposed to risks relating to the occurrence of natural disasters, such as fires, floods, hurricanes, earthquakes or other weather-related events. In selecting new sites for our industrial facilities, we take into account ways to minimize the risk of such events, and such measures could increase the cost of purchasing and developing new properties. The occurrence of any of these natural disasters could lead to the destruction of all or part of our facilities and cause personal injury or death of our employees or local residents, or otherwise interrupt the production and supply of our products to customers for an indefinite period. Our inability to rapidly resume deliveries following a natural disaster as well as the various costs and constraints related to a repair or associated temporary stop gap measures could have a material adverse effect on our operations, financial position, results of operations and ability to achieve our targets.

Our agricultural business is subject to seasonality.

Our business is subject to seasonal trends based on crop cycles, including those of sugar beet, sugarcane, cereals, alfalfa, potatoes and cassava. For example, the annual sugar beet harvesting period in Europe generally begins in September and ends in January and sugar beet is sown between the end of March and mid-April, although consumption generally remains constant year-round. Such seasonal trends create fluctuations in our inventory of finished products, in particular those of sugar, juices, alcohol or ethanol, which generally peaks in the third quarter of our financial year. In Brazil, the harvesting season generally begins in April and ends in December, while the primary consumption period runs from December to March. As a result, our sugar and ethanol inventories tend to peak in the second quarter of our financial year. For a further discussion of the effect of seasonality on our results of operations, see "*Management's Discussion and Analysis of Financial Condition and Results of Operations—Factors Impacting Our Results of Operations—Seasonality and Weather Effects*."

Seasonal trends affect our financial position, as well as our periodic liquidity and financing needs. Failure to generate or obtain sufficient working capital, especially during the period in our financial year most affected by seasonal trends, may have a material adverse effect on our business, results of operations and financial condition.

In addition, suppliers with whom we maintain commercial relationships may experience a similar degree of seasonality, which may impact our suppliers' ability to provide us with the quantity of raw materials we need in our production processes, which in turn may have a material adverse effect on our financial condition and results of operations.

We are exposed to volatility in the availability and price of the agricultural materials on which we rely and we may not have the ability to pass along fluctuations in selling prices.

Raw materials and consumables used represented 70% of our cost of sales for the financial year ended March 31, 2020. For the year ended March 31, 2020, of our total raw materials and consumables, sugar beet represented 23%, sugarcane bought from third parties represented 9%, cereals and tubers represented 27% and energy, consumables and purchases from third parties for our trading operations and others represented 41%. Over the same period, approximately 37% (by volume) of the raw materials that we processed were provided by third parties (excluding raw materials sourced from cooperative members). Most of the agricultural raw materials that we process are provided by a large number of suppliers, with our largest third-party supplier accounting for approximately 3% of our total annual purchases of agricultural raw materials by volume (excluding cooperative members) for the financial year ended March 31, 2020. However, we cannot guarantee that our supply of agricultural raw materials will not be interrupted or that our supply contracts will not be terminated in the future. Moreover, our ability to obtain our primary raw materials may be hampered by various logistical issues, including failures in transportation systems, labor shortages or work stoppages and natural disasters. Any disruption, unanticipated expense or operational failure related to these services could negatively affect the availability of the raw materials we need to produce our products and therefore impact our business operations. In the event of an interruption to the supply of agricultural raw materials or termination of major supply contracts, we may be required to pay higher prices for these raw materials, or to process lower quantities.

Furthermore, the price of certain agricultural raw materials, including sugar beet and sugarcane, may also depend on decisions taken by public authorities or industry groups, which are responsible for regulating prices of such commodities. In Brazil, for example, the price of sugarcane is based on a price mechanism established by the *Conselho dos Produtores de Cana, Açúcar e Álcool* (Council of Sugarcane, Sugar and Ethanol Producers, or "**CONSECANA**"), which may take measures that rapidly increase or decrease the price of these commodities that we have not planned for. In addition, since the liberalization of the European sugar market in October 2017, sugar beet prices are no longer subject to price control mechanisms in the EU, which has led to increased volatility in European sugar beet prices as such prices are more sensitive to fluctuations in global sugar beet prices and factors affecting the global market. See "*—The industry and the markets in which we operate are subject to cyclicality, which may cause fluctuations and adversely impact our results of operations.*"

We cannot guarantee that we will be able to pass along fluctuations in selling prices in the future. As such, any increase or significant volatility in the availability or price of the agricultural raw materials that we process, or any interruption to the supply of these products, may have a material adverse effect on our business activities, results of operations, financial condition and prospects.

A regional or global health pandemic, including the ongoing COVID-19 pandemic, may adversely affect our business and exacerbate other risks discussed within this section.

In December 2019, a novel strain of coronavirus causing a respiratory disease known as COVID-19 surfaced in Wuhan, China. The outbreak of COVID-19 was declared by the World Health Organization to be a pandemic in March 2020. The COVID-19 pandemic has had numerous effects on the global economy, and it and any possible future outbreaks of pandemics could severely affect our business. Since March 2020, the spread of this virus globally has caused significant business disruption, significant volatility in international debt and equity markets and significant disruption to the global economy. There is significant uncertainty around the breadth and duration of business disruptions related to COVID-19, as well as its impact on the global economy and consumer confidence. The extent to which COVID-19 impacts our results will depend on future developments, which are highly uncertain and cannot be predicted, including new information which may emerge concerning the severity of COVID-19 and the actions taken or being continued to contain it or treat its impact. Although our operations are currently running without significant disruption related to COVID-19 and none of our plants were subject to governmental closure orders implemented in certain of the countries in which we operate (because we operate in essential sectors such as food, pharmaceuticals, alcohol and feed), the situation remains uncertain and could change quickly. For example, in connection with COVID-19 or any governmental responses to COVID-19, we may experience, among other risks:

- disruptions to logistics due to unavailability of bulk tonnage, containers, road and rail transport or capacity restriction due to quarantines, new regulations regarding border control or capacity restrictions;
- disruptions to sourcing and distribution of raw materials for production due to quarantines, new regulations regarding border control or capacity restrictions;
- delayed execution of ongoing projects due to governmental restrictions and measures put in place to safeguard employees and contractors, which may cause delays in expected future cash-flows;
- increased costs related to compliance with heightened sanitary regulations;
- increased currency exchange rate and interest rate volatility and/or reduced access to external capital; and
- increased cyber security threats as a result of phishing campaigns and targeted attacks.

To the extent the COVID-19 pandemic, or any other regional or global pandemic, adversely affects our business and financial results, it may also have the effect of heightening other risks described in this "*Risk Factors*" section.

We face significant competition.

The competition we face for our products is intense and based largely on quality, customer service, price and reliability. We believe we are able to differentiate certain of our products through our superior know-how, high-quality products, customer service and innovation. However, certain of our end markets are more akin to a commodities market, therefore parts of our market share may not be protected through product differentiation, and instead we must compete on the basis of price alone. We may not be able to price such products sufficiently attractively as our competitors, which may result in a loss of market share.

Competition increases the risk that customers will not renew their contracts with us or that we will not be able to enter into commercial agreements with new customers. We may not be able to maintain our customer base or source new customers and acquire market share, which could have a material adverse effect on our business, financial position or results of operations.

In addition, our competitors may benefit from lower costs or subsidies, including for the supply of agricultural raw materials, or from greater financial, technological or other resources, and may be able to react more rapidly to changes in technology or customer requirements. Moreover, in certain markets, various tariffs, regulatory barriers and existing subsidies make importing sugar and ethanol products more difficult, which may provide an advantage to competitors that benefit from established presence within such markets.

Finally, we are subject to competition from other international and regional sugar producers who may choose to enter the markets where we operate. We may also face competition from players carrying out one-time export transactions at low prices when their domestic markets are experiencing over-capacity or when favored by exchange rates, export subsidies or favorable economic conditions or operational factors, including low freight costs.

Such competitive pressures could result in a decline of demand for our products, which may lead to a reduction in sales prices or require us to make major investments in order to maintain the level of product quality and performance expected by our customers, which could in turn have a material adverse impact on our business, financial position or results of operations.

Our business could be significantly impacted by energy costs.

We use large quantities of energy in our operations, primarily for the production of sugar, alcohol and ethanol, starch, sweeteners, vegetable proteins and other renewables from sugar beet, sugarcane, cereals and tubers. For the financial year ended March 31, 2020, energy consumption in our industrial processes represented 7.1% of our cost of sales. An increase in energy prices would therefore result in an increase in our production costs, as well as in transportation costs.

In Europe and Asia, the majority of our factories use large quantities of natural gas as their main source of energy. Energy procurement is generally made through multi-year physical supply contracts with major suppliers in the sector, indexed to market prices. We typically enter into hedging transactions to manage some of the risks related to energy costs. See "*Management's Discussion and Analysis of Financial Condition and Results of Operations—Factors Impacting Our Results of Operations—Changes in Energy Prices*". However, we cannot guarantee that these hedging transactions, which themselves represent a cost, may be able to adequately cover the additional costs generated by potential future increases in energy prices, such as natural gas, electricity or fuel oil prices. Although these hedges offer short-term protection against fluctuations in natural gas and fuel oil prices, they do not attenuate the long-term effects of structural worldwide energy price increases during periods of growth. An increase in energy prices or unforeseen adverse changes in the energy markets may have a material adverse effect on our costs of sales, results of operations, financial condition and prospects.

Fluctuations in currency exchange rates may adversely affect our financial condition and results of operations.

We report our financial results in euro but generate revenue, profits and cash flows in several currencies other than the euro, including the Brazilian real. Our international operations increase our exposure to the risks of fluctuations in foreign currency exchange rates, which may impact currency translation adjustments. In the absence of hedging, currency fluctuations between the euro and the currencies of the various markets in which we operate may affect our results and make it difficult to compare performance levels in those markets from year to year. If the euro fluctuates against another currency, the euro value of the assets, liabilities, income and expenses initially recognized in such currency will decline or increase accordingly. We utilize cash flows arising in a currency to offset expenses arising out in the same currency wherever possible, and partially offset such exposure and we also engage in certain hedging transactions. However, there can be no assurance that these strategies will be sufficient to effectively limit the increased impact of fluctuations in foreign currency exchange rates on our results of operations.

In addition, the world sugar price is denominated in U.S. dollar, and sales in U.S. dollars at global market prices expose us to fluctuations between the U.S. dollar and the currency of certain countries in which we operate, such as the Brazilian real. Although we seek to hedge such risk by entering into forward contracts or U.S. dollar denominated debt instruments, we may not be able to fully protect our results of operations from the effects of exchange rate and interest rate fluctuations. Moreover, our hedging strategy may limit any benefit that we might otherwise receive from favorable movements in exchange rates and subject us to counterparty risks in our derivatives contracts. Furthermore, upon consolidation of the results of our subsidiaries into our consolidated accounts, the exchange rate between a subsidiary's accounting currency (in particular, the Brazilian real, in which we record results from our Brazilian operations) and the euro may have a material impact on the euro amount recorded in our consolidated accounts, which may impact our results of operations. For a further discussion of the impact of currency exchange rates on our results of operations, see "*Management's Discussion and Analysis of Financial Condition and Results of Operations—Factors Impacting Our Results of Operations—Fluctuations in Exchange Rates*."

Demand for our products may be affected by changes in consumer preferences, legislation or corporate actions as well as development of substitute products.

Consumer preferences are changing in a number of countries in which we operate. For example, due to heightened dietary concerns (including with respect to salt, sugar and fat reduction) and an increased focus on nutritional requirements, consumers are increasingly avoiding products that contain sugar, or opting for products with reduced sugar content or low-calorie sweeteners. In addition, initiatives are ongoing at international organizations, such as the World Health Organization, and the EU that aim at issuing guidelines or enacting legislation against excess consumption of sugar, as well as increasing taxes on sugar-rich products or implementing measures restricting advertising of sugar-based products. Examples of such past legislative actions include the tax on sugar content enacted in the UK in 2018 (The Soft Drinks Industry Levy Regulations 2018) and the increase in tax on non-alcoholic beverages containing added sugars enacted in France in 2018 (the social security financing Law No 2017-1836 modifying the Finance Law No. 2011-1977). Any significant decline in demand for sugar and sweeteners as a result of such initiatives may adversely affect our business, financial position and results of operations.

Furthermore, our products are subject to competition from substitute products. Sugar faces competition from sweeteners like high fructose syrups, dextrose, and from low-calorie bulk ingredients, such as polyols, IMOS, Isomaltulose, and aromas or additives (including high intensity sweeteners like aspartame, sucralose or stevia). The increased use of alternative sweeteners, including sweeteners used by soft drink producers, bakeries and confectionery producers, has adversely affected the overall demand for sugar in Europe, Brazil and the rest of the world, and may continue to do so in the future. Although we are already a significant producer of alternative sweeteners, consumer trends favoring alternative sweeteners could nevertheless have a negative effect on our overall business and results of operations.

In the biofuel market, ethanol competes with other established fuels and fuels that are still in development, both directly at the pump and indirectly through customers' choice of engine fuel types. In addition to biodiesel, other examples of these competing products include methanol, hydrogen and butanol. Alternative fuels could erode the market share of ethanol in the biofuels market over the medium or long term, and may also benefit from tax incentives or other incentive measures that do not apply to first-generation ethanol. Furthermore, public support and industry research may be directed towards electricity-based technologies for transportation, which compete with biofuels and traditional fuels.

Our success also depends on our ability to identify new product applications and production methods for our products, as well as on our continuous improvement of our expertise, to ensure that our product range keeps pace with changing technology and remains competitive. Although we are involved in various initiatives to develop second-generation biofuels, the technical and financial viability of these biofuels is still uncertain. Competitors may develop new products or production methods, introduce new products to the market or secure exclusive rights to new technologies, which would increase their competitive advantage if we are unable to quickly identify and adapt to new trends in alternative fuels and new production methods.

More generally, any increase in demand for products that act as substitutes for our products could result in a significant decrease in the demand for our products and therefore have a material adverse effect on our business, financial position and results of operations.

Our business may be materially adversely affected by changes in tariffs or other government trade policies.

For the financial year ended March 31, 2020, exports represented 13% of our revenue. Exports are significantly affected by applicable tariff barriers and, therefore, the implementation of tariff barriers or the heightening of existing tariffs and other trade restrictions by certain countries could have an adverse effect on the general global economic environment, as well as on our business and results of operations. For example, the U.S. government has recently increased tariffs on products from certain sectors and countries, such as China, which led to retaliatory tariff increases by certain of the affected countries. If any of the products that we export are subject to increased tariff barriers or trade restrictions, we may not be able to pass on these increased costs to our customers or demand for these products could decrease, which could have a material adverse effect on our business, financial position and results of operations.

Developments in the EU, market perceptions concerning any uncertainties or instability with regard to Brexit or the future of the euro and the Eurozone could have adverse consequences for us.

The effects of the UK's completed exit from the European Union ("**Brexit**") on January 1, 2021 on the general and economic conditions in the UK and the EU are currently uncertain.

It is currently not possible to fully determine the impact that Brexit and/or any related matters may have on our business, if any. We have two facilities in the UK, and we import and distribute a range of products to the country, notably sugar, alcohol and ethanol, starch and sweeteners. For the financial year ended March 31, 2020, 6.9% of our revenue was generated from sales in the UK, with the substantial majority of UK sales coming from our EU subsidiaries. Developments relating to Brexit have had and may continue to have a material adverse effect on global economic conditions and the stability of global financial markets, and could significantly reduce global market liquidity and restrict our ability to operate in certain financial markets. Asset valuations and currency exchange rates have been, and may continue to be, subject to increased market volatility, which in turn may affect our business operations by increasing our cost of servicing our borrowings subject to variable interest rates. Lack of clarity about future UK laws and regulations as the UK determines which EU laws to replace or replicate following Brexit, including financial laws and regulations, tax and free trade agreements, immigration laws, and employment laws, could increase our costs, depress economic activity and restrict our access to capital. Furthermore, if other EU member states (each a "**Member State**" and collectively, "**Member States**") pursue withdrawal, barrier free access among the European Economic Area overall could be diminished or eliminated. Any of these factors could have a material adverse effect on our business, financial condition and results of operations.

Since 2010, global markets and economic conditions have been negatively impacted by market perceptions regarding the ability of certain Member States to service their sovereign debt obligations, including Greece, Italy, Ireland, Portugal and Spain. Concerns persist regarding the outcome of the EU governments' financial support programs, the possibility that other Member States may experience similar financial troubles, the overall stability of the euro and the suitability of the euro as a single currency given the diverse economic and political circumstances in individual Member States.

These and other concerns have caused macroeconomic disruption, instability in financial markets and a weakening of the exchange rate of the euro against other world currencies and may in the future also lead to additional calls for referenda on membership or the re-introduction of individual currencies in one or more Member States, or, in particularly dire circumstances, the possible dissolution of the euro entirely. The occurrence of any of these circumstances could have a negative effect on our results of operations or financial condition.

We may not be able to successfully implement our industrial strategy, including the performance programs.

Our future performance is dependent on our ability to identify, develop and execute our business strategy. Since 2018, as part of our industrial strategy, we have been implementing our Ambitions 2022 performance program, which notably aims to generate by 2022 an improvement in our Adjusted EBITDA through performance gains. See "*Business—Our Strategy.*" The Company is performing a reassessment of such program to enlarge its scope with the goal to provide continuous long-term operational improvements.

We may not be able to fully implement the performance programs on time or in accordance with the terms initially planned, nor may we derive all of the benefits initially expected from the program. If we were unable to achieve the objectives set under the programs, we could face difficulties in maintaining our competitive position and effectively managing our production costs. We could also face risks related to the business and operational consequences resulting from the implementation of the programs, such as an unexpected and temporary decline in the performance of our production processes. Given the various risks to which we are exposed and the uncertainties inherent in our business, we cannot guarantee the successful execution of our business strategy. The inability to effectively execute on our strategy, and the risks associated with its implementation, could have a material adverse effect on our business, financial position and results of operations.

Conducting operations and sales in several different countries, and particularly in emerging markets, exposes us and our facilities to various macroeconomic and regulatory risks.

During the financial year ended March 31, 2020, we generated 30% of our revenue outside Europe. We have a significant presence in Brazil, and also operate certain assets in Africa and Asia. For the financial year ended March 31, 2020, we generated 13% of our revenue in Brazil, 4% in Africa, and 11% in Asia and the Middle East. We also have active manufacturing facilities located in a number of locations, including Brazil, China, Indonesia, Kenya, Mozambique and Tanzania. We employ sales staff strategically located around the world to serve our global customer base. Our business is therefore subject to risks related to the various legal, political, social and regulatory requirements and economic conditions of many jurisdictions and geographies in which we operate, particularly in emerging markets. These risks include the following:

- unexpected or adverse changes in laws or regulatory requirements in various jurisdictions;
- adverse changes in the general economic, social or political conditions;
- difficulty enforcing intellectual property rights;
- compliance with a variety of laws and regulations in various jurisdictions becoming burdensome;
- increasing transportation and other shipping costs;
- variations in business practices;

- adverse changes in export duties, quotas and tariffs and difficulties in obtaining export licenses; and
- staffing difficulties, national or regional labor strikes or other labor disputes.

Moreover, by operating in multiple tax regimes, we are exposed to risks related to transfer pricing and withholding taxes on remittance and other payments by or to our subsidiaries or joint ventures.

Our presence in emerging markets may also present difficulties in enforcing agreements, as the legal system of certain jurisdictions may be unpredictable, under development or face a number of legal challenges. Emerging markets are also generally more prone to additional risks, including greater fluctuations in interest rates and exchange rates, changes in pricing policies, political instability, natural disasters, uncertain and changing climate conditions, foreign exchange controls and other restrictions on the repatriation of funds, import restrictions and corruption or fraud. Our activities, to various extents, are exposed to such risks, which could have a material effect on our financial position and results of operations in certain markets.

Our strong presence on the Brazilian market exposes us to various risk associated with operating in Brazil.

We have particular exposure to the Brazilian market. For the financial year ended March 31, 2020, we generated 13% of our revenue in Brazil. We also operate eight active manufacturing facilities as well as a number of research & development centers and sales offices in Brazil. We are therefore subject to various risks inherent to our Brazilian operations. Such risks include, among others, any adverse impact on our operations and financial condition due to unforeseen changes in tax, environmental or other regulations, labor relations, foreign exchange considerations, and any adverse changes in the general economic, social or political conditions of the country. We are subject to various social and labor-related disputes in Brazil in the ordinary course of business, in connection with which we set aside provisions equal to €5.5 million as of March 31, 2020.

In the past, the Brazilian government has taken steps to control inflation and foster economic growth, including a broad array of measures related to tax policy, interest rates, price controls, currency devaluations, foreign exchange controls, restrictions on foreign investments and capital outflows, and regulations affecting the energy sector (such as electricity and gasoline prices, fuel taxes or ethanol blending ratios). The implementation of these policies, or any future policies, may have a material adverse effect on our business and results of operations. Future regulatory changes affecting the industry in which we operate, or other developments affecting the political, labor or economic situation in Brazil, as well as volatility in the value of the Brazilian real or the liquidity of internal capital and financial markets may affect our business, financial position and results of operations.

We have limited control over some of our joint ventures and other similar business arrangements, which may impede the strategic role of these entities within our operations.

We have made, and may continue to make, investments and acquisitions and enter into joint ventures and other strategic alliances. For example, we have established joint ventures in China with the Wilmar Group for the production of starch in two different sites (Dongguan and Tieling plants), in Indonesia with the FKS Group for the production of corn starch (Cilegon plant) and in Brazil (one sugar mill operated in partnership with Grupo Humus). We have also entered into a joint venture with Acor, a Spanish sugar beet farmers' cooperative, pursuant to which we established a refining unit with a capacity of 120,000 tonnes of raw sugar per annum. Where these partnerships are established by means of joint entities, some of these entities may be subject to joint control. Our ability to control these joint ventures, take strategic decisions, or receive dividends, royalties and other payments from joint ventures generally depends not only on the joint venture's cash flow and profits, but also upon the terms of the joint venture agreement with our partners. There is a risk that the steps that we have taken to protect our interests in joint ventures, have not been, or will not be, effective. Further, there is a risk that our relationships with our joint venture partners will deteriorate in the future and result in a significant disagreement. Disagreements with our partners or termination of one or more of such partnerships would deprive us of a driving force in our development and could therefore have a material adverse effect on our business, financial position, results of operations or ability to achieve our targets.

The success of joint ventures and other similar arrangements is not always predictable, and we may not realize our anticipated objectives. The bankruptcy, insolvency or severe financial distress of our businesses or those of any of our partners could adversely affect our joint ventures or similar business arrangements. Should these joint ventures not perform as expected, we may be unable to execute on our expansion strategies as anticipated, and may incur losses or other liabilities that could adversely affect our financial condition or results of operations.

We are subject to risks associated with our ability to integrate and manage the companies we acquire, which as a result may not deliver the anticipated benefits.

We have historically expanded through both organic growth and mergers and acquisitions. We regularly explore opportunities to acquire businesses or assets, and intend to pursue our external growth strategy going forward in order to supplement or strengthen our existing operations. Any acquisition that we make could be subject to a number of risks, including:

- problems with effective integration of operations and management cultures;
- diversion of management's attention from day-to-day business concerns;
- inability to maintain key pre-acquisition business relationships, including retention of customers;
- increased operating costs;
- costs related to achieving or maintaining compliance with laws, rules or regulations;
- exposure to unanticipated liabilities;
- difficulties in realizing projected efficiencies, synergies and cost savings;
- introducing new products in our portfolio;
- the need for more extensive management coordination; and
- retaining, hiring and training key personnel.

Moreover, we are unable to predict whether such opportunities will present themselves in the future or whether such transactions will occur under favorable terms and conditions. Our ability to continue to expand our business successfully through acquisitions or alliances depends on many factors, and in particular on our ability to identify targets, provide the required financing and negotiate transactions on favorable terms. These potential transactions could result in us having to resort to debt financing and off-balance sheet liabilities, as well as in an increase in goodwill and other intangible assets.

Should any of the above risks materialize, they could have a material adverse effect on our business, financial position and results of operations.

We may be unable to maintain and expand our production capacity through investment in technology and new equipment.

We produce sugar, alcohol and ethanol, starch, sweeteners, co-products, electricity and other renewables derived from sugar beet, sugarcane, alfalfa, cereals, potatoes and cassava. The transformation of these raw materials into finished products requires complex industrial processes, and ongoing investment in technology and sophisticated equipment. For the financial year ended March 31, 2020, our cash capital expenditure was €436.8 million. As of March 31, 2020, we operated directly or through joint ventures, 48 production plants worldwide and our profitability is partly dependent on our ability to maintain and expand our production capacity. Therefore, we must continue to invest in maintaining and improving our industrial processes, technology and manufacturing equipment. For instance, in 2019, we launched a pilot program named "Plant 4.0" to identify potential for improvements related to new technologies (including advanced process control, automation and digitalization). Such investments may not yield the results that we expect, which could have a material adverse effect on our financial position and results of operations.

In addition, we may not be in a position to foresee exceptional events that require extensive capital expenditure, such as machine or equipment breakdowns at certain of our plants, new regulations, the development of new technologies, or commercial or industrial initiatives taken by our competitors. We may therefore be required to make significant and unexpected investments, which could have a material adverse effect on our financial position and results of operations.

Major operational disruptions may occur at our facilities, including issues with the construction of new facilities.

As part of our strategy to increase our market share and to improve competitiveness by taking advantage of economies of scale, we are currently involved in several projects aimed at expanding or reconverting our existing plants and building new facilities, primarily in Europe and Asia. As of March 31, 2020, we operated 48 production plants worldwide, directly or through joint ventures. Despite our successful track record in developing plants for our core operations, as well as undertaking expansion projects, conversions and debottlenecking initiatives, these actions involve substantial risks and we may not be able to successfully execute on the projects. Such projects may be delayed or abandoned due to regulatory or technical obstacles hampering the construction, financing or operation of these facilities, which could significantly increase costs and delay any return on investment. Furthermore, we may face insufficient demand for the additional goods produced by these new facilities, or we may not be able to sell additional production at competitive prices. Moreover, our ability to complete projects on time and within estimated budgets is subject to certain factors beyond our control.

In addition, our operations may be subject to significant disruption due to major accidents or damage by severe weather conditions or other natural disasters. One of these operational hazards may cause personal injury or loss of life. Our activities may also be subject to unscheduled downtime, or to other operational hazards inherent to the industry, such as equipment failures, fires, explosions, short circuits, pipeline ruptures or transportation accidents. Damage to, or destruction of, property and equipment, or environmental damage, may result in the suspension of operations, the modification of the facility's operating license and the imposition of civil or criminal penalties. In addition, some of our ethanol and alcohol production facilities, including the Artenay, Lillebonne, Lillers, Morains, Nesle and Origny plants in France, are classified as "SEVESO" sites under EU and French regulations governing the production, packaging and storage of hazardous products (Directive 2012/18/EU of 4 July 2012). Operators of SEVESO facilities are subject to increased obligations and liabilities. Although we fully comply with these regulations, accidents or malicious acts could nevertheless occur at these sites and cause extensive harm. In the event of an incident at one of our SEVESO classified facilities we may be subject to significant liability, especially in cases of actual or alleged personal injury, damage to property, or damage to the environment. In particular, the production and transportation of ethanol may result in hazardous substances leaks, which may lead to penalties from government authorities or claims from third parties and may have a material adverse effect on our business, financial position and results of operations.

We may fail to obtain or renew necessary permits, authorizations or licenses.

In order to operate some of our industrial facilities, we are required to obtain authorizations, permits and licenses. Obtaining or renewing such authorizations, permits and licenses may be subject to annual examinations or random inspections by the relevant authorities. Any material breach or noncompliance with such authorizations, permits and licenses may result in our failure to obtain or renew such authorizations, permits and licenses. Although we pay close attention to operating conditions at our existing facilities, if we are unable to comply with the provisions of such authorizations or if there are any changes to existing laws and regulations, we may face adverse consequences including the denial of a renewal or retention of the relating operating authorizations.

Moreover, we cannot guarantee that we will obtain the necessary authorizations, permits and licenses for production facilities or units that are currently contemplated or in the development stage. Failure to obtain construction permits or operating authorizations for facilities under development or failure to renew or retain such permits and authorizations for our production facilities could have a material adverse effect on our business, financial position or results of operations, or on our ability to achieve our targets.

We are exposed to various operational risks related to our use of transportation and logistics services.

Our operations are dependent upon the uninterrupted operation of logistics infrastructure, including ports, warehouses, roads, railways and the means of transportation operated by our Group, third-party providers, suppliers and customers. Operations at any of these facilities or access to transportation could be partially or completely shut down, either temporarily or permanently, due to circumstances beyond our control, such as catastrophic events, environmental remediation, strikes, labor difficulties or other events. For instance, some of our sugarcane mills in Brazil had to stop operating for approximately a week due to a truck drivers' strike in 2018. Any significant interruption at these facilities or any inability to efficiently transport products between these facilities, or between our facilities and our suppliers' or customers' facilities, could materially adversely affect our business or results of operations.

We periodically enter into agreements with third parties to provide transportation and logistics services required for our operations, or we enter into strategic alliances for the provision of such services. For example, in June 2018, we entered into a strategic partnership with VLI Group, one of the largest railway operators in Brazil, which provided for our investment for the construction of two sugar warehouses and allows us to benefit from VLI Group's infrastructure network and transportation services at secured long-term conditions. Consequently, termination of any such strategic logistics agreement with third parties or our joint venture partners, or our inability to renew them under favorable terms may have a material adverse effect on our business and results of operations.

In addition, we may choose to internalize some of the logistics activities currently provided by third parties. For example, in November 2018, we inaugurated a new logistics center in France, the Tereos Escaudoeuvres Export Logistics Center, which has the capacity to export up to 350,000 tonnes of sugar in a given crop. The insourcing of logistics activities carries additional risks for us, including potentially significant additional costs, service interruptions, labor disputes and other potential liabilities, which may have a material adverse effect on our business, financial position or results of operations, and ability to achieve our targets.

We are subject to the risk of loss resulting from non-payment or non-performance by our customers.

Our credit procedures and policies may not be adequate to minimize or mitigate customer credit risk. Although most of our major customers are well-established agribusiness, food & beverage, pharma, feed, industrial and fuel companies, we cannot guarantee that our customers will meet their contractual obligations. Our customers may experience financial difficulties, including bankruptcies, restructurings and liquidations, which may increase our risk in extending trade credit to customers. A significant adverse change in a customer relationship or in a customer's financial position could cause us to limit or discontinue business with that customer, require us to assume more credit risk relating to that customer's receivables or limit our ability to collect accounts receivable from that customer, all of which could have a material adverse effect on our business, results of operations, financial condition and liquidity.

Our customers' failure to meet their contractual payment obligations may have a material adverse effect on our business, financial position or results of operations.

We may incur litigation-related expenses, reputational damage or financial penalties in relation to our product quality and compliance with quality standards.

Most of our products are sold directly to retail consumers or are used as ingredients or components for other products, which are intended for human consumption. Our operations therefore expose us to consumer claims if the quality of our products do not meet the required technical specifications, especially in cases where our products are intended for nutritional purposes. Any such claim could damage our reputation or lead to the payment of substantial damages, which in turn could have a material adverse effect on our business, financial position or results of operations.

Our products, ingredients and raw materials are subject to potential contamination, whether as a result of malfeasance, negligence, accidents or other causes that may be beyond our control. Contamination of one of our products may result in the need for a product recall, which may significantly affect our reputation, and lead to a loss of market share. Any such contamination may also result in legal action from third parties, which may adversely affect our business, financial position and results of operations, as well as our reputation. Our reputation for product quality is one of our principal competitive advantages, and any damage to our reputation as a supplier of high quality products could have a material adverse effect on our business, financial position or results of operations.

In addition, many of our products must comply with strict national and international standards in terms of hygiene, trace elements and customer expectations, particularly when these products are exported to foreign countries. Our industrial facilities are also subject to regular inspection by the authorities for compliance with hygiene regulations applicable to the manufacturing of food products. Should any non-compliance with these regulations be discovered during an inspection, the relevant facility may experience a temporary shutdown, and we may subject fines or other penalties. Any production loss due to actual or potential shutdown may have a material adverse effect on our business, financial position or results of operations.

We are exposed to risks related to our dependence on certain major customers.

Although our client base is diversified and spans across various industries, we rely on established relationship with certain major customers in a number of jurisdictions. For the financial year ended March 31, 2020, our ten largest third-party customers accounted for less than 15% of our revenue, and our most significant third-party customer accounted for less than 5% of our revenue. Although we have a diversified customer base, including major players in the agribusiness, food & beverage, feed, industrial and fuel sectors, we may not be able to renew our agreements with customers on a timely basis, on favorable terms or at all.

Failure to renew or extend our sales agreements with customers, for any reason, could have a material adverse effect on our business, financial condition, results of operations and cash flows.

We are exposed to risks related to our dependence on certain major suppliers.

The primary raw materials used in our operations include sugar beet, sugarcane, wheat, corn and, to a lesser extent, potato and cassava. During the financial year ended March 31, 2020, we purchased approximately 51% of our sugarcane requirements by volume from unrelated third-party suppliers, with the remaining 49% being produced on land that we lease. During the same period, we purchased approximately 14% of our sugar beet requirements, by volume, and 73% of our wheat, corn, cassava and potatoes requirements, by volume, from unrelated third-party suppliers. Any shortage or deterioration of the quality of the raw materials or products supplied to us, or significant increase in prices paid to such third-party suppliers, as well as any deterioration of the relations with, or any breach of contract by, such suppliers could have a material adverse effect on our business, financial position or results of operations.

Our business could be adversely affected by any significant disruption in the relations with our employees.

As of March 31, 2020, we employed 15,890 employees on a permanent basis across 18 countries. Moreover, we regularly use seasonal workers, primarily for harvests, employing 6,468 contract employees during the financial year ended March 31, 2020. We may experience labor disputes and work stoppages at one or more of our facilities as a result of changes to our employees' terms of employment, an adverse reaction by employees to such changes, or for other reasons beyond our control, namely in the context of the ongoing global COVID-19 pandemic or any similar health crisis. See "*—Our strong presence on the Brazilian market exposes us to various risk associated with operating in such jurisdiction.*" In addition, a significant portion of our employees reside in countries in which employment laws provide our employees with significant bargaining power or other rights that may require us to engage in lengthy negotiations and incur significant expenses when negotiating or amending employees' terms of employment or making staff reductions. For example, many of our employees in Europe are represented by unions or works councils. Although we have not experienced significant work stoppages in the past, we cannot guarantee that a labor disturbance or work stoppage at any of our facilities will not occur, and such incidents could have a material adverse effect our operations, our business and results of operations.

We may be subject to information technology systems failures, network disruptions and breaches of cyber security which could result in information theft, data corruption, operational disruption and/or financial loss.

We utilize a wide range of information technology systems, some of which are dependent on services provided by third parties. These systems provide critical data connectivity, as well as information and services for internal and external users. We use our information technology systems in connection with ordering and managing supplies, converting raw materials to finished products, managing inventory, shipping products to customers, processing transactions, summarizing and reporting our results of operations, complying with regulatory, legal and tax requirements, and conducting other activities necessary to operate our business. In addition, several of our operational and organizational functions, including sales and marketing in Europe, accounting, human resources and informational technology are centralized. Significant disruption to our centralized technology systems could result in increased damage to our operations, which in turn could have a material adverse effect on our business, financial position or results of operations.

As a result of the social distancing measures and regulations enforced by governments in connection with COVID-19, and the resulting work-from-home policies that we have undertaken, there has been additional reliance placed on our IT systems and resources. The resulting reliance on these resources, and the added need to communicate by electronic means, could increase the risk of cybersecurity incidents.

Information technology systems failures, including risks associated with upgrading our systems, network disruptions and breaches of data security, could disrupt our operations by impeding our operational efficiencies, delaying processing of transactions and inhibiting our ability to protect customer or internal information. Our computer systems, including our backup systems, could be damaged or interrupted by power outages, computer and telecommunications failures, computer viruses, internal or external security breaches, events such as fires, earthquakes, floods, tornadoes and hurricanes, and/or errors by our employees. If our information technology systems are damaged, suffer a major failure or interruption or cease to function properly, we may suffer interruptions in our ability to manage our operations, which in turn could have a material adverse effect on our business, financial position and results of operations.

The value of our intangible assets, including our brand and image, could become impaired.

Our continued success depends in part on our ability to maintain our reputation as a serious, trustworthy, sustainable, responsible and independent company and depends on our acceptance by local communities. In the retail segment, we rely on strong brands in each of our production countries, including Béghin Say, La Perruche and Blonvilliers in France, Whitworths in the United Kingdom, Guarani in Brazil and TTD in Czech Republic. We conduct annual impairment tests on goodwill and annual assessments of the carrying values of intangible and tangible assets when impairment indicators exist. As a result, declines in our profitability or the value of comparable companies may impact the fair value of our reporting units and result in an impairment in the value of goodwill, brands or other intangible assets, which could have a material adverse effect on our business, financial condition and results of operation. Although we pay close attention to the quality of our products and services, we cannot guarantee that we will be able to protect ourselves from the adverse consequences that a potential accident, conflict of interest, misuse of product (including use in the context of criminal or terrorist undertakings) or public litigation may have on our reputation. See also "*—We may incur litigation-related expenses, reputational damage or financial penalties in relation to our product quality and compliance with quality standards*."

For instance, in December 2017, a French newspaper published an article reporting that sorbitol we produced had been found in Iraq in areas controlled by terrorist groups. Following this publication, eight cooperative members filed a complaint against us for acts of terrorism and complicity, which were later dismissed by the Paris Anti-Terrorist Public Prosecutor's Office. We believe this case is now closed. In parallel to this complaint, Tereos had filed a complaint for slanderous denunciation and false accusations of acts of terrorism against the eight plaintiffs, which were, in November 2020, found guilty by the Paris Criminal Court (*tribunal correctionnel de Paris*). The court sentenced each of them, including the current Chairman of the Supervisory Board of the Company, as well as two other current Supervisory Board members, MM. Laude and Hary, to a symbolic penalty of one euro for damages and a suspended fine of €1,500.

In order to mitigate the reputational risk going forward, we decided at our own initiative to suspend sorbitol deliveries to countries in or adjacent to conflict zones, even though sorbitol has not been subject to any regulatory restrictions on sales or exports. Moreover, we put in place strengthened export control systems. Despite the risk-managing measures we implemented, the adverse consequences arising out a reputational incident could impact ability to retain our customers' trust and attract new customers, and could therefore have a material adverse effect on our business, financial position or results of operations.

Finally, a deterioration of relations between cooperative members could damage our reputation or create situations of disturbance. For instance, in 2018, the *Association de défense des coopérateurs de Tereos* launched a petition requesting the convening of a cooperative members' meeting of the Company to dismiss the Supervisory Board and elect a new Supervisory Board. In January 2019, this association submitted a petition for summary judgment, requesting the judge to convene a cooperative members' meeting. In March 2019, the judge dismissed all their requests.

We are subject to certain risks relating to our cooperative corporate form.

Tereos is an agricultural cooperative company (*société coopérative agricole*) governed by French law pursuant to the French *Code rural et de la pêche maritime* (Rural and Maritime Code), with capital consisting of partnership shares subscribed in line with the activity of its cooperative members during a commitment period. As of December 31, 2020, the Company's share capital and voting rights were held by approximately 12,000 farmers who act as both cooperative members and our suppliers of raw materials. A deterioration of relations between cooperative members could damage our reputation and our ability to retain our customers' trust and to attract new customers.

A cooperative member may ask to cancel its membership at any time. The Supervisory Board of the cooperative company is authorized to approve or reject such request. If the member's request to cancel its membership is approved, such member's operations will be withdrawn from the cooperative company immediately, and the amount of its equity capital contribution will be deducted from its share of the equity. See "*Ownership Structure—Certain Key Considerations Relating to the French Cooperative Regime.*"

Our success depends on the continued service of certain key personnel.

A significant part of our continued success is dependent on our ability to retain the services of our management team, directors and senior management. In addition, our future growth and success also depends on our ability to attract, train, retain and motivate skilled managerial, sales, administrative, operating and technical personnel. The loss of one or more of our key management or operating personnel, or the failure to attract and retain additional key staff, could have a material adverse impact on our business, financial condition and results of operations.

We are subject to extensive environmental, health and safety regulations, and to increasing pressure to adhere to internationally recognized standards of social and environmental responsibility, such as on climate change, biodiversity, and supply chain risks, which are likely to result in an increase in our costs and liabilities.

Our operations are subject to numerous national and local environmental, health and safety laws and regulations in most of the countries where we operate, especially regarding the setting-up, operation and closure of sites, air and water emissions (including GHG emissions), disposal of hazardous waste, energy sources, consumption alternatives and related concerns, protecting water, soils and biodiversity and controlling odor and noise. Our properties and their uses often require licenses from various government agencies, including permits related to zoning and land use. Certain licenses from national or local environmental and health and safety regulatory agencies, are usually required to undertake our activities. These licenses often set emissions limits for certain air pollutants.

We have incurred significant investments in the past in order to comply with these laws, regulations and licenses upon their adoption and intend to continue investing the necessary amounts to take appropriate actions required for environmental compliance. Environmental, health and safety laws and regulations and related civil liability risks could expose us to substantial fines, criminal sanctions, the withdrawal of operating licenses, the closure of facilities, and the payment of compensation for environmental, physical, or property damage, including in connection with assets in use and assets that we no longer own and activities that have been discontinued. For example, under various laws relating to the protection of the environment in many jurisdictions, a current or previous owner or operator of real estate may be liable for contamination resulting from the presence or discharge of hazardous or toxic substances at a property, and may be required to investigate and clean up such contamination at or emanating from a property. Such laws often impose liability without regard to whether the owner or operator knew of, or was responsible for, the presence of the contaminants, and the liability may be joint and several. The presence of contamination or the failure to remediate contamination at our properties may expose us to third-party liability.

Sea level rise and more frequent and severe weather events caused or contributed to by climate change pose physical risks to our facilities. Additional risks related to our business and operations as a result of climate change include both physical and transition risks such as higher energy costs (e.g., due to more extreme weather events, extreme temperatures or increased demand for limited resources), increased environmental regulations impacting the cost to develop, or the ability to develop in certain areas, and higher costs of supply chain services, with potential supply chain disruptions related to climate change. For example, due to growing concerns about the impact of GHG on climate change, certain environmental regulations to reduce GHG emissions have been, and may continue to be, adopted in certain countries in which we operated. A number of legislative measures have been taken in several countries and regions, in particular in Europe, both at the EU level and by Member States. Since 2013, certain production sites located in the EU have had to comply with precise requirements under the EU Emissions Trading System, implemented by Directive 2003/87/EC of October 13, 2003 (the "**Quotas Directive**"), which introduced a cap on certain GHG emissions and an allocation trading system for certain significant production sites, including certain of our production sites located in the EU. Under this system, the sites concerned must surrender emission allocations, freely allocated or allocated by auction, equivalent to their annual emissions of the applicable GHGs.

The Quotas Directive was amended by Directive 2009/29/EC, which provides for a gradual reduction in the number of allocations for the 2013-2020 period (Phase III) and revises the system for allocating free quotas by introducing a European-wide system based on benchmarks per product. Directive 2009/29/EC also sets out specific provisions for industrial sectors exposed to carbon leakage, such as sugar manufacturing. For the 2021-2030 period (Phase IV), Directive (EU) 2018/410 of March 14, 2018 provides, in particular, for the acceleration of the annual reduction in the number of outstanding allocations, in order to increase the rate of emission reductions.

Our CO_2 emissions (direct and indirect) amounted to 2.9 million tonnes eq/CO_2 for the financial year ended March 31, 2018, 2.7 million tonnes eq/CO_2 for the financial year ended March 31, 2019 and 2.8 million tonnes eq/CO_2 for the financial year ended March 31, 2020.

For Phase IV (2021-2030), the level of GHG emission quotas freely allocated to us will be known at the beginning of 2021 for the 2021-2025 period and at the beginning of 2026 for the 2026-2030 period. In addition, in the event of a significant increase in the production capacity of one or more of our sites during Phase IV, we must request a review by competent authorities regarding the level of quotas allocated to such sites, without any certainty that such a request would be accepted for the level of quotas requested. Therefore, despite our efforts to reduce our GHG emissions, we may have to acquire GHG emission allowances on the market, which could lead to an increase in our operating costs and could have a material adverse effect on our business, financial position and results of operations. This situation could also force us to make a technological breakthrough, resulting in significant investments in the relevant sites, which could lead to an increase in our capital expenditure and could have a material adverse effect on our business, financial position and results of operations.

The EU regulatory framework aims to promote the use of biofuels. In November 2016, the European Commission adopted a legislative proposal for a recast of directive 2009/28/EC of April 23, 2009 (the "**Renewable Energy Directive**"), which required each Member State to reach a minimum of 10% of renewable energy in transport by 2020. In December 2018, the revised renewable energy directive 2018/2001/EU (the "**Renewable Energy Directive II**") entered into force. In the Renewable Energy Directive II, the Member States must require fuel suppliers to supply a minimum of 14% of the energy consumed in road and rail transport by 2030 as renewable energy. The Renewable Energy Directive II defines a series of sustainability and GHG criteria that bioliquids used in transport must comply with to be counted towards the overall 14% target and to be eligible for financial support by public authorities. At the date of this Document, as a result of the transposition of several European directives, government support for biofuels in the Member States primarily takes the form of tax reductions and biofuel blending obligations imposed on fuel distributors.

In addition, most of the imported ethanol enters the EU market under a reduced or a zero import duty. For example, in 2019, the European Commission removed anti-dumping duties on U.S. ethanol. As the United States, which is the world's largest ethanol producer, enjoys much lower production costs, mostly as a result of cheaper energy and raw material costs, such removal could lead to downward pressure on the EU market price and, as a consequence, could have a significant adverse effect on our business, financial position and results of operations in Europe.

In Brazil, production of bioethanol is supported through several measures aimed at stimulating ethanol demand and supporting the profitability of the sugar and ethanol industry, including the requirements to include a mandatory percentage of anhydrous ethanol into gasoline, currently set at 27%. A reduction of the current ethanol blend percentage could therefore result in a reduction in demand for ethanol. In addition, our Brazilian ethanol activities benefit from different tax reductions and exemptions, which strengthen the competitiveness of fuel ethanol compared to gasoline, including the Tax for Circulation of Goods and Services ("**ICMS**") which vary from state to state. ICMS charged on ethanol varies from 12% to 32%, and from 25% to 34% on gasoline, according to National Fuel Sale Agency (FECOMBUSTÍVEIS). As approximately 78% of the car fleet and 96% of the new light vehicle registrations in Brazil are for "flex fuel" vehicles (source: UNICA and Group estimates), this means that vehicles can operate on any proportion of gasoline and hydrous ethanol and consumers can therefore choose between gasoline and ethanol. As such, any tax change on either ethanol or gasoline would result in a substantial shift of consumption from one product to the other, which could have a material adverse effect on our business, financial position and results of operations.

Environmental, health and safety frameworks tend to evolve rapidly and to become more stringent, in both established economies and emerging countries. In addition, customers increasingly scrutinize the social and environmental standards of companies, particularly in emerging markets, which means more stringent social responsibility laws, regulations and practices may also be adopted in the future (particularly in respect of supply chain risks and biodiversity matters). Therefore, costs and timing associated with our investments and/or operational costs required to comply with such may be subject to significant increases, which may limit our ability to finance other investments. In addition, if the cost of complying with environmental, health and safety, and social responsibility laws and regulations continue to increase and if it is not possible for us to integrate these costs into the price of our products, such changes could affect our profitability. The cost of compliance with environmental, health and safety, and social responsibility laws and regulations, as well as changes in environmental, health and safety, and social responsibility laws and regulations could thus have a material adverse effect on our business, financial position and results of operations.

We are subject to extensive regulation applicable to the agricultural industry, and certain changes to rules and regulations governing our products may result in an increase in our costs and liabilities.

Our operations are subject to a wide range of national, regional and local laws and regulations, including environmental, health, safety and labor rights laws and regulations. We invest significant financial and managerial resources in order to comply with these laws and regulation, and with the related authorization requirements. We must comply with a broad range of regulations relating to the testing, manufacturing, labelling and safety analysis of our products and the products of our suppliers. In certain jurisdictions, including the EU, such regulatory controls and restrictions have become, increasingly demanding. Any failure in this respect could expose us to fines or penalties, enforcement actions, claims for personal injury or property damages, as well as to investigation and/or remedy obligations; furthermore, if any changes to the applicable laws and regulations could subject us to additional costs and liabilities, which could have a material adverse effect on our business, financial position and results of operations.

We are also subject to various laws and regulations imposed, among others, by the *Direction Générale des Douanes et Droits Indirects* (General Directorate of Customs and Excise Taxes, or DGDDI) and *FranceAgriMer* (the National Agency for Agricultural Activities) in France, as well as by equivalent administrative bodies in EU countries where we operate and by the *Agência Nacional do Petróleo, Gás Natural e Biocombustível* (National Agency for Oil, Gas and Biofuels or ANP) and the *Agência Nacional de Energia Elétrica* (National Electric Power Agency, or ANEEL) in Brazil. Failure to comply with applicable regulatory requirements could lead to restrictions being imposed on our operations, including measures of suspension or withdrawal of our authorizations and licenses, which may result in the temporary interruption or discontinuity of operations at our production facilities, which in turn could have a material adverse effect on our business, financial position and results of operations.

In addition, agricultural production and trade of agricultural products may be materially affected by changes in public policies and regulations, such as the proposed changes to the Common Agricultural Policy ("**CAP**"), which may affect budget allocation and subsidiarity between Member States and the EU. Certain regulations applicable to various aspects of the agricultural industry, including with regard to taxes, customs duties, subsidies, import and export restrictions on agricultural products, as well as usage of fertilizers and pesticides, have a significant impact on the agricultural industry's profitability. These policies and regulations also affect our strategic and business decision, including whether to develop certain types of crops, the location and size of harvests, the trading in unprocessed and processed commodities, and the volume and types of production, imports and exports, and any significant changes to the applicable policy framework which could have a material impact on our business, financial condition and results of operations.

We may be subject to litigation, regulatory investigations and other proceedings that could have an adverse effect on us.

In our ordinary course of business, we may be involved in legal, administrative, criminal, or arbitration proceedings, especially concerning civil liability, labor (including in relation to the departure of former members of our management), competition, industrial, fiscal, or intellectual property claims, or environmental claims. Our material threatened and ongoing disputes are described in "*Business—Legal Proceedings*" and in note 21 to the audited consolidated financial statements of the Company for the financial year ended March 31, 2020 included in this Document.

As of December 31, 2020, we recognized provisions of €40.8 million for certain legal, customer, labor, tax and environmental claims brought against us. If any such claim or series of claims is successful against us (particularly where the value of such claims is in excess of our insurance coverage, applicable indemnification agreements, or any provision we made), it could have a material adverse effect on our business, financial condition and results of operations. In addition, our activities may be subject to legal action or investigations resulting from anti-competitive behaviors and restrictive commercial practices. We may be held liable for any failure to comply with competition law, which may impact our business and have a material adverse effect on our financial position and results of operations.

We may have exposure to additional tax liabilities.

Due to the global nature of our business, we are subject to income taxes in multiple jurisdictions. Significant judgment and estimation are required in determining our worldwide provision for income taxes. In the ordinary course of our business, there are various transactions and calculations, including intercompany transactions and cross-jurisdictional transfer pricing, for which the ultimate tax determination is uncertain or otherwise subject to interpretation. In certain jurisdictions, tax regulations may pose a risk because of their vague wording, difficulties in their interpretation or changes in their interpretation by local authorities. In addition, the tax regimes applicable to our operations, including with respect to customs duties and value added tax, vary from one country to another and may be subject to future changes which may be unfavorable to us.

Moreover, we are subject to tax audits by local authorities in the ordinary course of our business. Tax audits may result in additional tax assessments and may lead to legal disputes before the competent courts. We are currently involved in various tax disputes in Brazil relating to (i) ICMS credits related to diesel fuel consumption; (ii) PIS/COFINS credits; (iii) Social Security Tax on export; (iv) PIS/COFINS (non-cumulative) over ethanol; (v) PIS offset with judicial credits; (vi) penalty fee exemption; and (vii) ICMS others, which may have a material adverse impact on our business, financial position or results of operations.

In addition, the Company is incorporated as an agricultural cooperative company (*société cooperative agricole*) governed by French law pursuant to the French *Code rural et de la pêche maritime* (Rural and Maritime Code). As a result, the Company is exempt from corporate tax on the profits generated by the sale of products processed in France from the agricultural raw materials supplied by the cooperative's partners. In addition, the Company is also exempted from a portion of the French corporate property tax (*Cotisation Foncière des Entreprises*). Any change to, or repeal of, the provisions of the French *Code rural et de la pêche maritime* that results in losing the benefits of such tax regime and increase our tax expense, could have a material adverse effect on our financial position and results of operations.

We may not be able to adequately protect our intellectual property rights.

Our commercial success partly depends on our ability to register our trademarks and patents for certain of our products and technologies, and on successfully defending these trademarks and patents against third-party claims or counterfeiting. Our patents are filed for defined periods and may fall into the public domain once they have been commercialized, therefore affecting their protection and our competitive advantage. We may be required to initiate infringement proceedings in order to enforce our rights under our trademarks and patents, protect our trade secrets or know-how, and determine the scope and validity of our proprietary rights or of the proprietary rights of third parties. We may also be subject to claims from third parties for alleged infringements of their intellectual property rights. See "*Business—Intellectual Property*."

We also rely upon unpatented proprietary know-how and continuing technological innovation, along with other trade secrets, to develop and maintain our competitive position. Third parties (including our competitors) may develop such knowledge or technology independently without violating our trade secret rights. While we enter into confidentiality agreements with our employees and third parties to protect our intellectual property, such confidentiality agreements may be breached or adequate remedies may not be available in the event of an unauthorized use or disclosure of these trade secrets and know-how.

While we believe we have adopted adequate policies and procedures, we cannot guarantee that we will be in a position to protect our patents, trademarks and other intellectual property rights against challenges to their validity, violations and abusive use by third parties, in particular in markets in which we have not been active in the past. Any failure to adequately protect our intellectual property rights, and the processes taken to enforce these rights could have a material adverse effect on our business, financial position and results of operations.

Our insurance policies may not cover, or fully cover, us against natural disasters, certain business interruptions, global conflicts or the inherent hazards of our operations and products.

Our operations and production facilities are subject to a number of hazards and risks against which we have obtained insurance to cover typical claims in line with industry practice. However, our insurance may not cover all losses or liabilities that might be incurred in our operations. For example, business interruptions due to labor unrest are not covered by our insurance, and strikes or work stoppages could therefore have a material adverse effect on our operations. An attack or an operational incident leading to an interruption of our business could also have a material adverse effect on our financial position or results of operations (including possible losses of market share resulting from business interruptions), to the extent not covered by our insurance. In the future, we may not be able to obtain coverage at current levels, and/or our premiums and deductibles for certain insurance policies may increase significantly on the coverage that we currently maintain. If insurance is not available at economically acceptable premiums, there is a risk that our insurance coverage does not cover the full scope and extent of claims against us or losses that we incur, including, but not limited to, claims for environmental or industrial accidents, occupational illnesses, pollution and product liability and business interruption. Any significant loss that we may suffer in excess of our insurance coverage or our inability to maintain such coverage may have a material adverse effect on our business, financial position and results of operations.

We are exposed to various risks relating to non-compliance with sanction, anti-bribery and anti-corruption regulations.

We must comply with certain anti-corruption laws or other similar regulations which, in particular, prohibit companies and their intermediaries from making improper payments to foreign officials for the purposes of obtaining or retaining business. For example, the extra-territorial French law No. 2016-1691 of December 9, 2016 relating to transparency, fighting corruption and modernizing economic life (more widely known as the "Sapin II Law") is applicable to all the entities of the Group. Other similar extra-territorial anti-corruption laws or local anti-corruption laws may also apply to the Group. Extra-territorial laws are still applicable to us when we operate in certain parts of the world that lack a developed legal system or have experienced widespread corruption.

Further, we must comply with applicable restrictions or sanctions. Trade restrictions or sanctions can change frequently (and often without advance notice) and we cannot guarantee that aspects of our current business will not be subject to trade restrictions or sanctions in the future in certain regions or destinations of the world.

Our employees, suppliers, subcontractors or other business partners may fail to comply with the strict requirements to which they are subject to or with the regulations in force. In addition, although we have implemented policies and trainings to ensure compliance with applicable sanction, anti-bribery and anti-corruption laws, including those related to sanctioned countries and individuals, we cannot exclude that certain of our products may be traded in violation of such legislation and regulations. For example, on March 29, 2019, the Brazilian Federal Court rendered an initial judgment against Tereos Açúcar e Energia Brasil S.A. ("**TAEB**") and one of its former employees, as a result of TAEB's former employee receiving privileged information from a federal public servant of the Brazilian Institute for the Environment and Renewable Resources. TAEB was held jointly liable for this former employee's actions due to joint liability of companies for actions of their employees under Brazilian law. The judgment is currently under appeal pending before the Regional Federal Court of the 3rd Region, and as a result, no amount has been announced or paid to date. A date has not yet been set for the appeal decision and we have no clarity in that regard. The maximum amount, as estimated by Federal Prosecutors at the commencement of the judicial motion and which refers to a reimbursement of eventual damages, would be approximately €446.1 thousand. The Group has not provisioned any amount in that regard in its accounts because this process is assessed by its external advisors as a “possible” probability of loss.

Violations of such laws can result in civil penalties, including fines, denial of export privileges, injunctions, asset seizures, debarment from government contracts, termination of existing contracts, revocations or restrictions of licenses, criminal fines or imprisonment. In addition, such violations could also negatively impact our reputation and consequently, our ability to win future business. On the other hand, any such violation by our competitors, if undetected, could give them an unfair competitive advantage. The consequences that we may suffer due to the foregoing could have a material adverse effect on our business, financial condition and results of operations.

Changes to accounting standards may affect our reporting and the comparability of our financial results.

Our consolidated financial statements are prepared and presented in accordance with International Financial Reporting Standards (IFRS). Any changes to these standards could have a material effect on the presentation of our results and financial position. Certain IFRS provisions have recently been revised by the IASB.

As an example, IFRS 16 became effective for annual periods beginning on or after January 1, 2019, replacing the dual lease accounting model approach of IAS 17, which treated finance leases and operating leases separately. Under IFRS 16, lessees are required to recognize all leases with terms of more than one year in a manner similar to that previously applied for finance leases, including recognizing an asset and a liability for the rights and obligations created by a lease. We have applied IFRS 16 as of April 1, 2019. The impact of the application of IFRS 16 for the Group is detailed in note 1 of the Group’s consolidated financial statements for the financial year ended March 31, 2019 and for the financial year ended March 31, 2020. See “*Presentation of Financial and Other Information.*”

The IASB could in the future adopt other changes or supplements to IFRS, which we would be required to adopt, and which could have a material effect on the presentation of our results and our financial position.

We are subject to extensive requirements regarding the use, retention and security of personal information, and any breach of such requirements may have a significant impact on our reputation, financial position and results of our operations.

Many national and international laws and regulations govern the collection, use, storage, sharing and security of personal data to which we have access in the ordinary course of business. We strive to comply with all applicable laws, regulations and other legal obligations relating to privacy and personal data. However, given the complexity of the legislation, the absence of harmonization, the new features introduced by Regulation (EU) 2016/679 of the European Parliament and of the Council of April 27, 2016 on the protection of natural persons with regard to the processing of personal data and on the free movement of such data (“**GDPR**”), and the resulting regulatory and judicial instability, we are at risk of being deemed non-compliant with relevant regulatory and legal obligations in this respect.

Any violation, actual or perceived, of any laws, regulations or recommendations concerning privacy or personal data to which we are subject could have a material adverse effect on our reputation, brand, or on our results of operations. Such a violation could also result in (i) claims or proceedings against us by public authorities or individuals; (ii) the mobilization of significant resources, operational and costs constraints and significant expenses in order to defend or protect against such claims or proceedings; (iii) changes in our commercial and/or internal practices; (iv) negative consequences on our relations with our main partners; and (v) fines, damages or possible criminal sanctions.

In this respect, the GDPR has significantly increased the penalties regarding the protection of personal data. In addition, we may experience failure in our security systems that could lead to the unauthorized or fraudulent use of personal data. Consequently, the occurrence of such events could have a material adverse effect on our business, financial position and results of operations.

We may face risks related to taxation and changes to applicable tax regimes.

We are subject to complex and evolving tax legislation in the countries in which we operate. Changes in tax laws or regulations or in their interpretations could adversely affect our tax position, such as our effective tax rate or tax payments.

Furthermore, the European Union continues to harmonize the tax legislation of the Member States. In this respect, the Council of the European Union (the "**Council of the European Union**") adopted a directive "laying down rules against tax avoidance practices that directly affect the functioning of the internal market" on July 12, 2016 (Council Directive 2016/1164) (the "**ATAD**"). The ATAD was later amended on May 29, 2017, by the Council Directive (EU) 2017/952 (the "**ATAD II**"), which, *inter alia*, extends the scope of the ATAD to hybrid mismatches involving third countries and provides that its provisions shall apply (subject to certain exceptions), as from January 1, 2020. The ATAD provides, in particular, for a general interest limitation rule pursuant to which the tax deduction of net financial expenses is limited to 30% of the taxpayer's earnings before interest, tax, depreciation and amortization (EBITDA) or to a maximum amount of €3 million, whichever is higher (subject to several exceptions). Such new rules apply since January 1, 2019, following their transposition into French tax law by Article 34 of the French Finance Law for 2019 (Law 2018-1317 of December 28, 2018) (the "**French Finance Law for 2019**"). The French Finance Law for 2020 (Law 2019-1479 of December 28, 2019) (the "**French Finance Law for 2020**") also introduced under French tax law the provisions of the ATAD II and thus repealed the existing French anti-hybrid rules, as set forth in Article 212-I-b of the French Tax Code (*code général des impôts*) (the "**FTC**").

In addition, Article 108 of the French Finance Law for 2019 introduced under French tax law, the anti-abuse provision provided for by the ATAD with respect to French corporate income tax, which aims to address abusive tax practices that are not dealt with by specifically targeted provisions. Pursuant to this provision, the French tax authorities may ignore an arrangement, or a series of arrangements, which, having been put into place for the main purpose or one of the main purposes of obtaining a tax advantage that defeats the object or purpose of the applicable tax law, are not genuinely taking into account all relevant facts and circumstances.

We often rely on generally available interpretations of tax laws and regulations in the jurisdictions in which we operate. We cannot be certain that the relevant tax authorities are in agreement with our interpretation of these laws. If our tax positions are challenged by relevant tax authorities, the imposition of additional taxes could require us to pay taxes that we currently do not collect or pay or increase the costs of our products or services to track and collect such taxes, which could increase our costs of operations and have a negative effect on our business, results of operations and financial condition.

The adoption by the Council of the European Union of an EU list of non-cooperative jurisdiction for tax purposes and the use of this list in the jurisdictions where we operate may impact our financial results.

The Council of the European Union adopted on December 5, 2017, its conclusions on the EU list of non-cooperative jurisdictions for tax purposes (the "**Council Conclusions**"), which is composed of two sub-lists (respectively, the "**Black List**" and the "**Grey List**," together referred to as the "**EU List**"). The EU List was established following a screening and a dialogue conducted by a code of conduct working group appointed by the Council during 2017 with a large number of third-country jurisdictions. The Black List, which shall be updated at least once a year, is currently (according to the list as of February 22, 2021) composed of twelve jurisdictions (American Samoa, Anguilla, Dominica, Fiji, Guam, Palau, Panama, Samoa, Seychelles, Trinidad and Tobago, the United States Virgin Islands and Vanuatu). Furthermore, the Council published a Grey List of screened jurisdictions that committed to introduce changes in their tax legislation in order to comply with the European Union screening criteria. Though there is no applicable sanction yet, Member States are encouraged by the Council Conclusions to agree on coordinated sanctions to apply at national level against these listed jurisdictions, such as increased monitoring and audits, withholding taxes, special documentation requirements and anti-abuse provisions.

French law of October 23, 2018 that aims at fighting against tax fraud expands under certain conditions the French tax regime regarding non-cooperative states or territories (*États ou territoires non coopératifs*) as defined under Article 238-0 A of the FTC ("**Non-Cooperative States**") to certain states and jurisdictions included in the Black List. As a result, interest paid or accrued to persons domiciled or established in certain states and jurisdictions included in the Black List or paid on an account opened in a financial institution located in such states and jurisdictions may be subject to withholding tax in France and not be deductible for purposes of the computation of the debtor's corporate income tax liability. The French list of Non-Cooperative States which is, in principle, updated each year, has recently been updated on March 4, 2021 and includes the states and jurisdictions contained in the current version of the Black List (*Ministerial Order dated February 26, 2021 published on March 4, 2021 and amending ministerial order dated February 12, 2010*). Such list of Non-Cooperative States currently includes the following states and territories: American Samoa, Anguilla, the British Virgin Islands, Fiji, Guam, Dominica, Palau, Panama, Samoa, Seychelles, Trinidad and Tobago, the United States Virgin Islands and Vanuatu.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Overview

We are a leading global agro-industrial company specialized in the sourcing and processing of agricultural raw materials into a variety of commodities, natural extracts and ingredients.

We produce sugar, starch & sweeteners, alcohol, bioethanol, vegetable protein, animal nutrition, renewables and electricity in Europe, Brazil, Africa, the Indian Ocean (Reunion Island) and Asia, through the processing of a wide range of agricultural raw materials including sugar beet, sugarcane, corn, wheat, potatoes, cassava and alfalfa, equivalent to 47.3 million tonnes during the 2019/20 season.

We are a market leader across our product range. By volume, we are the leading sugar producer in France, one of the top three sugar producers in Europe and the second largest sugar producer in Brazil. Sugar products accounted for 39.7% of our total revenues for the financial year ended March 31, 2020. We are also the second largest producer of alcohol and ethanol by capacity and the third largest producer of both starch products and sweeteners products in Europe.

Our product offering is diversified across multiple end markets. We serve a wide range of customers operating in various end-markets such as food & beverage but also pharmaceutical, retail, energy, transportation, animal nutrition, aquaculture, fermentation, construction, paper, carton, and cosmetics industries. Our customers include leading brands such as Coca-Cola, Nestlé, PepsiCo, Ferrero, Sanofi, Johnson & Johnson, Pernod-Ricard, Diageo, Total, BP and Smurfit Kappa. For the financial year ended March 31, 2020, our ten largest third-party customers accounted for less than 15% of our revenue, and our most significant third-party customer accounted for less than 5% of our revenue.

We serve our customers through our global production and sales network, which consists of 48 industrial facilities across Europe, South America, Africa and Asia and supported by our presence in 130 countries worldwide. Our retail brands benefit from strong market recognition, with leading brands such as Béghin Say in France, Whitworths in the UK and TTD in the Czech Republic. Our La Perruche brand is a worldwide luxury brand now available in more than 52 countries and is generally regarded as top quality sugar that is served in many high end locations around the world, including hotels, restaurants and cafés.

We are an agricultural cooperative company with over 12,000 cooperative members. In France, agricultural cooperatives are a fundamental component of the agricultural system, with a substantial number of French sugar beet growers currently belonging to an agricultural cooperative. Members of our cooperatives are both our shareholders and farmers, and act as our largest suppliers for sugar beet in Europe. 181 regional representatives are elected once a year among these cooperative members to represent, assist and vote at the cooperative members' general meeting.

We employed 22,358 employees on average during the financial year ended March 31, 2020, of which approximately 15,890 employees were employed on a permanent basis across 18 countries as of March 31, 2020. In addition, we employed 6,468 temporary workers for seasonal work linked to harvesting and processing periods during the financial year ended March 31, 2020.

We generated revenue of €4,491.8 million and Adjusted EBITDA of €419.8 million during the financial year ended March 31, 2020. This represented an increase in revenue of €53.5 million, or 1.2%, from €4,438.3 million for the financial year ended March 31, 2019 as well as an increase in Adjusted EBITDA of €145.3 million, or 52.9%, from €274.5 million for the financial year ended March 31, 2019. During the nine months ended December 31, 2020, we generated revenue of €3,201.9 million and Adjusted EBITDA of €372.8 million. This represented a decrease in revenue of €35.0 million, or 1.1%, from €3,236.9 million for the nine months ended December 31, 2019 as well as an increase in Adjusted EBITDA of €139.9 million, or 60.1%, from €232.9 million for the nine months ended December 31, 2019.

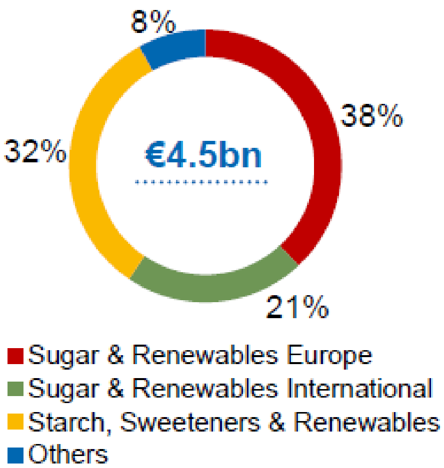
Our operations are organized into the following four operating segments:

- *Sugar & Renewables Europe*: This operating segment focuses on producing sugar, alcohol and bioethanol by processing sugar beet, as well as producing animal nutrition products by processing sugar beet pulps and alfalfa. Our Sugar & Renewables Europe operating segment mainly operates in France, Czech Republic, Romania and Spain and distributes its products throughout Europe. By volume, we are the leading sugar producer in France and one of the top three sugar producers in Europe. We are also the second largest producer of alcohol and ethanol by capacity in Europe. For the financial year ended March 31, 2020, our Sugar & Renewables

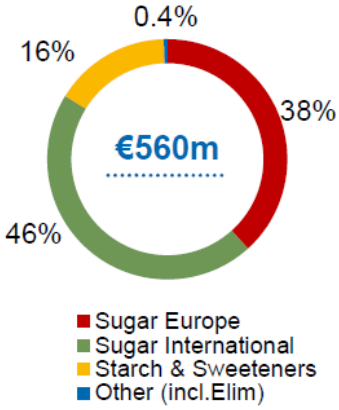
Europe operating segment had revenues of €1,727.4 million and Adjusted EBITDA of €95.5 million. For the nine months ended December 31, 2020, the segment had revenues of €1,269.5 million and Adjusted EBITDA of €148.5 million.

- *Sugar & Renewables International*: This operating segment focuses on cultivating and processing sugarcane and producing raw and refined sugar and ethanol. Our Sugar & Renewables International operating segment operates in Africa, Brazil and Reunion Island. By volume, as of March 31, 2020, we were the second largest sugar producer in Brazil, the world's preeminent market for sugar production, and we are among the top 10 ethanol producers in Brazil as of March 31, 2020. For the financial year ended March 31, 2020, our Sugar & Renewables International operating segment accounted for €958.7 million of revenue and Adjusted EBITDA of €221.6 million. For the nine months ended December 31, 2020, the segment had revenues of €674.0 million and Adjusted EBITDA of €174.3 million.
- *Starch, Sweeteners & Renewables*: This operating segment focuses on producing alcohol and ethanol, starches and sweeteners, vegetable proteins and animal nutrition products by processing cereal, corn and tubers. Our Starch, Sweeteners & Renewables operating segment operates in Europe, Brazil and Asia. We are the third largest starch & sweeteners producer in Europe by volume. Additionally, we are the second largest producer of wheat protein worldwide as of March 31, 2020. For the financial year ended March 31, 2020, our Starch, Sweeteners & Renewables operating segment accounted for €1,501.5 million of revenue and Adjusted EBITDA of €93.4 million. For the nine months ended December 31, 2020, the segment had revenues of €1,068.4 million and Adjusted EBITDA of €54.4 million.
- *Others*: This operating segment consists of sugar and ethanol trading through our Tereos Commodities subsidiaries, inter-segment eliminations and corporate activities, and accounted for €304.3 million of revenues and Adjusted EBITDA of €9.3 million for the financial year ended March 31, 2020 and are presented as "Others" in our analysis of Results by Operating Segment. For the nine months ended December 31, 2020, the segment had revenues of €190.0 million and Adjusted EBITDA of negative €4.4 million.

The chart below shows our revenue by operating segment for the twelve months ended December 31, 2020:



The chart below shows the percentage of our Adjusted EBITDA generated by each of our operating segments for the twelve months ended December 31, 2020:



We are committed to satisfying the global needs for our customers, while taking into account new societal and environmental challenges and expectations. We strive to continually strengthen our contribution to sustainable initiatives and further position ourselves as a responsible group, while driving business growth and performance over the long term. We are committed to continue to build a truly sustainable model in which the principles of a circular economy are reflected at all steps of our production processes.

Factors Impacting Our Results of Operations

Our operations and results have been impacted and may continue to be impacted by various key factors, as well as past events and transactions. These factors include (i) fluctuations in prices of our end products; (ii) changes in regulation; (iii) changes in prices of agricultural raw materials; (iv) changes in energy prices; (v) fluctuations in exchange rates; (vi) investments; (vii) acquisitions, dispositions and partnerships; (viii) seasonality and weather effects; (ix) payment of price adjustments to our cooperative members; and (x) changes in accounting policies.

Fluctuations in prices of our end products

The world benchmark contract for raw sugar trading is Sugar No. 11, which is traded on ICE futures and provides the NY11 reference rate. However, the price we receive for our sugar in certain countries where we have production facilities has shown limited correlation with changes in the sugar price set by NY11, in large part due to the importance of local dynamics in the sugar market. As sugar generally represents a small proportion of our customers' overall production costs, while it is often an essential component of their end product and of their processes, they are generally willing to secure reliable quality and avoid supply disruption. In countries where we produce sugar, we are able to meet these needs. Our facilities are generally in close proximity to our customers, reducing logistics costs and delays. Additionally, the products we supply are consistently of high quality, as is often demonstrated by local certifications that have become necessary due to increasing regulatory and compliance requirements.

Nevertheless, our results are considerably influenced by fluctuations in the price of certain of our end products, in particular sugar and ethanol, which are in turn affected by a variety of underlying factors such as crop size for sugarcane or sugar beet due to weather conditions, changes in regulation and general economic conditions. These underlying factors can also influence our strategic decisions, in particular regarding whether and when to adjust the mix of products being produced, as well as whether to sell or store our products.

Historically, EU sugar prices have been strongly influenced by regulation and production quotas. However, following the European market liberalization in October 2017, an increase in production led to an oversupply of sugar in the European market, which in turn resulted in a significant decrease in the price of sugar. From October 2017 to October 2018, sugar production in the EU increased by approximately 30%, leading to a decrease in the price of sugar in the EU which hit a historically low level of €300 per tonne in January 2019, on an estimated ex-works level, reflecting the prices fixed pursuant to contracts entered into during the summer of 2018. This has severely impacted the sugar industry as a whole and led to several plant closures by a number of our competitors. See "—*Changes in Regulation*" below. More recently, the European sugar market has experienced a process of rationalization of production volumes with yields returning to their historical average and the amount of land used to grow sugar beet for the 2019/2020 crop season falling by 6% across Europe and is expected to further decline for the 2020/2021 crop season. Since March 2019, sugar prices have recovered, and are currently set at an estimated ex-works price of nearly €400 per tonne. During the financial years ended March 31, 2020, 2019 and 2018, we sold 97%, 88% and 87%, respectively, of our European sugar production in the domestic European market.

European ethanol prices are determined based on the T2 Free on Board Rotterdam market. Ethanol consumption in the EU is primarily driven by regulations and tax incentives that promote consumption of biofuels. Under the revised Renewable Energy Directive 2018/2001/EU, which entered into force in December 2018, Member States are required to ensure that at least 32% of their transport fuels are derived from renewable sources by 2030. See "—*Changes in Regulation*." In a context of limited supply and structurally increasing demand, ethanol prices in Europe have experienced an upward trend and prices in the second half of the financial year ended March 31, 2020 were up by 13% as compared to the corresponding period of the prior financial year. At the end of March 2020, ethanol prices decreased as a result of the public health measures implemented in many countries in response to the COVID-19 pandemic, which limited car traffic and triggered a significant decrease in demand. For example, in Europe the prices of ethanol decreased by 30% in the beginning of the COVID-19 epidemic, while the consumption of ethanol has decreased by 55% in the months of April and May 2020. During the financial years ended March 31, 2020, 2019 and 2018, we sold 98%, 100%, and 100% of our European ethanol production in the domestic European market, respectively.

Our ability to minimize the effect of fluctuations in the price of our products is supported by the flexibility of our operations. At our sugar facilities located in Brazil and Europe, we are able to rapidly shift between production of sugar, alcohol, and ethanol, and at our starch plants, shift production of starch, sweeteners & renewables, to take advantage of fluctuations in the price of our raw materials or finished products. For example, during the lockdown measures implemented in response to the COVID-19 pandemic, which resulted in a decrease in the price of ethanol as described above, most of our plants rapidly reduced the share of ethanol in their production mix in order to adjust to the significant drop in the demand.

In Brazil, domestic sugar prices are influenced by the price of raw sugar on the international market, which is set in U.S. dollars and determined according to the listed price of the New York Board of Trade Futures Contract No. 11 ("**NY11**"). Brazilian domestic sugar prices are therefore affected by exchange rate fluctuations, and are partially influenced by the price of ethanol, as most sugar producers in Brazil also produce ethanol and benefit from potential arbitrage activities between the two products. During the financial years ended March 31, 2020, 2019 and 2018, we sold 51%, 57% and 47%, respectively, of our Brazilian sugar production in the domestic Brazilian market, which represented 3.7%, 4.9% and 6.3% of our revenue for the corresponding periods.

In Brazil, as gasoline and ethanol can function as substitute products, the price of ethanol is closely linked to the price of gasoline. Ethanol prices in Brazil are also affected by the seasonality of production, consumption patterns and the impact of regulation, and have increasingly started to reflect the volatility of global gasoline prices and fluctuations in the BRL/USD exchange rate. During the financial years ended March 31, 2020, 2019 and 2018, we sold 98%, 97%, and 100% of our Brazilian ethanol production in the domestic Brazilian market, respectively.

Changes in Regulation

Our operations are subject to various laws and regulations at a national and local level. The prices of certain agricultural raw materials used in our production processes (such as sugar beet and sugarcane) and certain of our end products (such as sugar and ethanol) have been, and will continue to be subject to regulatory measures implemented by public authorities or industry associations.

Until 2017, the activities of our Sugar & Renewables Europe operating segment, which are mostly carried out in Member States (including France, Spain, the Czech Republic and Romania), as well as our sugarcane processing business in Reunion Island, were subject to sugar quota system introduced by CAP, which historically established a common organization of agricultural markets. This system set out production quota volumes, export quota volumes, a minimum price for beets, provisions for sugar price sharing with beet growers, and a reference sugar price for the period 2006-2017. EU Council Regulation 1308/2013 entered into force in October 2017, abolishing the minimum price for beets, the sugar price sharing provisions and the sugar production and export quota regimes. Since then, production and sales of sugar in the domestic market, as well as global sugar exports, are no longer limited in volume provided that such exports are not subsidized.

Additionally, the biofuel market, which is a significant end market for the ethanol we produce, is largely dependent upon favorable regulatory frameworks. For example, in the EU, government support for biofuels primarily consist of tax incentives and biofuel blending obligations imposed on fuel distributors. The original Renewable Energy Directive 2009/28/EC established an overall policy for the production and promotion of energy from renewable source within the EU and required EU member states to fulfil at least 10% of their transport fuel needs from renewable sources by 2020. In December 2018, the Directive 2018/2001/EU came into force, establishing a new binding renewable energy target of at least 32%, of renewable sources by 2030 (including a requirement on Member States for fuel suppliers to supply a minimum of 14% of the energy consumed in road and rail transport by 2030 as renewable energy).

In Brazil, the ethanol market is expected to benefit from the new Biofuels National Policy program ("**RenovaBio**"), officially launched on December 24, 2019, which aims at creating a market-based mechanism that provides incentives for ethanol production and distribution to accelerate carbon footprint reduction.

Finally, we are subject to strict legislative and regulatory frameworks relating to environmental protection (including concerning climate change), public health and safety and social responsibility (including supply chain risks). As such, we have incurred, and will continue to incur, significant costs to meet legal and regulatory requirements. For example, food traceability regulations require us to carry out regular investments, expenses and audit on our production lines.

Changes in Prices of Agricultural Raw Materials

Expenses associated with the purchase of raw materials are largely variable. We use a large amount of agricultural raw materials in our production processes. For the years ended March 31, 2020, 2019 and 2018, overall raw materials expenses represented €2,578 million (or 70% of our cost of sales), €2,653 million (or 72% of our cost of sales) and €2,662 million (or 66% of our cost of sales), respectively. For the financial year ended March 31, 2020, these raw materials include sugar beet, sugarcane, cereals and tubers which represented 59% of the total raw materials and consumables.

In France, where we source approximately 86% of the sugar beet we use in our production processes in Europe, our Supervisory Board has validated a new sugar beet purchase price mechanism in 2018, based on a "market price formula." This market price formula began to apply as of the 2019/2020 crop season and provides us with a natural hedge against fluctuations in market prices, replacing our historical approach of setting the price and potential price adjustments every year with representatives of our cooperative members. The formula is based on a price equivalent to the estimated average price of the product mix of Tereos France (sugar, alcohol and ethanol) for the upcoming twelve-month harvest, beginning each September. See "*—Payment of Price Adjustments to Our Cooperative Members*" and "*Related Party Transactions*." Due to the change in the calculation of the price paid to our sugar beet farmers, we do not expect price adjustments to have material effects on our financial results going forward.

In Brazil, sugarcane prices are determined based on the price mechanism established by CONSECANA. This price mechanism directly links the price of the sugarcane we purchase from third parties, which is approximately 51% of the total volume of sugarcane we process, to the average price of our end products, as determined by the industry's average mix of production. This mechanism provides a natural hedge against fluctuations in the prices of our end products.

Changes in Energy Prices

Our activities are energy-intensive, particularly with respect to natural gas, electricity, and diesel for transportation purposes. Energy consumption costs represented 7.1% of our cost of sales for the financial year ended March 31, 2020. The price of energy that we purchase depends on market prices and may vary significantly depending on market fluctuations and regulatory arbitrage. In Europe, where we purchase significant quantities of gas, we have long-term supply contracts with indexed prices hedged on over-the-counter markets.

We have been able to partially contain energy costs and absorb fluctuations in energy prices by implementing initiatives aimed at promoting energy self-sufficiency and by recovering a percentage of the energy used in our production processes. For example, the process of cogeneration, which consists of producing renewable energy from bagasse (sugarcane residue), allows our sugar factories in Reunion Island and Brazil to be energy self-sufficient, with excess energy being produced during our growing seasons. The excess power is then sold to the grid, providing an additional source of revenue.

Fluctuations in Exchange Rates

We combine a global presence with local industrial operations. Although our consolidated revenue is denominated in euros, we make investments, sell products and engage in transactions in countries whose functional currency is not the euro, mainly the Brazilian real and the U.S. dollar. Consequently, our results are affected by fluctuations in exchange rates.

We are therefore required to translate results recorded in a non-euro currency into euros at market-based average exchange rates during the period. When comparing our results between periods, certain changes in our revenue and/or expenses may be attributed to fluctuations in the reported exchange rates between these periods. On average, the value of the Brazilian real for the period between December 31, 2019 to December 31, 2020 depreciated by 40.7% against the euro, from 4.5140 to 6.3504 Brazilian real per euro. The average exchange rate for the nine months ended December 31, 2020 was 6.2153 Brazilian real per euro, compared to 4.4583 for the nine months ended December 31, 2019, which negatively impacted our financial position and results for the nine months ended December 31, 2020.

Although the majority of our sales and costs are generally denominated in local currency, we are also exposed to fluctuations in exchange rates arising out when an entity in our Group enters into transactions recorded in a currency other than its functional currency. For example, revenue relating to our sugar exports from Brazil are recorded in U.S. dollars. We seek to mitigate transaction risk by using U.S. dollar revenue to reimburse U.S. dollar-denominated debt that is regularly incurred by our Brazilian subsidiaries or by entering into standard foreign exchange contracts, primarily outright forward contracts maturing in less than twelve months, and USD borrowings, to hedge foreign exchange risks on our sugar sales.

Investments

We operate in a capital-intensive industry that requires permanent investment in order to maintain and/or increase production capacity, update assets and technology, and comply with regulations. Our cash capital expenditure comprises both expansion and productivity capital expenditure and maintenance capital expenditure. Our cash capital expenditure for the nine months ended December 31, 2020 and 2019 amounted to €249.1 million and €308.8 million, respectively, and for the financial years ended March 31, 2020, 2019 and 2018 amounted to €436.8 million, €438.6 million and €477.5 million, respectively. See "*—Liquidity and Capital Resources—Capital Expenditure*" for more details.

Our investments typically include the acquisition of property, plant and equipment, biological assets (which includes standing sugarcane and cassava) and intangible assets (such as computer software). We categorize our capital expenditures into maintenance capital expenditure and expansionary and productivity capital expenditure.

Maintenance capital expenditure aims to extend the useful life of our assets and represented €160.3 million and €180.4 million of our overall capital expenditure for the nine months ended December 31, 2020 and 2019, respectively, and €271.5 million, €273.7 million and €277.0 million for the years ended March 31, 2020, 2019 and 2018, respectively. Maintenance capital expenditure includes regular investments that are classified as planting investments. Our planting capital expenditure for sugarcane was €63.4 million for the year ended March 31, 2020 and €61.4 million for the year ended March 31, 2019. Maintenance capital expenditure also includes the investments incurred during the regular major maintenance activities in our industrial facilities on an annual basis, including inspecting and replacing equipment. Major recurring maintenance costs include labor, materials, external services, general and other overhead expenses incurred during the inter-crop period.

Our expansionary and productivity capital expenditure amounted to €88.8 million and €128.4 million of our overall capital expenditure for the nine months ended December 31, 2020 and 2019, respectively, and €165.3 million, €164.9 million and €200.5 million for the years ended March 31, 2020, 2019 and 2018, respectively. Examples of recent expansionary and productivity investments include our "Plant 4.0" pilot program, which aims at identifying potential improvements relating to new technologies (including advanced process control, automation and digitalization) and the replacement of two boilers in our French sugar beet processing plants. In November 2018, we also inaugurated a new export logistics center in Escaudoeuvres, France, which provides us with the flexibility to export up to 350,000 tonnes of sugar produced in France in a given crop year. This investment is key in enabling us to sell surplus sugar to new export destinations and arbitrate efficiently our product mix between domestic sugar, export sugar, alcohol and ethanol. In addition, in June 2018, we announced a strategic partnership with Brazilian operator VLI Group, one of the largest railway operators in Brazil that provides logistic solutions to agribusiness, steel and industrial producers in Brazil. This agreement provides for the construction of sugar warehouses in the state of São Paulo that are connected to the VLI rail network which leads to the port of Santos. The partnership also contains a long-term agreement to transport one million tonnes of raw sugar per year.

In addition, we operate in a strict legislative and regulatory environment as it relates to environmental protection, public health and safety. As such, we have had to incur, and will continue to incur, certain costs (including both capital expenditure and operating expenditure) to meet our legal and regulatory requirements.

Acquisitions, Disposals and Partnerships

We have historically acquired companies in the industry and market segments in which we operate to support our organic growth, and we intend to continue to evaluate opportunities for further acquisitions on an opportunistic basis going forward. In addition, we may enter into partnership and joint ventures to expand into new geographies or consolidate our market position in our existing geographic and end markets, including by way of capital increase in our partnerships. Our growth strategy has allowed us to build a diversified portfolio of companies with a strong global reach. From time to time, we may also dispose of operations and exit partnerships which are deemed non-strategic.

During the financial years ended March 31, 2018, 2019 and 2020, we carried out, among others, the following transactions:

- The share capital of PT Tereos FKS Indonesia was increased by €19.7 million during the financial year ended March 31, 2019 and by €26.8 million during the Financial Year ended on 31 March 2018, both subscribed for 50% by Tereos Asia Investment. Following these transactions, Tereos Asia Investment maintained its 50% stake in PT Tereos FKS Indonesia. PT Tereos FKS Indonesia is a strategic joint-venture entered into with the FKS Group in 2014, which has allowed us to access the fast-growing Indonesian starch market.
- In July 2019, we entered into an agreement with ETEA, a subsidiary of the Frandino Group, pursuant to which we purchased 50% of the Sedalcol France shares previously held by ETEA for a total amount of €52.0 million and sold our stakes in Sedalcol UK, Sedamyl and their respective subsidiaries for a total amount of €266.6 million (the "**ETEA Transactions**"). We now own 100% of the Nesle distillery in France (Tereos Grain Alcohols France) as a result of the ETEA Transactions, which is our largest European plant for the production of wheat-based starches and proteins and represents a strategic site in our European production setup.

Seasonality, Weather and Agricultural-related Effects

Our operations are affected by seasonal fluctuations, particularly relating to our sugar operations in Europe and in Brazil. In Europe, sugar beet is sown between the end of March and mid-April, and sugar is produced between September and January. Sugarcane is a seasonal crop, with the growing season in Brazil generally beginning in April and ending in December, while in Africa and the Indian Ocean, the season generally spans from June or early July to November of each year.

Due to the seasonality of European sugar production and the associated expenses, we face greater liquidity needs in January of each year, at a time where inventories stand at their highest level following the end of the crop season. Net debt tends to decrease from January through late September, driven by our revenue inflow which is, by contrast, generally stable throughout the year. Given the seasonal nature of our sugar businesses, we are subject to fluctuations in our level of borrowings.

In the same way, our Brazilian sugar and ethanol production activities are subject to seasonality, which leads to volatility in our inventory, typically higher between November and December in order to cover sales in the gaps between harvesting seasons which run from December to April of each year, and to higher revenue recorded in the second half of our financial year.

In addition, our operations are impacted by the volume and sucrose content of sugarcane and sugar beet that we are able to source from our suppliers or directly from our land. Volume and sucrose content of sugarcane and sugar beet are primarily linked to weather conditions, such as rainfall and temperature. Weather conditions have historically caused volatility in the ethanol and sugar industries by impacting harvest yields. For example, we recorded a decrease of 2.6 million tonnes in the volume of sugarcane processed in Brazil for the financial year ended March 31, 2019, from 20.2 million tonnes for the financial year ended March 31, 2018 to 17.6 million tonnes for the financial year ended March 31, 2019, as a result of drought conditions in the center-south portion of Brazil, which is the region in which the majority of our operations are located. Sugarcane production volumes have since rebounded, and we processed 19.0 million tonnes for the financial year ended March 31, 2020. In addition, in Reunion Island, the volume of sugarcane processed during the financial year ended March 31, 2019 was also sharply down due to tropical storm Fakir.

Additionally, our operations are exposed to natural aggressors such as viruses that may reduce the yields of our suppliers and consequently affect the raw material volumes supplied to our plants. In the nine-month period ended December 31, 2020, the combined impacts of severe beet yellows virus and adverse weather conditions have significantly affected sugar beet yields in some regions. Tereos cooperative members experienced yield losses of 26% on average compared to the average for the last five years. The losses were marked by strong regional disparities.

Payment of Price Adjustments to Our Cooperative Members

In addition to purchasing sugar beet from our cooperative member beet growers, we may pay price adjustments based on the amount of beets they provide on an annual basis. The amounts of these price adjustments have traditionally been negotiated with representatives of our cooperative members and have been paid to our cooperative member for each financial year, in proportion to the quantities of beet provided during the harvest. Following the end of a transition period that began with the liberalization of the European sugar market in October 2017, as of the 2019/2020 crop season and going forward, we apply a new sugar beet purchase price mechanism that is calculated on the basis of a "market price formula" based on a price equivalent to the estimated average price of the product mix of Tereos France (sugar, alcohol and ethanol) for the upcoming twelve-month harvest, beginning each September. See "*—Changes in Prices of Agricultural Raw Materials*" and "*Related Party Transactions*".

For the nine months ended December 31, 2020, price adjustments paid are nil, and amounted to €7.4 million for the nine months ended December 31, 2019. For the financial years ended March 31, 2020, 2019 and 2018, price adjustments paid amounted to €7.4 million, nil and €42.3 million, respectively. Due to the change in the calculation of the price paid to our sugar beet farmers, we do not expect price adjustments to have material effects on our financial results going forward.

Factors Affecting Our Comparability of Results of Operations

Changes in Accounting Policies

During the periods under review in this Document, we have adopted certain accounting standards that may have an impact on the comparability of the financial information presented herein. The audited consolidated financial statements as of March 31, 2020 have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU as of March 31, 2020. The accounting policies are consistent with those applied by us for the financial years ended March 31, 2019 and 2018, with exceptions resulting from the first application of IFRS 15 (Revenue from Contracts with Customers), IFRS 9 (Financial Instruments) and IFRS 16 (Leases).

For a detailed discussion of significant accounting policies affecting us, see Note 2 "Significant accounting principles" to our consolidated financial statements as of and for the financial year ended March 31, 2020.

IFRS 15 – Revenue from Contracts with Customers

IFRS 15 was adopted by European Commission Regulation 1905/2016 of September 22, 2016, with an effective mandatory application date for years beginning on or after January 1, 2018. This replaced IAS 18 which covered contracts for goods and services and IAS 11 which covered construction contracts. The new standard is based on the principle that revenue is recognized when performance obligations are met and control of goods or services transfers to a customer. The standard applies a five-step approach to the timing of revenue recognition. We have applied this standard since April 1, 2018 and in our consolidated financial statements as of and for the year ended March 31, 2019, we have opted to apply the retrospective approach, by restating the comparative period ended March 31, 2018. For a description of the impact of the adoption of IFRS 15 on our financial statements, see note 1.3 to our audited consolidated financial statements as of and for the financial year ended March 31, 2019.

IFRS 9 – Financial Instruments

IFRS 9 was adopted by European Commission Regulation 2067/2016 of November 22, 2016, with effective application date for annual periods beginning on or after January 1, 2018. IFRS 9 replaced IAS 39 Financial Instruments: Recognition and Measurement. It addresses the classification, measurement and de-recognition of financial assets and financial liabilities, introduces new rules for hedge accounting and a new impairment model for financial assets. The Group adopted IFRS 9 on April 1, 2018 applying the retrospective approach, with the option not to restate the consolidated financial statements for the year ended March 31, 2018. For a description of the impact of the adoption of IFRS 9 on our financial statements, see note 1.3 to our audited consolidated financial statements as of and for the financial year ended March 31, 2019.

IFRS 16 – Leases

In May 2016, the IASB published IFRS 16, which replaced the prior standards for accounting for leases, including IAS 17 "Leases" and became mandatory for companies reporting in IFRS for financial years beginning on or after January 1, 2019. IFRS 16 introduced a uniform accounting model for lessees, under which a lessee is required to recognize a right-of-use asset representing the lessee's right to use the underlying asset and a financial liability representing the lessee's obligation to make future lease payments.

Under IFRS 16, the Group assesses whether a contract is or contains a lease based on the definition of a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a specified period of time in exchange for consideration.

The Group adopted IFRS 16 on April 1, 2019 applying the modified retrospective transition approach, under which a liability is recognized at the transition date for an amount equal to the present value of the residual lease payments alone, offset by a right-of use asset adjusted for the amount of prepaid lease payments or amounts recognized within accrued expenses. These liabilities are measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate at April 1, 2019. The right-of-use assets have been measured at the amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to the corresponding lease recognized in the statement of financial position at March 31, 2019. The comparative information presented for the prior year has not been restated and therefore the results of operations for the year ended March 31, 2020 are limited in comparability to the results of operations for the year ended March 31, 2019. The reclassifications and adjustments arising from the new rules have therefore been recognized in the opening balance sheet at April 1, 2019. The Group elected to apply the practical expedients provided under IFRS 16 to exclude leases with a residual term of less than twelve months and leases of low-value assets, and not to capitalize costs directly related to signing leases. The amount of the liability depends to a large degree on the assumptions used for the lease term and, to a lesser extent, the discount rate. As of April 1, 2019, the initial application of IFRS 16 resulted in an increase of €129.7 million in our total equity and liabilities, of which an increase of €130.5 million of our net debt. The application of the standard from April 1, 2019 had a positive impact of €33.5 million on our Adjusted EBITDA for the financial year ended March 31, 2020.

For a description of the impact of the adoption of IFRS 16 on our financial statements, see notes 1.3 and 2.11 to our audited consolidated financial statements as of and for the financial year ended March 31, 2020.

Key Income Statement Items

Revenue

Our revenue mainly comprises sales of goods. Revenue is recognized in the income statement when the control of goods is transferred.

Revenue is stated net of trade discount and customer rebates, as well as net of costs relating to trade support and sales taxes (VAT, ICMS, PIS and COFINS). These amounts are estimated when net revenue is recognized, on the basis of agreements and engagements with the customers concerned.

Cost of Sales

Cost of sales includes all costs directly or indirectly related to the products sold. The main components are the cost of raw materials, energy, wages, and the depreciation of production equipment.

Distribution Expenses

Distribution expenses include all expenses necessary for the distribution and sale of our products. It includes expenses related to the management of the stock of finished products, transport, and ancillary expenses directly related to the distribution of the product.

General and Administrative Expenses

General and administrative expenses include all expenses related to general management, marketing, finance and accounting, IT, legal, human resources, technical, and research and development activities.

Other Operating Income (expense)

Other operating income (expense) includes taxes (other than income taxes), change in fair value of derivatives, provisions, depreciation and subsidies. It also includes contractual indemnities, restructuring expenses, the impairment of goodwill on assets.

Net Financial Income (Expense)

Net financial expense mainly includes interest expense on borrowings, lease contracts, accretion of financial assets and provisions, financial expense related to pension plans and other post-employment benefits, bank charges, changes in the fair value of derivative instruments not designated as hedging instruments, and unrealized and realized foreign exchange gains and losses.

Net financial income mainly comprises income from cash and cash equivalents.

Share of Profit of Associates and Joint Ventures

Share of profit of associates and joint ventures represents our share of profit or loss after tax of our joint ventures and minority interests.

Income Taxes

Income taxes include current taxes, calculated based on taxable income for the year and deferred taxes, which, pursuant to IAS 12, result from temporary differences between the carrying amounts of assets and liabilities and their tax base.

Results of Operations

Adjusted EBITDA

Adjusted EBITDA corresponds to operating income before amortization, change in fair value of biological assets, change in fair value of financial instruments of inventories and of sale and purchase commitment, except for the portion of these items related to trading activities, any impairment of goodwill and of fixed assets, gains on bargain purchase, seasonality adjustments, non-recurring items and price adjustments.

The following table shows our Adjusted EBITDA for the financial years ended March 31, 2020, 2019 and 2018 and for the nine months ended December 31, 2020 and 2019.

	For the financial year ended March 31,			For the nine months ended December 31,	
	2020	2019	2018[1]	2020	2019
	(€ in millions, unless otherwise indicated)				
Operating income	**176.9**	**(150.0)**	**103.3**	**19.9**	**73.7**
Amortizations	420.1	367.2	385.3	311.6	353.4
Impairment of goodwill and fixed assets	3.6	19.3	—	77.0	—
Gain on bargain purchase (badwill)	—	—	(2.9)	—	(1.7)
Price adjustments[2]	7.4	—	42.3	—	7.4
Change in fair value:					
of biological assets[3]	(42.3)	20.3	38.4	(0.5)	(11.4)
of other items	5.6	1.7	2.6	2.2	2.7
Non-recurring items[4]	(153.4)	15.3	30.1	0.9	(153.7)
Seasonality adjustments[5]	1.9	0.7	(4.9)	(38.2)	(37.4)
Adjusted EBITDA	**419.8**	**274.5**	**594.2**	**372.8**	**232.9**
Total Revenue	**4,491.8**	**4,438.3**	**4,772.2**	**3,201.9**	**3,236.9**
Adjusted EBITDA margin (in %)	**9.3%**	**6.2%**	**12.5%**	**11.6%**	**7.2%**

(1) Restated column shows figures for the financial year ended March 31, 2018 reflecting the application of IFRS 15 (see note 1 to audited consolidated financial statements of the Company for the financial year ended March 31, 2019).

(2) Price adjustments consist of historical price complements paid under a former regime, under which additional payments were paid to our cooperative members for each financial year, in proportion to the quantities of beet provided during the harvest. As of the 2019/2020 crop season and going forward, we apply a new sugar beet purchase price mechanism using on a "market price formula," which is based on a price equivalent to the estimated average price of the product mix of Tereos France (sugar, alcohol and ethanol) for the upcoming twelve-month harvest, beginning each September. See "*—Factors Impacting Our Results of Operations—Payment of Price Adjustments to Our Cooperative Members*" and "*Related Party Transactions*." Due to the change in the calculation of the price paid to our sugar beet farmers, we do not expect price adjustments to have material effects on our financial results going forward.

(3) Changes in fair value of biological assets represent changes in fair value of sugarcane and cassava and related agricultural products, which are initially recognized at fair value less estimated expenses at the point of sale.

(4) Non-recurring items include the impact of our European reorganization announced in 2018 and the net gain on the ETEA Transactions recorded during the financial year ended on March 31, 2020.

(5) Seasonality adjustments include the temporary difference in the recognition of depreciation charges and price adjustments in the Group's financial statements according to IFRS and the Group's management accounts in the course of a crop period. On a full-year basis, this adjustment is not material.

Nine months ended December 31, 2020 compared to the nine months ended December 31, 2019

The table below presents our consolidated statement of operations for the nine months ended December 31, 2020 and 2019.

	For the nine months ended December 31,		Variation
	2020	2019	
	(€ in millions)		(% change)
Revenue	3,201.9	3,236.9	(1.1)%
Cost of sales	(2,520.1)	(2,721.6)	(7.4)%
Distribution expenses	(343.7)	(355.9)	(3.4)%
General and administrative expenses	(238.7)	(253.0)	(5.7)%
Other operating income (expense)	(79.6)	167.3	—
Operating income (expense)	**19.9**	**73.7**	**(73.0)%**
Financial expenses	(162.0)	(198.9)	(18.6)%
Financial income	67.4	86.2	(21.8)%
Net financial income (expense)	**(94.7)**	**(112.7)**	**(16.0)%**
Share of profit of associates and joint ventures	0.1	7.1	—
Net income (loss) before taxes	**(74.7)**	**(31.9)**	**—**
Income taxes	(19.6)	0.1	—
Net income (loss)	**(94.3)**	**(31.8)**	—

Revenue

Our consolidated revenue decreased by €35.0 million, or 1.1%, to €3,201.9 million for the nine months ended December 31, 2020 from €3,236.9 million for the nine months ended December 31, 2019, due primarily to the impact of higher sales prices for sugar and alcohol and ethanol in local currency, offset by the depreciation of the Brazilian real against the euro. At constant exchange rates, revenues were up 3.7%.

Revenue by operating segment

The summary table below sets forth our revenue by operating segment for the nine months ended December 31, 2020 and 2019:

	For the nine months ended December 31,		Variation
	2020	2019	
	(€ in millions)		(% change)
Sugar & Renewables Europe	1,269.5	1,194.0	6.3%
Sugar & Renewables International	674.0	681.3	(1.1)%
Starch, Sweeteners & Renewables	1,068.4	1,123.6	(4.9)%
Others (including eliminations)	190.0	237.9	(20.1)%
Total	**3,201.9**	**3,236.9**	**(1.1)%**

- Sugar & Renewables Europe

  Revenue from the Sugar & Renewables Europe operating segment increased by €75.5 million, or 6.3%, to €1,269.5 million for the nine months ended December 31, 2020 from €1,194.0 million for the nine months ended December 31, 2019. This increase was primarily due to higher European sugar and ethanol prices compared to the previous year and an increase of sales in the alcohol segment, partially offset by the effect of lower volumes sold due to the impact of the health crisis and the low yields for the 2020 crop. During the nine months ended December 31, 2020, sugar sales volumes were stable in the Sugar & Renewables Europe division compared to the nine months ended December 31, 2019, while ethanol sales volumes decreased by 8%. This reflects the poor 2020/21 beet crop season, where yields were 26% below the historical average. This negatively impacted our volumes for the three months ended December 31, 2020, while volumes for the six months ended September 30, 2020 were comparable to the volumes for the six months ended September 30, 2019.

- Sugar & Renewables International

  Revenue from the Sugar & Renewables International operating segment decreased by €7.3 million, or 1.1%, to €674.0 million for the nine months ended December 31, 2020, from €681.3 million for the nine months ended December 31, 2019. The steady revenue growth in local currency that benefited from higher volumes sold of sugar, ethanol and energy as a result of the good Brazilian crop and a favorable price effect of the Brazilian real, was more than offset by the the depreciation of the Brazilian real against the euro. At a constant exchange rate, revenue for the nine months ended December 31, 2020 increased by 27.4% compared to the nine months ended December 31, 2019.

- Starch, Sweeteners & Renewables

  Revenue from the Starch, Sweeteners & Renewables operating segment decreased by €55.2 million, or 4.9%, to €1,068.4 million for the nine months ended December 31, 2020 from €1,123.6 million for the nine months ended December 31, 2019. This decrease was primarily due to a drop in prices following a surplus in production capacity across the European industry along with a sales mix impacted by the health crisis.

- Others (including international trading and inter-segment eliminations)

  Revenue from the Others operating segment decreased by €47.9 million, or 20.1%, to €190.0 million for the nine months ended December 31, 2020 from €237.9 million for the nine months ended December 31, 2019. This decrease was primarily due to the decrease in volumes of sugar external trading activities.

Adjusted EBITDA

Adjusted EBITDA increased by €139.9 million, or 60.1%, to €372.8 million for the nine months ended December 31, 2020 from €232.9 million for the nine months ended December 31, 2019. This significant increase was primarily due to the higher prices of sugar and ethanol in Europe and a strong performance in our Sugar & Renewables International division, while the Starch, Sweeteners & Renewables division has shown resilience in a European market whose margins have deteriorated.

Adjusted EBITDA by operating segment

The summary table below sets forth our Adjusted EBITDA by operating segment for the nine months ended December 31, 2020 and 2019:

	For the nine months ended December 31,		Variation
	2020	2019	
	(€ in millions)		(% change)
Sugar & Renewables Europe	148.5	29.4	—
Sugar & Renewables International	174.3	141.2	23.4%
Starch, Sweeteners & Renewables	54.4	59.9	(9.2)%
Others (including eliminations)	(4.4)	2.4	—
Total	**372.8**	**232.9**	**60.1%**

- Sugar & Renewables Europe

  Adjusted EBITDA from the Sugar & Renewables Europe operating segment increased by €119.1 million, to €148.5 million for the nine months ended December 31, 2020 from €29.4 million for the nine months ended December 31, 2019, primarily due to the recovery in sugar, alcohol and ethanol prices compared to the previous year and operational performance improvements, partially offset by the impact of the health crisis on volumes sold and operating costs.

- Sugar & Renewables International

  Adjusted EBITDA from the Sugar & Renewables International operating segment increased by €33.1 million, or 23.4%, to €174.3 million for the nine months ended December 31, 2020 from €141.2 million for the nine months ended December 31, 2019, primarily due to sales growth and operational cost optimization in Brazil. This increase was partially offset by the unfavorable exchange rate.

- Starch, Sweeteners & Renewables

  Adjusted EBITDA from the Starch, Sweeteners & Renewables operating segment decreased by €5.5 million, or 9.2%, to €54.4 million for the nine months ended December 31, 2020 from €59.9 million for the nine months ended December 31, 2019. This decrease was primarily due to the strong pressure on the division's EBITDA related to a commercial strategy that sought to increase the division's market share in Europe in a context of very slight decline in demand in Europe, in addition to pressure on cereal prices. Internationally, both volumes sold and margins are on the rise.

- Others (international trading, holdings and eliminations)

  Adjusted EBITDA decreased by €6.8 million, to negative €4.4 million for the nine months ended December 31, 2020 from positive €2.4 million for the nine months ended December 31, 2019. This decrease was primarily due to the effects of intercompany sales.

Expenses by function

Cost of sales

Cost of sales recorded a decrease of €201.5 million, or 7.4%, to €2,520.1 million for the nine months ended December 31, 2020 from €2,721.6 million for the nine months ended December 31, 2019. This decrease was primarily due to the depreciation of the Brazilian real against the euro, as well as slightly lower energy costs, partially offset by higher volumes in Brazil.

As a percentage of revenue, cost of sales decreased to 78.7% for the nine months ended December 31, 2020 from 84.1% for the nine months ended December 31, 2019.

Distribution expenses

Distribution expenses decreased by €12.2 million, or 3.4%, to €343.7 million for the nine months ended December 31, 2020 from €355.9 million for the nine months ended December 31, 2019. This decrease was primarily due to the depreciation of the Brazilian real against the euro.

General and administrative expenses

General and administrative expenses decreased by €14.3 million, or 5.7%, to €238.7 million for the nine months ended December 31, 2020 from €253.0 million for the nine months ended December 31, 2019. This decrease was primarily due to the depreciation of the Brazilian real against the euro.

Other operating income (expense)

Other operating income decreased by €246.9 million, to an expense of €79.6 million for the nine months ended December 31, 2020 from an income of €167.3 million for the nine months ended December 31, 2019. This decrease is primarily due to the non-recurring capital gain realized in 2019 with the ETEA Transactions, and to the impairments of €77.0 million booked in 2020.

Operating income (expense)

Operating income decreased by €53.8 million, or 73.0%, to an income of €19.9 million for the nine months ended December 31, 2020 from an income of €73.7 million for the nine months ended December 31, 2019. This decrease was primarily due to a €77.0 million impairment of assets combined with the non-recurring impact of ETEA Transactions in the previous year, partially offset by improvements in our Adjusted EBITDA.

Net financial income (expense)

Net financial expense decreased by €18.0 million, or 16.0%, to an expense of €94.7 million for the nine months ended December 31, 2020 from an expense of €112.7 million for the nine months ended December 31, 2019. This decrease was primarily due to lower net financial interest and favorable exchange rate effects.

Share of profit of associates and joint ventures

Share of profit of associates and joint ventures decreased by €7.0 million to an income of €0.1 million for the nine months ended December 31, 2020 from an income of €7.1 million for the nine months ended December 31, 2019. This decrease was primarily due to a change in our consolidation scope as a result of the disposal of certain subsidiaries as part of the ETEA Transactions, which led to a €6.8 million decrease in income.

Income taxes

Income taxes expenses increased by €19.7 million to an expense of €19.6 million for the nine months ended December 31, 2020 from an income of €0.1 million for the nine months ended December 31, 2019. This increase was primarily due to operational improvements in our Brazilian sugar operations.

Net income (loss)

Net loss increased by €62.5 million, to a net loss of €94.3 million for the nine months ended December 31, 2020 from a net loss of €31.8 million for the nine months ended December 31, 2019, primarily due to the factors described above.

Financial Year Ended March 31, 2020 Compared to the Financial Year Ended March 31, 2019

The table below presents our consolidated statement of operations for each of the financial years ended March 31, 2020 and 2019.

	For the financial year ended March 31,		**Variation**
	2020	**2019**	
	(€ in millions)		**(% change)**
Revenue	4,491.8	4,438.3	1.2%
Cost of sales	(3,699.7)	(3,728.7)	(0.8)%
Distribution expenses	(481.3)	(492.3)	(2.2)%
General and administrative expenses	(334.5)	(335.0)	(0.2)%
Other operating income (expense)	200.6	(32.3)	
Operating income (expense)	**176.9**	**(150.0)**	

	For the financial year ended March 31,		Variation
	2020	2019	
	(€ in millions)		(% change)
Financial expenses	(287.5)	(277.1)	3.8%
Financial income	132.5	119.7	10.7%
Net financial income (expense)	**(155.0)**	**(157.4)**	**(1.5)%**
Share of profit of associates and joint ventures	10.2	42.0	(75.7)%
Net income (loss) before taxes	**32.1**	**(265.4)**	
Income taxes	(7.8)	5.0	
Net income (loss)	**24.3**	**(260.5)**	

Revenue

Our consolidated revenue increased by €53.5 million, or 1.2%, to €4,491.8 million for the financial year ended March 31, 2020 from €4,438.3 million for the financial year ended March 31, 2019. This increase was primarily due to the increase in sugar and ethanol prices in the second half of the financial year ended March 31, 2020.

Revenue by operating segment

The summary table below sets forth our revenue by operating segment for the financial years ended March 31, 2020 and 2019:

	For the financial year ended March 31,		Variation
	2020	2019	
	(€ in millions)		(% change)
Sugar & Renewables Europe	1,727.4	1,770.0	(2.4)%
Sugar & Renewables International	958.7	919.7	4.2%
Starch, Sweeteners & Renewables	1,501.5	1,460.5	2.8%
Others (including eliminations)	304.3	288.1	5.6%
Total	**4,491.8**	**4,438.3**	**1.2%**

- Sugar & Renewables Europe

  Revenue from the Sugar & Renewables Europe operating segment decreased by €42.6 million, or 2.4%, to €1,727.4 million for the financial year ended March 31, 2020 from €1,770.0 million for the financial year ended March 31, 2019. This decrease was primarily due to lower yields and prices in the 2018/2019 crop season which had an effect on the first half of the financial year and was partly offset by the increase in sugar and ethanol prices in the second half of the financial year ended March 31, 2020.

- Sugar & Renewables International

  Revenue from the Sugar & Renewables International operating segment increased by €39.0 million, or 4.2%, to €958.7 million for the financial year ended March 31, 2020 from €919.7 million for the financial year ended March 31, 2019. This increase was due to higher sales volumes, particularly in Brazil, and higher sugar and ethanol prices in the second half of the financial year ended March 31, 2020.

- Starch, Sweeteners & Renewables

  Revenue from the Starch, Sweeteners & Renewables operating segment increased by €41.0 million, or 2.8%, to €1,501.5 million for the financial year ended March 31, 2020 from €1,460.5 million for the financial year ended March 31, 2019. This increase was primarily due to an increase in sales volumes driven by operational improvements and higher ethanol prices in Europe.

- Others (including international trading and inter-segment eliminations)

  Revenue from the Others operating segment increased by €16.2 million, or 5.6%, to €304.3 million for the financial year ended March 31, 2020 from €288.1 million for the financial year ended March 31, 2019. This increase was primarily due to an increase in the trading volumes during the period.

Adjusted EBITDA

Adjusted EBITDA increased by €145.3 million, or 52.9%, to €419.8 million for the financial year ended March 31, 2020 from €274.5 million for the financial year ended March 31, 2019. Adjusted EBITDA increased in all our operating segments and was favorably impacted by the recovery in sugar and ethanol prices in the second half of the financial year ended March 31, 2020 and performance gains.

Adjusted EBITDA by operating segment

The summary table below sets forth our Adjusted EBITDA by operating segment for the financial years ended March 31, 2020 and 2019:

	For the financial year ended March 31,		Variation
	2020	2019	
	(€ in millions)		(% change)
Sugar & Renewables Europe	95.5	37.2	156.7%
Sugar & Renewables International	221.6	168.4	31.6%
Starch, Sweeteners & Renewables	93.4	87.4	6.9%
Others (including eliminations)	9.3	(18.5)	
Total	**419.8**	**274.5**	**52.9%**

- Sugar & Renewables Europe

  Adjusted EBITDA from the Sugar & Renewables Europe operating segment increased by €58.3 million, or 156.7%, to €95.5 million for the financial year ended March 31, 2020 from €37.2 million for the financial year ended March 31, 2019, primarily due to the increase in sugar and ethanol prices, lower sugar beet prices and operational improvements.

- Sugar & Renewables International

  Adjusted EBITDA from the Sugar & Renewables International operating segment increased by €53.2 million, or 31.6%, to €221.6 million for the financial year ended March 31, 2020 from €168.4 million for the financial year ended March 31, 2019. Excluding the impact of the first application of IFRS 16, Adjusted EBITDA from the Sugar & Renewables International operating segment increased by €27.2 million, primarily due to higher sales volumes, higher sugar and ethanol prices and operational progress relating to agricultural productivity.

- Starch, Sweeteners & Renewables

  Adjusted EBITDA from the Starch, Sweeteners & Renewables operating segment increased by €6.0 million, or 6.9%, to €93.4 million for the financial year ended March 31, 2020 from €87.4 million for the financial year ended March 31, 2019. This increase was primarily due to improved market conditions for ethanol and the result of our debottlenecking investments and network optimization actions.

- Others (international trading, holdings and eliminations)

  Adjusted EBITDA increased by €27.8 million, to €9.3 million for the financial year ended March 31, 2020 from a loss of €18.5 million for the financial year ended March 31, 2019. This increase was primarily due to trading operations which recorded one-off provisions on some inventories and receivables in Africa in the financial year ended March 31, 2019.

Expenses by function

Cost of sales

Cost of sales remained substantially stable, recording a slight decrease of €29 million, or 0.8%, to €3,699.7 million for the financial year ended March 31, 2020 from €3,728.7 million for the financial year ended March 31, 2019. The impact of lower production costs in Europe and favorable exchange rates were offset by higher sugarcane cost in Brazil, in a context of overall stable volumes.

As a percentage of revenue, cost of sales decreased to 82.4% for the financial year ended March 31, 2020 from 84.0% for the financial year ended March 31, 2019.

Distribution expenses

Distribution expenses decreased by €11.0 million, or 2.2%, to €481.3 million for the financial year ended March 31, 2020 from €492.3 million for the financial year ended March 31, 2019. This decrease was primarily due to mix effects between destinations.

General and administrative expenses

General and administrative expenses were substantially stable, recording a slight decrease of €0.5 million, or 0.2%, to €334.5 million for the financial year ended March 31, 2020 from €335.0 million for the financial year ended March 31, 2019. The impact of inflation was offset by favorable exchange rate effects.

Other operating income (expense)

Other operating income increased by €232.9 million, to an income of €200.6 million for the financial year ended March 31, 2020 from an expense of €32.3 million for the financial year ended March 31, 2019. This significant increase was primarily due to the impact of the ETEA Transactions.

Operating income (expense)

Operating income increased by €326.9 million, to an income of €176.9 million for the financial year ended March 31, 2020 from an expense of €150.0 million for the financial year ended March 31, 2019. This increase was primarily due to impact of the ETEA Transactions and Adjusted EBITDA improvements in the second half of the financial year.

Net financial income (expense)

Net financial expense decreased by €2.4 million, or 1.5%, to an expense of €155.0 million for the financial year ended March 31, 2020 from an expense of €157.4 million for the financial year ended March 31, 2019. This decrease was primarily due to the favorable impact of exchange rates, partly offset by the impact of higher average debt and the impact of IFRS 16.

Share of profit of associates and joint ventures

Share of profit of associates and joint ventures decreased by €31.8 million, or 75.7%, to €10.2 million for the financial year ended March 31, 2020 from €42.0 million for the financial year ended March 31, 2019. This decrease was primarily due to the deconsolidation of the subsidiaries sold pursuant to the ETEA Transactions, which led to a reduction of €22.4 million, and the decrease in share of profits derived from our joint ventures with the Wilmar Group and Albioma Le Gol, which led to a decrease of €5.2 million and €3.2 million, respectively, for the financial year ended March 31, 2020.

Income taxes

Income taxes expenses increased by €12.8 million to an expense of €7.8 million for the financial year ended March 31, 2020 from an income of €5.0 million for the financial year ended March 31, 2019. This increase was primarily due to higher operating income, particularly from our sugarcane activities in Brazil.

Net income (loss)

Net income (loss) increased by €284.8 million, to a net income of €24.3 million for the financial year ended March 31, 2020 from a net loss of €260.5 million for the financial year ended March 31, 2019, primarily due to the factors described above.

Financial Year Ended March 31, 2019 Compared to the Financial Year Ended March 31, 2018

The table below presents our consolidated statement of operations for each of the financial years ended March 31, 2019 and 2018.

	For the financial year ended March 31,		Variation
	2019	2018[1]	
	(€ in millions)		(% change)
Revenue	4,438.3	4,772.2	(7.0)%
Cost of sales	(3,728.7)	(3,804.8)	(2.0)%
Distribution expenses	(492.3)	(501.1)	(1.8)%
General and administrative expenses	(335.0)	(331.3)	1.1%
Other operating income (expense)	(32.3)	(31.7)	1.9%
Operating income (expense)	**(150.0)**	**103.3**	
Financial expenses	(277.1)	(331.3)	(16.4)%
Financial income	119.7	187.1	(36.0)%
Net financial income (expense)	**(157.4)**	**(144.1)**	**9.2%**
Share of profit of associates and joint ventures	42.0	40.9	2.7%
Net income (loss) before taxes	**(265.4)**	**0.1**	
Income taxes	5.0	(18.2)	
Net income (loss)	**(260.5)**	**(18.1)**	

(1) Restated column shows figures for the financial year ended March 31, 2018 reflecting the application of IFRS 15 (see note 1 to audited consolidated financial statements of Tereos for the financial year ended March 31, 2019).

Revenue

Our consolidated revenue decreased by €333.9 million, or 7.0% (4.4% at constant exchange rates), to €4,438.3 million for the financial year ended March 31, 2019 from €4,772.2 million for the financial year ended March 31, 2018. Despite an increase in sales volumes of sugar, alcohol and ethanol and starch products in Europe, our revenue was severely impacted by a sharp drop in sugar prices, particularly in Europe. Our revenues for the financial year ended March 31, 2019 also reflected lower harvest volumes and prices compared to the previous financial year due to adverse weather conditions in most regions in which we operate.

Revenue by operating segment

The summary table below sets forth our revenue by operating segment for the financial years ended March 31, 2019 and 2018:

	For the financial year ended March 31,		Variation
	2019	2018[1]	
	(€ in millions)		(% change)
Sugar & Renewables Europe	1,770.0	1,951.3	(9.3)%
Sugar & Renewables International	919.7	1,263.6	(27.2)%
Starch, Sweeteners & Renewables	1,460.5	1,393.2	4.8%
Others (including eliminations)	288.1	164.0	75.7%
Total	**4,438.3**	**4,772.2**	**(7.0)%**

(1) Restated column shows figures for the financial year ended March 31, 2018 reflecting the application of IFRS 15 (see note 1 to audited consolidated financial statements of Tereos for the financial year ended March 31, 2019).

- Sugar & Renewables Europe

  Revenue from the Sugar & Renewables Europe operating segment decreased by €181.3 million, or 9.3%, to €1,770.0 million for the financial year ended March 31, 2019 from €1,951.3 million for the financial year ended March 31, 2018. This decrease was primarily due to a continued decline in European sugar prices and lower yields per hectare due to adverse weather conditions, which was partly offset by an increase in sales volumes, primarily resulting from an increase in volumes of beet acquired during the 2017 season.

- Sugar & Renewables International

  Revenue from the Sugar & Renewables International operating segment decreased by €343.9 million, or 27.2% (18% at constant exchange rates due to the devaluation of the Brazilian real against the euro), to €919.7 million for the financial year ended March 31, 2019 from €1,263.6 million for the financial year ended March 31, 2018. This decrease was primarily due to a decrease of 15% in the price of sugar in the financial year ended March 31, 2019 compared to the prior financial year, as well as lower production and sales volumes as a result of an exceptional drought in Brazil. This decrease was partly offset by an increase in revenue from sale of ethanol in Brazil due to improved market conditions.

- Starch, Sweeteners & Renewables

  Revenue from the Starch, Sweeteners & Renewables operating segment increased by €67.3 million, or 4.8%, to €1,460.5 million for the financial year ended March 31, 2019 from €1,393.2 million for the financial year ended March 31, 2018. This increase was primarily due to an increase in products sold as a result of operational improvements as well as improved prices for starches and proteins.

- Others (International Trading and inter-segment eliminations)

  Revenue increased by €124.1 million, or 75.7%, to €288.1 million for the financial year ended March 31, 2019 from €164.0 million for the financial year ended March 31, 2018. This increase was primarily due to an increase in the volume of our sugar and ethanol trading operations.

Adjusted EBITDA

Adjusted EBITDA decreased by €319.7 million, or 53.8%, to €274.5 million for the financial year ended March 31, 2019 from €594.2 million for the financial year ended March 31, 2018. This decrease was primarily due to a decrease in the price of sugar globally and lower harvest volumes, partly offset by the beneficial impact of our diversification strategy. Adjusted EBITDA outside the Sugar & Renewables Europe operating segment accounted for 86.4% of our total Adjusted EBITDA for the financial year ended March 31, 2019 compared to 69.8% for the financial year ended March 31, 2018.

Adjusted EBITDA by operating segment

The summary table below sets forth our Adjusted EBITDA by operating segment for the financial years ended March 31, 2019 and 2018:

	For the financial year ended March 31,		Variation
	2019	2018(1)	
	(€ in millions)		(% change)
Sugar & Renewables Europe	37.2	179.4	(79.3)%
Sugar & Renewables International	168.4	310.7	(45.8)%
Starch, Sweeteners & Renewables	87.4	106.3	(17.8)%
Others (including eliminations)	(18.5)	(2.2)	
Total	**274.5**	**594.2**	**(53.8)%**

(1) Restated column shows figures for the financial year ended March 31, 2018 reflecting the application of IFRS 15 (see note 1 to audited consolidated financial statements of Tereos for the financial year ended March 31, 2019).

- Sugar & Renewables Europe

  Adjusted EBITDA from the Sugar & Renewables Europe operating segment decreased by €142.2 million, or 79.3%, to €37.2 million for the financial year ended March 31, 2019 from €179.4 million for the financial year ended March 31, 2018. This decrease was primarily due to a significant decrease in sugar and ethanol prices in Europe, especially in the first half of the financial year ended March 31, 2019. The decrease was partly offset by lower sugar beet prices in France, higher sales volumes in Europe and the beneficial impact of our product diversification and gains in operational performance.

- Sugar & Renewables International

  Adjusted EBITDA from the Sugar & Renewables International operating segment decreased by €142.3 million, or 45.8% (38% at constant exchange rates), to €168.4 million for the financial year ended March 31, 2019 from €310.7 million for the financial year ended March 31, 2018. This decrease was primarily due to a decline in sugar sales volumes in Brazil and lower sugar prices, partly offset by increased revenue from ethanol sales in Brazil.

- Starch, Sweeteners & Renewables

  Adjusted EBITDA from the Starch, Sweeteners & Renewables operating segment decreased by €18.9 million, or 17.8%, to €87.4 million for the financial year ended March 31, 2019 from €106.3 million for the financial year ended March 31, 2018. This decrease was primarily due to a decline in sweetener prices in Europe and a decrease in ethanol prices, partly offset by an increase in sales volumes.

- Others (international trading, holdings and eliminations)

  Adjusted EBITDA decreased by €16.3 million, to a loss of €18.5 million for the financial year ended March 31, 2019 from a loss of €2.2 million for the financial year ended March 31, 2018. This decrease was primarily due to a decrease in the results of our trading operations due to the one-off depreciation of certain trade receivables.

Expenses by function

Cost of sales

Cost of sales decreased by €76.1 million, or 2.0%, to €3,728.7 million for the financial year ended March 31, 2019 from €3,804.8 million for the financial year ended March 31, 2018. This decrease was primarily due to lower raw material costs (particularly in our Sugar Europe operating segment), the beneficial impact of fair-value adjustments, notably related to biological assets, and the devaluation of the Brazilian real against the Euro. As a percentage of revenue, cost of sales for the financial year ended March 31, 2019 increased to 84% for the financial year ended March 31, 2019 from 79.7% for the financial year ended March 31, 2018.

Distribution expenses

Distribution expenses decreased by €8.8 million, or 1.8%, to €492.3 million for the financial year ended March 31, 2019 from €501.1 million for the financial year ended March 31, 2018. This decrease was primarily due to the devaluation of the Brazilian real against the Euro.

General and administrative expenses

General and administrative expense increased by €3.7 million, or 1.1%, to €335.0 million for the financial year ended March 31, 2019 from €331.3 million for the financial year ended March 31, 2018. This decrease was primarily due to the impact of inflation and partly offset by the devaluation of the Brazilian real against the Euro.

Other operating income (expense)

Other operating expense increased by €0.6 million, or 1.9%, to €32.3 million for the financial year ended March 31, 2019 from €31.7 million for the financial year ended March 31, 2018. This increase was primarily due to lower expenses for exceptional items and partly offset by the impairment of cash-generating assets.

Operating income (expense)

Operating income decreased by €253.3 million, to an expense of €150.0 million for the financial year ended March 31, 2019 from an income of €103.3 million for the financial year ended March 31, 2018. This decrease was primarily due to a significant decrease in revenue, partly offset by an improvement in the cost of sales as described above.

Net financial income (expense)

Net financial expense increased by €13.3 million, or 9.2%, to an expense of €157.4 million for the financial year ended March 31, 2019 from an expense of €144.1 million for the financial year ended March 31, 2018. This increase was primarily due to the impact of higher financial interest on borrowings and exchange rate fluctuations.

Share of profit of associates and joint ventures

Share of profit of associates and joint ventures increased by €1.1 million, or 2.7%, to €42.0 million for the financial year ended March 31, 2019 from €40.9 million for the financial year ended March 31, 2018.

Income taxes

Income taxes decreased by €23.2 million, to an income of €5.0 million for the financial year ended March 31, 2019 from an expense of €18.2 million for the financial year ended March 31, 2018. This decrease was primarily due to the decrease of net income before tax of our operations, notably in Brazil.

Net income (loss)

Our net loss increased by €242.4 million, to a loss of €260.5 million for the financial year ended March 31, 2019 from a loss of €18.1 million for the financial year ended March 31, 2018. This was primarily due to the factors described above.

Liquidity and Capital Resources

Historically, our principal sources of liquidity have been our existing cash and cash equivalents, cash generated from operating activities and borrowings under our financing arrangements. Our liquidity needs consist primarily of working capital requirement, cash capital expenditure and interest payments and other liquidity requirements that may arise from time to time. See *"Management's Discussion and Analysis of Financial Condition and Results of Operations—Factors Impacting Our Results of Operations—Seasonality and Weather Effects."*

In 2020, we set up an automatic cross-entity zero balance account (ZBA) cash pool structure for all our European wholly-owned subsidiaries. Through this structure, we ensure an efficient flow of liquidity across the Group, optimizing our funds allocation by matching the cash placement to those of the funding needs. This additional flexibility also allows the Group to arbitrate between the sources of liquidity in a cost effective manner.

We regularly review performance against budgets and forecasts to ensure sufficient funds are available to meet our contractual obligations and liquidity requirements.

As of December 31, 2020, our main sources of funding were as follows:

- a senior revolving credit facility for a total amount of €450 million, partially drawn for an amount €190 million;
- a senior revolving credit facility for a total amount of €200 million entered into in October 2020, fully undrawn;
- a senior revolving credit facility for a total amount of €200 million entered into in December 2016, fully drawn for an amount of €200 million;
- multiple CRA notes issuances, for a total aggregate outstanding amount of BRL 743 million;
- two export prepayment finance facilities for an outstanding amount of $275 million;
- a term loan for a total amount of €175 million;
- senior notes of aggregate principal amount of €600 million issued by Tereos Finance Groupe I SA in 2016;
- senior notes of aggregate principal amount of €300 million issued by Tereos Finance Groupe I SA in 2020; and
- equity contributions from our cooperative members, which amounted to €196.0 million for the financial year ended March 31, 2020, €184.6 million for the financial year ended March 31, 2019 and €184.3 million for the financial year ended March 31, 2018.

Cash Flow Analysis

The following table summarizes our consolidated cash flow statements for the periods indicated:

	For the financial year ended March 31,			For the nine months ended December 31,	
	2020	**2019**	**2018**	**2020**	**2019**
			(€ in millions)		
Net cash provided by (used in) operating activities	447.1	463.7	551.8	214.5	(26.1)
Net cash provided by (used in) investing activities	(177.9)	(391.1)	(459.2)	(230.8)	(71.2)
Net cash provided by (used in) financing activities	(212.2)	21.5	(164.5)	(227.0)	(120.2)

	For the financial year ended March 31,			For the nine months ended December 31,	
	2020	**2019**	**2018**	**2020**	**2019**
			(€ in millions)		
Impact of exchange rate on cash and cash equivalents in foreign currency	(80.2)	(10.1)	(31.6)	(29.1)	(5.4)
Net change in cash and cash equivalents, net of bank overdrafts	**(23.3)**	**84.0**	**(103.6)**	**(272.4)**	**(222.9)**
Cash and cash equivalents at the beginning of the period	489.5	405.5	509.0	466.2	489.5
Cash and cash equivalents at period end	466.2	489.5	405.5	193.8	266.6

Net cash provided by (used in) operating activities

The following table shows our net cash provided by (used in) operating activities for the periods indicated:

	For the financial year ended March 31,			For the nine months ended December 31,	
	2020	**2019**	**2018**	**2020**	**2019**
			(€ in millions)		
Net income (loss)	**24.3**	**(260.5)**	**(18.1)**	**(94.3)**	**(31.8)**
Share of profit of associates and joint ventures	(10.2)	(42.0)	(40.9)	(0.1)	(7.1)
Amortizations	420.1	367.2	385.3	311.6	353.4
Gain on bargain purchase (badwill)	—	—	(2.9)	0.0	(1.6)
Fair value adjustments on biological assets	(42.3)	20.3	38.4	(0.5)	(11.4)
Fair value adjustments through financial result	2.8	5.7	0.4	(1.7)	(0.2)
Other fair value adjustments through the statement of operations	(7.7)	13.6	1.2	21.8	(16.0)
Gain (loss) on disposals of assets	(166.7)	1.8	3.4	0.5	(166.4)
Income tax expense (income)	7.8	(5.0)	18.2	19.6	(0.1)
Net financial expenses	161.1	135.8	122.9	95.2	112.7
Impact of the changes in working capital:	86.8	223.7	39.8	(196.5)	(245.5)
of which decrease (increase) in trade and other receivables	*72.5*	*47.4*	*156.0*	*(53.0)*	*(47.5)*
of which (decrease) increase in trade and other payables	*(22.1)*	*93.5*	*30.7*	*71.2*	*35.1*
of which decrease (increase) in inventory	*36.3*	*82.7*	*(146.9)*	*(214.7)*	*(233.1)*
Change in other accounts with no cash impact	(27.2)	18.9	38.6	68.3	(14.7)
Income taxes paid	(1.8)	(15.9)	(34.4)	(9.3)	2.6
Net cash provided by (used in) operating activities	**447.1**	**463.7**	**551.8**	**214.5**	**(26.1)**

Net cash provided by operating activities amounted to €214.5 million for the nine months ended December 31, 2020, compared to net cash used in operating activities of €26.1 million for the nine months ended December 31, 2019, an increase of €240.6 million. This increase was primarily due to the disposal of assets in the previous year through the ETEA Transactions and to working capital improvement compared to the previous year.

Net cash provided by operating activities amounted to €447.1 million for the financial year ended March 31, 2020, compared to net cash provided by operating activities of €463.7 million for the financial year ended March 31, 2019, a decrease of €16.6 million, or 3.6%. This decrease was primarily due to less favorable cash flow in the first half of the financial year and working capital evolution on payables, resulting from the timing of some of our cereal purchases. The decrease was partly offset by improved operational results in the second half of the financial year.

Net cash provided by operating activities amounted to €463.7 million for the financial year ended March 31, 2019, compared to €551.8 million for the financial year ended March 31, 2018, a decrease of €88.1 million, or 16.0%. This decrease was primarily due to a large decrease in operating income due to lower sugar volumes and prices, partly offset by the change in working capital.

Net cash provided by (used in) investing activities

The following table shows our net cash provided by (used in) investing activities for the periods indicated:

	For the financial year ended March 31,			For the nine months ended December 31,	
	2020	2019	2018	2020	2019
	(€ in millions)				
Cash paid for the acquisitions, net of cash acquired	(52.0)	0.1	(2.4)	—	(52.0)
of which Socacoop	—	—	*(1.6)*	—	—
of which Sedalcol France	*(52.0)*	—	—	—	*(52.0)*
of which Tereos France	—	*0.1*	—	—	—
Increase in associates and joint ventures	(4.6)	—	(29.6)	—	(4.5)
of which Dongguan Yihai Kerry Syral Starch technology Co., Ltd	—	—	*(12.2)*	—	—
of which Albioma St Pierre	*(4.5)*	—	—	—	*(4.5)*
of which Copagest	—	—	*(17.4)*	—	—
Purchases of property, plant and equipment and intangible assets	(436.8)	(438.6)	(477.5)	(249.1)	(308.8)
Acquisition of financial assets	(1.6)	(9.7)	1.8	(7.4)	(1.4)
Change in loans and advances granted	(4.3)	2.1	(7.9)	0.2	(4.6)
Grants received related to assets	3.3	0.7	3.4	3.9	2.7
Financing interest received	18.7	19.5	17.4	7.8	16.5
Proceeds from the disposal of property, plant and equipment and intangible assets	18.1	4.1	12.3	2.9	2.5
Proceeds from the disposal of financial assets	267.2	—	0.2	0.3	267.0
of which the ETEA Transactions	*266.6*	—	—	—	*266.6*
Dividends received	14.2	30.7	23.3	10.7	11.3
Net cash provided by (used in) investing activities	**(177.9)**	**(391.1)**	**(459.2)**	**(230.8)**	**(71.2)**

Net cash used in investing activities primarily consists of our agricultural and industrial capital expenditure (excluding financial investments in other companies) and is defined as the acquisition of property, plant and equipment, biological assets (together, defined as plantation costs) and intangible assets.

Net cash used in investing activities amounted to €230.8 million for the nine months ended December 31, 2020, compared to €71.2 million for the nine months ended December 31, 2019, an increase of €159.6 million. This increase was primarily due to the impact of the ETEA Transactions.

Net cash used in investing activities amounted to €177.9 million for the financial year ended March 31, 2020, compared to €391.1 million for the financial year ended March 31, 2019, a decrease of €213.2 million, or 54.5%. This decrease was primarily due to the impact of the ETEA Transactions.

Net cash used in investing activities amounted to €391.1 million for the financial year ended March 31, 2019, compared to €459.2 million for the financial year ended March 31, 2018, a decrease of €68.1 million, or 14.8%. This decrease was primarily due to a decrease in purchases of property, plant and equipment and intangible assets equal to €38.9 million and a decrease in investments in associates and joint ventures of €29.6 million.

Net cash provided by (used in) financing activities

The following table shows our net cash provided by (used in) financing activities for the periods indicated:

	For the financial year ended March 31,			For the nine months ended December 31,	
	2020	2019	2018	2020	2019
	(€ in millions)				
Capital and Cooperative Capital decrease and increase	1.5	10.7	27.5	1.9	1.3
of which Tereos SCA	*1.4*	*0.9*	*14.2*	*0.7*	*0.2*
of which PT Tereos FKS Indonesia	—	*9.9*	*13.4*	*1.2*	*1.2*
Borrowings issues	1,423.2	1,236.0	1,738.5	767.2	990.4
Borrowings repayments	(1,417.8)	(1,036.2)	(1,686.9)	(878.9)	(943.7)
Financing interest paid	(165.1)	(144.1)	(143.0)	(83.2)	(110.1)
Transactions with non-controlling interests	—	(11.2)	(86.3)	—	—
Change in financial assets with related parties	(41.4)	43.0	(11.5)	33.3	(44.3)
Change in financial liabilities with related parties	12.1	(47.8)	26.8	(0.8)	10.8
Dividends paid to equity holders of the parent	(24.3)	(17.8)	(17.0)	(65.2)	(24.3)
Dividends paid to non-controlling interests	(0.4)	(11.1)	(12.7)	(1.3)	(0.4)
Net cash provided by (used in) financing activities	**(212.2)**	**21.5**	**(164.5)**	**(227.0)**	**(120.2)**

Net cash used in financing activities amounted to €227.0 million for the nine months ended December 31, 2020, compared to net cash used in financing activities of €120.2 million for the nine months ended December 31, 2019, an increase of €106.8 million. This increase was primarily due to a net increase in borrowings repayments and the increase in dividends paid to equity holders.

Net cash used in financing activities amounted to €212.2 million for financial year ended March 31, 2020, compared to net cash provided by financing activities of €21.5 million for the financial year ended March 31, 2019, a decrease of €233.7 million. This decrease was primarily due to a net increase in borrowings repayments.

Net cash provided by financing activities amounted to €21.5 million for the financial year ended March 31, 2019, compared to net cash used in financing activities of €164.5 million for the financial year ended March 31, 2018, an increase of €186.0 million. This increase was primarily due to an increase in net borrowings and a significant decrease in transactions with non-controlling interests.

Capital Expenditure

Our cash capital expenditure is comprised of both expansionary and productivity capital expenditure and maintenance capital expenditure, and consists principally of investments in fixed assets, including the acquisition of property, plant and equipment, bearer plants and intangible assets (such as computer software) and planting costs. We determine and allocate our budget for capital expenditure on an annual basis. Decisions about investments in new equipment are primarily based on our views of future demand. We also perform significant maintenance, inspection and replacement activities in our industrial facilities on an annual basis, particularly during the inter-crop period in our sugar beet and sugarcane processing facilities. Significant recurring maintenance costs include labor, materials, external services, general and other overhead expenses incurred during the inter-crop period.

Our total cash capital expenditure amounted to €249.1 million for the nine months ended December 31, 2020, compared to €308.8 million for the nine months ended December 31, 2019, and amounted to €436.8 million for the financial year ended March 31, 2020, compared to €438.6 million for the financial year ended March 31, 2019 and €477.5 million for the financial year ended March 31, 2018, as shown in the table below.

	As of March 31,			As of December 31,	
	2020	**2019**	**2018**	**2020**	**2019**
	(€ in millions, except percentages)				
Maintenance capital expenditure	271.5	273.7	277.0	160.3	180.4
Expansionary and productivity capital expenditure	165.3	164.9	200.5	88.8	128.4
Total Cash Capital Expenditure	**436.8**	**438.6**	**477.5**	**249.1**	**308.8**

Our most significant cash capital expenditure for the nine months ended December 31, 2020 and the financial years ended March 31, 2020, 2019 and 2018 included the following projects:

- €71 million related to the Maxi-Sugar program expansion for the nine months ended December 31, 2020 and for the financial years ended March 31, 2020, 2019 and 2018;
- €45 million related to improvements in operational performance in Tereos France for the nine months ended December 31, 2020 and the financial years ended March 31, 2020 and 2019;
- €22 million related to the expansion and improvement of our cogeneration project in Marckolsheim for the nine months ended December 31, 2020 and the financial years ended March 31, 2020, 2019 and 2018;
- €16 million related to a capacity increase at our Haussimont facility for the financial years ended March 31, 2019 and 2018;
- €105 million related to maximizing grind reliability and debottlenecking capacities, efficiencies and product mix in our Starch, Sweeteners & Renewables Europe operating segment for the nine months ended December 31, 2020 and the financial years ended March 31, 2020, 2019 and 2018;
- €23 million related to our cogeneration project in Indonesia for the nine months ended December 31, 2020 and for the financial years ended March 31, 2020, 2019 and 2018;

- €30 million related to the acquisition and related installation work of a facility in Moussy-Le-Vieux for the financial year ended March 31, 2019;
- €41 million related to the expansion of a cogeneration project in Cruz Alta for the nine months ended December 31, 2020 and for the financial years ended March 31, 2020, 2019 and 2018; and
- €30 million incurred by Tereos Sugar & Energy Brazil related to our VLI expansion project for the nine months ended December 31, 2020 and the financial years ended March 31, 2020 and 2019.

Free Cash Flow

Other companies may present free cash flow differently than we do. Free cash flow is not a measure of financial performance under IFRS and should not be considered as an alternative to operating income as an indicator of our operating performance or any other measures of performance derived in accordance with IFRS.

We recorded negative free cash flow of €137.7 million for the nine months ended December 31, 2020, an increase of €176.5 million, from negative free cash flow of €314.2 million for the nine months ended December 31, 2019.

We recorded negative free cash flow of €22.6 million for the financial year ended March 31, 2020, an increase of €76.1 million, from negative free cash flow of €98.7 million for the financial year ended March 31, 2019.

The following table reconciles Adjusted EBITDA to Free Cash Flow for the periods indicated:

	For the financial year ended March 31,			For the nine months ended December 31,		For the twelve months ended December 31,
	2020	**2019**	**2018**	**2020**	**2019**	**2020**
	(€ in millions)					
Adjusted EBITDA	**419.8**	**274.5**	**594.2**	**372.8**	**232.9**	**559.7**
Lease payments	(33.5)	—	—	(25.1)	(25.1)	(33.5)
Seasonality adjustment	(1.9)	(0.7)	4.9	38.2	37.4	(1.1)
Fair Value adjustment over trading activities	(16.4)	10.7	2.6	17.5	(20.7)	21.8
Non recurring items	(20.6)	(25.5)	—	(6.0)	(16.8)	(9.8)
Net financial charges	(152.1)	(125.2)	(125.5)	(75.5)	(98.9)	(128.6)
Income tax paid	(1.8)	(15.9)	(34.4)	(9.3)	2.6	(13.7)
Change in working capital	67.2	224.0	59.2	(197.9)	(252.9)	122.2
Cash Capital Expenditures	(436.8)	(438.6)	(477.5)	(249.1)	(308.8)	(377.1)
Financial investments	(60.8)	(18.7)	(35.1)	(7.2)	(60.8)	(7.2)
Disposal of fixed and financial assets	285.3	4.2	12.4	3.2	269.5	19.0
Dividends received	14.2	30.7	23.3	10.7	11.3	13.6
Dividends paid & price adjustments	(86.6)	(28.9)	(76.1)	(12.0)	(85.3)	(13.3)
Capital increases and other capital movements	1.5	10.7	11.2	1.9	1.3	2.0
Free Cash Flow	**(22.6)**	**(98.7)**	**(40.8)**	(137.7)	(314.2)	153.9

Net Debt

Other companies may present net debt differently than we do. Net debt is not a measure of financial performance under IFRS and should not be considered as an alternative to any other measures of performance derived in accordance with IFRS.

Our net debt amounted to €2,667.6 million as of December 31, 2020 compared to a net debt of €2,557.7 million as of March 31, 2020, an increase of €109.9 million or 4.3%. The increase was primarily due to seasonal working capital variation.

Our net debt amounted to €2,557.7 million as of March 31, 2020 including IFRS 16 effects. Excluding IFRS 16 effects of €114.9 million, our net debt amounted to €2,442.8 million, compared to a net debt of €2,500.2 million excluding IFRS 16 effects as of March 31, 2019, a decrease of €57.4 million or 2.3%. The decrease was primarily due to the combined effect of the beneficial impact of the ETEA Transactions (net proceeds of €214.6 million consisting of €266.6 million of proceeds from disposal of financial assets and an investment of €52.0 million in Sedalcol France included in the Financial Investments of the Free Cash Flow reconciliation above) and a significant increase in operating cash flow in the second half of the financial year ended March 31, 2020 (before the impact of exchange rates). These effects were partly offset by lower operating cash flow recorded in the first half of the financial year ended March 31 2020, a one-off payment of €62.0 million relating to a sugar beet price guarantee paid under the former regime for the 2018/2019 crop season and stable capital expenditure.

Our net debt increased by €150.0 million, or 6.4%, to €2,500.2 million as of March 31, 2019 from €2,350.2 million as of March 31, 2018. This increase was primarily due to a decline in Adjusted EBITDA, partly offset by working capital improvements, a reduction in investment and dividend and an unfavorable exchange rate primarily related to the appreciation of the U.S. dollar against the euro.

Readily marketable inventories

Readily marketable inventories represent the balance-sheet value of all finished products, raw materials and energy supplies that can be readily convertible into cash through access to widely available markets, including sugar, ethanol, wheat, corn and coal. For example, if we produce sugar in our plants, this would be considered as a cost of production value that would be included in the readily marketable inventories.

Our readily marketable inventories amounted to €578.0 million for the nine months ended December 31, 2020, an increase of €220.0 million, or 61.5%, from €358.0 million for the financial year ended March 31, 2020.

Our readily marketable inventories amounted to €358.0 million for the financial year ended March 31, 2020, a decrease of €21.4 million, or 5.6%, from €379.4 million for the financial year ended March 31, 2019.

Our readily marketable inventories amounted to €379.4 million for the financial year ended March 31, 2019, a decrease of €63.6 million, or 14.4%, from €443.0 million for the financial year ended March 31, 2018.

Off-Balance Sheet Arrangements

We are a party to various customary off-balance sheet arrangements, including guarantees given to third parties such governmental authorities and financial institutions for payment of raw materials, real estate and machinery rentals. The chart below shows our off balance sheet arrangements as of March 31, 2020:

	As of March 31, 2020 (€ in millions)
Guarantees given to third parties	95.3
Assets covered by commitments	20.4
Operating leases	0.0
Commitments	431.0

Guarantees

The guarantees given to third parties include guarantees pledged to the French authorities for agricultural purposes, guarantees pledged to the customs authorities and banks.

Assets Covered by Commitments

As of March 31, 2020, we had pledged properties, facilities, machinery, equipment and vehicles for an amount of €20.4 million as collateral, including €6.4 million as collateral for tax claims.

Commitments

We have entered into contracts for the purchase of sugarcane produced in third parties' rural properties, amounting to approximately 4.5 million tonnes per crop to be delivered from 2020 to 2025. As of March 31, 2020, our annual commitment was estimated at €431.0 million, based on a Euro-equivalent average price, as of March 31, 2020, of €15.80 per tonne of sugarcane.

Quantitative and Qualitative Disclosure on Market Risk

In the normal course of our business, we are exposed to a variety of financial risks, including market risks arising from fluctuations in interest rates and exchange rates. To manage these risks effectively, we enter into hedging transactions and use derivative financial instruments to mitigate the adverse effects of these risks.

Market Risk

We manage our financial risks centrally or at the level of each subsidiary, depending on the type of transaction. Market risks are managed through the use of derivative instruments in accordance with our policies.

Interest Rate Risk

Our exposure to interest rate risk is generated primarily by our borrowings at floating rates, which impact future financial results.

We use derivative instruments in the form of vanilla swaps, options and, to a lesser extent, structured products to minimize the exposure of our subsidiaries to the interest rate risk.

The interest rate hedging policy is defined centrally at Group level. Transactions are negotiated and approved centrally for Europe and locally for Brazil, according to our procedures.

As of December 31, 2020, 37% of our borrowings (based on drawdown amounts) were on a fixed rate basis and 63% on a floating rate basis.

Foreign Exchange Risk

We use derivative instruments, primarily outright forward contracts maturing in less than twelve months, and USD borrowings, to hedge foreign exchange risks on our sugar sales. These instruments are qualified as cash flow hedges.

The following table presents the notional amounts and fair values of foreign exchange derivatives by maturity breakdown as of March 31, 2020:

	Less than 1 year	1 to 5 years	More than 5 years	Total	Fair Value
			(€ in millions)		
Forwards / Non-Deliverable Forwards	**373.4**	**84.1**	—	**457.5**	**(46.6)**
In cash-flow hedge	274.9	84.1	—	359.0	(43.9)
At fair value through profit or loss	98.5	—	—	98.5	(2.7)
USD Borrowings qualified as Cash Flow Hedge	115.1	277.2	—	392.3	(137.7)
Total FX	**488.5**	**361.3**	—	**849.8**	**(184.3)**
Of which USD/BRL derivatives	316.3	353.9	—	670.2	(184.3)
Of which EUR/USD derivatives	114.7	0.9	—	115.6	(0.1)
Of which EUR/GBP derivatives	22.8	—	—	22.8	0.2
Of which USD/IDR derivatives	10.0	—	—	10.0	1.1
Of which USD/ZAR derivatives	1.2	—	—	1.2	—
Of which EUR/CZK derivatives	22.5	6.5	—	29.0	(1.1)
Of which USD/INR derivatives	0.3	—	—	0.3	—
Of which USD/CHF derivatives	0.7	—	—	0.7	—

Commodities and Energy risk

Several of our subsidiaries enter into and sell commodities future and forward contracts to hedge against fluctuations in the price of certain commodities. The commodities negotiated are mainly raw and white sugar, ethanol, and wheat and corn. Transactions are executed at the subsidiary level and reviewed by the Market Risk Committees of Tereos Açucar e Energia Brasil, Tereos France, and the Company, depending on the type of transaction and defined thresholds.

In addition, certain of our subsidiaries enter into contract energy derivatives in order to hedge their exposure to energy risk, such as gas. As of December 31, 2020, we held gas, diesel and coal derivatives for a notional amount of €111.7 million.

Liquidity Risk

Liquidity management and financing are performed by the group treasury department supporting the operating subsidiaries.

The main focus of our liquidity risk management policy is to diversify of our financing instruments, in terms of their type, tenor and source of funding. As a result, we finance using bank financing, public bonds and other specialized forms of financing. Furthermore, our policy aims to ensure that we may repay all of our future obligations from available cash and existing credit lines, for at least the next twelve months.

Our liquidity optimization relies on (i) external financings (short and medium terms) whose set up is generally centrally negotiated by our Treasury Department, allowing the optimization of financing costs and the matching to our underlying needs, and (ii) the intercompany loans used primarily for midterm financing needs, when permitted by local regulation. The major part of the short-term debt amortization is composed of (i) overdraft lines, (ii) trade financing amounts, some of them related to utilizations from long-term trade finance agreements; and (iii) renewable working-capital short-term lines in Brazil.

Credit lines not used and available as of December 31, 2020 amounted to €601.3 million, of which €141.3 million had a short-term maturity.

Significant Accounting Policies

The preparation of financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income, expenses and disclosures of contingent assets and liabilities at the date of these financial statements and the reported amounts of revenues and expenses for the financial years presented. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under current circumstances.

Estimates and assumptions are continually evaluated and are based on historic data and other factors, including expectations for future events that are considered to be reasonable under the circumstances. Certain accounting estimates are considered to be significant if the amount of the estimates and assumptions is material and if the impact of the estimates and assumptions on the financial position or operating results is material. Accounting estimates will, by definition, seldom equal the related actual results. Estimates and assumptions that involve important risk of causing future material adjustments to the carrying amounts of assets and liabilities are discussed below. For a more comprehensive explanation of the accounting policies used in the preparation of our financial statements see note 2 of our audited consolidated financial statements as of and for the financial year ended March 31, 2020, a free English translation of which is included elsewhere in this Document.

Basis of presentation

The Group’s consolidated financial statements as at and for the year ended March 31, 2020 have been prepared in accordance with IFRS as adopted by the European Union as at March 31, 2020. During the periods under review in this Document, the standards and interpretations adopted by the European Union have been similar to the standards and interpretations issued by the IASB whose application was mandatory, with the exception of texts in the process of adoption, which has no effect on Group accounts. The Group’s consolidated financial statements as at and for the nine months ended December 31, 2020 and 2019 have been prepared in accordance with IAS 34, the international accounting standard relating to the establishment of interim financial statements, as adopted by the European Union and in force on December 31, 2020.

International accounting standards include IFRS, IAS, and the interpretations issued by the Standing Interpretations Committee (“**SIC**”) and the IFRS Interpretations Committee (“**IFRS IC**”).

The accounting policies are described in the notes to our audited consolidated financial statements and are consistent with those applied by the Group for the previous year, with the exception of those described in the notes to our audited consolidated financial statements resulting from the first application of new standards and new IFRS rules adopted by the IASB during the period under review. Changes in accounting rules as at March 31, 2018, 2019 and 2020 resulting from new IFRS standards adopted by the IASB are related to IFRS 9, IFRS 15, IFRS 16 and IFRIC 23.

The consolidated financial statements have been prepared on a historical cost basis, with the exception of biological assets, derivatives and non-consolidated investments which are measured at fair value. The Group presents assets and liabilities in the statement of financial position based on a current/non-current classification as defined in the notes to our audited consolidated financial statements.

Main Accounting Practices

Fixed assets are recorded at their acquisition or production cost. When such assets are acquired in a business combination, purchase accounting requires judgment to determine the estimated fair value of the assets at the date of the acquisition.

Property, plant and equipment are measured at cost. When certain components of property, plant and equipment acquired have different useful lives, the components approach is applied, and these components are depreciated over their respective useful lives.

The Group performs major maintenance activities in its industrial facilities on an annual basis, with the purpose of inspecting and replacing components of property, plant and equipment. The annual major maintenance costs include labor, materials, external services, general and other overhead expenses incurred during the inter-crop period. The Group uses the built-in overhaul method to account for the annual costs of major maintenance activities. Expenses corresponding to the replacement or refurbishment of components of property, plant and equipment are recorded as a new asset, and the carrying amount of the components replaced is eliminated.

Considering the types of our properties, plants and equipment and the nature of our activities, most of our properties, plants and equipment do not generate independent cash flow. Therefore, assessing the need of an impairment is determined specifically by an impairment test at the level of the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets ("**CGU**"). See "*—Business Combinations and Goodwill Assessment*" below.

Fixed assets also include right-of-use recorded in compliance with IFRS 16 – Leases. The right-of-use is valued at cost and corresponds to the initial amount of the lease liability, adjusted, if necessary, for the amount of any prepaid or accrued lease payments recognized in the balance sheet. The right-of-use asset is amortized over the useful life of the underlying assets.

For its sugar business in Brazil, the Group has entered into various agricultural partnership agreements. These agreements are within the scope of IFRS 16 and have variable consideration. Consequently, there is no recognition of a right-of-use asset or a financial liability.

Business Combinations and Goodwill Assessment

Business combinations are accounted for using the acquisition method. Goodwill is initially measured at cost, being the excess of the consideration transferred and the amount of any non-controlling interest in the acquiree and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed, measured at fair value. If, after reassessment, the Group's interest in the fair value of the acquiree's identifiable net assets exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held equity interest in the acquiree (if any), the excess (also called badwill) is recognized immediately in income as a gain on bargain purchase.

Impairment tests are performed annually during the last quarter of the financial year, or each time the Group identifies a triggering event. An impairment of goodwill test involves the use of judgment and includes, without limitation, the time and amount of the impairment of goodwill. Therefore, assessment of the impairment of goodwill represents an area requiring significant assumptions and judgment.

Impairment of goodwill is the highest fair value less sales cost and use value:

- the fair value less the costs to sell is the best estimate of the amount obtainable from the sale of a CGU in an arm's length transaction between knowledgeable, willing parties, less the costs of disposal. Because the fair value of our CGUs is rarely directly observable, we determine it on the basis of available market information, such as revenue and Adjusted EBITDA multiples for comparable companies or transactions, or discounted cash flows including market participant assumptions on weighted average cost of capital or long-term growth rates;

- we determine the value in use based on the discounted cash flows derived from the applicable business plan.

When cash flow projections are used, they are based on economic and regulatory assumptions and forecast trading conditions, including:

- the values assigned to each of these parameters reflect past experience and anticipated changes over the period of the business plans;
- the discount rate used to calculate discounted cash flow which includes a specific risk premium, to take into account contingencies in the execution of certain business plans or for country risk; and
- the perpetual growth rates used to continue with the cash flow.

Changes in the economic and financial environment, legal and regulatory decisions, or changes in competitors' behavior in response to this economic environment will affect the estimate of recoverable amounts. They may also be affected by unforeseen changes in the political, economic or legal systems of certain countries.

The methodology used and the related estimates have a material impact on the recoverable value and ultimately the amount of any asset impairment. If the assumptions do not materialize as expected, this may result in decreased revenue, Adjusted EBITDA or cash flows and can significantly change the potential impairment. A sensitivity analysis of the recoverable amount in relation to the perpetual growth rate or discount rate and to cash flows is provided in note 18.3 to our audited consolidated financial statements.

The recoverable amount is determined by reference to value in use, using the discounted future cash flows model based on CGU management's budget estimates, reviewed by the Group's management, which take into consideration assumptions related to each business, using available market data as well as past performance.

The main assumptions and estimates involved are: (i) for the sugar and ethanol activities: expected sugar and ethanol sales prices, energy as well as raw materials costs and other macroeconomic factors; and (ii) for the starch activities: sales forecast of starch, sweeteners and ethanol as well as cereal and energy (gas) costs and other macroeconomic factors.

Provisions

Provisions are recognized when there is an obligation (legal, contractual or constructive) to a third party provided that it may be estimated reliably and is likely to result in an outflow of resources, with no at-least-equivalent consideration expected in return.

If the amount or maturity cannot be estimated reliably or where it is not likely that a current obligation exists, it is considered a contingent liability. Where the effect of the time value of money is material, the provision is discounted to present value. The discount rate used to determine the present value reflects the time value of money and the specific risks related to the liability being measured. The effect of discounting is recognized in financial expenses.

A restructuring provision is recognized when a detailed formal plan has been announced or when implementation of a restructuring plan has already begun.

Management continuously evaluates the estimates and assumptions used to establish the provision based on relevant facts as well as circumstances that may have a material effect on the results of operations and shareholders' equity. Although management believes that the provisions are presently adequate, the establishment of provisions for judicial proceedings involves estimates that can result in the final amount being different than the provisions as a result of uncertainties that are inherent to the establishment of the provision.

Income tax, Deferred taxes

Deferred income taxes are calculated based on the tax rate expected to apply during the financial year in which the asset will be realized or the liability settled and are recognized as non-current assets and liabilities. Unused tax losses can be carried forward indefinitely and are not subject to inflation adjustment. The expected recovery of all deferred tax assets is supported by the taxable income projections, which have been approved by the Company's management.

Projections of future taxable income include several estimates related to the performance of the international economy and more specifically the economies in which the Group acts, interest rate fluctuations, sales volumes, sales prices and tax rates which may differ from actual data and amounts.

Deferred tax assets resulting from temporary differences, tax losses and both tax loss or tax credit carry forwards are limited to the estimated recoverable tax amount. This is measured at the reporting date based on the income outlook for the relevant entities.

Significant judgment is required from management in determining current and deferred income taxes. This results from the inherent necessity of interpreting tax laws or assessing the respective technical merits of the Company and tax administration positions following a tax audit as well as assessing the availability of future taxable income that can be offset against tax loss carry forwards within the appropriate timeframe, as estimated by management. We also review the realization of deferred tax assets using each entity's tax forecast based on budgets and strategic plans.

Fair value of financial instruments

The Group uses derivative instruments to manage and reduce its exposure to risks of changes in interest rates, exchange rates, commodity prices and energy prices. Derivative instruments are measured at fair value in the statement of financial position, whether or not they qualify for hedge accounting under IFRS 9, on the financial assets and liabilities caption. Where derivative instruments qualify for hedge accounting under IFRS 9, they are accounted for in accordance with the cash flow hedge or the fair value hedge accounting. Fair value of financial assets and liabilities correspond to the value of the relevant instrument which could be exchanged for in a voluntary agreement between parties, except in case of liquidation or imposed sale.

The following methods and assumptions were used to estimate fair value:

- Cash and cash equivalents, trade receivables and payables and other short-term borrowings mature in the near term, approximates their carrying amount.
- With the exception of financial liabilities at fair value and derivatives comprising liabilities measured and recognized at fair value, borrowings and other financial liabilities are measured and recognized initially at fair value and then at amortized cost, calculated using the effective interest rate. When a financial liability is eligible to be recognized at fair value in its entirety – as in the case of a liability with an embedded derivative – the Group recognizes the liability at fair value and changes in fair value are recognized in financial income and expenses.
- Investments are recorded at fair value at the closing date. Securities that have no quoted market price in an active market and for which fair value cannot be reliably measured are carried at cost less impairment losses generally calculated on the proportion of capital held. The Group has chosen to recognize the change in fair value of its investments under other comprehensive income as they meet the definition of equity instruments and are not held for trading with the exception of shares held in investment funds with changes in fair value recognized in financial income and expense.
- The Group enters into derivative transactions with counterparties and financial institutions with investment grade ratings. Derivatives are measured using valuation techniques based on observable market inputs. The relevant instruments are mainly interest rate swaps, foreign exchange rate forwards, and commodity and energy options, futures and swaps. The most frequently applied valuation techniques include forward pricing and swap models, which use present value calculations.

To hedge its commodities price risk, several Group entities, depending on their activities, may buy and sell commodities future/forward contracts. The negotiated commodities are mainly: raw and white sugar for Tereos Açucar e Energia Brasil, Tereos France and Tereos Commodities Suisse and ethanol for Tereos Starch & Sweeteners Europe, representing their finished products, and wheat and corn for

Tereos Starch & Sweeteners Europe, representing the raw material base for the production of its finished products. Most of these derivatives are qualified as cash flow hedges.

INDUSTRY

Certain of the information set forth in this section has been derived from external sources. Industry publications generally state that the information contained therein has been obtained from sources believed to be reliable, but some of the information may have been derived from estimates or subjective judgments or may have been subject to limited audit or validation. While we believe this market data and other information to be accurate and correct, we have not independently verified it. Further, such estimates or judgments, particularly as they relate to expectations about our market and industry, involve risks and uncertainties and are subject to change based on various factors, including those discussed under "Risk Factors" and "Forward-Looking Statements" elsewhere in this Document. The projections and other forward-looking statements in this section are not guarantees of future performance and actual events and circumstances could differ materially from current expectations. Numerous factors could cause or contribute to such differences. See "Risk Factors" and "Forward-Looking Statements."

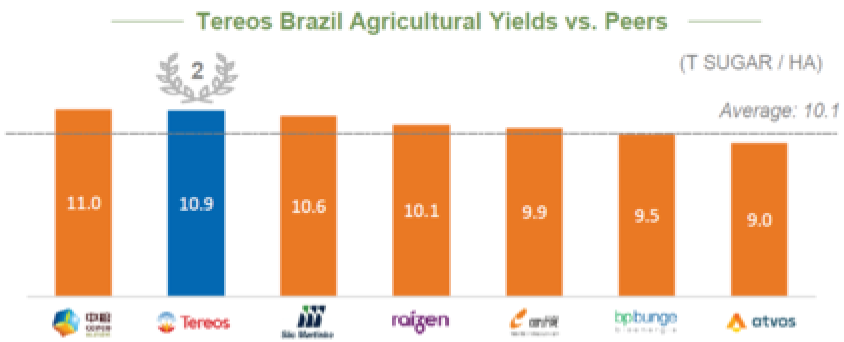
Description of Our Main Markets

Our primary business is the production and transformation of a variety of agricultural products into sugar, starch, sweeteners, alcohol and bioethanol and vegetable protein. In addition, we manufacture numerous secondary products derived from our main business including vegetable protein, animal nutrition, renewable energy and electricity. With strong local operations across Europe, Brazil, Africa, Asia and the Indian Ocean (Reunion Island), we are a global competitor within each of our product categories. Our products are commodities, largely produced and consumed locally, yet also exported around the world. Therefore, the main drivers in our industry are the supply/demand equilibrium in each local region and the related equilibrium in the global market.

In this section, unless otherwise indicated, the term "crop year" refers to the year running from October 1 to September 30 of the years indicated for sugar from sugar beets and from May 1 to April 30 of the years indicated for sugar from sugarcane.

Sugar and Ethanol

According to the OECD and FAO update of May 2019, it is estimated that approximately 86% of the global production of sugar comes from sugarcane and the balance from sugar beet. Sugar extraction from sugarcane and sugar beet is a complicated process that begins with crushing the harvested feedstock to gather the liquid in the plants and ends with the highly-refined raw product that consumers readily purchase. One crop cycle of sugarcane yields from one or two to up to six harvests before the sugarcane must be replanted, depending on the quality of the plant and the agronomic activity performed during the life of the sugarcane. Yields can vary widely across harvests due to numerous factors including the age of the sugarcane, damage caused by machinery during the harvest period, the strain of sugarcane being grown and the local climate. In Brazil, for example, the average yield from 2015 to 2019 was roughly 73 tonnes of sugarcane per hectare. One tonne of sugarcane produces about 220 pounds of raw sugar. The table below shows the Company's yields of tonnes of sugar per hectare compared to its peers.



Source: CTC - Groups with 10Mt or more of crushing volume

Once the juice has been extracted from crushed sugarcane, it is thickened through a boiling process and then crystalized. The resulting crystals are centrifuged to remove remaining liquid and create raw sugar that can be easily transported to refineries to remove further impurities. Our processing facilities are strategically located near our major customers to reduce transportation expenses. When the raw sugar arrives at our refineries, it is melted to a syrup, filtered, crystalized once again and dried, resulting in the familiar product that is packaged and sold. Production of sugar from sliced sugar beet is similar, except that it is naturally white and does not require refining.

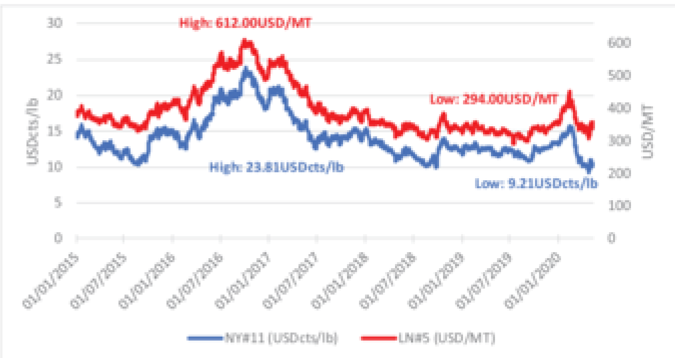
Ethanol is a colorless, transparent and volatile liquid that improves gasoline octane and is the only liquid fuel currently available as a partial substitute for petrol. Ethanol is commonly produced through the processing of sugarcane, corn, wheat and sugar beet. At our sugar facilities, production of ethanol begins by mixing pressed sugarcane or sugar beet juice, also called molasses, with yeast, water and "thin" or "clear" juice. The mixture ferments in purpose-built tanks for up to 12 hours to create yeasted wine with an ethanol content of 7-10%. The yeasted wine is centrifuged and distilled in our distilleries resulting in hydrous ethanol, water and a byproduct called vinasse, which can be repurposed as fertilizer or as a source of methane to generate electricity. Ethanol processing is also performed in our starch plants, with similar distillation, dehydration or rectification processes but using by products from wheat or corn processing.

Sugar markets are more mature than ethanol markets, although opportunities exist in both. The leading regions for the production of sugar are Brazil, which represents a 17% share of global production, as well as India, while Thailand and the European Union also account for a large portion of global production. Sugar beets, meanwhile, are grown mainly in the EU and the US while other producing regions largely rely on sugarcane. For the financial year ended March 31, 2020, total worldwide sugar consumption was approximately 180 million tonnes. At this point in the development of sugar markets, volume growth is pegged to global population growth, though GDP trends will influence future market dynamics.

For ethanol, Brazil and the US are simultaneously both the largest producers and the largest consumers, though this alternative fuel source and biofuels generally are gaining traction around the world.

Because production mills, especially those in Brazil, are able to comfortably switch between processing raw materials into sugar or ethanol, the production mix has significant influence over the prices of both products. In Brazil, where ethanol represents a significant output of the sugarcane processors, the production mix, in turn, is heavily driven by oil prices. When oil prices are high, consumers tend to substitute ethanol for gasoline, driving ethanol prices up and incentivize an increase in the production of ethanol relative to sugar. As the available supply of sugar decreases, the price of sugar trends upward to the point where the price of sugar is more favorable than the price of ethanol and the production mix shifts back. Apart from oil prices, market sentiment over sugar as a commodity can affect prices because investors take certain positions on the New York Board of Trade Futures Contract No. 11 Sugar Futures ("**NY11**"), the world benchmark contract for raw sugar trading. Additionally, for ethanol, seasonality of production is an important factor as producers stockpile large inventories during the production season hoping to sell at higher prices during the offseason.

The chart below tracks the historical prices from January 2015 to May 2020 for NY11 and the London International Financial Futures and Options Exchange Contract No. 5, which is the world benchmark contract for white sugar.

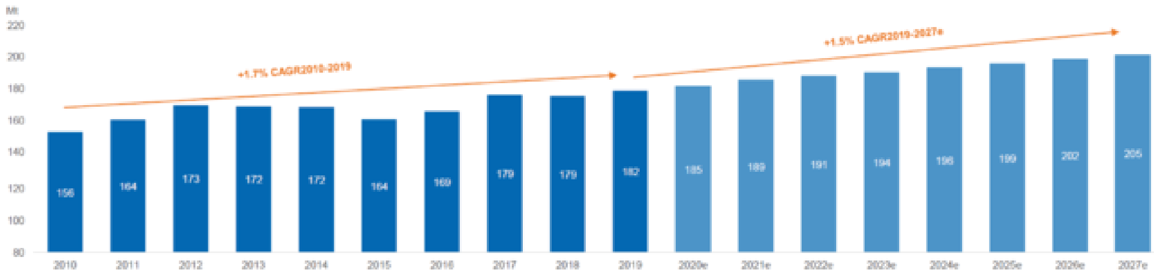


Source: Bloomberg.

Global Sugar Demand

Through economic cycles, sugar has demonstrated its resilience with yearly growth of approximately 1.6% over the past 15 years. This growth has been primarily driven by growing demand in emerging markets, mainly India and China. In countries with low GDP per capita, marginal gains in household income result in increased consumption of industrialized food that was previously too expensive for poorer consumers. Well-positioned companies are able to sell more sugar to businesses that use sugar as an ingredient, such as beverage companies and candy makers, before selling their own products to end consumers. However, in developed countries, overall sugar consumption is likely to decrease with the adoption of healthier behaviors by the average consumer. Over the next decade, global sugar consumption is expected to continue to grow at approximately 1.6% per year driven primarily by the increased demand in emerging markets according to the baseline projection released by the OECD and FAO.

The chart below illustrates the historic and projected growth of global sugar demand between 2010 and 2027.



Source: "Sugar" in OECD-FAO Agricultural Outlook 2018-2027 (OECD Publishing)

Global Sugar Supply

Global sugar production has increased over the past ten years, but has fluctuated significantly from year to year. This volatility is attributable to inconsistent climate conditions, arbitrage opportunities between sugar and ethanol production as market prices for each change (particularly in Brazil), varying levels of industrial investment to meet growing demand and government regulations.

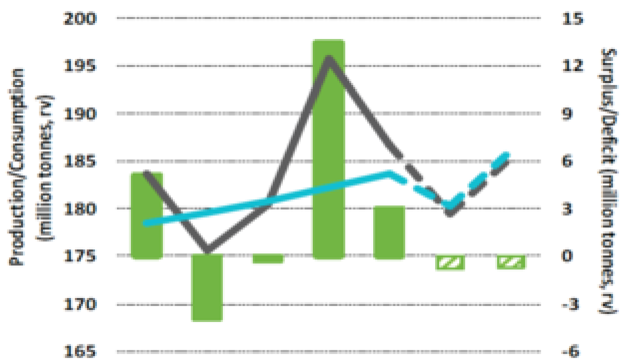
Approximately 65% of the sugar consumed worldwide is produced locally, with the international market for sugar amounting to approximately 54 million tonnes in the 2019/20 crop. Sugar trade among countries is robust and is shaped by trade regulations in individual countries. Brazil is the world's leading exporter of sugar accounting for 38% of global exports in the 2019/2020 crop year. In many cases, import and export figures are drastically impacted by trade policy and companies heavily reliant on exports may be forced to rapidly adjust their strategies. For example, in 2017, China imposed high tariffs on its major suppliers including Brazil. As a result, Brazilian sugar shipments to China fell by nearly 90%. In 2020, China is expected to pull back on tariffs which could allow for surplus production to be re-allocated.

For commodities like sugar, the stock-to-use ratio measures the carryover stock from the previous year's crop as a percentage of the current year's consumption. The stock-to-use ratio for sugar has remained around 50% in recent years and is expected to have remained stable in the 2019/2020 crop year and to continue to remain stable in the 2020/2021 crop years.

The world sugar market has been in balance in terms of supply and demand for the previous year, and is expected to remain as such for 2020/21. The chart below shows the relationship between the yearly supply and demand since 2017/18.

Source: LMC World Sugar Price review dated July 2020.

The chart below shows the global supply and demand over the indicated crop years.



Source: LMC World Sugar Price View, July 2020.

Furthermore, the global production from some key sugar producers is expected to increase, as is demonstrated in the chart below.

Production from key producers expected to increase

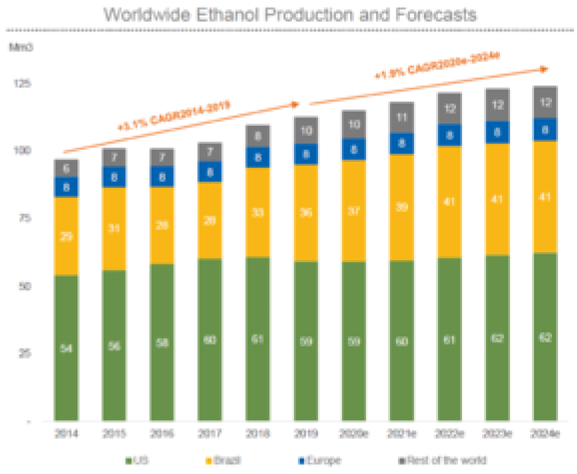
(MT)	2018/19	2019/20	2020/21E
Australia	4.7	4.3	4.5
CS Brazil	**26.5**	**26.7**	**36.5**
C America	6.1	5.9	5.9
China	10.8	10.2	10.4
EU	**16.8**	**16.7**	**16.8**
India	33.2	27.2	32.0
NAFTA	15.0	12.9	14.4
Pakistan	5.2	4.9	5.4
Russia	6.0	7.7	5.5
Thailand	14.3	8.1	7.8
Top 10	**138.6**	**124.6**	**139.2**

Source: LMC World Sugar Price review dated July 2020.

Ethanol

Global production and consumption of ethanol is widely projected to rise independently of the ethanol/sugar equilibrium described above in the coming years with increasing opportunities for growth in both established markets and new economies. Multinational companies continue to make investments in the U.S. and Brazil where support for biofuels has been historically strong. Investments in ethanol will likely continue to increase as companies respond to consumers who are more conscious of the environmental benefits of biofuel and novel uses for ethanol other than fuel continue to be developed.

The chart below shows the growth in global ethanol production since 2014 and its growth forecast through 2024.

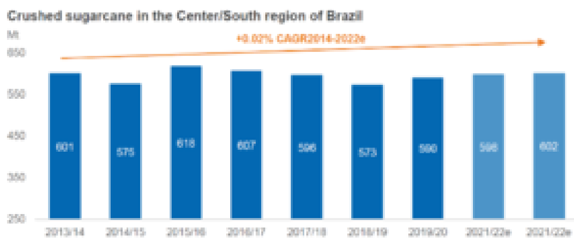


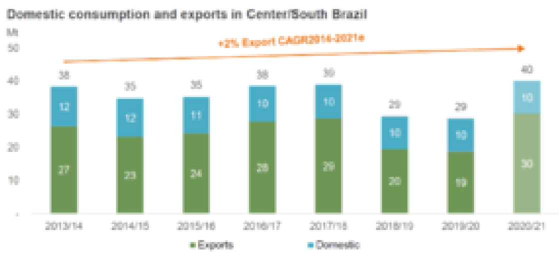
Source: A leading market research firm.

Major Market Focus: Brazil

With 31.8 million tonnes of sugar produced in the 2019/2020 crop year, Brazil is the world's preeminent market for sugar production. Our primary competitors in Brazil in the production of sugar and ethanol include Raizen, Cosan Limited, Sao Martinho S.A and Biosev.

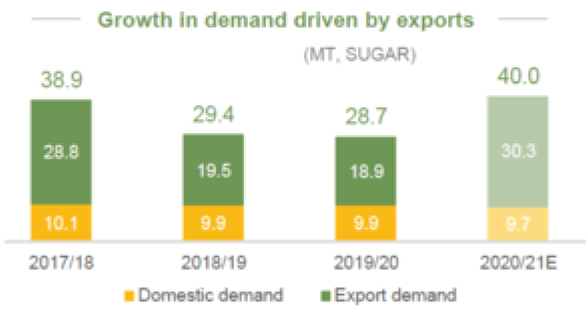
Since 2013/2014, sugar production in Brazil has experienced stable growth with the amount of crushed sugarcane in the Center/South region of the country growing at a CAGR of 0.02%. The majority of this production has continued to go towards exports, with only approximately one-third used for domestic consumption in the 2019/2020 crop year. The charts below illustrate trends over time for both sugar production growth and domestic consumption versus exports.





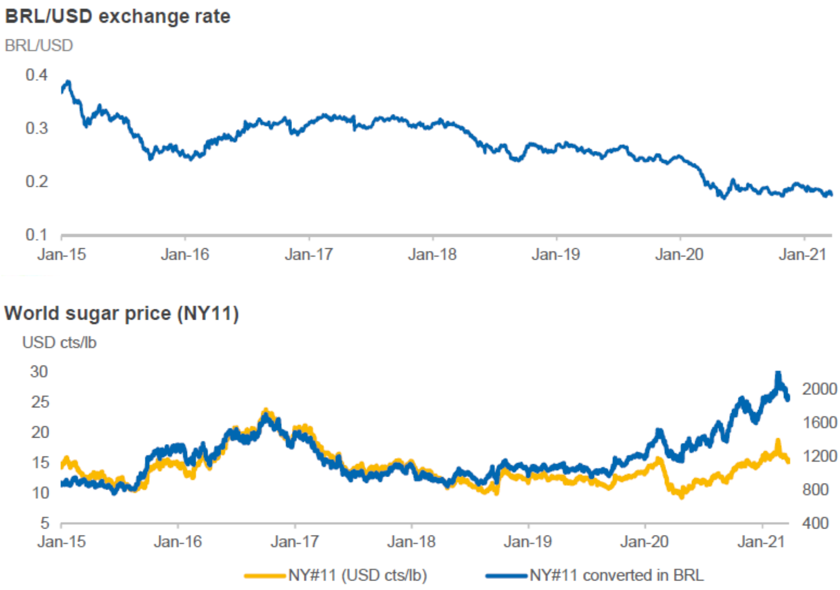
Source: LMC, World Sugar Price View Q1 2020, June 2020.

Overall sugar demand in the Brazilian market is anticipated to increase from the 2019/2020 crop year to the 2020/2021 crop year. As shown in the chart below, this growth is expected to be driven largely by exports.



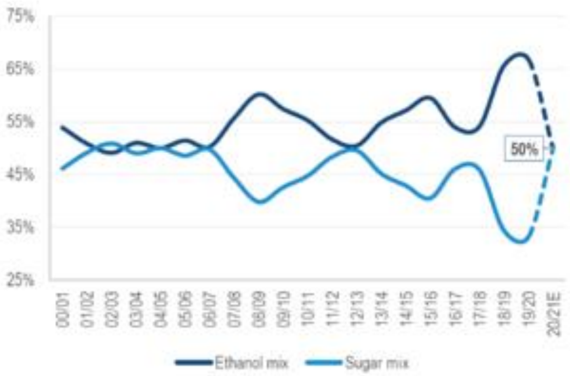
Sources: LMC, World Sugar Price View Q1 2020, June 2020 & LMC World Sugar Price View, July 2020.

The charts below illustrate the impact of the BRL/USD rate on the world sugar price since January 2015.



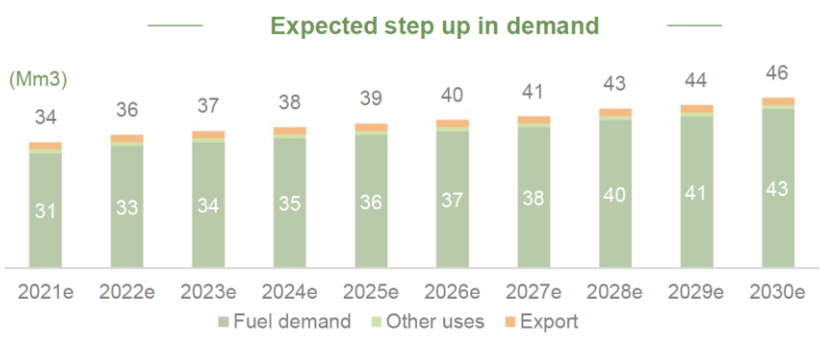
Source: Bloomberg, March 26, 2021

Production mills in Brazil have unparalleled flexibility to switch production lines between sugar and ethanol allowing both large and small producers to benefit from dynamic arbitrage opportunities. Furthermore, the Brazilian government has strongly supported ethanol production through subsidies, R&D support, mandatory ethanol blending in gasoline and a ban on diesel cars and, more recently, with the introduction of the RenovaBio program.



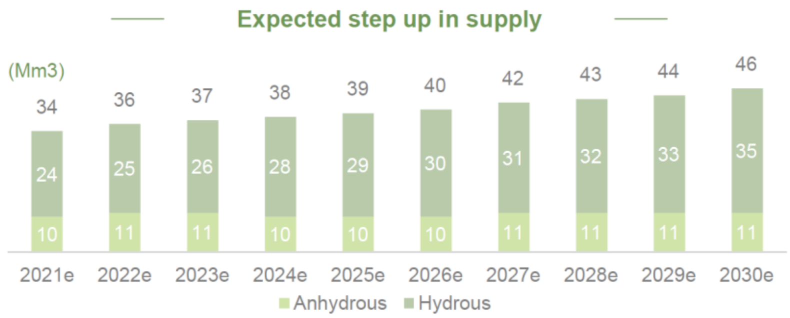
Source: BTG Pactual – Brazilian Sugar & Ethanol – 20 March 2020

Brazil remains one of the most promising markets for ethanol. Demand for ethanol in Brazil is expected to grow by approximately 35% by 2030 (Brazilian Ministry of Mining and Energy (*Ministério de Minas e Energia*), *Plano Decenal de Expansão de Energia 2030*), as shown in the chart below.



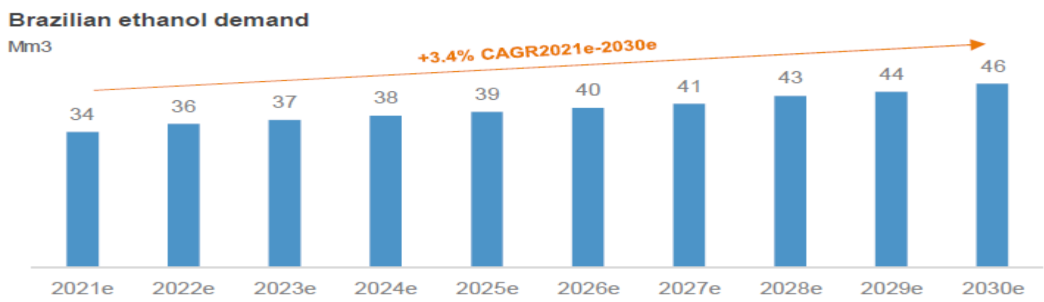
Source: Brazilian Ministry of Mining and Energy (Ministério de Minas e Energia), Plano Decenal de Expansão de Energia 2030

The anticipated growth in demand is to be driven largely by the development of local consumption of ethanol, bolstered by the implementation of RenovaBio. According to the Brazilian Ministry of Mining and Energy, this demand is anticipated to be met with an expected step up in supply, as shown in the chart below.



Source: Brazilian Ministry of Mining and Energy (Ministério de Minas e Energia), Plano Decenal de Expansão de Energia 2030

Favorable government policies, a strong market for flex-fuel vehicles and a diverse array of end consumers will each account for a part of the demand growth. The RenovaBio program, which aims at creating a market-based mechanism that provides incentives for ethanol production and distribution to accelerate carbon footprint reduction, will be particularly influential in coming years as biofuel producers will need to be certified by the national government and must invest heavily in reducing their carbon footprint. We believe we are well-positioned to benefit from the RenovaBio program due to our significant investments in CSR and sustainable production which have allowed us to obtain the certification for our seven plants to participate in the program with high levels of performance. The chart below shows how Brazilian demand for ethanol is largely driven by the RenovaBio program.



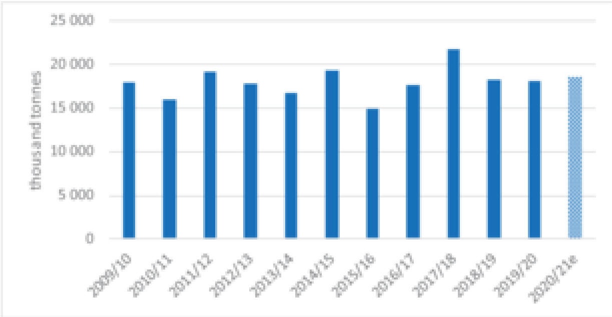
Source: Plano Decenal De Expansão de Energia 2030, Ministério de Minas e Energia, Empresa de Pesquisa Energética, 2021

In addition, efficient sugarcane processors, with Tereos at the forefront, have developed an additional process called cogeneration through which they are able to generate renewable electricity. This process occurs when dry, pulpy residue left behind after the juice is extracted from sugarcane, the bagasse, is burned in a furnace to generate steam at a boiler in production mills. With Tereos' advanced technological capabilities, the energy output can be increased to create self-sufficient mills and excess electricity can be sold to local power grids.

Major Market Focus: Europe

In contrast to the Brazilian market, sugar and ethanol in the EU are primarily produced from sugar beets. The EU has remained the second largest consumer of sugar in the world even as production levels have fluctuated widely due to climate conditions and the removal of production quotas. When production quotas were removed in 2017, sugar beet production increased under a combination of increased acreage dedicated to sugar beet and favorable weather conditions, which resulted in excess production and a sharp price decline. While production has since stabilized, end consumers have been the ultimate beneficiaries as they have been able to procure sugar from EU producers at much lower prices than in previous years. Coca-Cola, for example, realized substantial savings following the removal of production quotas. Our primary competitors in Europe in the production of sugar include Südzucker, Nordzucker, Cristal Union and Cosun.

The chart below shows sugar production volumes in the EU since 2009.



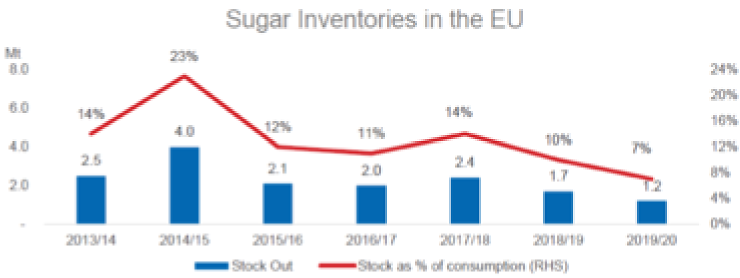
Source: LMC, World Sugar Price View Q1 2020, June 2020

After the 2017/18 record season in terms of production, the market, following a reduction in growing area and a reduction in production capacity due to plant closures, returned to a more balanced supply and demand dynamic in the 2018/19 and 2019/20 seasons and is expected to remain balanced or in deficit in the 2020/21 season, as shown in the chart below.

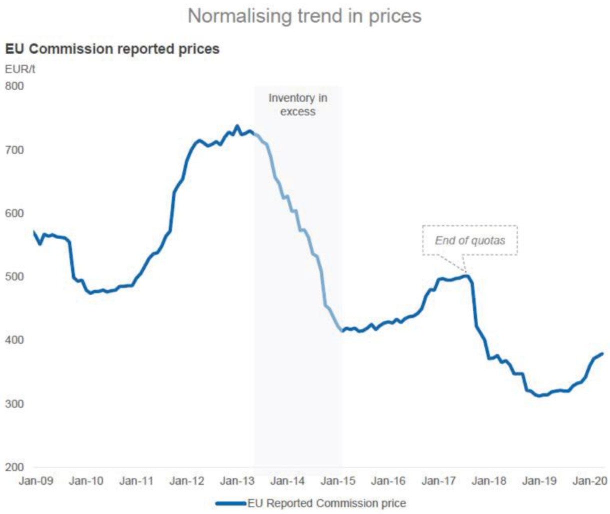
(MT)	2017/18	2018/19	2019/20E	2020/21E
Production	20.0	16.8	16.7	16.8
Imports	1.6	2.3	2.3	2.2
Consumption	17.6	17.8	17.3	17.7
Exports	3.5	1.9	1.2	1.4

Source: LMC, EU Sugar Market Monitor, June 2020

Moreover, since the end of the quota regime, sugar inventories in Europe have decreased to their lowest level in the past five years and there has simultaneously been a normalizing trend in prices, both of which are demonstrated in the following charts.

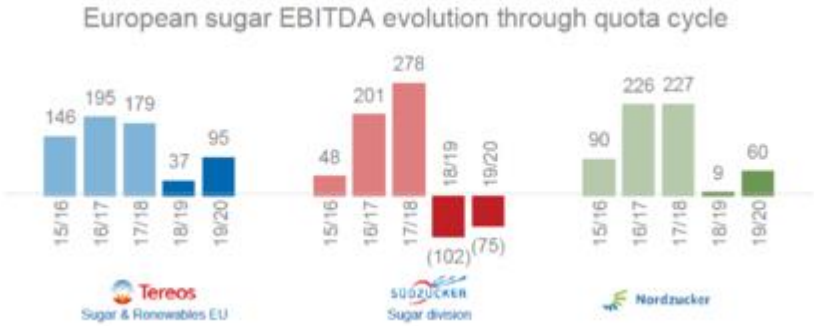


Source: EU Commission and Group Analysis



Source: EU Commission Price Observatory

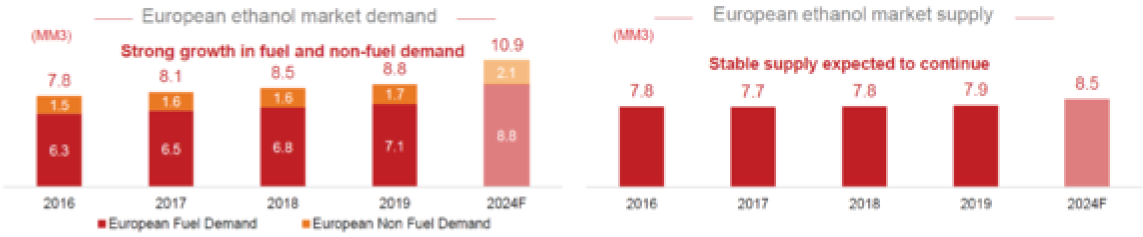
Through the quota regime cycle, some of the largest European sugar players have experienced decreases in EBITDA followed by slowly recovering EBITDA levels, which are shown in the chart below.



Sources: Sudzucker annual report; Nordzucker annual report.

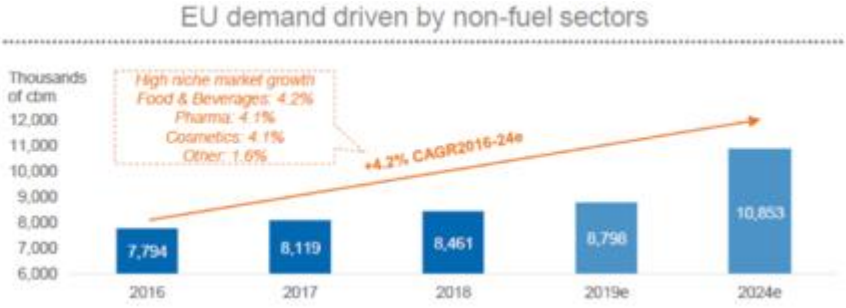
The ethanol market in the EU, meanwhile, is smaller yet more diversified than the market in Brazil. Non-fuel applications for ethanol in the food and beverages, cosmetics, perfume and pharmaceutical industries represent 22% of the demand in Europe. Bolstered by favorable regulations (including tax incentive schemes or the Renewable Energy Directive II requiring fuel suppliers to supply a minimum of 14% of the energy consumed in road and rail transport as renewable energy by 2030) and increasing investment by major industry competitors, biofuels are expected to become an increasingly important aspect of the EU market. Competitors are expected to invest substantially in R&D efforts in non-fuel uses for ethanol in coming years.

The charts below illustrate the strong expected growth in demand in the European ethanol market and the relatively stable supply that is expected to continue.



Source: A leading market research firm

The chart below shows the evolution of European ethanol demand (non-fuel) and illustrates how demand is also significantly driven by non-fuel sectors.



Source: A leading market research firm

Starch, sweeteners & renewables

We produce a variety of starch, sweeteners & renewables products which are derived from corn, wheat and cassava, among other agricultural products. An important carbohydrate for the human diet, starches are insoluble in cold water and swell to different degrees based on the temperature they are exposed to. Starches are useful in a diverse range of food products and industrial applications and can be adapted for many functionalities.

Native and Modified Starches

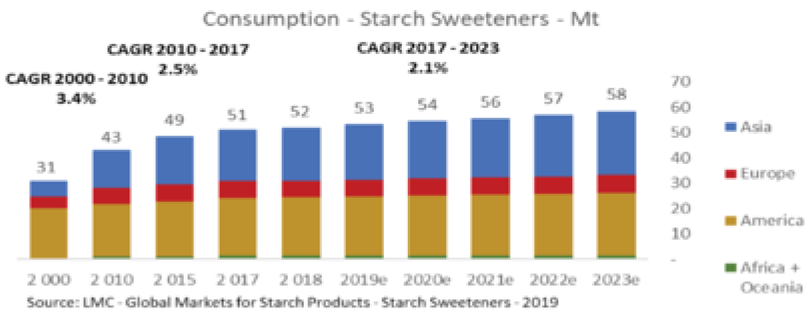
Global consumption of starch products has been strong since 2000, driven primarily by increased demand throughout Asia. Projections of starch consumption through 2022 indicate that production will need to increase by an additional 5 million tonnes to meet higher demand primarily from China, Indonesia and Europe. This growth is primarily driven by a dynamic market sub-segment such as prepared and packaged foods in emerging markets, increased use of packaging material across the world and the development of the bioplastic segment. The largest regional producers of starch are the US, China and Europe. Our principal competitors would typically include Cargill, Ingredion, Agrana, ADM and Roquette in Europe.

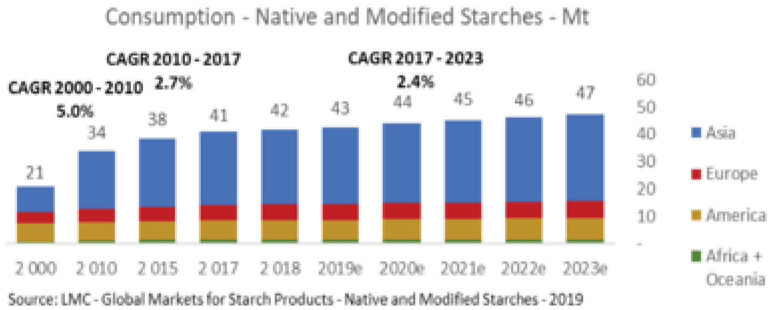
Weather risks are a key concern in the production of starch products as repeated droughts cause shortages in the crops from which starch is extracted. On the other hand, heavy rains can also cause major problems for producers. Therefore, market participants must prepare for volatile prices of raw materials. In key markets such as Brazil and Argentina, corn prices have increased substantially over the past two years leading to higher profits for starch producers.

Sweeteners

Many sweeteners are also derived from starch. For example, dextrose is produced through a complex process called enzymatic hydrolysis. Demand for sweetener products is also expected to maintain strong growth through 2022. However, a decline in the specific demand for high fructose syrup is also expected to cause many companies to shift their strategies away from its production. The global sweetener market is highly fragmented. Firms compete primarily through product differentiation, price, quality, distribution and marketing and have production facilities located around the world.

The charts below show the evolution of worldwide consumption of sweeteners and starches since 2000.





Other Products

Co-production

Advancements in technologies and process improvements have allowed many sugar producers to develop an additional revenue source through the co-production of electricity from the byproducts of sugar and ethanol production. Bagasse is a waste product formed during the sugar production process which is burned to generate electricity. Vinasse and sugar beet pulps can also be used in the production of biogas. These renewable energy sources allow many sugar producers to operate self-sufficient mills and in some cases, sell excess electricity back into local power grids. All of our Brazilian plants are energy self-sufficient, meaning that their own biomass based energy production units are able to supply sufficient energy to run the plant and meet their operational needs. Furthermore, six of our Brazilian plants are able to produce excess energy that may then be sold to the power grid, selling approximately 850 GWh of electricity to the grid in the year ended March 31, 2020.

Vegetable Protein

Many sugar producers have already begun expanding their businesses into the market for vegetable protein. Plant-based proteins are used in a variety of food products and come from crops such as soy and wheat. As consumers become more aware of the nutritional benefits of plant-based proteins and shift their consumption preferences away from meat, an increasing number of companies is expected to launch new products and increase investments in plant-based protein production. Wheat protein is also a key ingredient of fish feed, a segment that is growing quickly as consumer preferences shift from meat to fish.

Animal Nutrition

The byproducts of sugar and ethanol production can also be used for animal feed. We have expanded into the animal nutrition sector in order to generate an additional revenue stream and reduce waste from our production processes. The pressed and dehydrated pulps from sugarcane and sugar beet can be cheaply converted for animal consumption.

BUSINESS

History and Development

The origin of our Group dates back to 1932, when founding chairman Paul Cavenne established a cooperative distillery in Origny, France. At the time, the majority of sugar beet cooperatives in France had turned their attention to alcohol production, as alcohol was becoming increasingly popular as a fuel source. In 1951, Jean Duval, managing director of the cooperative, established a sugar refinery at the site, forming the basis of our modern operations.

In 1984, Philippe Duval succeeded his father to become CEO of the Origny refinery and distillery. Under his influence, the Group started to produce liquid sugars in late 1987, and throughout his tenure as CEO, the Group saw an increase both in the volume of sugar that it processed and the number of cooperative members that formed part of the Group.

Product Diversification and National Expansion

During the 1990s, the Group experienced a strong wave of domestic expansion, which laid the foundation for our development as a global player in the agro-industrial sector. In 1990, the Origny-Sainte-Benoîte and Vic-sur-Aisne cooperatives merged to create Sucreries et Distilleries de l'Aisne ("**SDA**"), forming one of the largest sugar beet cooperatives in France at the time.

In 1992, SDA embarked on international expansion for the first time with an investment in what is now Tereos TTD a.s., the leading producer of sugar Czech Republic by volume. Over the following years, we made significant investments in France and throughout Europe, including a partnership with Jungbunzlauer (an Austrian industrial group specializing in fermentation products and citric acid) for the creation of Syral (now known as Tereos Starch & Sweeteners Europe) as well as the creation of Union SDA in France.

In 2000, the Group made the strategic decision to enter the Brazilian market through a joint venture with Cosan, a leader in sugarcane processing.

In 2001, we further expanded our sugarcane business with the acquisition of the Bourbon Group's interests in various sugar refineries in Reunion Island. Through this acquisition, we became a majority shareholder in Sucrerie de Bois Rouge and Eurocanne, while acquiring significant interests in the Le Gol sugar plant and Loiret Haëntjens.

International Development: Becoming a Global Player

In 1969, we entered the Brazilian market, which was then the world's leading country for producing sugar and alcohol, through a partnership agreement with the Cosan group, the leading Brazilian sugar producer. In 2002 and 2003, we acquired the Béghin Say sugar business and the Béghin Say consumer brand, which significantly increased the size of the Group. Béghin Say had also a long track record in the sector and started its very first operations in 1812 with the first distillery of Louis Say in Nantes. As a result of the acquisition, the number of cooperative members grew to 9,500 while the number of sugar beet refineries and distilleries in France increased from five to ten. With the acquisition Béghin Say, we also acquired the Brazilian company, Guarani, along with its two mills Severinia and Cruz Alta. These acquisitions were instrumental in expanding our international operations and diversifying our geographic reach. In 2002, as a result of these significant developments, we adopted the Tereos name and a new corporate identity.

In 2004, we acquired Sodes, a company based in Lillebonne, France, which specialized in synthetic alcohol production, and is now incorporated into our subsidiary Tereos Starch & Sweeteners LBN.

In 2006, through Guarani we acquired the São José sugar mill and the Tanabi site (which produces ethanol). In the same year, we merged with Sucreries et Distilleries des Hauts de France, acquiring its three sugar plants. We also expanded into Mozambique in partnership with a Mauritius sugar producer with a view to growing and transforming sugarcane into sugar and acquired 100% of Syral in partnership with certain cereal cooperatives.

In 2007, under the leadership of Alexis Duval as International Officer of Tereos, we accelerated the expansion of our Brazilian operations by acquiring the Andrade sugar and ethanol production facility, which we believe helped us to become the third largest sugarcane processor in Brazil at the time of the acquisition (JornalCana, *Açúcar Guarani usará recursos de oferta de ações para comprar a usina*

Andrade, June 2006, Group estimates). That same year, we listed our Brazilian operations on the São Paulo stock exchange. In addition, we acquired five starch and glucose facilities in Europe from Tate & Lyle through our subsidiary Syral. We believe that this acquisition helped us become Europe's third largest starch producer by volume at the time of the acquisition. Moreover, after creating Tereos BENP in 2007 (in partnership with certain cereal cooperatives, now Tereos Starch & Sweeteners LBN), we launched a greenfield wheat ethanol production in Lillebonne and built a new distillery in Origny to produce potable alcohol and ethanol from sugar beet.

In 2009, we further grew our European sugar operations through an industrial and commercial partnership with Spanish cooperative Acor.

In 2010, we continued to expand our Brazilian activities through the acquisition of a 50% stake in the Vertente sugar mill as well as the Mandu factory. In the same year, we founded Tereos Internacional, a company combining our Brazilian sugarcane and cereal processing activities and subsequently listed the company on São Paulo's BM&FBovespa exchange, becoming our new listed entity in Brazil. In the same year, we started a partnership with global multinational Petroleo Brasileiro (Petrobras), which invested in our sugarcane activities over a five-year period.

In 2010, through our acquisition of Quartier Français, we became part owners of the Tanganyika Plantation Company, a sugar factory in Tanzania.

Between 2011 and 2013, we continued to expand and diversify our geographical footprint. We entered into a partnership with Wilmar, one of the largest processors of agricultural products in Asia, to develop cereal transformation activities in China through the construction of the Dongguan plant and the acquisition of a 49% stake in the Chinese Tieling starch plant. During the same period, we also acquired a cassava-based starch plant Halotek in Brazil for our first foray into the Brazilian starch market, acquired a distillery in the Czech Republic and completed the acquisition of the Lodus sugar plant in Romania.

In 2014, we further expanded into Asia by acquiring a controlling 50% stake in the Indonesian company Redwood Indonesia (now PT Tereos FKS) through a joint venture with the Indonesian agro-industrial group, FKS Group. Redwood Indonesia was the country's only corn starch facility at the time of the acquisition.

In 2015, we created Tereos Commodities Suisse, with the intention of becoming a global player in the international distribution of white sugar. In the same year, we strengthened our European distribution operations through the acquisition of Napier Brown, which was then the largest independent sugar distributor in the United Kingdom.

In 2016 we successfully carried out a public tender offer for all outstanding shares of Tereos Internacional, and subsequently delisted the company. In 2017, we repurchased Petrobras' 45.97% stake in Guarani and in doing so, became the sole owner of the company (now Tereos Açucar e Energia Brasil).

On March 5, 2018, Tereos UCA and its ten upstream cooperatives (which include the Sucreries et Distilleries de l'Aisne, the Coopérative Betteravière d'Artenay, and the Société Betteravière de Picardie) merged into Tereos SCA to create a single agricultural cooperative company (*société coopérative agricole*). In the same year, we also entered into a strategic logistics partnership with VLI Group, one of the largest railway operators in Brazil that provides logistic solutions to agribusiness, steel and industrial producers in Brazil.

In 2019, we sold our 50% interest in the Sedamyl S.p.A and Sedalcol UK Ltd starch processing plants to former joint venture partner ETEA, while purchasing ETEA's 50% interest in the Nesle distillery in Sedalcol France (now Tereos Grain Alcohols France). This acquisition allowed Tereos to fully optimize the Nesle plant's production of wheat based starches and proteins while gaining 100% control of the site's alcohol and ethanol production assets.

Operating Segments, Geographies and Products

Our operations are organized into four operating segments:

- Sugar & Renewables Europe;
- Sugar & Renewables International;
- Starch, Sweeteners & Renewables; and

- Others.

Each operating segment operates within a number of jurisdictions and includes several products, among which sugar accounted for 39.7% of our total revenue for the financial year ended March 31, 2020.

Sugar & Renewables Europe

Our Sugar & Renewables Europe operating segment includes our sugar beet processing activities in France (including attached distilleries), the Czech Republic and Romania; our sugar refining operations in Spain and Romania; and our sugar packing operations in Europe. We believe that we are the second largest European sugar beet processor by volume and that we have the second largest capacity per site in Europe.

For the financial year ended March 31, 2020, our Sugar & Renewables Europe operating segment had revenues of €1,727 million. In Europe, we processed total sugar beet volume of approximately 20.3 million tonnes (excluding joint ventures) during the financial year ended March 31, 2020. Over the same period, an estimated 71% of our sugar beet was processed in sugar production while 29% was processed for alcohol and ethanol production.

In addition, for the financial year ended March 31, 2020, our Sugar & Renewables Europe operating segment sold approximately 2.6 million tonnes of sugar, of which approximately 77,000 tonnes were exported outside Europe. Our Sugar & Renewables Europe operating segment also sold approximately 629,000 m^3 of alcohol and ethanol over the same period, of which approximately 98,000 m^3 was produced at our facilities in the Czech Republic.

Geographies

Our Sugar & Renewables Europe operating segment operates in the following countries:

- France: France is our oldest and largest market. We have an established presence consisting of nine sugar production plants located primarily in the Northern regions of the country. We also produce ethanol and raw and fine alcohol from sugar beet at five industrial facilities. Our operations in France are ISO 9001 certified.
- Czech Republic: We have operated in the Czech Republic since 1992. We own 62.0% of Tereos TTD, which is the largest producer of sugar in the country by volume, and we operate two sugar plants. We are the main ethanol and alcohol producer in the Czech Republic, with a combined annual production capacity at our four production facilities of more than 160,000 m3 per year. We also have a packaging unit in Mělník which handles the packaging of over 60,000 tonnes of retail sugar and 35,000 tonnes of industrial sugar.
- Romania: Our sugar plant in Ludus, Romania, has a production capacity of approximately 500 tonnes per day of white sugar. Our raw sugar refining unit, which was built in 2014, provides additional production capacity of 514 tonnes per day.
- Spain: In 2009, we entered into a joint venture with Acor, a Spanish sugar beet farmers' cooperative, pursuant to which we established a sugar refining unit with a capacity of approximately 120,000 tonnes of raw sugar per annum and which also has a sugar packing activity. Together with Acor, we jointly operate one of the leading sugar producers in Spain by revenues.
- United Kingdom: In the UK, we operate two packing facilities located in the north of England, one of which is a leading packing facility for business-to-customer ("**B2C**") markets with a capacity of approximately 70,000 tonnes capacity. Moreover, our UK operations distributed approximately 185,000 tonnes of sugar for business-to-business ("**B2B**") markets in the financial year ended March 31, 2020, or 11% of the total UK market for sugar.

Main products

Our Sugar & Renewables Europe operating segment produces the following categories of products:

- Sugar: We produce solid sugars, including granulated sugar and sugar lumps, as well as liquid sugars for retail and industrial purposes. Approximately 91% of our sugar is sold B2B to our industrial clients, many of which are food manufacturers. The remaining 9% is sold to retail consumers. Our retail operations include white sugar, brown sugar and specialty products in the form of powder or cubes sold to retail chains or catering groups. Our brands benefit from strong market recognition, with leading brands such as Béghin Say in France, Whitworths in the UK and TTD in the Czech Republic. Our La Perruche brand is a worldwide luxury brand now available in more than 52 countries, and is generally regarded as top quality sugar that is served in many high end locations around the world, including hotels, restaurants and cafés.

- Ethanol: We produce ethanol from sugar beet (first-generation and advanced ethanol). We produce ethanol for direct use and for ethyl tertiary butyl ether ("**ETBE"**) production. We serve global petroleum companies as well as regional distributors, retailers and industrial users with renewable fuel.
- Alcohol: We produce alcohol by processing sugar beet at our facilities in France and the Czech Republic. Sugar is first extracted from sugar beet and then fermented to be transformed into alcohol. We produce different types of alcohol from sugar beet, each of which has differing non-fuel usages. For example, raw alcohol is used as a chemical intermediate for the production of solvents or as an additive in inks or paints; high-purity alcohol (*surfin*) is used in beverages, cosmetics and certain pharmaceutical products; dehydrated high-purity alcohol is used in the pharmaceutical and cosmetic industries; and alcohol containing impurities is used for windshield washers.
- Animal Nutrition: We produce pressed pulps and dehydrated pulps, which are co-products of our sugar, alcohol and ethanol production and are used for animal feed, and vinasses, a by-product of the distillation of alcohol from the sweet juice of sugar beets, which can be used as soil fertilizers. We also process our French cooperative members' alfalfa crop into a range of products for animal nutrition, notably pellets.
- Co-Products: We also produce betaine from beet vinasse at our Origny plant, which is the largest betaine production facility in the world.

Sugar & Renewables International

Our Sugar & Renewables International operating segment includes our sugarcane processing activities in Brazil and several other countries across Africa and the Indian Ocean.

For the financial year ended March 31, 2020, our Sugar & Renewables International operating segment accounted for €959 million of revenue, with sales of approximately 1.8 million tonnes (including sales through Tereos Commodities Suisse). Moreover, in Brazil, we sold approximately 1,273 GWh of electricity to the grid and 647,000 m^3 of ethanol to consumers over the same period.

Geographies

Our Sugar & Renewables International operating segment operates in the following regions:

- Brazil: Our Brazilian operations primarily consist of sugarcane crushing activities and production of sugar, ethanol and electricity from bagasse (sugarcane residue). For the financial year ended March 31, 2020, our total volume of crushed sugarcane in Brazil amounted to approximately 19.0 million tonnes, of which approximately 10 million came from sugarcane grown by us. Over the same period, we exported approximately 850 GWh of the electricity that we produced. We operate seven industrial facilities with an average crushing capacity of approximately 113,000 tonnes per day. All of our Brazilian plants are energy self-sufficient, meaning that their own biomass based energy production units are able to supply sufficient energy to run the plant and meet their operational needs. Furthermore, six of our Brazilian plants are able to produce excess energy that may then be sold to the power grid.
- Reunion Island: In 2010, we acquired the sugar operations of *Groupe Quartier Français*, which was then the largest sugar producer in Reunion Island. The two sugar plants that we acquired operate at an overall production capacity of approximately 1,800 tonnes of sugar per day. The acquisition enabled us to become the leading player in the Reunion Island sugar market. We also produce electricity from bagasse through our co-generation units in Albioma Le Gol and Albioma Saint-Pierre, which are operated in joint venture with the Albioma group. Through our operations in the Indian Ocean, we also engage in the import, storage and distribution of specialty sugars and agricultural commodities throughout Europe.

- Africa: In Mozambique, we grow and process sugarcane in order to produce sugar. Our facility has a daily crushing capacity of approximately 3,500 tonnes of sugarcane and benefits from a 50-year license over 48,000 hectares of land, of which approximately 10,000 hectares are dedicated to farming sugarcane used in our production processes. Since 2010, we have expanded our operations in Tanzania and Kenya through a joint venture with the Mauritius based Alteo group. In Tanzania, we processed approximately 1.0 million tonnes of sugarcane during the 2019/2020 crop season and produced more than 100,000 tonnes of sugar over that same period. In Kenya, we produced approximately 80,000 tonnes of sugar in 2019.

Main products

Our Sugar & Renewables International operating segment produces the following categories of products:

- Sugar: We produce 13 types of sugar across 86 product lines. We produce raw sugar (also referred to as VHP or Very High Polarization sugar), crystal, granulated, amorphous, liquid and inverted liquid sugars, under various specifications and packaging modes. Our industrial customers include established companies in the food and beverage industries. We also sell raw sugar, such as granulated sugar, special granulated sugar, icing sugar and coating sugar. In the 2019/2020 crop year, approximately 62% of the sugar we produced was white sugar, compared with 34% for our competitors. For the financial year ended March 31, 2020, we exported approximately 49% of the sugar we produced.
- Ethanol: We produce anhydrous and hydrous ethanol. Anhydrous ethanol is used as an additive for gasoline and supplied to gas stations. Hydrous ethanol is sold directly to fuel distributors and supplied to gas stations for direct use in vehicles.
- Electricity: We produce electricity from bagasse. For the financial year ended March 31, 2020, we produced approximately 3% of all Brazilian sugarcane biomass-related energy installed capacity.

Starch, Sweeteners & Renewables

Our Starch, Sweeteners & Renewables operating segment produces a variety of starch-based products and ingredients, such as native starches, modified starches, sweeteners and vegetable proteins used in a wide range of industries, including in the food and beverages, paper, cardboard, pharmaceutical, green chemistry and animal feed industries. We also process cereals into alcohol and ethanol. We benefit from a diversified raw material mix in Europe, of which wheat, corn and potatoes represented approximately 64%, 26% and 10% of our raw materials used by volume, respectively, for the financial year ended March 31, 2020.

In the same year, our Starch, Sweeteners & Renewables operating segment accounted for €1,501 million of revenue. We processed approximately 3.5 million tonnes of cereals and tubers in our plants consolidated perimeter and produced approximately 1.8 million tonnes of starch-based and vegetable protein products over the same period. Our alcohol and ethanol production from cereals amounted to approximately 365,000 m^3 for the financial year ended March 31, 2020.

Geographies

Our Starch, Sweeteners & Renewables International operating segment operates in the following regions:

- France: In France, we produce starch-based products, alcohol, bio-ethanol, vegetable proteins and animal nutrition products from wheat, corn and potatoes. Our French facilities have a processing capacity of approximately 1.9 million tonnes of wheat, 0.6 million tonnes of corn and 0.5 million tonnes of potatoes per year.
- Belgium: In Belgium, we produce starch-based products, bioethanol, vegetable proteins and animal nutrition products from wheat. Our facility in Belgium has a processing capacity of approximately 0.8 million tonnes of wheat per year.
- Spain: In Spain, we produce starch-based products, vegetable proteins and animal nutrition products from corn. Our facility in Spain has a processing capacity of approximately 0.4 million tonnes of corn per year.

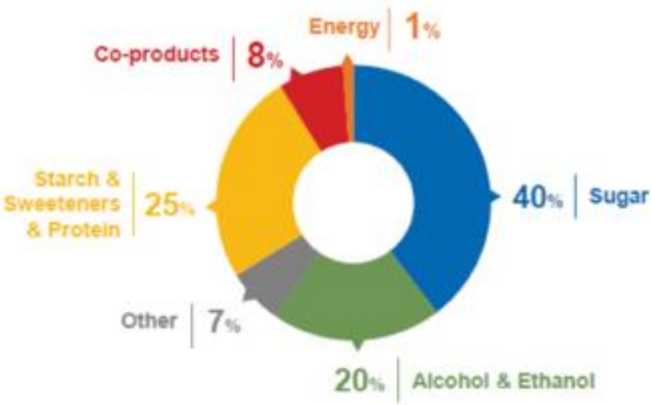
- Asia: In 2012, we commenced operations in China by entering into a partnership with the Wilmar Group. We produce starch and alcohol from wheat, with a processing capacity of approximately 500,000 tonnes of wheat per year. In 2013, we expanded our starch production capacity through the acquisition of the Tieling plant in Northern China, which has provided additional processing capacity of approximately 1 million tonnes of corn per year. In 2014, we established our presence in Indonesia through the acquisition of a 50% stake in Redwood Indonesia in joint venture with the FKS Group. Our Indonesian joint venture, Tereos FKS Indonesia, has a processing capacity of approximately 450,000 tonnes of corn per year and includes a diversified product portfolio including a maltodextrin line and a glucose line. We have since further strengthened our product diversification by adding fructose to our production lines.

Main products

Our Starch, Sweeteners & Renewables operating segment produces the following categories of products:

- Native and modified starches: We produce native starches, which are used as binding, texturizing, thickening, stabilizing and gelling agents. Native starches are used in the retail and industrial food sectors to create sauces, desserts and milk-based drinks, cookies and other snacks. Native starches are also used in technical applications such as paper coating and the manufacturing of plaster casts and glues. We also produce modified starched for the food industry, where it is used in microwavable meals and dehydrated soups, and in the industrial sector.
- Sweeteners and other starch derivatives: We produce a wide range of sweeteners including, glucose, dextrose, fructose, maltodextrins and polyols. Glucose syrups are widely used in the confectionery sector. Maltodextrins and dehydrated glucoses, produced from the dehydration of glucose syrups, are typically used in sports nutrition and enteral nutrition (i.e., tube feeding). We also produce polyols, such as sorbitol, maltitol and mannitol. Sorbitol, a dextrose derivative, is used in the food-processing, hygiene products (including dental), automotive, and cosmetics industries. Maltitol, a maltose derivative, is primarily used in food production, while mannitol is primarily used in pharmaceutical applications.
- Vegetable proteins: We produce vegetable proteins from wheat, corn, and potato, which are used in the food, industrial and animal feed industries. Vegetable proteins, which offer an alternative to animal protein, are used in a variety of applications including bakery, beverages, sport and clinical nutrition, meat alternatives, ready meals, aquaculture and young animal feed.
- Ethanol: We produce first generation bioethanol from wheat and advanced bio-ethanol from starch residues. Our bioethanol is used in various industries, such as the petrochemical, pharmaceutical and cosmetic industries.
- Alcohol: We produce alcohol from wheat. Our alcohol products are used in several industries, such as the cosmetic, chemical and beverage industries.
- Animal Nutrition: We produce wheat and corn fibers as co-products, which are mainly sold to the animal nutrition sector.

The chart below presents our revenue breakdown by product for the year ended March 31, 2020.



Others

Our Others operating segment includes the operations of Tereos Commodities, which is our sugar and ethanol trading operation, as well as holdings and inter-segment consolidation eliminations. For the financial year ended March 31, 2020, our Others operating segment had revenues of €304.3 million, representing 6.8% of our total revenue.

Our trading operations are engaged in trading of the following products:

- Sugar: In January 2015, we established Tereos Commodities Suisse, a subsidiary engaged in trading of both sugar produced by the Group and purchased from third parties. The synergies between our production technologies, raw materials and sourcing origins enable us to offer a broad range of trading solutions for our clients. For the financial year ended March 31, 2020, we generated €474 million of revenue in our Others operating segment from the sale of sugar, of which €216 million resulted from sales of internally produced sugar and €258 million related to trading of externally produced sugar;
- Ethanol: In April 2016, we established Tereos Commodities France, a subsidiary engaged in the trading of ethanol produced by our Brazil and European operations. We aim to enhance our ethanol trading capabilities and optimize revenues derived from ethanol by diversifying our sourcing and extending the scope of our product offering. For the financial year ended March 31, 2020 we generated €377 million of revenue in our Others operating segment from the sale of alcohol and ethanol, of which €56 million related to trading ethanol produced by non-Group third parties.

Joint Ventures and Partnerships

We have strategic alliances in several countries, such as in Europe, Brazil, China and Indonesia. Descriptions of our main partnerships and joint ventures are provided below.

Partnership with Wilmar

In 2012, we entered into a partnership with the Wilmar Group, one of the largest agribusiness groups in Asia, which allowed us to commence operations in Southern China. In 2014, we began operations at our Dongguan plant, a greenfield investment near Guangzhou that produces starch from wheat and has a production capacity of approximately 500,000 tonnes.

In 2013, we extended this partnership to cover corn and potatoes, with the acquisition of a 49% stake in a corn starch facility. Located in Tieling, Northern China (Liaoning Province), the facility has an annual processing capacity of 1 million tonnes of corn. In 2016, our Tieling facility began producing glucose syrups.

We hold a 49% stake in each of our joint ventures with Wilmar. Revenue from our joint ventures with Wilmar amounted to €463.8 million for the financial year ended March 31, 2020.

Partnership with FKS Group

In 2014, we established our presence in Indonesia through the acquisition of a 50% stake in Redwood Indonesia, the country's only corn starch facility, in a joint venture with the FKS Group. In Indonesia, we produce and sell native starch and glucose syrups intended primarily for the domestic market, as well as gluten flour and gluten-based animal feed products. Our Indonesian operations processed more than 350,000 tonnes of corn in the financial year ended March 31, 2020. Through this partnership, our operations in Indonesia are expected to continue benefitting from the FKS Group's local market expertise in the sugar, cereal and animal feed sectors. This partnership is consolidated in our Group consolidated financial statements.

Partnership with Axereal

In 2014, we entered into a long-term strategic partnership with Axereal, France's leading grain collector. The purpose of the partnership is to develop a wider range of innovative products for their brewery and distillery customers, which source malt from Axereal and glucose syrups from us. Under this partnership, we bought a minority interest in Axereal's malt subsidiary, Boortmalt, which recently acquired Cargill's malt business to establish itself as the world leading malting company with approximately 3 million tonnes of annual production capacity.

Partnership with VLI

In June 2018, we entered into a strategic partnership with VLI Group, one of the largest railway companies in Brazil, which provides for (i) an investment in the construction of two sugar warehouses in the state of São Paulo, each on the VLI rail network leading to the port of Santos and (ii) a long-term agreement to transport one million tonnes of raw sugar using the VLI rail network. Through this partnership, we have secured important inland logistics channels and a port outlet to export our products, which we believe will allow us to meet global demand for raw sugar production and trading, which is expected to grow in the coming years. See "*Industry—Sugar*".

Social and environmental responsibility

As the world's population grows to an expected 10 billion by 2050, food and energy needs are expected to grow as well, placing strain on the world's limited natural resources. We are committed to satisfying our consumers' global needs, while taking into account new societal and environmental challenges and expectations. In this context, CSR is a core component of our business model and strategy.

We strive to continually strengthen our contribution to CSR initiatives, while driving business growth and performance over the long term. Given the breadth of our activities and the reach of our geographic footprint, we have the distinctive capability to positively impact the entire value chain, "from the field to the table", and to contribute to the emergence of new, more sustainable models and practices.

Based on the principles of a circular economy, our sustainable development model is structured around five pillars that cover the entire value chain and through which we are committed to positive and long-lasting impact.

A Model Based on a Circular Economy

We strive to maximize the use of our raw agricultural products, which are scarce and important. We therefore pay continued close attention to all aspects of the processing chain and to our interactions with the environment and our ecosystem.

We are committed to building a truly sustainable model in which the principles of a circular economy are reflected at all steps of our production processes. From our farming practices to our production and commercial operations, we are committed to act in a sustainable way, to make full use of our raw materials and to deliver a positive local impact on the territories that we operate in. We strive to ensure that our plants do not produce waste or leftover materials, with leftover or excess materials being transformed into resources for the animal nutrition (mostly used by local breeders) or into energy or fertilizer. We use and value approximately 99% of our raw materials in our processes. In addition, our teams work to develop new sources of energy which turn leftovers into new fuels (like ED95) that are then used locally for trucks transporting sugar beet from the fields to the factories. On a more global scale, through direct and indirect employment, procurement initiatives and tax payments, we play a vital role in local economic dynamics and the development of the territories where we operate.

Sustainable Action and a Commitment Towards our Five Pillars

1. Sustainable & performing agriculture

We have longstanding ties to upstream suppliers across our businesses through our agricultural roots in France, Brazil, the Czech Republic and across Africa. These longstanding ties have emerged through our historic cooperative model in France, direct agricultural activities in Brazil and Africa and long-term partnerships with producers in Brazil and the Czech Republic. These relationships allow us to cooperate with partners across a variety of crops, including sugar beet, cereals, sugarcane, potato, alfalfa, and cassava, to test and develop new agricultural practices as well as new seeds and varieties in order to produce improved yields with a smaller environmental footprint.

These longstanding relationships also provide us with secure and traceable channels to source raw materials. These direct channels allow us to influence the conditions of production and allows us to foster sustainable agricultural models across the value chain. In this sense, the sustainability and future of our business model is intertwined with that of our farmers, and in order to meet long term business objectives and societal and environmental challenges, performance and sustainability must be combined.

Our investments in agronomics have generally been successful. For example, we have worked closely with *the Institut Technique de la Betterave* (French Sugar Beet Technical Institute, or ITB) to increase sugar beet yields in France from 70 tonnes/ha to 90 tonnes/ha over the last 20 years. Beyond sugar beet yield improvements, we have seen progress in other agronomic metrics such as extraction quality, disease resistance and disease tolerance. Improvements in these metrics allow us to use fewer disease control and phytosanitary products. Furthermore, Tereos technicians and technical centers regularly develop guidelines for best practices and technical advisory, called “Agrobook” crop guides, which are distributed to our farming partners. We then organize group sessions and trainings to implement innovations and further refine performance and sustainability.

We are also actively engaged with several external partners in other research partnerships and efforts. In February 2015, we signed a partnership agreement with France’s *Institut National de la Recherche Agronomique* (National Institute of Agricultural Research) to facilitate the exchange of information and increase collaboration in key research areas related to agriculture, industrial production, environment and nutrition. The five-year agreement prioritizes three areas: precision and sustainable agriculture, human and animal nutrition, and biobased chemistry/industrial biotechnology. We also maintain the eRcane research facility on Reunion Island to develop new sugarcane varieties. Located off the eastern coast of Madagascar, the island has many diverse climates, providing us with the opportunity to test crop varieties for each of the global markets that we participate in, and in particular, Brazil and Asia. Through this process, we seek to continually improve our crop varieties, by developing varieties with higher energy and sugar yields.

Building on our experience in Brazil, we have started to implement precision agriculture in Europe and are developing new technologies to implement sustainable agricultural practices in Europe. Using drones, captors, and satellites, we are able to gather extensive data to optimize our farming operations. For example, we invested €200,000 in the Orion project in Brazil which uses real-time satellite surveillance to help prevent field fires that cause substantial losses throughout the entire production chain and have major impacts on local communities and the environment. The real-time data and images from satellites and drones also enable us to optimize the treatment and management of each plot of land for increased agricultural yield and a decreased environmental footprint.

Our commitment to sustainable agriculture is further demonstrated by our participation in the Sustainable Agriculture Initiative (“**SAI**”). The SAI program was created jointly by Nestlé, Unilever and Danone to promote a common set of competitive and sustainable farming practices throughout the upstream and downstream components of the sector. In 2015, Tereos became the first sugar cooperative to sign up to this benchmarking initiative, deploying it across our 12,000 cooperative sugar beet growers in France. In our initial audit, 100% of our cooperative growers were rated as “Gold” or “Silver”. The three-year audit process was renewed in 2019, and in the renewed audit we improved our score by eight points. We also saw an increased proportion of farms awarded a “Gold” rating, highlighting our commitment to ensuring that our cooperative farmers operate with sustainable and high-performing agriculture. In 2017, we deployed the SAI Platform assessments in the Czech Republic and Spain, and in 2019, we deployed the assessments in Romania and Reunion Island. Separately, approximately 55% of our own Brazilian sugarcane production is certified by Bonsucro, an international not for-profit, multi-stakeholder governance group established in 2008 to promote sustainable sugarcane production.

For the financial year ended March 31, 2020, approximately 62% of our raw materials were evaluated and certified as sustainable.

2. Positive Industry

As we are a major industrial player active in numerous sectors around the world, management has agreed that reducing our environmental impact and developing more sustainable production processes are among our most important responsibilities. We are currently engaged in a virtuous continuous improvement process with two priorities: reducing water and energy consumption and developing new ways of recycling non-food waste. In line with these priorities, 39% of our production facilities are certified ISO 50001 (energy management).

In the sugar production process, we maximize our use of raw materials by reintroducing the water naturally contained in sugar beets into the manufacturing process, and ultimately, the natural environment. For example, we have outfitted three industrial sites in France with “fertigation” (fertilization and irrigation) networks which provide water recovered directly from the sugar production process to farmers operating near the sites. The water is enriched with minerals, allowing farmers to avoid drawing irrigation from the natural environment while introducing those minerals back into the soil. We are continuing to develop the fertigation system at the Haussimont starch factory in France, which has designed a retention basin for condensed water operating in a closed circuit. The Boiry site has already implemented the improved system which will reduce water consumption to approximately 25,000 m^3 from 250,000 m^3. We expect that the improved system will be installed at the Connantre and Chevriéres sites by 2021.

We have found ways to join forces with our clients to create industrial synergies in order to reduce our carbon footprint by avoiding the use of road transportation and optimizing flows of raw materials, energy and waste water treatment. Adjacent to our Nesle plant are located sites for Nigay, a French caramel specialist, and InnovaFeed, a biotech company that produces an alternative source of protein from insects for animal nutrition. The set-up enables us to share certain utilities with Nigay and InnovaFeed and supply them with raw materials through pipes connecting them to our Nesle plant, hence greatly reducing transportation needs. We believe that the location of these companies at the same place generates both environmental and economic benefits at a regional level.

We have three central goals related to energy: reducing overall energy consumption, developing new ways of producing energy from non-food waste and decarbonizing our operations.

Currently, 48% of the group energy consumption comes from renewable sources. Two immediate objectives are a reduction in our energy consumption per tonne of products and an increase in the proportion of our energy consumption from renewable sources. To achieve these objectives, we have consistently invested in industrial assets with lower energy requirements that reduce CO_2 and particle emissions. Specifically, we have invested over €150 million in Tereos France to install new equipment and boilers which reduce energy consumption and emissions by 15-20% and eliminate the use of coal. Data exploitation is an effective tool through which we are able to continuously analyze and improve our processes. For example, we determined that our improvement efforts reduced energy consumption in France by approximately 4.5% during the last sugar beet harvest.

We have also made a strong effort to develop new ways to utilize by-products and waste-streams in pursuit of a “no waste” principle. For example, in Brazil, Mozambique and Reunion Island, Tereos plants burn bagasse, the fibrous residue produced as a by-product of crushing sugarcane, in high-yield boilers to produce 100% of the electricity required by the facilities. Excess power is fed into the public grid. 12% of Reunion Island’s total annual electricity consumption is produced by burning bagasse. In Brazil, we supply the public grid with enough energy to power a city of roughly 1.3 million people for a year. We also use biogas from vinasse, a by-product of the distillation of alcohol from the sweet juice of sugar beets, to power several units in France and the Czech Republic. In 2019, we commissioned the construction of another biogas unit, which is the largest project for a methanization lagoon in South America, which will use effluents from the starch facility in Palmital, Brazil which processes corn and cassava.

Other initiatives are focused on decarbonizing both upstream and downstream supply-chain and logistics operations. Regarding upstream logistics, all Tereos factories are located near areas where their raw materials are produced. For example, on average, our factories which process sugar beets are located within 35 kilometers of where the sugar beets are grown. To further reduce our carbon footprint, we seek to invest resources to optimize truck weights and loads resulting in an increase in the average load per truck from 20 tonnes in 2010 to 28 tonnes in 2018. In 2020, we experimented with Logismart, a new digital tool designed for real time optimization of transportation routes and allocation, with the goal of reducing the total kilometers of driving required by 5%. We have also focused on testing renewable fuels for our trucks. Using bioethanol ED95, a renewable fuel produced from sugar beet by-products, we were able to reduce well-to-wheels CO_2 emissions by approximately 88% relative to diesel fuel, while generating additional outlets for farmers’ production.

We have also made various investments in our downstream logistics to decrease our carbon footprint. For example, the creation of a logistics platform at our Escaudoeuvres site, near Cambrai in northern France, has strengthened our export capacity while simultaneously reducing our carbon footprint. The site is able to handle 350,000 tonnes of sugar per crop, with the site enabling rapid loading of containers to be shipped by river and sea transport to Africa and the Middle East. In Brazil, we have a partnership agreement with VLI for the transportation of raw sugar by rail to VLI’s export harbor terminal. We have reduced CO_2 emissions by approximately 220,000 tonnes, the equivalent of the carbon captured by an estimated 45,000 trees annually, by transporting sugar via rail rather than trucks.

Each of these environmental initiatives related to energy transition and decarbonization are included in our sustainability roadmap. The CDP (formerly “Carbon Disclosure Project) has recognized Tereos with an A- grade for our actions on climate change.

3. Product Guarantee and Workplace Safety

Our customers look for safe and comprehensive solutions, which means an integrated supply chain becomes more important to provide consumers with transparency at every step of the production process, while also allowing for greater operational efficiency. We are committed to our consumers at every step of our value chain, and our integrated approach allows us to manage the quality of our products, the safety of our food and the conditions of their production. Respecting business ethics, ensuring the origin and conditions of production, and providing for the safety of our employees are also integral elements of our commitment.

We monitor the quality and food safety of our products closely wherever we operate, in accordance with national regulations and internationally recognized standards such as ISO/FSCC 22000 or ISO 9001. Halal and Kosher certifications are also in place. We follow current Good Manufacturing Practices rules for all products that we sell to the pharmaceuticals sector and, where appropriate, comply with other regulations or audits as required by the relevant national authorities.

Based on strict risk analysis procedures, which take into account not only our production process but also customer preferences and the needs of sensitive populations, we have implemented and adapted a product sanitary and quality monitoring policy in all of our subsidiaries. The purpose of the policy is to prevent the risk of quality slippage and to continuously improve our procedures and services.

Crisis management procedures have been put in place in order to intervene in the event of an incident involving product quality or the safety of food and people. Crisis management and traceability exercises (product recall procedures) are run on a regular basis.

For the financial year ended March 31, 2020, 64% of our sites were ISO/FSSC 22000 certified and 61% were ISO 9001 certified. In addition, protecting the safety and health of employees, temporary workers and subcontractors is the Group’s top priority. The objective is to develop a culture of real safety to empower all employees to prevent risks and respect the necessary rules and behaviors. Management, employees and subcontractors are involved in a process of continuous health and safety improvement. A roadmap structuring our Group-wide policy has been rolled out across all sites. It aims to adopt and share the same security standards at all sites. These efforts to improve safety have reduced accident frequency by approximately 30% in our facilities.

4. Nutrition

To meet changing expectations of consumers, which vary from one market to another, as well as the challenges of public health, agri-food companies have to constantly adapt their products. Our role is to support our customers and develop innovative solutions that correspond to the nutritional needs specific to each category of the population and to support fast-changing eating habits and practices. One of these innovations, the Sweet&You offer, makes it possible to create optimal sweetening formulations that perfectly suit recipes developed by customers, providing the best response to consumer expectations in terms of flavour, calorie control and fiber content.

From the local grower to the customer, Tereos develops new innovations that improve the quality of raw materials, promote better agronomy and industrial practices and performance, and grow our portfolio of ingredients, additives, and B2C products. When exploring applications and markets for new and existing products, we always consider our customers’ and consumers’ unique quantitative and qualitative needs including affordability, sanitary quality, regional and age-group nutritional specificities, new ways of consumption and constantly evolving lifestyles.

5. Local Development

The nature of our activities plays a big part in revitalizing the localities where we operate, with heavy impacts on farming, industry and logistics. Our long-term presence in a locality involves providing support for local employment, developing skills and setting up specific programs according to particular local needs.

Creating and Sharing Value with our Stakeholders

The commitment we show to our whole value chain, from the field to the consumer, incorporates a human commitment: we strive to maintain permanent dialogue with our stakeholders and strong links with our 12,000 cooperative growers, who are essential partners in our success and sustainability. We are deeply rooted in our local environment, and actively contribute to the development of localities where we are present.

Marketing and Sales, Distribution

Marketing and Sales

We maintain an experienced and diversified sales force to market and sell our products. Our sales force is organized by geography and/or product group. As we sell our industrial sugar products Europe-wide, we have structured our sales force for these products to best manage relationships with key customers at the European level and foster cross-selling. We have also developed a one-stop-shop approach for our major clients with dedicated key account managers. We have also established a subsidiary engaged in trading of both internal and external sugar production. For ethanol, we maintain a specialized sales force. Our marketing activities benefit from the synergies deriving from our production technologies, raw materials and sourcing processes, enabling us to benefit form a broad range of trading solutions for our products.

Distribution and Transportation

The ways in which we transport our products to our customers varies considerably depending on the type of product being delivered and the geography from and in which we sell. In Europe, we generally deliver our solid and liquid sugar products by truck, although certain clients arrange for pick-up at our facilities. The creation of a logistics platform at our Escaudoeuvres site, near Cambrai in northern France, has strengthened our capacity to deliver sugar by river and sea transport to Africa and the Middle East.

Our alcohol and ethanol products are transported by truck or rail. Ethanol produced at our Origny and Lillebonne facilities is shipped by barge. Our glucose and other sugar-derived products and sugar by-products are delivered by truck. We do not own our own delivery vehicles and rely on reputable suppliers of transportation services.

Internationally, our distribution methods differ in certain countries. For example, in Brazil, we have entered into a strategic partnership with VLI Group, one of the largest railway operators in Brazil that provides logistic solutions to agribusiness, steel and industrial producers in Brazil, arranging for the transportation of raw sugar by rail to VLI's export harbor terminal where our export sales are loaded onto vessels.

We periodically enter into agreements with third parties to provide transportation and logistics services required for our operations, or we enter into strategic alliances for the provision of such services.

Customers

Our clients include major international companies in the food and beverage, chemical, pharmaceutical and fermentation sectors, such as Coca-Cola, Nestlé, PepsiCo and Ferrero as well as Total, Shell, BP, Mowi, Ewos, Diageo, Sanofi, Johnson & Johnson, Pernod-Ricard, Bacardi and AmBev. The nature of our clients, including their size, location and industry, varies significantly based on the product being purchased.

Our solid and liquid sugars are used in retail and industrial purposes. We enjoy long-standing relationships with most of our clients in these sectors. The structure of our contracts typically differs from one market to another. For our B2B customers, in Brazil, we generally enter into one to three-year supply contracts with our sugar clients, pursuant to which sugar is sold at prevailing market prices plus a pre-determined margin. In Europe, sugar B2B contracts are also generally one-year contracts, usually negotiated with our customers between June and September. A minority of our B2B contracts are, however, two or three-year contracts. Prices are usually fixed in the contract, contracts with market price plus a pre-determined margin being still very marginal in our contract mix. We experience high renewal rates of these supply contracts and enjoy long-standing relationships with the majority of our clients. For the financial year ended March 31, 2020, our ten largest third-party customers accounted for less than 15% of our revenue, and our most significant third-party customer accounted for less than 5% of our revenue.

Our ethanol clients are generally global petroleum companies, though we also serve regional distributors, retailers and industrial users with renewable fuel. Our bioethanol is used in various industries, such as the petrochemical, pharmaceutical and cosmetic industries. Our alcohol products are used in several industries, such as the cosmetic, chemical and beverage industries. For example, raw alcohol is used as a chemical intermediate for the production of solvents or as an additive in inks or paints; high-purity alcohol (*surfin*) is used in beverages, cosmetics and certain pharmaceutical products; dehydrated high-purity alcohol is used in the pharmaceutical and cosmetic industries; and alcohol containing impurities is used for windshield washers.

Our native starches are as used by customers in technical applications such as paper coating and the manufacturing of plaster casts and glues. We also produce modified starch for the food industry, where it is used in microwavable meals and dehydrated soups, and in the industrial sector.

We produce a wide range of sweeteners including, glucose, dextrose, fructose, maltodextrins and polyols. Our glucose syrups are widely used in the confectionery sector while our maltodextrins and dehydrated glucoses are typically used in sports nutrition and enteral nutrition (i.e., tube feeding). Our sorbitol customers find use for the product in the food-processing, hygiene products, automotive and cosmetics industries. Maltitol, is primarily used in food production, while mannitol is primarily used in pharmaceutical applications.

Vegetable proteins are used by our customers in a variety of applications including bakery, beverages, sport and clinical nutrition, meat alternatives, ready meals, aquaculture and young animal feed.

Suppliers

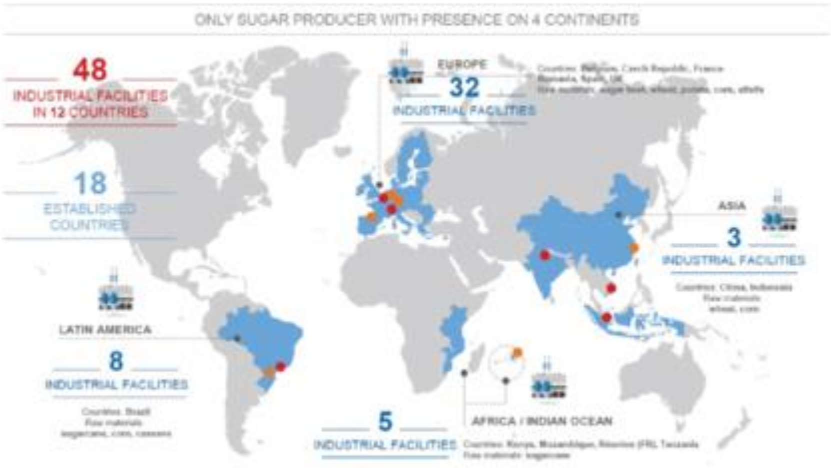
Our key suppliers of agricultural raw materials include our cooperative members as well a large number of unrelated third-party suppliers. Our cooperative members are our primary suppliers of sugar beet and supplied 86% of our sugar beet supply by volume in France for the financial year ended March 31, 2020. Our cooperative members' long-term commitment and inherent interest in our continued performance provides significant stability to our supply chain and operational platform. Members of agricultural cooperatives are paid on a flat-rate basis for the quantities that they provide at harvest time. Depending on the profit recognized by the cooperative company, and depending on other factors, members may subsequently receive an adjustment for each financial year, in proportion to the quantities provided during the harvest. See "*Ownership Structure—Payments to members*".

We benefit from a large network of third-party suppliers, with our largest third-party supplier accounting for approximately 3% of our total annual purchases of agricultural raw materials by volume (excluding cooperative members) for the financial year ended March 31, 2020. During the financial year ended March 31, 2020, we purchased approximately 51% of our Brazilian sugarcane requirements by volume from unrelated third-party suppliers, with the remaining 49% being produced on land that we lease. During the same period, we purchased approximately 14% of our European sugar beet requirements, by volume, and 73% of our wheat, corn, cassava and potatoes requirements, by volume, from unrelated third-party suppliers.

We have longstanding ties to our upstream suppliers through our agricultural roots. In France, these longstanding ties are a result of our historic cooperative model, while our direct agricultural activities in Brazil and Africa and long-term partnerships with producers in Brazil and the Czech Republic have strengthened our ties with those suppliers over time.

Properties

The following table sets forth our current material owned production facilities:



The operational performance of our production facilities is recognized globally. Our European sugar business production facilities have seen a 23% increase in sugar production (by volume) in the year ended March 31, 2020, compared to the year ended March 31, 2016. This increase is a result of our strategy implemented following the end of quota regime. In addition, five of our Brazilian plants placed in the top ten most productive plants in Brazil with our Andrade plant ranked the number one Brazilian plant in terms of industrial efficiency.

Employees

During the financial year ended March 31, 2020, we had an average of 22,358 employees. The majority of our employees are employed on a permanent basis, with temporary and seasonal workers generally hired to assist during times of harvest.

The size and composition of our workforce varies across of different functions, facilities and geographical locations.

Headcount for the financial year ended March 31, 2020	Permanent Workers	Temporary and seasonal workers(1)
Sugar & Renewables Europe	**2,724**	**819**
France	1,993	700
Czech Republic	469	68
Romania	170	48
Tereos UK & Ireland	92	3
Sugar & Renewables International	**4,989**	**1,790**
Indian Ocean	513	304
Brazil	3,348	660
Africa	1,128	826
Starch, Sweeteners & Renewables	**2,172**	**94**
Europe	1,407	65
Brazil	431	5
Indonesia	334	24
Agricultural activities	**5,488**	**3,735**
Central functions	**487**	**30**
Commodities	**30**	**0**
Total	**15,890**	**6,468**

(1) The numbers in this column refer to the maximum number of seasonal workers during the crop season, as demand for labor varies throughout the year based on the timing of the harvest for any particular crop.

Research and Development

Our R&D department is made up of scientific, regulatory, technical and nutritional experts that operate on an open innovation basis, benefiting from established collaborations and partnerships with best-in-class academic and research institutes, industrial partners, start-ups and key customers. We believe that our R&D department has the necessary resources and skills to develop technical processes and products that are required to sustain our successful operations. Long-standing cooperative arrangements with public research institutes and hospitals enable our researchers to acquire and expand their knowledge and improve their skills. Our research department employed 53 employees as of March 31, 2020 and had expensed costs of €18.9 million for the financial year ended March 31, 2020.

In the past, our most significant innovations have generally related to improvements to our manufacturing and production processes. We are committed to continue investing in R&D that focuses on the improvement of these processes going forward, focusing not only on productivity improvements but also on reducing our carbon footprint and energy and water usage. Our R&D capabilities have allowed us to substantially improve the productivity of our sugar extraction process and have also allowed us to develop and improve new specialties that extend our range of consumer products and meet the requirements of the food industry, the pharmaceutical industry and the chemical and fermentation industries.

Intellectual Property

We use "Tereos" as our trade name in each of the countries where we are present. The "Tereos" name enjoys strong brand recognition in France and worldwide, and is a protected trademark in each of the countries where we do business.

We benefit from a strong patent portfolio covering both our products and our production processes. We hold 52 patents families for sugar, sweeteners, proteins, alcohol and ethanol related products and processes. Our retail brands, including Béghin Say, La Perruche and Blonvilliers in France, Whitworths in the United Kingdom, Guarani in Brazil and TTD in the Czech Republic benefit from trademark protection in all jurisdictions where we believe such protection is necessary. We are not aware of any threatened, proposed or actual proceedings that have or will be brought against us for infringement of third-party rights or any infringement of our rights by third parties that if successfully prosecuted would have a material and adverse effect upon our business.

Insurance

Our Group is covered by a group insurance policy which is of the type and amount of insurance that is customary in our industry and countries of operation. Our group insurance policies protect us against damage or destruction to our operating facilities and any ensuing business interruptions. Our group insurance policies also protect us against damage to certain other assets. We maintain property, product liability and environmental liability insurance policies, as well as insurance policies for the transport of merchandise. We subscribe to directors' and officers' insurance for all members of our supervisory board and the executive bodies of each subsidiary company. We believe that our insurance coverage is reasonable and in line with industry standards.

Legal Proceedings

From time to time we are involved in legal proceedings arising in the normal course of our business. We are currently not involved in any material litigation, and we do not expect that any of these proceedings, either individually or in the aggregate, will result in a material adverse effect on our business or financial condition. See "*Risk Factors—Risks Relating to our Business and Industry—We may be subject to litigation, regulatory investigations and other proceedings that could have an adverse effect on us*."

MANAGEMENT

The Company

The Company is an agricultural cooperative company (*Société Cooperative Agricole*) which is managed by a management board (*Directoire*) under the supervision of a supervisory board (*Conseil de Surveillance*). A description of the operation of these governing bodies is set forth in "—*Organization of the Management and Supervisory Bodies of the Company*" below.

Organization of the Management and Supervisory Bodies of the Company

Corporate Governance

The Company is an agricultural cooperative company (*Société Coopérative Agricole*) governed by Articles L.521-1 *et seq.* as well as Article R. 521-1 *et seq.* of the French *Code rural et de la pêche maritime* (Rural and Maritime Fishing Code). Initially a union of agricultural cooperative partnerships (Tereos UCA), the current structure of the Company results from the merger, on March 5, 2018, of Tereos UCA and the 10 upstream cooperatives to form a single agricultural company: Tereos SCA.

The Management Board (*Directoire*) and Supervisory Board (*Conseil de surveillance*) are the governance bodies of the Company. The powers of these bodies are determined by the French *Code rural et de la pêche maritime*, the bylaws (*statuts*) of the Company and the procedural rules of the Management Board and the Supervisory Board, respectively. These two boards are independent as between themselves and no person may be member of both bodies concurrently.

Pursuant to the French *Code rural et de la pêche maritime* and the bylaws of the Company, the Management Board is tasked with the management of the Group. The Management Board is vested with the broadest powers to act in any circumstances on behalf of the Company. The Management Board presents reports, inventories and financial statements for approval by the Supervisory Board as well as by the cooperative members' general meeting (as the case may be) and convenes the general meetings of such members.

The Supervisory Board is in charge of the permanent control of the Management Board, including certain transactions of the Company that it must approve beforehand (as set out below). The Supervisory Board appoints and dismisses the members of the Management Board; it is also in charge of management of the accession, withdrawal and exclusion of cooperative members, as well as approval of transfers and repurchases of partnership shares of the cooperative's members.

Management Board (Directoire)

The Management Board includes at least three members whose age may not exceed 70 years old, appointed for a period of four years, and may be individuals that are not cooperative members. Members of the Management Board may be re-elected. They are appointed by the Supervisory Board and they may not also be a member of the Supervisory Board. In addition, Management Board members may be a member of the management boards of no more than two agricultural companies or agricultural cooperative partnerships having their registered offices in France. Any appointment of a member of the Management Board to the management board of another agricultural company or agricultural cooperative partnership is subject to the prior consent of the Supervisory Board.

Any member of the Management Board may be dismissed from his or her functions by a decision of the Supervisory Board. If such dismissal is not properly motivated, the dismissed member of the Management Board may claim damages.

The Management Board is convened by its Chairman or by any of its members, as often as the interests of the cooperative so require. The decisions of the Management Board are taken in the presence of at least half of its members. They are approved by a simple majority of the members present.

The Management Board is vested with the broadest powers to act in any circumstances on behalf of the Company in compliance with its corporate purpose and subject to powers reserved to general meetings of cooperative members and those assigned to the Supervisory Board.

The following decisions regarding certain activities of the Company may only be taken or implemented by the Management Board upon the prior approval of the Supervisory Board:

- any guarantee or security of an amount greater than €160,000;
- any credit facility for an amount greater than €160,000;
- any long-term agreement for commercial, industrial or financial alliances;
- any investment program for an amount greater than €160,000;
- any acquisition or sale of participation for an amount greater than €160,000; and
- any decision to change the address of the Company's registered office.

At least once every three months, the Management Board presents a report before the Supervisory Board.

During the four months following the end of each financial year, the Management Board provides the Supervisory Board with the inventory, the annual financial statements and the consolidated financial statements for verification and validation.

Supervisory Board (Conseil de surveillance)

The Supervisory Board includes not less than 21 and not more than 25 members, each of whom are cooperative members. These members are chosen at the general meeting of cooperative members and are appointed for a three year term. Nearly one third of the Supervisory Board is renewed each year.

Members of the Supervisory Board may be reelected. The same person may not be a member of more than eight supervisory boards of agricultural cooperative partnerships or agricultural companies having their registered offices in France. No member of the Supervisory Board may be appointed as a member of the Management Board in the same period. Persons who are more than 65 years old may not represent more than one-third of the members of the Supervisory Board; in the event that this cap is exceeded, the oldest member of the Supervisory Board will be deemed to have terminated his or her term.

The Supervisory Board is convened by its Chairman or Vice-Chairman as often as necessary in the interest of the Company, and at least once every three months to hear the report of the Management Board. Each of the Chairman and Vice-Chairman are elected for one-year terms by and among the Supervisory Board members.

The Chairman of the Supervisory Board must convene the Supervisory Board upon the initiative of a member of the Management Board during a period of 15 days following such a request that is justified and presented by such Management Board member or at least one third of the Supervisory Board members. If such request is unsatisfied, the relevant members may convene a meeting of the Supervisory Board themselves, announcing the agenda of the meeting.

Unless the decision deals with the exclusion of a member or transfer of the shares of a cooperative member to a third party, decisions of the Supervisory Board must be taken in the presence of at least half of its members and must pass by a simple majority of the votes of the members attending or represented by proxy (each member of the Supervisory Board can only be granted with one proxy for each Supervisory Board meeting). The Chairman has a casting vote. The decision to exclude a member or to refuse a new member following a change of ownership may only be taken in the presence of at least two thirds of the members of the Supervisory Board with a two-thirds majority of the attending members.

In addition to its specific powers, the Supervisory Board is authorized, at any time, to perform all types of verifications and controls that it considers necessary and to examine all the documents it considers useful for the accomplishment of its duties within the scope of its powers.

Once every three months, the Supervisory Board receives a report from the Management Board. At the end of each financial year, it verifies and validates the balance sheet inventory, the annual financial statements and the consolidated financial statements provided by the Management Board. These documents, as well as the Management Board's report and the report of the Supervisory Board, are provided by the Supervisory Board to the auditors at least one month before the general meeting is convened. The Supervisory Board's report analyses the Management Board's report, the financial statements for the relevant financial year and the consolidated financial statements.

The Supervisory Board may give to one or more of its members specific authorizations to accomplish one or more specific tasks. The Supervisory Board may decide to create committees and determine their composition and powers. Such committees will operate under the responsibility of the Supervisory Board. However, the Supervisory Board cannot delegate its own powers assigned by law or the bylaws of the Company to a committee, nor limit or reduce the Management Board's powers. Currently, the Supervisory Board has two committees: the Audit Committee and the Compensation Committee have been created within the Supervisory Board.

The Audit Committee assists and advises the Supervisory Board in particular on conducting its supervisory duties related to the review of the Group's financial statements and internal control systems. The Audit Committee also follows-up on the review by the Group's external auditors of the financial statements and makes sure they act independently. It is composed of six members of the Supervisory Board and two independent members (who are not members of the Supervisory Board) selected for their expertise in financial matters. The independent members are appointed for a duration of two years.

The Compensation Committee assists and advises the Supervisory Board in conducting its supervisory duties related to the compensation of the members of the Management Board and the remuneration of the members of the Supervisory Board. The Compensation Committee is assisted by an external advisor which provides benchmark data and independent advice. The Compensation Committee is composed of four members of the Supervisory Board.

The Company

Management Board (Directoire)

The table below provides information with respect to the members of the management board as of the date of this Document:

Name	Position	Age	Year of Appointment
Philippe de Raynal	Chairman	64	2020
Gwenaël Eliès	Member	58	2020
Olivier Leducq	Member	53	2019

All the members of the Management Board are domiciled at 11 rue Pasteur, 02390 Origny-Sainte-Benoîte (France). None of the members of the Management Board holds any significant mandate outside the Group.

Set forth below is a short biography of each of the members of the management board as of the date of this Document:

Philippe de Raynal: Mr. de Raynal, 64, graduated from KEDGE Business School (Finance) and holds a Law Studies Degree from the University of Bordeaux. He joined the Tereos group in 2020 as Chairman of the Management Board of Tereos SCA. He has longstanding experience in the agri-food sector and in the management of large international cooperative groups. He notably headed Axereal, the grain cooperative group, from 2011 to 2017.

Gwenaël Eliès: Mr. Eliès, 58, graduated from Montpellier SupAgro. He joined the Tereos group in 2009 as Deputy Director for Global Business with a strong focus on the Company's operations in Brazil in the context of a capital increase. He then took over the responsibility of Financial Controlling & Investor Relations (Group) to supervise all aspects of the Tereos Internacional IPO in Brazil, while carrying out a new funding strategy and building the controlling activity at Group level, up to 2016. In 2020 he rejoined Tereos as member of the Management Board of Tereos SCA. Mr Eliès has more than 30 years of experience in the agro-food sector, with leading positions in companies such as SOCA (engineering and financial solutions for the coffee and cocoa industry), CGB (sugar and ethanol industry) and as economics advisor for ERSUC – Concilium, Cristal Union, la BERD, KWS Saat and Tereos.

Olivier Leducq: Mr. Leducq, 53, an HEC Paris graduate, has spent most of his career in the metalworking industry, where he has held financial, commercial and then industrial responsibilities. Within the Constellium group (previously Pechiney and Alcan), he was a financial controller for the metals business, before heading up the sales department for aluminum products for the food and drinks cans sector. Olivier has also managed several of the Alcan group's operational industrial units and led operational excellence activities within its business units. In 2015, he was appointed head of Tereos France, and since November 2019, he is responsible for all sugar activities in Europe.

Supervisory Board (Conseil de Surveillance)

The Supervisory Board of the Company includes 25 members. The table below sets forth the composition of the Supervisory Board of Tereos as of the date of this Document:

Name	On behalf of	Position	Age	Year of Appointment
Gérard Clay	Exploitation Agricole à Responsabilité Limitée Clay	Chairman	62	2020
Grégoire Langlois-Meurinne	Société Civile d'Exploitation Agricole Langlois Meurinne	Vice-Chairman	50	2019
Jean-Jacques Mennesson	Exploitation Agricole à Responsabilité Limitée Mennesson	Vice-Chairman	64	2020
Didier Beauvais	Exploitation Agricole à Responsabilité Limitée Beauvais Didier	Member	60	2018
Brice Bijot	Société Civile d'Exploitation Agricole Bijot Père et Fils	Member	59	2018
Alain Carré	Société Civile d'Exploitation Agricole Les Vacantes	Member	52	2019
Laurent Caudron	Société Civile d'Exploitation Agricole Caudron	Member	56	2018
Pierre Chrétien	n/a	Member	37	2020
Nicolas de Diesbach	n/a	Member	54	2019
Christophe Dedours	n/a	Member	53	2018
Geoffroy Brunet d'Evry	Société Civile d'Exploitation Agricole du Pertron	Member	50	2019
Pascal Foy	Exploitation Agricole à Responsabilité Limitée Foy Michel et Pascal	Member	65	2018
Jérôme Hary	n/a	Member	51	2019
François Lambert	Société Civile d'Exploitation Agricole Lambert Gras	Member	54	2019
Xavier Laude	Groupement Agricole d'Exploitation en Commun Laude Lucas	Member	61	2019
Jean-Charles Lefebvre	Société Civile d'Exploitation Agricole des Hauts de la Cavée	Member	57	2018
Olivier Legrand	Société à Responsabilité Limitée d'Ouvent	Member	56	2018
Benoît Lhote	Société Anonyme de la Maltournée	Member	41	2019
Florent Lhotte	n/a	Member	40	2019
Luc Messean	Société Civile d'Exploitation Agricole Ferme du Colombier	Member	34	2019
Olivier Morant	Exploitation Agricole à Responsabilité Limitée Champagne Normande	Member	35	2019
Clément Moret	Exploitation Agricole à Responsabilité Limitée Moret Clément	Member	45	2019
Emilien Rose	Groupement Agricole d'Exploitation en Commun de la Pouillerie	Member	31	2019
Thierry Sergeant	Groupement d'Intérêt Economique des Deux Vallées	Member	57	2018
Stéphane Vermersch	Société Civile d'Exploitation Agricole Vermersch	Member	49	2019

The biography of the Chairman of the Supervisory Board is set out below:

Gérard Clay: Mr. Clay, 62, is a farmer from Saint-Pol-sur-Ternoise (62). He has served as the Chairman of the Supervisory Board of Tereos since December 18, 2020. He has served as a member of the Supervisory Board since January 2006, following the merger of Tereos and the Coopérative SDHF in which he was the President until March 2018. Mr. Clay also had other external mandates, in particular as President of the Gappi (McCain's supply group).

Conflicts of interest

To the Company's knowledge, there are no potential conflicts of interest between the private interests and/or duties of the members of the Management Board (*Directoire*) and Supervisory Board (*Conseil de Surveillance*) of the Company and the duties they owe to the Company.

Remuneration

Remuneration for members of our key management personnel takes into account the responsibilities and performance of the individual. Salary levels are set with reference to relevant market compensation packages at companies of comparable size and complexity.

Aggregate payments to the key managers of the Group and its main subsidiaries and to our Supervisory Board amounted to €9.3 million and €0.5 million for the financial year ended March 31, 2020.

Tereos Finance Groupe I SA

Tereos Finance Groupe I SA is a limited liability corporation (*société anonyme*) organized under the laws of France and is registered with the *Registre du commerce et des sociétés* of Saint-Quentin (France) under number 418 603 700. Created in 1998, Tereos Finance Groupe I SA is a finance subsidiary of the Company whose role is notably to raise funds in the capital markets or bank market and to lend the proceeds to the Company and its subsidiaries. Tereos Finance Groupe I SA has no operating activity as of the date of this Document.

As of March 31, 2020, Tereos Finance Groupe I SA's issued share capital amounted to €152,500 represented by 10,000 ordinary shares of €15.25 nominal value each. The registered office of Tereos Finance Groupe I SA is located at 11 rue Pasteur, 02390 Origny-Sainte-Benoîte (France) and its phone number is +33 3 28 38 79 30.

As of the date of this Document, the board of directors of Tereos Finance Groupe I SA is composed of the following members:

Name of the member of the Board of Directors	**Position**	**Age**	**Year of Appointment**
Gwenaël Eliès	Chairman and General Manager	58	2021
Philippe de Raynal	Member	64	2021
Sarah Leroy	Member	50	2020

Gwenaël Eliès: See "—*Management Board (Directoire)*."

Philippe de Raynal: See "—*Management Board (Directoire)*."

Sarah Leroy: Ms. Leroy, 50, is the Legal, Tax and Compliance Director. Ms. Leroy took up this position on June 18, 2018 and is a member of the Group Management Committee. She holds an LLM from Newcastle University and a dual Master's degree in private law and public law from Orleans University. She joined the Paris Bar as an attorney in 1999 and started her career at the law firms Jones Day and then August & Debouzy. In 2003, she joined Axa IM Real Assets as Head of Legal Corporate Finance and was appointed General Counsel and Executive Committee Member in 2011.

OWNERSHIP STRUCTURE

As of March 31, 2020, the Company's subscribed and paid-up share capital (*capital social souscrit*) was €196,833,320, divided into 19,683,332 shares with a nominal value of €10 each. As of February 28, 2021, the Company's subscribed and paid-up share capital (*capital social souscrit*) was €194,735,640, divided into 19,473,564 shares with a nominal value of €10 each. As of March 31, 2020, the Company's share capital was held by approximately 12,000 cooperative members.

As of March 31, 2020, the Company's outstanding share capital (*capital social non libéré*) was €805,578, and its consolidated issued share capital (*capital social publié en consolidation*) was €196,027,742. As of February 28, 2021, the Company's outstanding share capital (*capital social non libéré*) was €1,000,377, and its consolidated issued share capital (*capital social publié en consolidation*) was €193,735,263.

The Company's capital is variable and subject to changes due to members acceding or terminating their membership with the Company as further described in this section.

Certain Key Considerations Relating to the French Cooperative Regime

The Company is an agricultural cooperative company. In France, agricultural cooperatives are a fundamental component of the agricultural system, with a substantial number of French sugar beet growers and other sugar producing entities currently belonging to an agricultural cooperative. The Company is the largest French cooperative company in the sugar market.

The following is a summary of the legal regime to which agricultural cooperative companies are subject in France.

The legal structure of cooperative companies in France

In France, the cooperative sector is subject to oversight by the Government, through the Ministry of Agriculture and Food and the Ministry for the Economy and Finance.

Creating a cooperative company and access to membership

Cooperative companies are established by the relevant French Ministry at the request of the legal entity or private individual seeking to combine their operations within a cooperative structure. In approving cooperatives operating within the agricultural sector, the Ministry of Agriculture and Food ensures that the purpose of the cooperative company is strictly limited to the joint use of resources in order to simplify or expand the economic activities of the cooperative and to improve its results. This generally means providing the products and services required for its members' agricultural operations, as well as pooling, storing, processing, packaging and selling its members' output.

In accordance with the French *Code rural et de la pêche maritime* (Rural and Maritime Fishing Code), the members of a cooperative company must either be cooperative members or, if the bylaws so permit and within the limits set therein, non-cooperative members. Cooperative members must at all times hold at least half of the share capital of the cooperative company. Cooperative members undertake to use the services provided by the cooperative over a given period of time, while non-cooperative members are entitled to subscribe to a particular category of shares of the Company but cannot take part in the cooperative's operations.

A cooperative can admit new members so long as the cooperative company exists. Requests to join the cooperative company must be approved by the Supervisory Board.

Voting rights

The traditional bylaws for cooperative companies generally provide for one vote for each member of the cooperative at general meetings.

Membership cancellation

A cooperative member can request the cancellation of its membership before the expiration of its commitment period only in case of *force majeure* or for a legitimate reason. The Supervisory Board of the cooperative company examines the reason invoked by the cooperative member and is authorized to approve or reject such request. If the request is rejected, the requesting member may appeal such rejection decision before the next cooperative members' general meeting.

After the member's initial commitment period has expired, the decision to cancel its membership must be notified to the Supervisory Board at least three months before the end of the commitment period. The Supervisory Board acknowledges such cancellation.

The Supervisory Board can also exclude a cooperative member for serious cause, in particular if the cooperative member's unjustified action has adversely affected or attempted to adversely affect the cooperative company's activity (such as if such member has been sentenced with a criminal offence) or if a cooperative member has materially breached its commitment towards the cooperative company. Such a decision must be approved by at least a two-thirds majority vote of the Supervisory Board. Such exclusion decision can be appealed before the cooperative members' general meeting.

The Supervisory Board can also remove a cooperative member in the event such member has not been in contact and cannot be contacted with or by the cooperative for two consecutive years.

In case of membership cancellation for one of the reasons mentioned above, the cooperative company usually refunds the former member's equity capital contribution in cash, or in another kind of liquid asset. The cooperative company retains the fixed assets contributed by the former member at the outset.

Advantages granted to the cooperative company structure

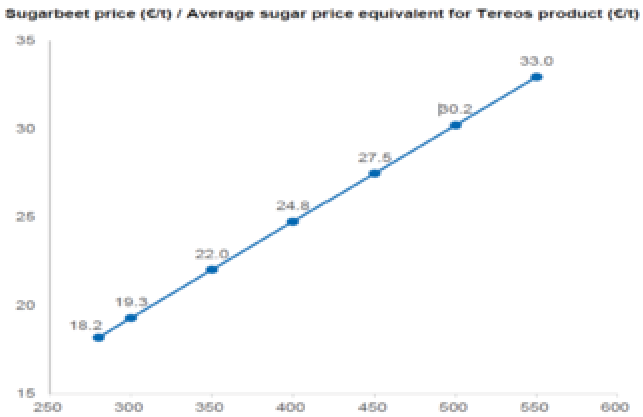
In accordance with French law, entities that are organized as a "cooperative company" benefit from certain favorable treatments when compared to other types of corporate entities. Cooperatives are exempt from corporate tax, except for transactions performed with third parties (Article 207 of the French *Code général des Impôts*). In addition, the tax base for payment of the Corporate Property Tax ("**CFE**") is reduced by 50% (Article 1468-I-1° of the French *Code général des Impôts*), a feature which Tereos benefits from.

Payments to members

Members of agricultural cooperatives are paid on a flat-rate basis for the quantities that they provide at harvest time. Depending on the profit recognized by the cooperative company, and depending on other factors, members may subsequently receive an adjustment ("**price adjustments**") for each financial year, in proportion to the quantities provided during the harvest. The cooperative members are also paid an annual interest on the share capital that they own. If the cooperative conducts ancillary businesses outside its main purpose and/or has subsidiaries who distribute their profits, the gains from these businesses and subsidiaries may be distributed to members in the form of dividends, in proportion to the share of the capital they hold. The members pay tax on this income on an individual basis.

Regarding the price paid for the sugar beet, our Supervisory Board has approved a new sugar beet purchase price mechanism, based on a "market price formula." This market price formula began to apply as of the 2019/2020 crop season and provides us with a natural hedge against fluctuations in market prices, replacing our historical approach of negotiating the amount of price adjustments with representatives of our cooperative members. The formula is based on a price equivalent to the estimated average price of the product mix of Tereos France (sugar, alcohol and ethanol) for the upcoming twelve-month harvest, beginning each September. See "*Management's Discussion and Analysis of Financial Condition and Results of Operations—Factors Impacting Our Results of Operations—Payment of Price Adjustments to Our Cooperative Members" and "Related Party Transactions."*. Due to the change in the calculation of the price paid to our sugar beet farmers, we do not expect price adjustments to have material effects on our financial results going forward.

The chart below illustrates the market price formula.



RELATED PARTY TRANSACTIONS

We are engaged in related party transactions in the course of our business. Other than as otherwise disclosed elsewhere in this Document, we have not engaged in material related party transactions with affiliates during the financial year ended March 31, 2020 and were not party to any such material related party transactions as of March 31, 2020.

Payments to Cooperative Members

The Company is an agricultural cooperative company (*société coopérative agricole*) governed by French law pursuant to the French *Code rural et de la pêche maritime* (Rural and Maritime Fishing Code). As of March 31, 2020, the Company's entire share capital and voting rights were held by our cooperative members, who are farmers and for whose benefit we exist in order to, among other things, provide a common platform through which they can sell their agricultural produce. This produce includes sugar beets, which are purchased in France from our members by Tereos SCA and then immediately sold on to our subsidiary Tereos France for processing.

The price paid to our cooperative members for sugar beets is set pursuant to agreements that provide for the payment of a fixed rate per tonne based on a formula that is intended to represent the average market price for sugar beets in a particular season, and is determined in part by reference to the expected average price of the products to be sold by Tereos France in the same season (the "Sugar Beet Price Mechanism"). This price is paid in two instalments on November 30 and March 31 of each year. If, when applying the formula on the date of the determination of the proposed price per tonne to be paid in a particular season, estimated normalized free cash flow of Tereos France would be negative, such price per tonne may be decreased until estimated normalized free cash flow of Tereos France is zero. If the net profit of Tereos France, calculated at the end of its financial year, is positive, then this price per tonne will be increased in order to include an amount equivalent to up to one third of the total amount of Tereos France's net result for such year, that shall be paid in the form of a specific dividend to our cooperative members. In addition, in some circumstances, for example where the price of sugar beets in a given season has been inflated due to competitive or other market pressures, we may be required to pay additional amounts to our farmers in order to ensure that, among other things, the price that they receive per tonne is competitive and/or our long-term supply chain is not adversely affected. Any such payments and dividends will only be made in accordance with applicable law and if they are decided by our Supervisory Board, after determining in good faith that they are required in order to ensure that our cooperative members receive a fair price for the sugar beets they supply or have supplied to us.

The Company's share capital is among others dependent on cooperative members' commitment to supply the Company with agricultural raw materials. The Company's share capital may increase due to increases in existing cooperative members' commitments or the accession of new cooperative members or decrease (including by way of share capital reduction or redemption) due to cooperative members' reducing their commitments or terminating their membership interests, in accordance with the Company's by-laws. During the financial year ended March 31, 2020, payments made to cooperative members resulting in variations of the Company's share capital amounted to EUR 1.3 million.