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ANNUAL REPORT 2020/21





P04 KEY POINTS

#1 P14 PROXIMITY to our farmers

- 04 Context: a highly unsettled environment
- 06 Our mission
- 08 Interview with Gérard Clay and Philippe de Raynal
- 11 Interview with Gwenaël Elies
- 12 Key events: Facing the challenge of Covid-19
- 13 Key events: Fighting against the beet yellows virus
- 16 Taking full advantage of our cooperative model
- 18 Support for our sectors
- 19 Recommitting ourselves to proximity
- 20 More efficient sugar cane planting
- 21 Guaranteeing the quality of our cereals

#2 P22 MEETING the economic challenges of our industry

- 24 Sugar Europe: reinventing ourselves after the ending of quotas
- 26 Starch and sweeteners: a new strategy
- 27 Sugar Brazil: improved operational performance

#3 P28 ADDRESSING new challenges set by society

- 30 Removing carbon from our industry
- 32 Going further with our energy transition
- 33 Improving our safety processes
- 34 Supporting local development
- 35 Cultivating our know-how

#4 P36 EXPANDING our ranges

- 38 The choice of healthy and sustainable food
- 40 New ranges of responsible sugar
- 41 A broader portfolio of food products
- 42 Bioethanol: an alternative for lowering the carbon emissions of vehicles
- 43 Organic alcohol for cosmetics
- 44 A circular economy model to meet economic and social challenges



P46 #5 PERFORMANCE & results

- 48 Sugar beet campaign report
- 50 Potato campaign report
- 51 Alfalfa campaign report
- 52 Cereal campaign report
- 53 Sugar cane campaign report
- 54 Consolidated statement of financial position
- 58 Consolidated statement of operations

A highly unsettled ENVIRONMENT

By 2050, there will be 10 billion of us on Earth.
In a hundred years, the world's population will have increased fivefold,
presenting us with new food and energy challenges.
We cannot allow our response to fall short; it must be based on renewable resources
and virtuous production models that provide positive solutions
for our regions and our agricultural sectors.



Targeting carbon neutrality

2050

Europe's 'Green Deal' growth strategy is intended to make it the world's first climate neutral continent by 2050.

Greener production

25%

Eventually, 25% of the European Union's budget should be devoted to the ecological transition, which requires the major industries to develop in line with the same climate ambition.

New consumption patterns

The concept of 'good for me, good for the planet' plays a key role in today's purchasing decisions. This trend is supported by the public authorities, which are introducing taxes and labels on certain products.



Ethanol

25%

of service stations in France were selling E85 in January 2021, a rise of **32%** compared to the end of 2019

(source: Collective du bioéthanol)

Plant proteins

The global market for plant proteins (soya beans, wheat, peas, others) is expected to grow by **6,2%** between 2018 and 2027, reaching **€28 billions**

(source: Businesswire)



Organic

x 2

Land in France under organic farming has doubled in the last 5 years

(source: Agence Bio)



OUR mission

At Tereos, we firmly believe that the solution to tomorrow's challenges lies in our fields.

It is our ambition to use the expertise of our employees to provide our world with solutions to the essential daily needs: food, renewable energy, pharmaceuticals and personal care. In doing so, we add value to the products of our cooperative members.



CONTEXT

2nd

largest sugar producer in the world

3rd

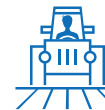
largest starch producer in Europe

2nd

largest producer of wheat protein in the world



23,000
employees



12,000
cooperative members



48
industrial facilities



6
R&D centres

7 farming sectors



Potatoes



Alfalfa



Sugar cane



Wheat



Corn



Cassava



Sugar beet



Geographical presence

18 countries

around the world:
Belgium, Brazil, China, Czech Republic, France, Germany, India, Indonesia, Kenya, Mozambique, Reunion Island (France), Romania, Singapore, Spain, Switzerland, Tanzania, United Kingdom, Vietnam

Active on 6 market



Food



Energy



Animal feed



Green chemistry



Pharmaceuticals and cosmetics



Paper and cardboard

— Gérard Clay
Chairman of the
Supervisory Board

— Philippe de Raynal
Chairman of the
Management Board

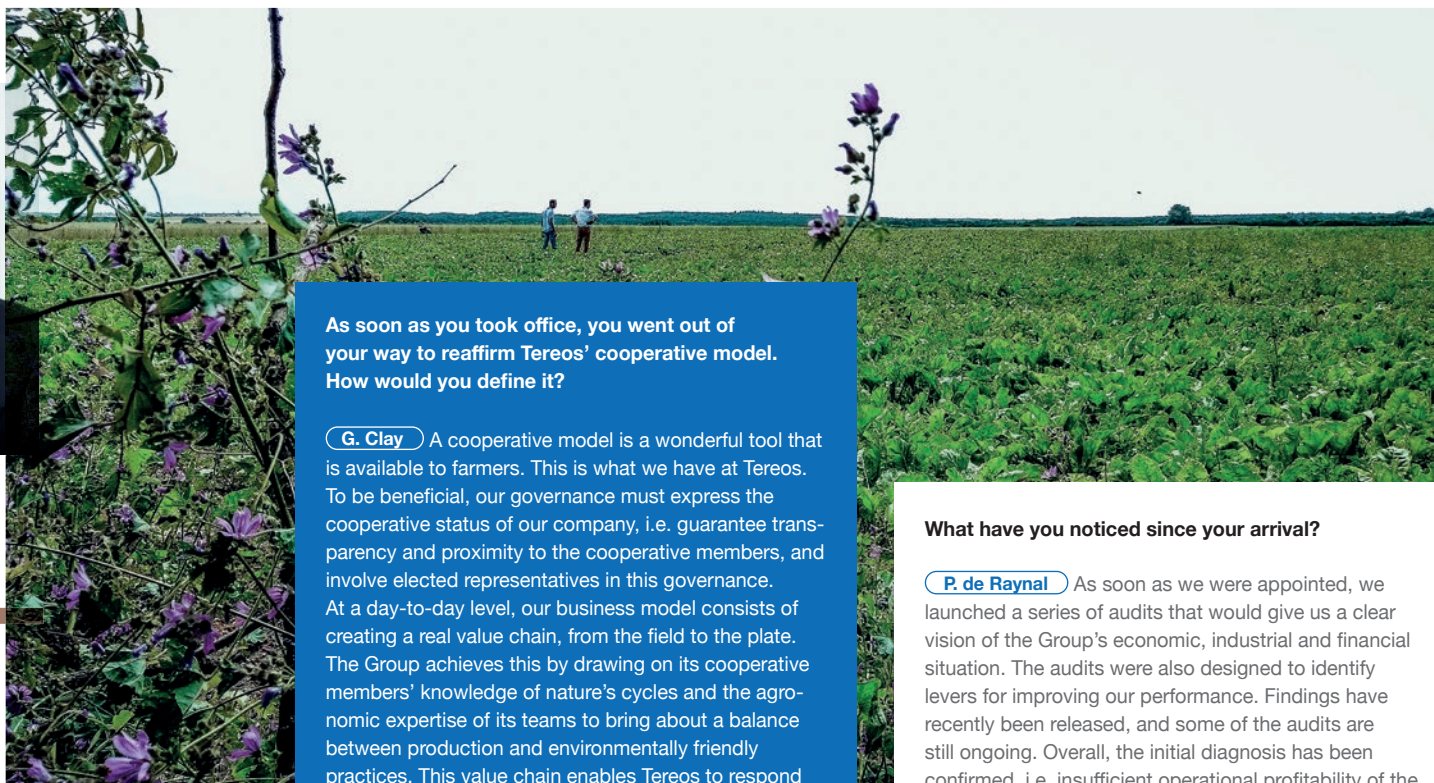


BUILDING a strong and lasting cooperative model

The governance of Tereos is responsible for the Group's strategy and guarantees the efficiency of the cooperative's operations.

On December 18, 2020, the Supervisory Board elected as its new Chairman Gérard Clay, who in turn appointed Philippe de Raynal as Chairman of the Management Board.

We meet them both.



As soon as you took office, you went out of your way to reaffirm Tereos' cooperative model. How would you define it?

G. Clay A cooperative model is a wonderful tool that is available to farmers. This is what we have at Tereos. To be beneficial, our governance must express the cooperative status of our company, i.e. guarantee transparency and proximity to the cooperative members, and involve elected representatives in this governance. At a day-to-day level, our business model consists of creating a real value chain, from the field to the plate. The Group achieves this by drawing on its cooperative members' knowledge of nature's cycles and the agronomic expertise of its teams to bring about a balance between production and environmentally friendly practices. This value chain enables Tereos to respond as closely as possible to the concerns of its customers, whether in terms of the production of quality and certified raw materials, processed products or social expectations. So having a cooperative status means reaffirming that we create value with 12,000 cooperative members, 23,000 employees, and €4.3 billion in revenues. There is no doubt that the status must evolve and adapt to today's world.

The final great strength of our model lies in the fact that it is deeply rooted in its territories. As a cooperative, Tereos cannot be relocated and is not vulnerable to takeover. Our locations in the Hauts-de-France, Grand Est and Centre regions of France naturally define our Group's long-term approach. Creating a link between the agricultural world and society, Tereos contributes to maintaining France's food sovereignty and industrial sovereignty.

What have you noticed since your arrival?

P. de Raynal As soon as we were appointed, we launched a series of audits that would give us a clear vision of the Group's economic, industrial and financial situation. The audits were also designed to identify levers for improving our performance. Findings have recently been released, and some of the audits are still ongoing. Overall, the initial diagnosis has been confirmed, i.e. insufficient operational profitability of the activities and a high level of debt, the weight of which deprives the Group of any leeway. But there are also strengths that we wish to build on for the future. In the first place, the Group's employees are motivated and skilled. At Tereos, we have a pool of young potential as well as experienced employees. Secondly, the Group's three divisions, namely Sugar Europe, Sugar International and Starch and Sweeteners, all enjoy high-quality strategic positions. What we must do is get these divisions to work together to generate synergies that will create value. I am confident in the Group's prospects. Our recent ordeals are now behind us and Tereos has emerged stronger, learning from difficult times.

"As a cooperative, Tereos cannot be relocated and is not vulnerable to takeover."

— G. Clay



You have been working on a strategic plan. What are its objectives?

P. de Raynal We want to turn the page on the volume-based strategy and focus on a margin-oriented approach that will have the dual aim of making the most of market situations and implementing synergies between our different business segments. We will work more collaboratively in the future, and less in silos. This is less a matter of philosophy than of efficiency.

In the short term, we are seeking to restore profitability for the benefit of our cooperative members, with commercial efficiency and cost control as the main levers. We also want to loosen the grip of debt by divesting non-core activities. We have almost completed our portfolio review. In the medium term, we believe that Tereos must be a major player in the food sovereignty of our country by developing the use of plants as energy and protein.

"We want to turn the page on the volume-based strategy and focus on a margin-oriented approach."

— P. de Raynal

What are the challenges that Tereos is facing?

P. de Raynal We have to complete our adaptation to the post-quota era. Our business is now subject to market volatility and we have experienced a severe downturn in recent years, which is now in the process of turning around. We must now learn to take advantage of these high cycle periods to extract maximum value.

Another of our major challenges is the carbon neutrality of our industrial activities. The sharp rise in CO₂ prices leaves us in no doubt of this. It is clear that this challenge will eventually have repercussions on the footprint of our industrial activities, particularly in Europe, as well as on our investment policy. This concerns all the players in the sector. This is why we are already implementing a decarbonisation roadmap in order to modernise our energy installations, increase the development of renewable energies and optimise our consumption.

The third challenge is that of competitiveness. The audits have shown us that we have had a slow erosion of our competitiveness, compounded by the delay in adapting to the end of quotas.

What are the next stages in the development of the cooperative?

G. Clay A strong cooperative must be solidly positioned for the long term, and that is our ambition. But we should be cautious, as we will first go through a phase of consolidating the cooperative group, which is imperative for the company and its cooperative members. Tereos must listen to their needs. In addition, diversification obviously remains a major focus of our activities.

This phase should enable us to return to being a significantly profitable cooperative, and to quickly achieve effective governance. We therefore remain open to any opportunity. We will then move towards a new strategic plan for our group.



— Gwenaél Elies
Group Chief Financial Officer

RESTORING our financial leeway

Despite the public health crisis, Tereos was able to maintain continuity of operations, contribute to the production of hand sanitizing gel and continue to serve its customers at the level expected. On March 31, 2021, the Group closed its financial year with revenues of €4,317 million.

G. Elies The 2020/21 financial year was highlighted an increase in our operating result: recurring EBIT increased from €27 million in 2019/20 to €86 million. However, this improvement was insufficient to simply absorb our net financial expense, which was €128 million in 2020/21. We are still not in a position to generate positive net income on the basis of our operating performance alone. The same is true in terms of cash generation: in 2020/21 we are barely breaking even in terms of free cash flow before changes in WCR (working capital requirements). We have therefore decided to take a decisive step forwards in terms of profitability and cash generation in order to bolster our balance sheet, reduce our debt and thereby restore our financial leeway, which will allow us to tackle future downturns more confidently and finance future

investments for improvement and expansion while increasing financial return for our cooperative members.

To achieve this, we have been conducting commercial, industrial and financial audits since the start of 2021. The audits have identified operational levers for achieving these objectives. Tereos is now entering the phase of implementing the proposed recommendations, which will aim to ensure commercial excellence, optimise the industrial footprint and reduce fixed costs. In concrete terms, the Group is committing itself to a significant effort, setting four targets to be met by March 2024: raising its operating profitability (recurring EBIT) to 5% of revenues, which will enable it to generate positive free cash flow structurally, and reducing its debt to below €2 billion, thus bringing its leverage below 3x.

FACING the challenge of Covid-19

From the very start of the pandemic in March 2020, Tereos embarked on special production operations to supply alcohol and hand sanitizing gel to meet a new essential need. The Group was able to take on such a large-scale venture thanks to expertise built up from a hundred years of experience on the pharmaceutical alcohol market.



Exceptional production of alcohol to support the medical world

In March 2020, Tereos plants in France along with the company's plant in Belgium launched production of a sanitizing solution and donated 200,000 litres to regional health authorities. At the same time, in the Grand Est and Hauts-de-France regions, the same sites donated their stocks of pharmaceutical alcohol to pharmacies. In Brazil, Tereos sugar plants supplied 27,000 litres of 70° alcohol to hospitals and regional health services in the state of São Paulo.

Helping to protect our cooperative members

During the 2020 sugar beet campaign, Tereos cooperative members were invited to collect one litre of sanitizing solution per person from the plant, produced from alcohol from their beet production. This initiative early in the pandemic helped to reinforce health prevention measures throughout the Tereos chain.

Launch of Gel Hydro®

The market for hand sanitizing gels and solutions has grown tenfold since the public health crisis began. To help meet this growing demand, Tereos launched Gel Hydro® in March 2021. Marketed as a French-made product, the gel is manufactured in the Artenay plant from ethanol sourced from the processing of sugar beet produced by our 12,000 French cooperative members.



FIGHTING against the beet yellows virus

In 2018, France called a halt to the use of neonicotinoid insecticides (NNIs) on beets. Without alternative seed treatments, beet growers became unable to effectively control the green aphid, a vector of viral beet yellows. During the 2020 campaign, the disease developed in the Centre-Val de Loire, Grand Est and Ile-de-France regions, before spreading to a lesser extent to Hauts-de-France.



Raising the awareness of the public authorities

In this unprecedented context of agronomic crisis linked to the beet yellows virus, Tereos asked the interprofessional association to take action on the subject and to persuade the French government to allow the temporary return of neonicotinoids for coating sugar beet seeds. An annual derogation for the use of this product has been granted subject to conditions until 2023, exclusively for sugar beet use.

Identification of sustainable solutions

Since the beginning of the crisis, Tereos has been taking part in the National Research and Innovation Plan, which aims to accelerate the transition to neonicotinoid-free sugar beet cultivation. The cooperative is also conducting experiments with three objectives: finding the best treatments to adopt in the event of an aphid attack, developing varietal research and studying the role of auxiliaries in regulating the aphid population.

An application for mapping fields

The *Confédération Générale des Planteurs de Betteraves* (CGB) and members of the *Association Interprofessionnelle de la Betterave et du Sucre* (AIBS), including Tereos, have developed a digital tool to identify, photograph and map beet fields affected by the beet yellows virus and by drought.



— PROXIMITY

to our farmers



#1



Interview with

Arnaud Blanvillain,

a farmer in the Centre-Val de Loire

region of France, who has been

a member of Tereos since 2014.



TAKING full advantage of our cooperative model

Tereos is an agricultural cooperative that belongs to its farmers. There are 12,000 cooperative members, mainly located in the north and east of France, as well as in the south of the Paris basin. After a year marked by beet yellows virus in 2020, the 2021 campaign began with unprecedented frosts threatening the crops. In this context, beet growers count on their cooperative to be speak up for their concerns and to guarantee them the fairest possible remuneration.

How would you describe the missions of your cooperative?

A. Blanvillain The purpose of our cooperative is to add value to our agricultural raw materials in order to provide farmers with the fruits of their labour. As cooperative members, we produce and supply sugar beet, starch potatoes and alfalfa, which are then processed in the factory and marketed. In parallel, Tereos identifies new opportunities when possible: last year, for instance, the cooperative processed our sugar beet to produce hand sanitizer which have become essential products in this time of public health crisis.

A further role for the cooperative is to be the ambassador for its 12,000 members. We expect Tereos to speak up for our interests with the sector's authorities and to promote actions we have taken, for increasingly sustainable agriculture for instance, to the general public. Our collective strength will ensure our sustainability.

What would you say are the strengths of the collective?

A. Blanvillain My starting point is that, as a cooperative member, I am a link in a chain of solidarity. If any of the links in this chain is in difficulty, the collective must be able to help with the recovery. We saw this very clearly at the beginning of spring 2021 with the episode of late frost in the plains. Tereos acted promptly, calling for solidarity and enlisting the help of its agronomists and sector managers from the north of France to assist the agricultural teams in the worst-affected regions, particularly in Artenay, in central France. Working together, we could assess the sugar beet plots much more quickly and consider the possibility of reseeding. The other essential aspect is that these technicians are also able to pass on our information and any difficulties we may be experiencing. They act as a link between the farms and the industrial and management teams. This is how everyone's interests are represented.

— "Local, high quality production matters, and we must have the means to achieve it!" —

— A. Blanvillain

What challenges do you think the sugar beet sector faces in the next few years?

A. Blanvillain In the first place, farmers must be guaranteed a fair price in view of the increase in production costs. For this to happen, we must be heard, i.e. our issues and actions must weigh in the balance so that decisions are not only taken by bodies that are too far removed from the farmland. Secondly, if we manage to maintain our sugar independence in France, sugar beet can become a symbolic crop. This is essential for three reasons. Firstly, sugar beet is a raw material with agricultural advantages: it forms part of the crop rotation, and remains a strong part of it. Next, the beet industry represents 45,000 jobs in France which boost the regional economy and must be supported. And lastly, sugar beet is the source of many essential products: sugar, but also alcohol, which is used to make bioethanol, and pulp, for animal feed and methanisation. Local, high quality production matters, and we must have the means to achieve it.

Over 200,000
hectares of sugar beet
are grown every year by
Tereos' cooperative members.

SUPPORT for our sectors

Exceptional efforts in the face of the beet yellows virus

The agronomic difficulties encountered during the 2020 sugar beet campaign demonstrate the constantly changing agricultural challenges of sugar beet cultivation. Faced with the pressure of the beet yellows virus in 2020, Tereos and all the players in the sector organised to obtain the temporary return of neonicotinoid insecticides, as well as financial and technical support from the French government. Special permission has been granted for the use of this product until 2023. In parallel, Tereos has joined with the National Research Institute for Agriculture, Food and the Environment and the Sugar Beet Technical Institute on a National Research and Innovation Plan, intended to accelerate the transition to neonicotinoid-free sugar beet cultivation and to protect pollinators during the transition period. It has to ensure the sustainability of the French beet-sugar-ethanol sector and balance the environmental and economic imperatives.

Alfalfa offers many advantages for the protection of biodiversity

In conjunction with the entire alfalfa sector in the Champagne-Ardenne region in north-eastern France, Tereos has joined the Apiluz project. Led by the Symbiose association, this project aims to develop the food resource that pollinators lack during the harvest season (June/July). It also contributes to improving the health of bees and promoting biodiversity friendly agricultural practices. In concrete terms, it involves creating 1700 km of unmown strips, i.e. more than 520 Ha, in order to encourage bees to settle and provide them with the food they need.



Promoting participatory governance

2021 is a pivotal year for the governance of Tereos. We want to rethink our structure and the role of everyone within the cooperative. The first stage is to make the regions more autonomous and to involve the Regional Councillors in governance. They are closely in touch with the grassroots and are the most capable of raising the key issues and challenges of

our 12,000 cooperative members. At the General Meeting of Regional Councillors in February 2021, the Chairman of the Management Board and the Chairman of the Supervisory Board spoke about their desire to restore financial leeway to the Tereos Group. This will be achieved in the coming months through a strategy of refocusing on the essentials: adding value to the raw materials of our cooperative members, returning to profitability and beginning to starting to reduce the Group's debt.

A month of meetings with our cooperative members

Between January and February 2021, 83 *Coop Days* were held online for members, elected representatives and our specialist teams who work with farmers to discuss key issues relating to our raw materials: sugar beet, alfalfa and potatoes. These meetings were designed to hold a dialogue on the agricultural and agronomic aspects of the 2020/2021 campaign.

Greater sharing of agronomic knowledge

Each year, Tereos publishes an Agrobook for its cooperative members in which it shares technical findings obtained by the Agronomy Department's engineers and specialists. It covers every stage of the technical process: tilling, varieties, fertilisation, protecting crops against diseases and silo conservation, as well as respecting our environmental commitments. This reference document supplements the agronomic recommendations published throughout the year on the extranet platform reserved for the Group's cooperative members.



An application to aid communication during the campaign

Tereos has developed a smartphone app called *My Silos* for its sugar beet growers. Throughout the campaign, cooperative members can share information linked to the harvesting process: constitution of the silos, measures to protect from frost and collecting schedule for delivering production to the plant.

RECOMMITTING ourselves to proximity



Implementing the Bonsucro standard

Tereos supports the use of this sustainability standard, which is designed to reduce risks throughout the entire sugar cane supply chain, from cultivation to the final products (ethanol and sugar). This demanding standard requires more than 200 parameters to be completed, focusing on respect for human rights and the environment. These parameters, expressed in 55 indicators, must be respected by sugar cane suppliers. In 2020/21, 30% of the sugar cane processed by Tereos in Brazil was certified, as were five of the Group's seven sugar plants.

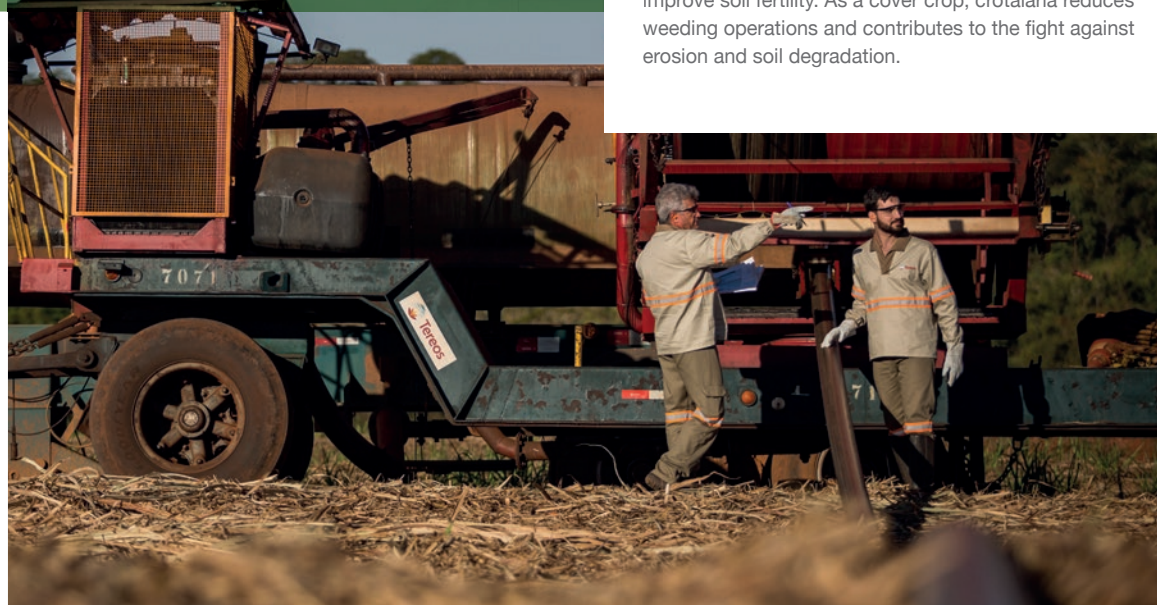
Improving the flow of sugar canes from field to factory

Tereos Sugar & Energy Brazil launched the OASIS project (an acronym for *Agricultural Operations System* in Portuguese) in April 2021. Developed over a year ago, this new digital platform centralises most of the information relating to agricultural production: grower contracts, crop planning, recording of operations and resources used, harvest statistics, and pricing. It is a system that is changing the day-to-day work of more than 500 employees, and is intended to share best practices among the Group's seven industrial sites in Brazil: meeting schedules and budgets, and reporting any anomalies or difficulties observed. In addition, an "ID card" is created for the sugar cane thanks to OASIS, a technical sheet containing all the information from cultivation in the field to the arrival of the cane at the plant. This saves time for operators, who no longer have to record this information manually, and reduces the risk of error.

Soil conservation

The agricultural teams are encouraging the planting of crotalaria as part of the crop rotation. This forage legume contributes to nitrogen fixation in the soil (approx. 300 kg/ha) and acts as a green manure to improve soil fertility. As a cover crop, crotalaria reduces weeding operations and contributes to the fight against erosion and soil degradation.

MORE EFFICIENT sugar cane planting



78%

of the raw materials
processed by Tereos Starch
& Sweeteners Europe
(wheat, corn, potatoes)
are certified sustainable.



GUARANTEEING the quality of our cereals

Assessing our raw materials to meet our customers' expectations

Following sugar beet and potatoes in 2016, Tereos has been applying the SAI (*Sustainable Agriculture Initiative*) Platform evaluation for its wheat and corn suppliers for the past five years. SAI is an independent organisation that regularly assesses the sustainability of agricultural raw materials using economic, social and environmental criteria. In late 2020, taking its place as one of the first players in the starch industry to sign up to the initiative, Tereos has undertaken to broaden its range of products and offering new solutions to customers seeking more responsible products.

"The SAI Platform assessment is an international agricultural initiative recognised both by our suppliers and by our customers, who are particularly interested in this value-creating approach. Along with environmental protection, it integrates the notions of economic and social management, with, for example, the safety of workers. This allows us to meet our stakeholders' expectations."

— Tatiana Beauchet, Grain Quality and Sustainability Manager
at Tereos Starch & Sweeteners Europe

Gold and silver

In Spain, 100% of the farmers delivering direct to the Zaragoza plant were evaluated according to the FSA (*Farm Sustainability Assessment*). 80% of them were rated "gold" or "silver".

Certifying our biomass

2BSvs certification relates to the sustainable of biomass. It sets two targets for the use of renewable energy by 2030: 23% in overall consumption and 10% in transport, in particular through the use of biofuels. As a player in this change, Tereos sources the wheat it uses for biofuel production from certified suppliers. Our common undertaking is that the raw material should not come from land with a high carbon stock or rich in biodiversity. The biofuel must avoid at least 50% of greenhouse gas emissions compared to fossil fuels (CO₂ emissions from field to wheel).





— MEETING

the economic challenges
of our industry



#2



Interview with

Olivier Leducq,

Director of

Tereos Sugar Europe.



SUGAR EUROPE:

reinventing ourselves
after the ending of quotas

As a manufacturer of essential products such as sugar, alcohol, ethanol and hand sanitizer gel, Tereos is fully committed to supporting the French sugar beet industry. The sector has been in difficulty since the ending of sugar quotas, but it has the capacity to revive itself.

What challenges has the sugar market faced since quotas ended in 2017?

O. Leducq When sugar quotas disappeared in Europe, the sector entered a free market environment with a historic slump in prices (€490 per tonne in September 2017 compared to €312 at the worst point of the slump in January 2019) and a wave of factory closures among our competitors. Since then, sugar beet growers have also suffered very significant yield losses averaging around 27% last year as a result of an attack of the beet yellows virus. In view of the regulations accompanying the temporary reinstatement of neonicotinoid insecticides (NNIs), they have been obliged to radically reorganise their crop rotations. There is a risk that this will lead some growers to give up sowing sugar beet in favour of other crops not subject to this type of restriction (wheat, barley, legumes) in order to improve their income.

In this context, what is the cooperative's objective?

O. Leducq As the world's second largest sugar producer, it is our duty to support the sector and to identify solutions that will guarantee better remuneration for our farmers. They play a key role in environmental issues and guarantee our access to a local, quality ingredient. Our agri-food sovereignty is at stake! And this goes beyond food, as our ability in 2020 to meet the demand for pharmaceutical grade alcohol and hand sanitizer solutions shows.

— "As the world's second largest sugar producer, it is our duty to support the sector." —

— O. Leducq

How does Tereos plan to achieve this?

O. Leducq In a deregulated market, Tereos has implemented a strategy of diversification to develop its business and offer long-term prospects to its cooperative members, by attenuating the effects of cycles and the impacts of market volatility. To that end, the Group is diversifying its biofuel and pharmaceutical alcohol offerings, for instance, as well as developing new products such as organic and HVE-certified sugar and hand sanitizer. In this way, Tereos will continue to take up positions in growth markets. I would add that we are working to achieve continuous improvement. It is this constant search for improved performance in our operations that enables the Group to increase its industrial and logistical competitiveness.



Interview with
Christophe Lescroart,
 Director of global Tereos
 Starch & Sweeteners businesses.



STARCH AND SWEETENERS: a new strategy

In a context of more intense competition, Tereos' starch businesses have decided to refocus their priorities on controlling costs and improving margins. We take a closer look at the market and the Group's new strategy.

How is the market for starches and sweeteners performing?

C. Lescroart The markets for sweeteners such as glucose, but also for maltodextrins and potato starch, are experiencing an imbalance, with supply greatly exceeding demand. Price potential has worsened as a result of the Covid-19 crisis. Three factors explain this. Firstly, cereal prices have recently risen sharply due to adverse global weather conditions and very buoyant demand in Asia. Secondly, the health crisis has transformed consumer habits, disrupting market segments and reducing our customers' margins. And lastly, new cereal players have appeared on the Eastern European market. Some Western European manufacturers have been forced to close plants in France and the United Kingdom because of intense competition.

How is Tereos positioned in this context?

C. Lescroart The results of our businesses for the 2020/21 financial year are disappointing, well below our commitments and the potential of our plants. We need to control our fixed costs, which have risen by 15% in three years. Since April 2021, we have therefore chosen to limit our expenditure to maintaining our facilities and ensuring the safety of our employees and assets, while meeting regulatory requirements, under very stringent economic constraints. These initial measures will be supplemented and modified following the commercial and industrial audits conducted by the Group. The aim is to ensure the survival of our facilities and our businesses.

What are the Group's strengths going forward?

C. Lescroart We have a number of strengths to retain the confidence of our customers, which is the only way we can ensure the future of our jobs. First of all, we guarantee them 150 years of expertise in our business as well as real production stability in our factories, which are located in the heart of the European wheat production basin. Secondly, we are aware of society's expectations and because we belong to the Tereos Group, we are committed to the sustainability of our agricultural raw materials, our production methods and our finished products. Finally, we offer a varied range of products with high added value and a raw material mix favourable to wheat.



Interview with
Pierre Santoul,
 Director of Tereos Brazil.



SUGAR BRAZIL: improved operational performance

The coronavirus crisis triggered the collapse of the Brazilian real, which in 2020 was the worst performer among emerging currencies. The impact on the exchange rate was offset for Tereos during the last campaign by a record operating performance.

In what environment did Tereos Brazil operate in 2020?

P. Santoul The world sugar market remained in deficit, with consumption which did not fall in spite of the public health crisis, but on the contrary, the 30% fall in ethanol consumption because of the various lockdowns had an impact on demand. At the same time, the weakening of the Brazilian real had a double effect on our Group: on the one hand, this depreciation had an adverse effect on the company's accounts in terms of the conversion into euros, but on the other hand, it strengthened Brazil's position as the most competitive player on the world sugar market.

What strategy did Tereos adopt in such a context?

P. Santoul Tereos has invested heavily in the past few years in modernising its industrial facilities, and thanks to this strategy we have been able to manage our business more effectively and anticipate market trends. Our seven Brazilian sugar factories broke their record during the last campaign, processing 20.9 million tonnes of sugar cane, an increase of 10%. These investments have also allowed for greater flexibility in our production process, and therefore in our sugar/ethanol mix. In a commercial context that is largely favourable to sugar, this has enabled us to adjust our mix to 62% sugar, whereas on average our Brazilian competitors have only produced 46% sugar.

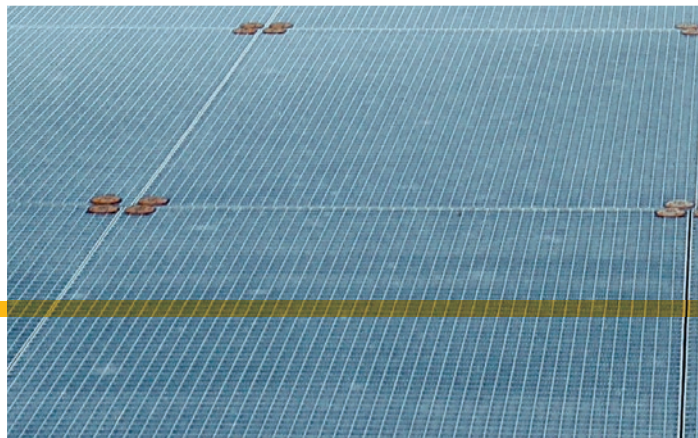
How can you take advantage of Brazil's competitiveness in the sugar market?

P. Santoul The other decisive element in our performance is logistics. The investment we made in partnership with the rail carrier VLI gives us 200,000 tonnes of additional storage capacity for our sugar, privileged access to the port of Santos and transport capacity at a competitive cost. As a result, we were able to break our export record with almost 1.2 million tonnes of sugar, 60% more than in 2019. Rail transport is a competitive but also sustainable solution: our new arrangements have brought our CO₂ emissions down by 220,000 tonnes over the course of the year.



— ADDRESSING

new challenges
set by society



Interview with

Guillaume Louchez,

Plant Manager

at Lillers.



REMOVING CARBON

from our industry

In 2020, the Tereos sugar plant and distillery in Lillers, northern France, took a vital step towards its ambition of decarbonisation, when it plant commissioned two French-manufactured gas boilers to replace a coal-fired boiler dating from 1984. This €20 million investment testifies to the Group's desire to accelerate its energy transition.

Why did you decide to invest in two new gas boilers?

G. Louchez Reducing carbon emissions and energy consumption are two key strategic challenges for the agri-food sector. Our business requires a significant amount of energy, so a key role for us lies in identifying potential economic and environmental improvements for our plants. After more than a year of work, we have had the old coal-fired boiler supplying the plant with high-pressure steam replaced with two gas-fired boilers. In the past, the coal-fired boiler was used to operate the entire sugar factory and distillery during the sugar and syrup campaigns. The rest of the year, the distillery was operated by a small gas boiler but required the purchase of electricity from the public grid. From now on, thanks to this investment, the factory will be powered all year round by the new boilers and will be self sufficient in electricity. The result is reduced consumption in line with our real needs and lower CO₂ emissions.

What exactly is the impact of these installations on Tereos' emissions?

G. Louchez Considerable! The change from coal to gas has cut the Lillers plant's CO₂ emissions by 40%. What's more, our sulphur dioxide, nitrogen dioxide and dust emissions are at least 90% lower. In addition, our two gas boilers are much more efficient than the previous one, so they require less primary energy to operate, which works out as a saving of more than 10% on our energy consumption. Finally, there are benefits for transport: with no more need to bring in 60,000 tonnes of coal annually, 2,000 trucks will no longer be driven through our area each year. This has a direct effect on the lives of local residents and on CO₂ emissions.

"The change from coal to gas has cut the Lillers plant's CO₂ emissions by 40%."

— G. Louchez

What other steps are you considering in order to go still further in this energy transition?

G. Louchez Optimising our energy performance is a continuous improvement process. In fact, there are many areas to think about and new ones seem to emerge every day. And our actions are not limited to energy. One example that we will be dealing with in the coming months is reducing our consumption of borehole water. While our business requires a certain amount of water to operate, we also produce significant volumes of water – after all, sugar beets have approximately 75% water content. Currently, water produced by the transformation process is either returned to the natural environment after passing through our treatment plant or reused in our transformation process for sugar production. As part of the Group's sustainability roadmap, a study is underway in Lillers on each phase of the plant's operation.

We want to identify areas of optimisation to reduce the proportion of borehole water and increase the proportion of water reused in our process. This will enable us to contribute to reducing our use of water, a natural resource that is becoming increasingly limited in view of the droughts we have suffered in recent years and which are likely to recur.



GOING FURTHER with our energy transition

A new washing facility at Connantre

For the 2021/22 sugar campaign, the Connantre sugar plant/distillery will be equipped with a new washing facility, which will increase the factory's capacity by 22% to 27,000 tonnes of sugar beet per day, and will place Connantre among the world's leading beet sugar plants. It will also reduce energy consumption by 30% and water consumption by 50% during washing, which is an essential part of sugar beet processing.

Reducing our gas consumption

In March 2021, Tereos and SUEZ announced a partnership project

that will result in reduced gas consumption at the Origny-Sainte-Benoite sugar plant in northern France. SUEZ will supply renewable and recovered energy in the form of steam produced from solid recovered fuels (SRFs). This boiler will cover nearly 40% of the plant's energy needs.

Tereos focuses on methanisation in Brazil

For two years, the Tereos starch plant in Palmital, Brazil, has employed a methanisation unit that treats starch production effluents, generates biogas used by the site and reduces greenhouse gas emissions.

With a treatment capacity of 110 m³ of effluent per hour, the new digester is one of the largest facilities of this type installed in Latin America.

Cogeneration as a lever for competitiveness

Tereos FKS Indonesia, a Group subsidiary owned in a joint venture with FKS, completed the construction of a 9 MW cogeneration plant at its site in 2019. This \$18 million (€15 million) investment will enable the starch plant to produce its own energy at lower cost. Tereos FKS Indonesia estimates that it will achieve annual savings of \$6 million (€4.9 million).

Certification of Tereos' energy management system in the Czech Republic

After six months of auditing, Tereos TTD Czech Republic has been certified as ISO 50001 compliant for all six of its facilities, including the new Kolin sugar plant acquired by the Group in 2019. This international standard assesses the energy management system. In the case of Tereos, it represents controlled energy consumption per tonne of sugar produced.

IMPROVING our safety processes

32%

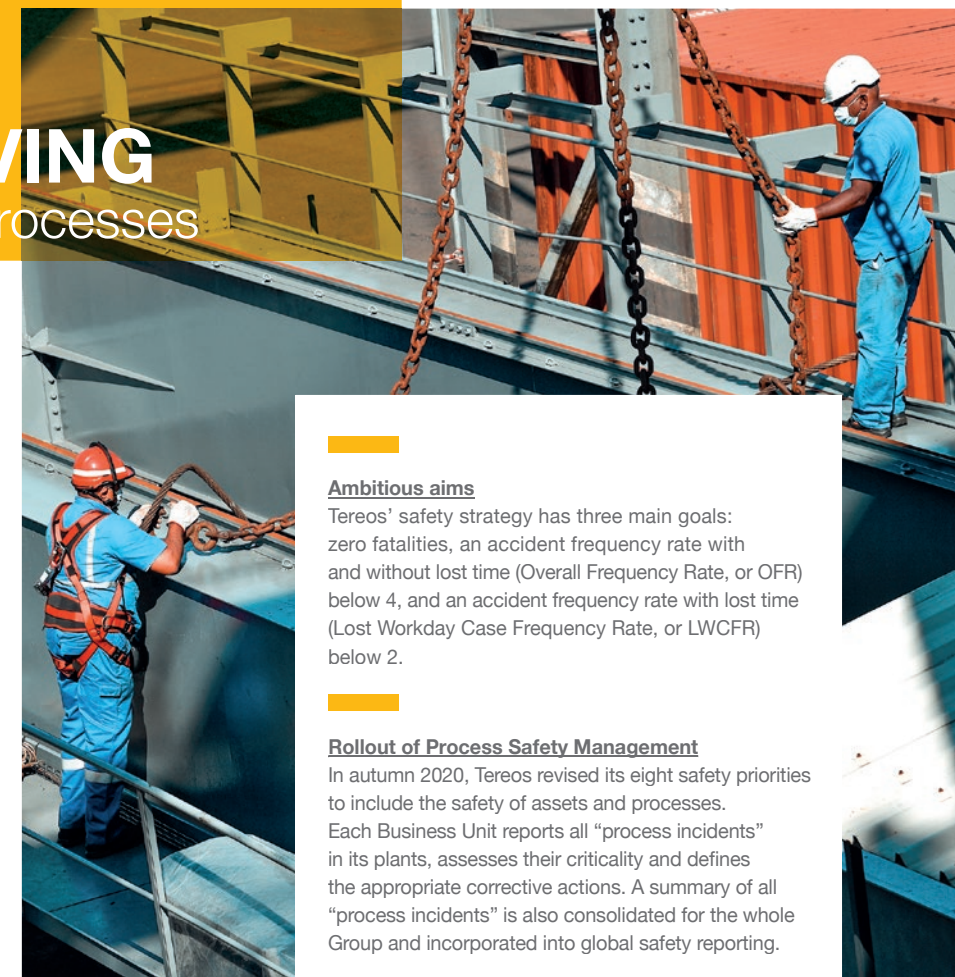
improvement in accident frequency rates both with and without lost time across all Tereos sites since 2017.

77%

more "near misses" recorded in our plants since 2017. This figure reflects increased vigilance throughout the Group.

647

Tereos managers have received training in safety leadership over the past two years.



Ambitious aims

Tereos' safety strategy has three main goals: zero fatalities, an accident frequency rate with and without lost time (Overall Frequency Rate, or OFR) below 4, and an accident frequency rate with lost time (Lost Workday Case Frequency Rate, or LWCFR) below 2.

Rollout of Process Safety Management

In autumn 2020, Tereos revised its eight safety priorities to include the safety of assets and processes. Each Business Unit reports all "process incidents" in its plants, assesses their criticality and defines the appropriate corrective actions. A summary of all "process incidents" is also consolidated for the whole Group and incorporated into global safety reporting.

Involving partners in the safety process

Tereos held its second Contractors' Safety Day in September 2021. This annual event for our suppliers and service providers is intended to share with them our ambition for safety and to rally their support for our common challenges. Every company taking part submitted a dossier presenting its own progress and results in terms of safety. An internal Tereos jury made up of employees from administrative sites and plants (purchasing, HSE and maintenance functions) studied the 60 submissions received before voting for the winners. Eight trophies will be presented this year.

Over 2 years
free of accidents
for the Tereos
United Kingdom & Ireland
subsidiary, which operates
our two British packaging
plants.

1 year
without a lost-time
accident for the Tereos
starch plant in Zaragoza,
Spain.

SUPPORTING local development

1 = 11.5

For every Tereos employee,
11.5 additional jobs are sustained
in the French economy
(Study for 2018-2020 by Utopies).

€1.6 billion of wealth

is created each year by the nine sites
studied by Utopies.

59%

of the expenditure of our plants
is dedicated to purchasing agricultural
raw materials



Although Tereos is an international agro-industrial group, it is also strongly rooted in the regions where it operates. In each of its locations, the company contributes to the local economy. This is seen in an analysis of its purchases, employee remuneration and fiscal impact in particular. In France, for instance, the presence of a Tereos plant primarily affects four economic sectors: agriculture, health/education/employment, industry/logistics, and commerce/trade.

An award-winning training programme

For the first time, Tereos has been awarded two international first prizes for its work on training and development for plant managers, the *Plant Manager Leadership Programme*. The Group organised roundtable meetings for managers from Brazil, France and Reunion Island, enabling them to discuss their best practices and receive support from external consultants specialising in leadership and managerial development.

Tereos Starch & Sweeteners Brazil certified a Great Place to Work

Great Place to Work certification is recognised proof of the quality of workplace life. 90% of employees completed a survey on the internal climate, with 68 questions on engagement, teamwork, leadership and pride. Tereos' starch operation in Brazil received a confidence rating of 76/100.

CULTIVATING our know-how

A link between school and industry

Young people below the age of 25 make up 42% of Reunion Island's population. This is an advantage for the island's development, but it also poses a serious challenge in terms of training and employment. Tereos Sugar Indian Ocean has a long-standing commitment to the education sector. It sent employees to meet with students in high schools near our plants this year. At the same time, students studying mechanics and robotics are invited to come and carry out their work-study placements in our sugar plants. This enables Tereos teams to train potential future employees, while keeping up-to-date with new technologies that will be useful for their work.





EXPANDING

our ranges



Interview with

Cécile Rauzy,the Nestlé Group's Head of
Regulatory and Scientific Affairs
and Nutrition.

THE CHOICE

of healthy and sustainable food

In 2020, Tereos' European plants sold 90,000 tonnes of sugar and more than 50,000 tonnes of starches and sweeteners to Nestlé, one of their main customers. These products are mainly used in the manufacture of cereals, chocolate drinks and infant nutrition. Both companies share a common ambition of adapting their ranges to the new expectations of consumers. The resulting products are better for their health, and for that of the planet.

What changes have occurred in consumer trends over the past year?

C. Rauzy The Nestlé France Foundation's Food & Families Observatory has found that during periods of lockdown, consumers confirmed the good citizenship practices they had already adopted: favouring local and organic products, paying attention to nutritional balance and preventing food waste. Families have had more time to prepare and eat better balanced meals. On the other hand, lockdowns have significantly increased financial pressures, the main obstacle to eating well. A third of families have seen their financial situations worsen. They do not envisage reducing their spending on food, but they are looking out for cheaper brands, promotional offers and access to short supply circuits.

As part of these changes, we have seen a growing share of certain products such as plant proteins. Why is this?

C. Rauzy Food is a major lever for optimising human health and environmental sustainability. A balanced diet is essential for building and maintaining health and is an important factor in preventing the risk of chronic diseases such as cardiovascular disease and cancer. At the same time, a balanced diet also contributes to the preservation of the environment. Eating more plant-based foods and reducing the consumption of animal-based foods is beneficial for the balance of each individual and for the planet. It is also a priority if we are going to manage to feed humanity in a healthy way in 2050.

"The solution lies in our collective ability to harness the soil's capacity as a carbon sink."

— C. Rauzy

For the planet, what do you expect from suppliers such as Tereos?

C. Rauzy In view of the strict regulations that are applied in France, we can be confident in French sugar beet production. We must now look more towards the future. The fight against climate change is a priority for Nestlé. And we know that the solution lies in our collective ability to harness the soil's capacity as a carbon sink. In this regard, Nestlé expects a great deal from suppliers like Tereos, particularly that they continue the global reflection on the relationship between production methods and climate change. With due respect for the farmers, obviously. The sustainability of a win-win relationship also depends on our collective ability to identify all the services to the ecosystem that agriculture can and must provide. Beyond the question of carbon (and therefore the climate), we are talking here about protecting biodiversity and water in particular.

Meeting strict requirements for infant food

Since 2017, the maltodextrin drying towers at the Marckolsheim plant have undergone a major improvement plan which has made it possible to guarantee the highest standards of product safety and to meet the expectations of our most demanding customers. This is reflected in the stringent controls and practices used to produce maltodextrin for infant formula. Tereos' ongoing commitment has been acknowledged by major European customers in the infant nutrition sector.



33%

growth for the organic
sugar retail market in 2020
(study: Nielsen)

NEW RANGES of responsible sugar

Consumers are increasingly demanding when it comes to the production quality and the origin of the products they buy. 79% of them prefer to buy local products whenever possible (Kantar 2020 survey). In this context, Tereos continues to develop its responsible sugar range to meet market and consumer expectations.



Expanding the range to include organic beet sugar

In addition to its 15 years of expertise in the distribution of organic cane sugar, Tereos became the first producer of certified organic beet sugar in France in 2019. In April 2021, the Group marketed this organic sugar, available in powder and small lumps, for the first time. With Agriculture Biologique (AB) certification, it is made from sugar beet that is 100% grown in France, with respect for the land, people and its biodiversity. It is marketed to our B2B customers and the general public under the Béghin Say brand and comes in a new 100% recyclable packaging.

Launch of a High Environmental Value (HVE) sugar

After launching its first HVE sugar beet campaign at its Artenay plant in 2020, Tereos has been marketing sugar made from using beets sourced from certified High Environmental Value (HVE) farms since spring 2021. This certification commits growers to four priorities: protection of biodiversity, reduced use of phytosanitary products, reduced nitrogen fertilisation and protection of water resources. Endorsed by French authorities, this certification combines a requirement for sustainability in agricultural practices with accessible prices. HVE sugar is therefore positioned as a companion product for traditional sugar and organic sugar.



Popularity of plant proteins

Worldwide demand for protein is growing, and it will continue to do so over the coming years. Because of their nutritional and environmental advantages, plant proteins will capture a significant share of this growth. Demand for wheat protein in the food industry, for example, has seen a steady increase of 10% between 2014 and 2020. The world's second largest wheat protein producer, Tereos has created Epi&Co, a range of 100% plant-based recipes. Composed of chickpeas and wheat proteins, these plant-based food products are rich in fibre and protein, low in salt and saturated fats, French-made and produced from sustainable sources. After some four years of marketing to the catering sector, Epi&Co is now also available to the general public, with organic and traditional versions available online.

A BROADER PORTFOLIO of food products

Support with product reformulation

Since 2017, Tereos has been offering its Sweet&You service to its professional customers in the grocery, confectionery, ice cream, beverage and pastry sectors. With the support of Tereos' Research and Development teams, this programme aims to rethink the composition of products, enriching them with fibre or protein but without altering the taste, using 100% natural ingredients and at a reasonable and affordable cost.

A new production line for fructose in Indonesia

Fructose is widely used for beverages in Indonesia, but it is now increasingly being used for other food applications. It has a neutral taste, making it easy to integrate into recipes, and its competitive price makes it an attractive alternative to other sweeteners. To meet this growing demand, Tereos FKS Indonesia launched a new production line for "55" high fructose corn syrup at its Cilegon plant in late 2020. In an Indonesian market which traditionally relies on imports, the Group is now able to offer a local product.





BIOETHANOL : an alternative for lowering the carbon emissions of vehicles

E85

is a fuel composed of
60 to 85% bioethanol,
mixed with petrol.

A growth market

Sales of E85 biofuels have risen by 4% in France compared to 2019. This growth market has been stimulated in particular by a decree authorising the approved installation of Superethanol E85 conversion units. Tereos positioned itself on this segment at a very early stage and today it manufactures 48% of French ethanol, making it the leading producer in France and the European leader.



Immediate reduction in greenhouse gas (GHG) emissions

The European Union's Green Deal has set the target of reducing its GHG emissions 55% by 2030 (compared to 1990 levels). Accounting for 21% of the EU's emissions, transport has a decisive part to play in meeting the target. In this context, E85 produced from bioethanol made from sugar beet, cereals and residues from their transformation into sugar or starch has the following four advantages:

- More environmentally friendly: compared to petrol, bioethanol produced in Europe reduces GHG emissions by around 50% from well to wheel.
- Can be used now to decarbonise most petrol vehicles on the road thanks to E85 conversion units (a French technology) while using existing fuel distribution networks.
- Source of a large quantity of GM-free animal feed, while France and the EU are highly dependent on animal proteins.
- Produced locally, bioethanol supports jobs, boosts agricultural income and lowers our energy bill by reducing dependence on oil.

A fuel that's good for your wallet

Benefiting from lower duties in France because it is more eco-friendly, Superethanol E85 is cheaper at the pump, even taking into account the extra consumption, which means that the cost of the conversion unit can be quickly recouped. In addition, many regions, including Hauts-de-France and Grand Est, offer aids to motorists wishing to equip their petrol vehicles with an approved conversion unit.

A broader range of organic products

The continuous and sustained growth enjoyed by organic products in recent years has not been limited to food products. On the non-food market, a study by Agence Bio published in February 2020 observed that organic cosmetic and personal hygiene products had recorded the largest rise in sales, with 16 points of growth over a two-year period. Having produced organic beet sugar for two years, Tereos decided to diversify its range in 2021 by marketing for the first time in France a beet alcohol certified organic according to the Cosmos organic cosmetics standard. This 96° superfine ethanol is intended for perfumes and personal care applications. A sustainable and traceable product, it offers customers in the perfumery and cosmetics sectors new development opportunities.

Production supporting local development

Organic alcohol is produced in the Artenay plant in central France, in a region that has come to be known as Cosmetic Valley that is home to a number of major international cosmetics and perfume companies. Thanks to this local presence, Tereos is contributing to the competitiveness of a developing industry that is providing employment.

Diversification geared to the development of the organic beet sector

Production of organic alcohol is a new step in Tereos' overall strategy to develop its organic activity. The strategy is supported by the Group's partner organic farmers: after a first campaign in 2019, the area sown to organic sugar beet by our partner farmers increased from 200 to 450 hectares last year, with approximately sixty growers, twice as many as the previous campaign. 750 hectares of organic sugar beet have been contracted for 2021, from around a hundred growers.



ORGANIC ALCOHOL for cosmetics

62%

of the raw materials processed by Tereos are evaluated or certified sustainable

A circular economy model TO MEET ECONOMIC AND SOCIAL CHALLENGES

Tereos' activities are based on a circular economy model. The starting point is the processing of 99% of our agricultural raw materials and the residues resulting from their transformation. Secondly, Tereos is committed to the responsible management of its resources: renewable energies make up 55% of its energy mix. Meanwhile, the management of water, a resource that is essential for our business, is a key concern for the Group. By reusing the water naturally present in sugar beet, Tereos now covers 90% of the water needs of its sugar plants.

Tereos rated "Gold" by EcoVadis

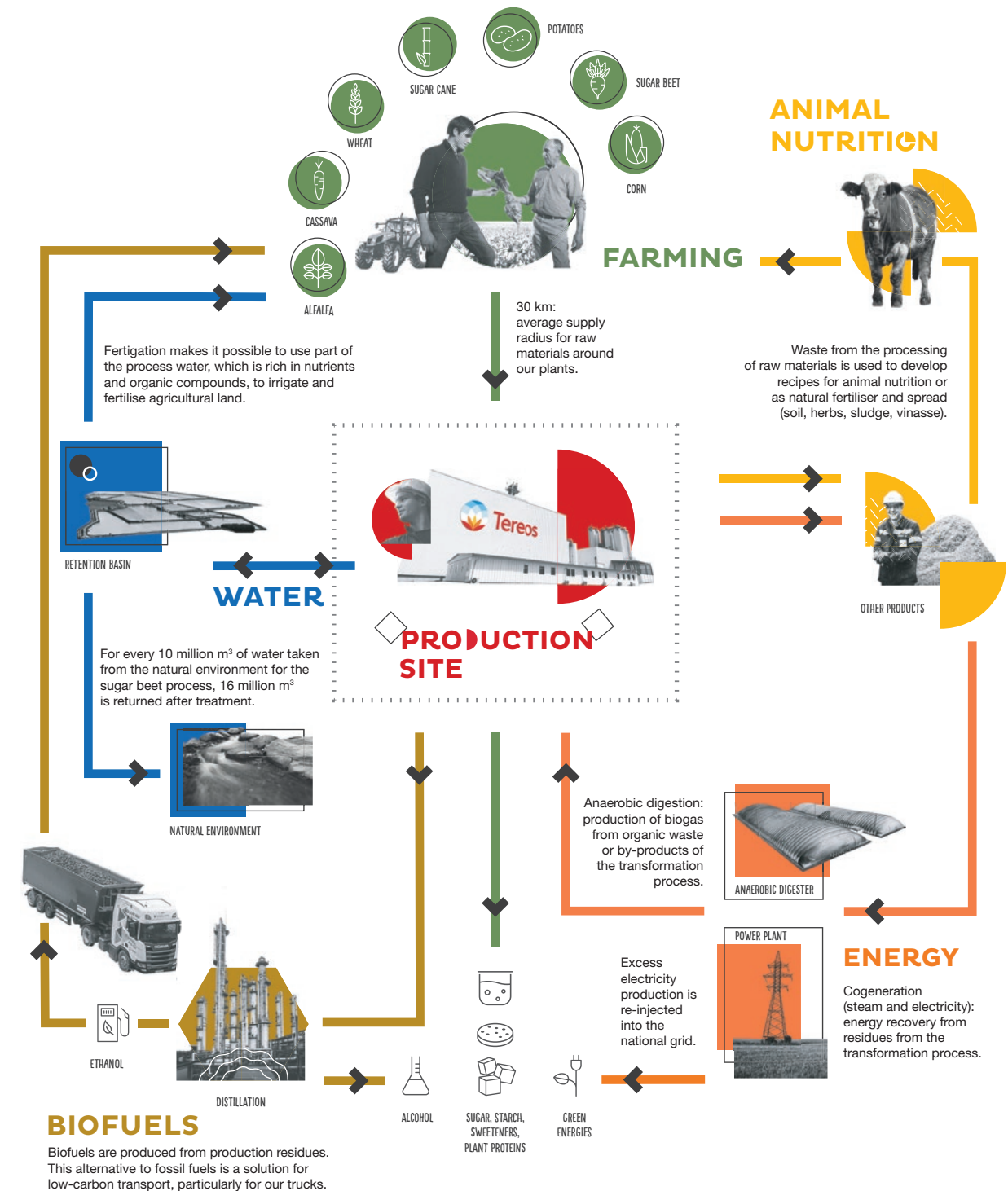
The Group received a "Gold" rating from EcoVadis for the second year in succession. With a score of 71/100, points higher than the previous year, Tereos ranks among the top 2% of companies rated by EcoVadis, an independent platform that assesses companies on the basis of sustainable and responsible development. Its methodology is based on an evaluation covering four main areas: Environment, Labour & Human Rights, Ethics and Sustainable Procurement.

B

CDP (the Carbon Disclosure Project) awarded Tereos a B rating in 2020. The independent assessment body evaluates the environmental impact of major companies using a scoring system ranging from A to D-. The B rating obtained by Tereos is higher than the average for European companies (C), and higher than the average for companies in the "Food & Drinks" sector (D).



Tereos contributes to the Sustainable Development Goals (SDGs) established by the United Nations: zero hunger; good health and well-being; clean water and sanitation; affordable and clean energy; decent work and economic growth; industry, innovation and infrastructure; and responsible consumption and production.



— PERFORMANCE & results



#5

SUGAR BEET

campaign report

France

The 2020/21 sugar beet campaign was marked by the beet yellows virus and bad weather conditions. Tereos Sugar France's nine sugar plants transformed 13 million tonnes of sugar beet over a campaign lasting 100 days on average (compared to 17.5 million in 2019/20).

A very dry spring and summer, combined with unprecedented pressure from aphids, had a serious impact on yields, which averaged 64 tonnes at 16 per hectare, compared to 88 tonnes at 16 during the previous campaign. The beginning of the campaign was affected by heavy rainfall, which caused difficulties in harvesting and in supplying certain sugar plants. There were strong regional variations, with campaigns lasting an average of 130 days in the North, compared with 90 days in Picardy, Champagne and the South-Paris area.

Tereos continued to develop its organic production, increasing the areas cultivated from 200 hectares in 2019 to 450 hectares in 2020. 750 hectares have been contracted for organic sugar beet for the 2021 campaign. The organic beets were processed into sugar at the Attin plant in northern France and into alcohol for cosmetics at the Artenay site in central France. At the same time, in collaboration with some fifteen cooperative members, the cooperative has initiated a trial campaign for High Environmental Value (HVE) sugar beet.



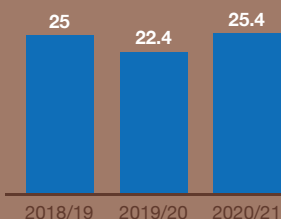
98%
rate of renewal
of cooperative
contracts

On an industrial level, the supply difficulties observed in October slowed down the rate of production of most plants for more than a week. On average, roughly 132,000 tonnes of sugar beet were processed per day. Excluding supply difficulties, the daily output of the sites is up on the average of the last five years. This reflects the implementation of our performance plans and the good preparation of the plants, which have enabled perfect continuity of operations in spite of the Covid-19 crisis.

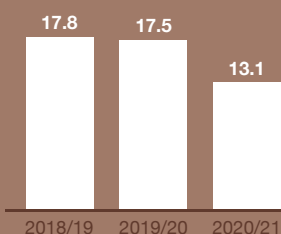
Initiatives undertaken by Tereos Sugar France to improve safety as part of its transformation plan continue to bear fruit, with a steady decline in accidents since 2017. Over the past 12 months, accidents have fallen by 30%. Meanwhile, Tereos Sugar France has made further progress in the area of energy transition. In particular, the two new natural gas boilers installed at the Lillers site in 2020 have met their performance targets.

98% of cooperative contracts were renewed at the end of 2020, a rate which clearly reflects the cooperative members' attachment to sugar beet cultivation.

■ Sugar beet revenue (€/t)



■ Tonnage delivered (Mt)



Czech Republic

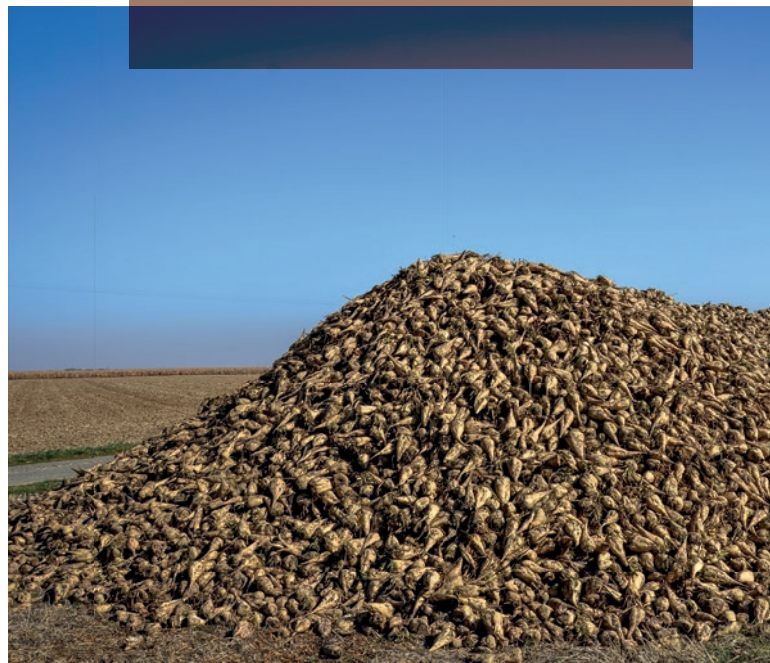
The Dobruška and České Meziříčí sugar plants processed approximately 2.4 million tonnes of beet, harvested from 36,930 hectares (up 4%), during a 121-day campaign. At the agricultural level, the campaign was notable for wet weather conditions, causing a high level of soil tare. The sugar beet was affected by cercospora, resulting in lower sugar content. These two factors impacted the average yield, which was 64 tonnes at 16 per hectare, compared to 70 tonnes at 16 in 2019/20. Production totalled 298,000 tonnes of sugar and 68,000 m³ of raw alcohol.

Romania

In 2020/21, Tereos Sugar Romania maintained its position as one of the region's leading sugar producers. Despite a significant increase in surface area, bad weather caused a drop in yields and expected richness, resulting in sugar production from the beet crop comparable to last year's at around 43,200 tonnes. Contracts have already been finalised with growers for 6,500 hectares in 2021/22. The next campaign is expected to last 85 days and sugar production should be 41,000 tonnes. Teams are now working together to reach the plant's maximum production capacity in the 2021/22 campaign, while continuing to prioritise safety at work.

Tereos Commodities

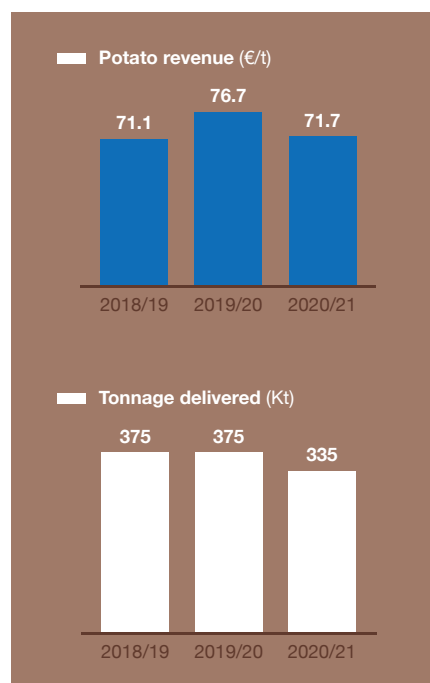
Tereos Commodities marketed 1.64 million tonnes of sugar in more than sixty countries, and sold 513,000 m³ of ethanol from Europe to the rest of the world, down roughly 15% by comparison with the previous year. The European market saw a substantial reduction in ethanol consumption, particularly in France and Germany, because of the pandemic.



POTATO

campaign report

The starch campaign started on September 8, 2020, and lasted 148 days. During this period, the Haussimont plant in north-eastern France processed 9,508 hectares of potatoes from 563 cooperative members. In all, 328 000 tonnes of potatoes were processed at the plant, producing 65,000 tonnes of starch and 3,000 tonnes of protein.



As a result of a hot, dry spring and summers, crop yields were exceptionally low at 35.3 tonnes per hectare, lower than the 5-year average. As a direct consequence, the duration of the campaign was over 20 days shorter than in 2019. Significant amounts of dry earth disrupted harvesting in the fields, supply to the plant and the operation of the washing facility at the beginning of the campaign. In the second part of the campaign, regular operations at the starch plant ensured that the consumption of resources was correctly managed, particularly in terms of energy and processing aids. In addition to projects concerning the maintenance of equipment, optimisations have focused on safety, the reduction of energy consumption and process improvements. Examples include the introduction of a system of photographs at the reception centre to provide cooperative members with additional evidence of the sorting of trucks, and the development of a de-stoning machine upstream of the process, designed to eliminate large stones.

Developing varietal research

Every year, the Tereos Agronomy Department conducts experiments on two platforms located in the starch plant's supply area: one in Champagne on chalk soil, and the other in Picardy on loam soil. The objective is to gather information according to the climate context of the cooperative members in order to better advise them in terms of varietal selection and resistance to water stress and diseases.

ALFALFA

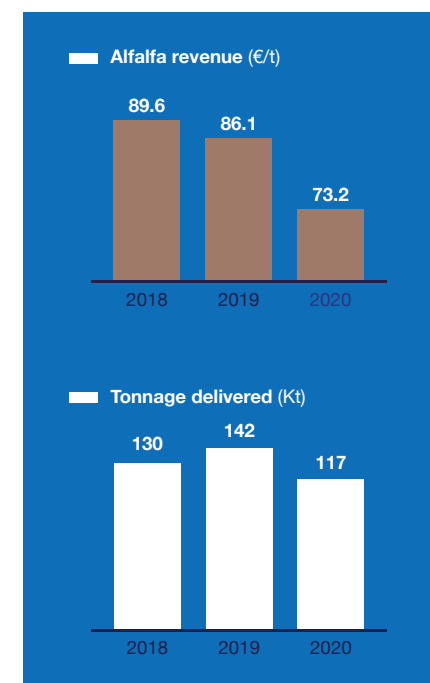
campaign report

Alfalfa is grown by 740 Tereos cooperative members. This protein-rich crop is used primarily as a raw material for animal feed

10,800 hectares of alfalfa were cultivated in 2020, a stable area compared to previous years. The 186-day campaign ended on 20 October 2020, with an average yield of 11.3 tonnes of dry matter per hectare. This result, which is 10% lower than the 5-year average, reflects the lack of rainfall in March and April 2020, which had an adverse effect on the yield of the first harvest. On the other hand, these exceptional weather conditions encouraged drying in the fields. The dry matter rate for the campaign as a whole set a new record at 48%, compared to a 5-year average of 41%, resulting in an improved industrial performance. Plant performance remained in line with our objectives. The flexibility of our manufacturing facilities has enabled Tereos sites to adapt to changes in yields in the fields. Over the four harvests, Tereos sites produced 130,433 tonnes of pellets and 3,341 tonnes of concentrated alfalfa extract. Tereos is pressing ahead with its investment plan to modernise its machinery and commit to an energy transition. In this respect, a biomass injector to gradually replace coal with renewable energy was installed between campaigns at the Pleurs site. It will be operational for the 2021 campaign.



Record: the dry matter rate stood at **48%**, against the 5-year average* of 41%



Helping our members move into organic cultivation

In 2019, Tereos launched an organic alfalfa pilot project at the Pleurs site in north-eastern France to meet the demand of its cooperative members. In 2020, 1,000 tonnes of organic alfalfa were cultivated on 83 hectares of land. For the next campaign, Tereos has confirmed its desire to go further with its members. Six cooperative members are committed to this approach, with a forecast of 137 hectares to be cultivated in 2021.

*Average for 3 dehydration sites.



4.3
million
tonnes
of cereals
were ground
in 2020/21

CEREAL

campaign report

Europe

As well as potatoes, Tereos Starch & Sweeteners Europe processes wheat and corn into starch, sweeteners, grain alcohol and ethanol. In the past year, Tereos' six starch plants processed more than 3 million tonnes of cereals, an equivalent volume to the previous campaign.

All aspects of Tereos' European starch business were strongly impacted by the public health crisis. Erratic market trends led to volatile and generally declining demand, combined with a significant decline in margins. The results were partly offset by satisfactory industrial performance. The plants maintained a high level of output, producing approximately 1.7 million tonnes of starch products and over 300 km³ of alcohol and ethanol. In particular, the plants in Marckolsheim (France) and Zaragoza (Spain) broke their daily grinding records.

All the plants pressed ahead with their efforts in the area of energy transition, maintaining their ISO 14001 environmental management system certification. In addition, following on from Nesle (France), Zaragoza (Spain) and Aalst (Belgium), a gas-fired cogeneration plant was installed in Marckolsheim. It supplies power to the public grid while generating steam and hot water for the production facility.

Brazil

The depreciation of the Brazilian real against the U.S. dollar led to an all-time high in Brazilian grain prices at BRL 94/60kg in March 2021 (compared to BRL 60/60kg in March 2020). Against this background, the Palmital starch plant processed approximately 152,000 tonnes of corn during the last campaign (159,000 tonnes the previous year) and 53,700 tonnes of cassava (compared to 54,900 tonnes). This decrease in volume reflects the impact of Covid-19 on our operations. At the same time, the factory obtained ISO 9001 certification for quality management and customer satisfaction for the first time, in addition to the Smeta, Kosher, Halal, FSSC 22000 and FDA certifications already obtained by the site.

Indonesia

With a fast-growing market in Indonesia, the Tereos starch plant in Cilegon has continued to develop, setting a new record of roughly 380,000 tonnes of corn processed, up 8% compared to 2019. In 2020, the site also installed a cogeneration plant and a fructose unit, in order to gain competitiveness and expand its range of products.

China

Tereos produces starch in two sites in China in partnership with Wilmar. In 2020, the Tieling starch plant processed over 1 million tonnes of corn (up 1% on the previous year). The site commissioned a second fructose production line in November 2020, giving it an additional annual production capacity of 150,000 tonnes. The Dongguan plant completed the expansion of its 49,000 tonne wheat silo, with the intention of optimising its raw material supply. In response to sustained demand, the site achieved record production of 34,000 tonnes of wheat gluten (42% higher than in 2019), while maintaining production of 200,000 tonnes of fructose and glucose.

Tereos Brazil
production mix
2020:
62%
sugar
38%
ethanol



SUGAR

CANE

campaign report

Brazil

The seven Tereos plants in Brazil processed 20.9 million tonnes of sugar cane (as against 19 millions tonnes the previous campaign), resulting in the highest volume of crushing ever achieved by the Business Unit.

The 2020 campaign closed with positive results for Tereos Sugar & Energy Brazil. This performance was made possible by investments in new technologies, process improvements and talent development. On the agricultural side, the subsidiary was able to increase its yields to the record level of 12.5 tonnes of sugar per hectare. Investments made over the past seven years have resulted in a progressive increase in industrial performance. This is reflected in an all-time record of 120,300 tonnes of sugar cane crushed per day. In a favourable context with regard to world sugar prices, Tereos produced 1.9 million tonnes of cane sugar, up 21% on the previous campaign. Although the proportion of ethanol was lower, production rose by 13%, to 738 million litres. The company sold more than 1,600 GWh of bioelectricity from cogeneration and trading. A portion of the production was donated to humanitarian partners.

Reunion Island

Reunion Island was hit by a historic drought, the second worst in 50 years, which severely affected the growth of the cane crop. This resulted in a drop in the volume of cane received to roughly 1,530,000 tonnes. Low winter temperatures nevertheless favoured stalk ripening, thus impacting the richness rate, which was recorded at nearly 13.8%, the best level in recent years. To support farmers and prepare for the 2021 harvest, an ambitious recovery plan has been validated by interprofessional bodies bringing together growers and manufacturers. Despite the public health crisis, the two sugar plants reported good operational performances, with approximately 168,000 tonnes of sugar produced.

Mozambique

The Marromeu plant processed 372,000 tonnes of sugar cane for a total volume of 39,000 tonnes of sugar produced during the campaign.

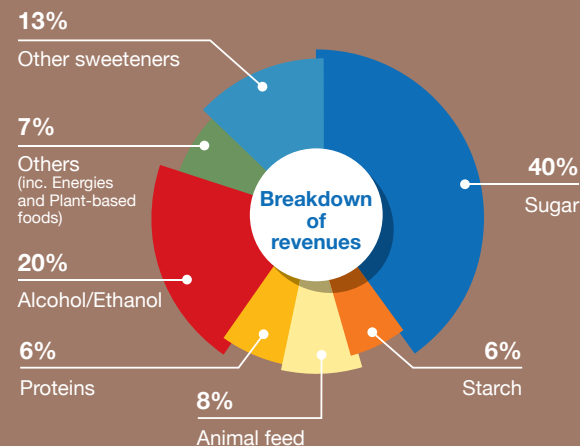
Tanzania

The TPC sugar plant, owned in partnership with Alteo, reported a downturn in the sugar campaign with 943,200 tonnes of cane crushed and 93,600 tonnes of sugar produced.

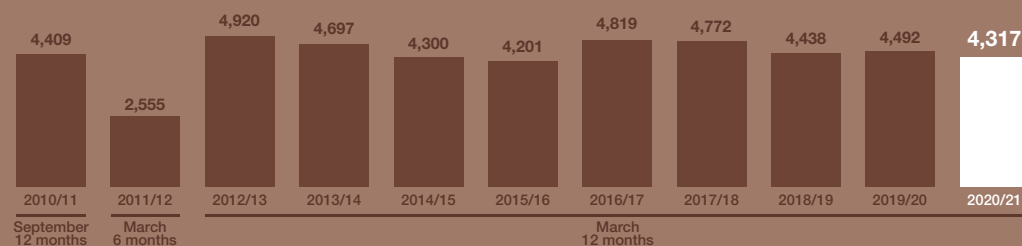
Kenya

The Transmara sugar plant, which is operated in partnership with Alteo, processed 923,000 tonnes of sugar cane, producing 90,800 tonnes of sugar.

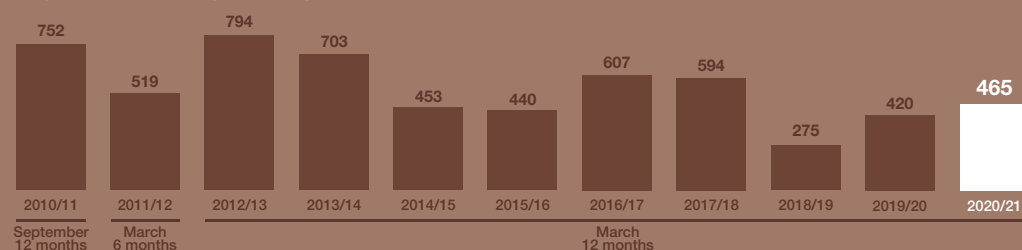
€4.3 billion of revenues



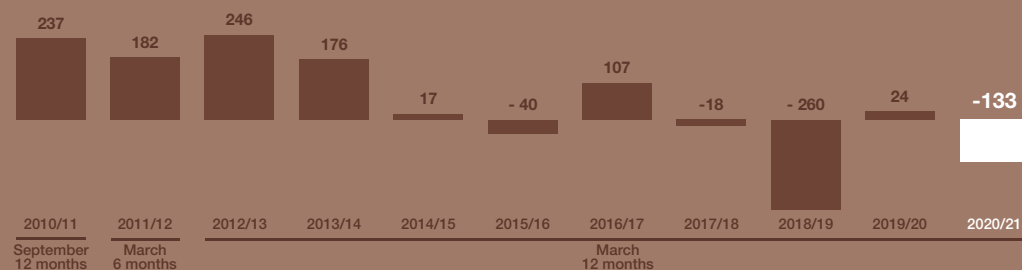
Consolidated revenues (€ million)



Adjusted EBITDA (€ million)



Consolidated net income (€ million)



CONSOLIDATED GROUP ACCOUNTS

Consolidated revenues amounted to €4,317 million for financial year 20/21, down 4% at current exchange rates and up 1% at constant exchange rates, compared to €4,492 million last year.

Despite rising global and European sugar prices, rising alcohol and ethanol prices, profits from the record crop in Brazil and rising volumes of starch products, Group revenues were impacted by the 37% depreciation of the Brazilian real against the euro over the financial year, by the drop in volumes caused by the poor sugar beet crop in Europe and by lower trading of sugar and ethanol.

Consolidated adjusted EBITDA amounted to €465 million for financial year 20/21, up 11% at current exchange rates and 29% at constant exchange rates, compared to €420 million the previous year.

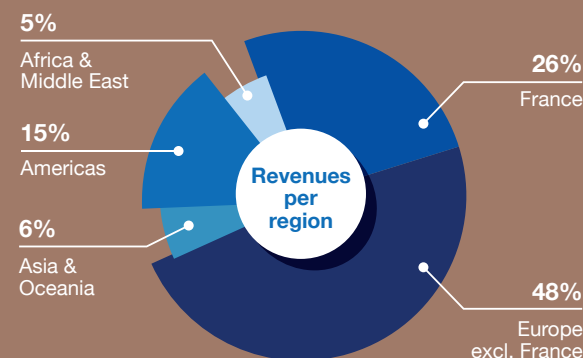
Adjusted EBITDA was driven by the turnaround in European sugar prices, the improvement in world sugar prices and alcohol/ethanol prices, a record crop in Brazil, lower energy costs in Europe and finally by the operational progress made across all divisions. Nonetheless, the Group's results reflect the effects of the depreciation of the Brazilian real over the whole financial year. In Europe, results were impacted, particularly in Q4, by the drop in volumes

sold due to the poor sugar beet crop and by the decline in margins on starch products in Europe. In addition, the Group's adjusted EBITDA was impacted by one-off items for €65 million. They included, among others, exceptional charges for €40 million such as overhead costs relating to the Covid-19 public health crisis. They also included a €25 million phasing effect in adjusted EBITDA from Q4 20/21 to H1 21/22 due to the accounting method applied for the low capacity utilisation of the Group's sugar beet processing plants.

Consolidated net income amounted to a loss of €133 million for the financial year 20/21 compared to the €24 million profit for the financial year 19/20, mainly impacted by €76 millions of asset depreciation.

The balance sheet total stood at €6,193 million as of March 31, 2021, down €509 million compared to the previous year (€6,702 million). Net debt was €2,533 million as of March 31, 2021, stable compared to March 31, 2020 (€2,558 million), due to positive free cash flow during the fiscal year and a favourable exchange rate impact. Excluding readily marketable inventories, amounting €346 million as of March 31, 2021, Group net debt amounted to €2,187 million and net debt excluding RMI on adjusted EBITDA ratio stood slightly lower at 4.7x compared to 5.2x as of end of March 2020.

Sales in
155
countries



Sugar and Renewables Europe

+56%
of adjusted
EBITDA
at current
exchange
rates

Revenues for the Sugar and Renewable Europe division amounted to €1,705 million for financial year 20/21, down 1% at current exchange rates compared to €1,727 million for financial year 19/20.

Despite the impact of the drop in volumes sold due to the poor yields of the 2020 sugar beet crop, which was particularly pronounced in the last quarter of the financial year, the division's revenues were bolstered by the turnaround in sugar prices (which is still the case, as the European market is maintaining its importer momentum) and by alcohol prices bolstered by strong demand.

The division's adjusted EBITDA was €149 million for financial year 20/21, compared to €95 million for financial year 19/20, up 56% at current exchange rates.

The division's adjusted EBITDA benefited from higher sugar and alcohol prices as well as improved operating performance and lower energy costs despite combined offsetting factors such as the exceptionally low yields which undermined the last quarter of the financial year and the impact of the health crisis on both operating costs and volumes sold.

Sugar and Renewables International

+26%
of revenues
between 2020
and 2021,
at constant
exchange rates

Revenues for the Sugar and Renewable International division amounted to €944 million for financial year 20/21, down 2% at current exchange rates and up 26% at constant exchange rates compared to €959 million for financial year 19/20.

Despite the 37% depreciation over the financial year of the Brazilian real against the euro, the division's revenues were driven by the increase in volumes sold, bolstered by the exceptional yields of the Brazilian crop and by rising sugar and ethanol prices.

The division's adjusted EBITDA stood at €246 million for financial year 20/21, compared to €222 million for financial year 19/20, up 11% at current exchange rates and 45% at constant exchange rates.

The division's adjusted EBITDA was driven by higher volumes sold, higher sugar and ethanol prices and the optimization of operating costs in Brazil despite the depreciation of the Brazilian real.

Starch, Sweeteners and Renewables

€1.44
billion
in revenues

Revenues for the Starch, Sweeteners and Renewable Products division amounted to €1,449 million for financial year 20/21, down 3% at current exchange rates and 2% at constant exchange rates compared to €1,501 million for financial year 19/20.

Despite the increase in volumes sold for starch and sweeteners and the increase in ethanol prices, the division's revenues were impacted by the fall in the prices of starch products and proteins and by the impact of the depreciation of the Brazilian real.

The division's adjusted EBITDA was €70 million for financial year 20/21, compared to €93 million for financial year 19/20, down 25% at current exchange rates.

The division's adjusted EBITDA reflected strong pressure on margins in a context of very slight decline in demand in Europe in addition to pressure on cereal prices, which increased in the final quarter of the financial year. Internationally, both volumes sold and margins rose.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

of Tereos Group (millions of euros)

Assets	31 March 2021	31 March 2020
Goodwill	1,045.6	1,089.4
Intangible assets	151.7	159.3
Property, plant and equipment	2,298.4	2,437.0
Investments in associates and joint ventures	188.7	195.4
Non-consolidated investments	35.4	30.5
Other non-current financial assets	71.5	102.4
Non-current financial assets with related parties	0.4	0.9
Deferred tax assets	71.3	53.5
Non-current income tax receivables	0.7	0.5
Other non-current assets	3.1	1.6
Total non-current assets	3,866.8	4,070.6
Biological assets	83.5	83.7
Inventories	874.0	973.1
Trade receivables	382.8	440.9
Other current financial assets	437.2	365.2
Current financial assets with related parties	31.6	65.8
Current income tax receivables	35.6	35.2
Cash and cash equivalents	468.1	655.3
Other current assets	13.6	12.3
Total current assets	2,326.6	2,631.5
TOTAL ASSETS	6,193.3	6,702.1
Equity and Liabilities		
Additional paid-in capital	39.4	39.4
Reserves and retained earnings	1,242.8	1,451.2
Equity attributable to owners of the parent	1,282.1	1,490.6
Non-controlling interests	354.2	348.0
Total equity	1,636.3	1,838.6
Cooperative capital	194.0	196.0
Cooperative capital and total equity	1,830.3	2,034.6
Long-term borrowings	2,591.6	2,488.1
Provisions for pensions and other post-employment benefits	72.5	70.9
Long-term provisions	27.5	18.3
Deferred tax liabilities	22.3	20.4
Other non-current financial liabilities	37.3	81.3
Non-current financial liabilities with related parties	12.0	13.5
Other non-current liabilities	24.9	21.5
Non-current liabilities	2,788.1	2,714.0
Short-term borrowings	410.0	725.0
Short-term provisions	14.6	20.1
Other current financial liabilities	438.1	475.7
Current financial liabilities with related parties	5.1	8.2
Trade payables	619.4	641.3
Current income tax payables	19.6	10.6
Other current liabilities	68.2	72.4
Current liabilities	1,574.9	1,953.4
TOTAL EQUITY AND LIABILITIES	6,193.3	6,702.1

CONSOLIDATED STATEMENT OF OPERATIONS

of Tereos Group (millions of euros)

	31 March 2021	31 March 2020
Revenue	4,317.2	4,491.8
Cost of sales	(3,451.8)	(3,699.7)
Distribution expenses	(442.1)	(481.3)
General and administrative expenses	(323.5)	(334.5)
Other operating income (expense)	(90.7)	200.6
Operating income (expense)	9.0	176.9
Financial expenses	(202.1)	(287.5)
Financial income	73.7	132.5
Net financial income (expense)	(128.4)	(155.0)
Share of profit of associates and joint ventures	7.7	10.2
Net income (loss) before taxes	(111.7)	32.1
Income taxes	(21.5)	(7.8)
NET INCOME (LOSS)	(133.1)	24.3
— Attributable to owners of the parent	(129.2)	(5.5)
— Attributable to non-controlling interests	(4.0)	29.8

Extract from the consolidated financial statement of the Tereos group, the consolidating company. The consolidated financial statements at March 31, 2021 of the cooperative Tereos were prepared in compliance with the laws and regulations applicable to the consolidation of the accounts of commercial and public companies. They are presented in accordance with the IFRS (International Financial Reporting Standards) as adopted by the European Union. These documents, in their full version, can be obtained by requesting them to Tereos headquarter.