Südzucker AG

2022/23
Annual Report

SÜDZUCKER

Südzucker Group 2022/23

€ **9,498** [7,599] million
Consolidated group revenues

€ **1,070** [692] million
Group EBITDA

€ **704** [332] million
Group consolidated operating result

€ **927** [560] million
Cash flow

€ **467** [336] million
Investments, thereof

€ **400** [332] million
Investments in fixed assets

9.9 [5.3] %
ROCE

€ **7.1** [6.3] billion
Capital employed

€ **1,864** [1,466] million
Net financial debt

18,341 [18,019]
Employees

Sugar segment

→ p. 69

€ **3,216** [2,623] million
Revenues

€ **230** [–21] million
Operating result

Special products segment

→ p. 76

€ **2,217** [1,781] million
Revenues

€ **102** [117] million
Operating result

CropEnergies segment

→ p. 81

€ **1,390** [1,004] million
Revenues

€ **251** [127] million
Operating result

Starch segment

→ p. 85

€ **1,193** [940] million
Revenues

€ **70** [57] million
Operating result

Fruit segment

→ p. 88

€ **1,482** [1,251] million
Revenues

€ **51** [52] million
Operating result

Outlook
2023/24

→ p. 94

€ **10.4** to **10.9** billion
Consolidated group revenues expected.

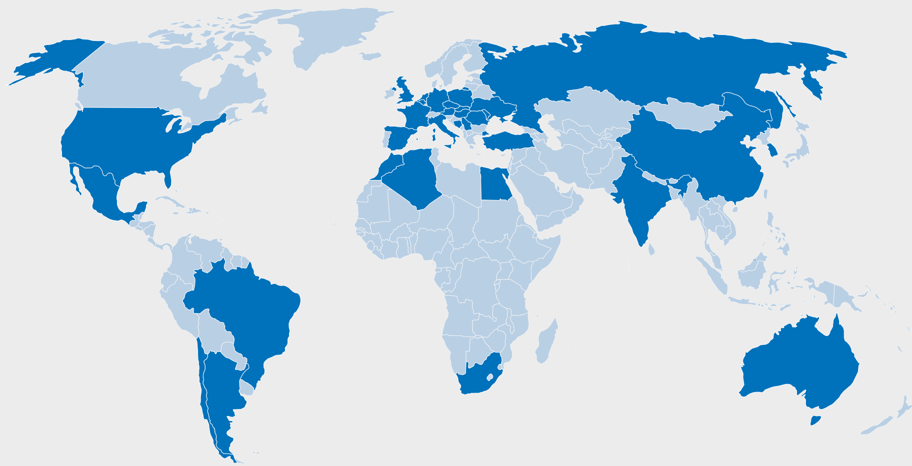
€ **725** to **875** million
Group consolidated operating result expected.

€ **1.1** to **1.3** billion
Group EBITDA expected.

Moderate increase of capital employed and significant increase of ROCE expected.

www.suedzuckergroup.com

About 100 production locations in 32 countries



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Financial calendar

Q1 – Quarterly statement 1st quarter 2023/24	6 July 2023
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Preliminary figures Fiscal 2023/24	26 April 2024
Press and analysts' conference Fiscal 2023/24	16 May 2024
Q1 – Quarterly statement 1st quarter 2024/25	11 July 2024
Annual general meeting Fiscal 2023/24	18 July 2024

Annual Report 2022/23

1 March 2022 – 28 February 2023
published on 25 May 2023

Integrated report
Sustainability is firmly established as one of five strategic directions in our 2026 PLUS group strategy. This integrated report combines financial and sustainability reporting and shows the Südzucker Group's economic, ecological and social performance during the 2022/23 financial year.

Further information
The annual report is also available in German. This translation is provided for convenience only and should not be relied upon exclusively. The German version of the annual report is definitive and takes precedence over this translation. The annual report (in German and English) and the Südzucker AG financial statements can be downloaded as a PDF file from Südzucker's website at www.suedzuckergroup.com.

The Südzucker Group's financial reports have been prepared in accordance with IFRS in conjunction with supplemental provisions from the German Commercial Code (HGB) and the German Accounting Standards (GAS).

Non-financial reports are prepared in accordance with HGB and are based on the Global Reporting Initiative (GRI) framework.

Südzucker Group
Get the Power of Plants

As a leading integrated group of companies with plant-based solutions for food, energy and other applications, we drive for a livable, healthy and sustainable world.

Around 18,000 employees in our sugar, special products, CropEnergies, starch and fruit segments are committed to being the leading partner for plant-based solutions on behalf of our customers.

We process agricultural raw materials into high-quality products, especially into food for industrial customers and end users but also feed and other products for the food and non-food industries. In this process, the raw materials are to a large extent fully utilized and refined. Our marketing focuses on business-to-business clients.

A strong ownership structure provides a reliable framework for the company’s development.

Get the Power of Plants

GROUP STRATEGY 2026 PLUS

Key Figures

		2022/23	2021/22	2020/21	2019/20	2018/19
Revenues and earnings						
Revenues	€ million	9,498	7,599	6,679	6,671	6,754
EBITDA	€ million	1,070	692	597	478	353
EBITDA margin	%	11.3	9.1	8.9	7.2	5.2
Operating result	€ million	704	332	236	116	27
Operating margin	%	7.4	4.4	3.5	1.7	0.4
Net earnings	€ million	529	123	−36	−55	−805
Cash flow and investments						
Cash flow	€ million	927	560	475	372	377
Investments in fixed assets[1]	€ million	400	332	285	335	379
Investments in financial assets / acquisitions	€ million	67	4	15	13	15
Total investments	€ million	467	336	300	348	394
Performance						
Fixed assets[1]	€ million	3,354	3,215	3,209	3,322	3,221
Goodwill	€ million	697	707	722	740	730
Working capital	€ million	2,999	2,318	2,179	2,213	2,008
Capital employed	€ million	7,095	6,325	6,222	6,388	6,072
Return on capital employed	%	9.9	5.3	3.8	1.8	0.4
Capital structure						
Total assets	€ million	9,698	8,441	7,973	8,387	8,188
Shareholders' equity	€ million	4,199	3,699	3,536	3,644	4,018
Net financial debt	€ million	1,864	1,466	1,511	1,570	1,129
Net financial debt to cash flow ratio		2.0	2.6	3.2	4.2	3.0
Equity ratio	%	43.3	43.8	44.3	43.5	49.1
Shares						
Market capitalization	€ million	3,278	2,493	2,661	2,873	2,625
Closing price on 28/29 February	€	16.06	12.21	13.03	14.07	12.86
Earnings per share	€	1.93	0.32	−0.52	−0.60	−4.14
Cashflow per share	€	4.54	2.74	2.33	1.82	1.85
Dividend per share[2]	€	0.70	0.40	0.20	0.20	0.20
Employees		**18,341**	**18,019**	**17,876**	**19,188**	**19,219**

[1] Including intangible assets.
[2] 2022/23: Proposal.

TABLE 001

Revenues by segment

€ million	2022/23	2021/22	+/− in %
Sugar	3,216	2,623	22.6
Special products	2,217	1,781	24.5
CropEnergies	1,390	1,004	38.4
Starch	1,193	940	26.9
Fruit	1,482	1,251	18.5
Group total	**9,498**	**7,599**	**25.0**

TABLE 002

Operating result by segment

€ million	2022/23	2021/22	+/− in %
Sugar	230	−21	–
Special products	102	117	−12.7
CropEnergies	251	127	97.6
Starch	70	57	23.4
Fruit	51	52	−1.3
Group total	**704**	**332**	**> 100**

TABLE 003

TO OUR SHAREHOLDERS

01

EXECUTIVE BOARD

From left

Ingrid-Helen Arnold
Walldorf, Germany
Chief Digital Officer (CDO)

Markus Mühleisen
Vienna, Austria
COO / Chief Executive Officer of AGRANA Beteiligungs-AG

Dr. Niels Pörksen
Limburgerhof, Germany
Chairman /
Chief Executive Officer (CEO)

Hans-Peter Gai
Weinheim, Germany
Chief Operating Officer (COO)

Thomas Kölbl
Speyer, Germany
Chief Financial Officer (CFO)

MANNHEIM, 28 APRIL 2023

Dear Shareholders,

The Ukraine conflict has continued for over a year now and has plunged the global economy, which still has not recovered fully from the COVID-19 pandemic, straight into the next crisis: exceptionally high energy prices paired with double-digit inflation were just two of the associated consequences. As a result, 2022 evolved into a year of crisis from a general economic perspective – and, in view of current developments in politics, society, the economy and the environment, it is reasonable to expect even more challenges in the future that will make accurate predictions difficult.

It was far from easy to effectively navigate Südzucker Group through the 2022/23 fiscal year in this adverse environment. Nevertheless, we were able to increase the forecast on several occasions and performed significantly better than we initially anticipated. We generated revenues of € 9.5 billion and an operating result of around € 700 million by the end of the fiscal year. Once again, we were reminded that the group's diversification is a great advantage, especially in times of crisis. This is mainly attributable to the sugar segment's turnaround – following several difficult years – thanks to the measures initiated in 2019 and then consistently implemented and the segment's remarkable contribution towards improving earnings in addition to the excellent performance of CropEnergies.

We believe that Südzucker Group is on the right track but – in keeping with this metaphor – we are also aware of the many roadblocks both large and small that still need to be moved. These may include uncertainties regarding commodity and energy markets, the effects of climate change or political decisions, to name just a few examples.

Strengthening our resilience

As a company, how do we respond to these and other current and future challenges? By further strengthening our resilience. Above all, this means continuing to act with foresight, dependability, wisdom and responsibility. This also includes investing in both existing and new, future-oriented segments. At the same time, we want to reduce our net financial debt in times of skyrocketing interest rates.

Additional factors in strengthening our resilience will certainly include close collaboration and trust within the company. This is why we will intensify our collaboration in the future in line with our slogan "Stronger Together": Pooling responsibilities, leveraging synergies, accelerating processes, using the full potential of technology and digitization, strengthening collaboration – at all levels of the company – are just a few of our ambitious objectives. We had already initiated these efforts on the executive board when we reassigned all our departmental responsibilities in the fall after appointing the new Chief Operating Officer (COO). Now everyone here on the executive board can collaborate and take action even more efficiently and purposefully as a team.

Please allow us to digress briefly at this point and take this opportunity to express our sincere appreciation once again to our former COO, Dr. Thomas Kirchberg, who played a decisive role in shaping the company's fortunes during his 15-year tenure on Südzucker's executive board and consistently proved himself a highly competent, intelligent and reliable liaison and board member. We wish him all the best for his retirement.

"Get the Power of Plants": The 2026 PLUS strategy is on track

Now let us return to our company's performance in the past fiscal year, which also included the scheduled continuation of our group strategy 2026 PLUS: We have continued to work on combining existing competencies from the group's various business units and bringing external expertise into the company wherever it makes sense. Last year this enabled us to set the course for further growth in the proteins and biobased chemicals business segments, among other things through acquisitions, new participations and various investments.

Sustainability: SBTi validates emission reduction targets

We have also made major progress in the area of sustainability, thanks in particular to the very close collaboration between various divisions within the group. In the past fiscal year, we made great strides in developing objectives for our strategic directions and successfully issued our first sustainability-linked financing instrument, which clearly demonstrates our commitment to the sustainability targets that are an integral part of this strategy.

We are especially proud of our concerted effort, which led the Science Based Target initiative (SBTi) in February 2023 to declare our short-term greenhouse gas emission reduction targets (Scope 1 and 2) as scientifically sound and in line with the United Nations Paris Agreement. This makes Südzucker Group the first European sugar company to receive validation for its Scope 1 and 2 reduction targets in line with the 1.5-degree target and the first German sugar company to have its short-term reduction targets validated by SBTi. This is both a major step on our path to carbon neutrality and a powerful confirmation of our work. Now it is up to us to dedicate our strengths to further implementing our "Growing in Balance" sustainability strategy and to work consistently in the coming years to achieve these agreed targets.

Challenging environment

Let us briefly take stock of the 2022/23 fiscal year just ended. As mentioned earlier, we were faced with trying circumstances throughout the group. High energy costs and the gas situation, which remained unclear for a long time and required us to go to considerable expense to prepare some of our facilities for a gas shortage, caused the greatest challenges. This situation was only exacerbated by inflation, which led to soaring prices for raw materials – from production materials to cereals to pizza ingredients – as well as for logistics, as did ongoing supply chain constraints. However, sugar prices and the ethanol market saw very positive development. We also benefited from our long-term efforts to secure our energy supply. Nevertheless, we should expect the aforementioned challenges to remain with us for the foreseeable future – and we must stay well prepared for these eventualities.

Segments between record highs and lows

Details of the various segments' growth can be found starting on page 69. As such, the following is only a brief summary. Particularly noteworthy is the sugar segment's turnaround in fiscal 2022/23 following four years of operating at a loss and, consequently, its significant contribution to the consolidated result. In the special products segment the results are mixed – while volumes for BENEO, Freiberger and PortionPack grew, all three subsidiaries were simultaneously burdened with dramatically higher costs for raw materials, packaging and energy. 2022/23 was another record year for CropEnergies, and the result in the starch segment also developed quite favorably. The fruit segment, which is directly affected by the Ukraine conflict with production facilities in Russia and Ukraine as well as other countries in Eastern Europe, succeeded in maintaining its result despite these influences.

Proposed dividend raised significantly

In view of Südzucker Group's satisfactory overall performance in fiscal 2022/23 and the positive outlook for the current fiscal year 2023/24, the executive and supervisory boards will propose a dividend of € 0.70 per share at the annual general meeting. This is our way of enabling esteemed shareholders like you to participate in the success of our company in accordance with our long-term dividend policy.

The need for a stable political environment

After this brief review of the past fiscal year, we would now like to return our attention to the future. Building resilience and becoming stronger together – these are two highly relevant guiding principles, especially considering the social and political environment in which we operate.

Our close ties to agriculture and our product portfolio mean that we may currently be affected by a series of groundbreaking discussions and decisions at the national and European level. Key topics include biofuels in road transport, climate change and carbon neutrality. The transformation to a sustainable and healthier food system arising from the European Green Deal may also have an impact on our company in the medium term.

Our position on all these issues is similar: We recognize the need for change and are generally open to a critical dialog with politics and society. At the same time, despite all the demands and requirements placed on business, we believe it is important to consider questions concerning feasibility and speed of implementation.

As a forward-looking company, we are always willing to embrace change and adapt to new circumstances – not least as demonstrated by our 2026 PLUS group strategy. In order to be able to shape this change, however, we need clear perspectives and reliable overall conditions that will enable us to remain competitive in Europe and throughout the world in the future.

Industrial enterprises cannot implement changes overnight; they take time. They also require considerable capital outlay – and businesses like ours look to politics to create favorable circumstances and incentives for change. Our raw material suppliers – the farmers who in many areas throughout the world see their future prospects threatened by the consequences of climate change, a flood of government regulations, rising production costs and, last but not least, a lack of respect and appreciation from other members of society – are also prepared to tackle further challenges. However, this also takes time and political support.

Positive outlook and continuation of strategy measures

So what is our forecast for the current 2023/24 fiscal year in the context of this environment? Overall, we expect another good year for Südzucker Group and a further increase in group revenues and operating result. Obviously, this depends on a number of conditions, including avoidance of an escalation of the Ukraine conflict, stabilization of the energy supply situation, confirmation of the EU sugar price level and efforts to prevent further volatility on the sales and procurement markets. Internally, we will continue to pursue our 2026 PLUS strategy, which focuses on supporting and developing our core segments while opening up new business opportunities. We want to drive our initiatives and launch further projects as well as explore additional partnerships and participating interests. We believe this combination will help us safeguard Südzucker's continued profitable growth.

The world has been in a continual state of crisis for the past three years. Our business must deal with the consequences and accept the challenges of this each day. We know we can always count on the extraordinary commitment and unwavering dedication of our employees, and this fills us with great pride and a deep sense of gratitude for all their hard work. Of course, we are also indebted to you, our shareholders, for placing your trust in our work and remaining loyal to our company.

As we look ahead to what we hope will be a bright and peaceful future, we wish you health, happiness and prosperity.

Yours truly,

Südzucker AG
Executive board

DR. NIELS PÖRKSEN
(CHAIRMAN)

INGRID-HELEN ARNOLD

HANS-PETER GAI

THOMAS KÖLBL

MARKUS MÜHLEISEN

EXECUTIVE BOARD[1]

Dr. Niels Pörksen
Limburgerhof, Germany
Chairman / Chief Executive Officer (CEO)
Labor director

Portfolios
- Strategy & Transformation
- Human resources
- Communication
- Data protection
- Raw materials & Agriculture
- Audit & Compliance
- Sugar (Südzucker)

Initial appointment: 1 March 2020
Term ends: 29 February 2028

Born in 1963. Study of Agricultural Sciences at the University of Kiel, Doctorate degree in 1991. 1992 to 2009 in different management positions at BASF SE. 2009 to 2013 executive board member (CAO) of Nordzucker AG. 2014 to 2020 at Nufarm AG, including as Head of Commercial Operations and Group Executive.

Ingrid-Helen Arnold
Walldorf, Germany
Chief Digital Officer (CDO)

Portfolios
- Digitalization / IT
- New business area development
- Strategic customer development
- Special products (BENEO, PortionPack)

Initial appointment: 1 May 2021
Term ends: 30 April 2024

Born in 1968. Master of Business Administration from Ludwigshafen University of Applied Sciences. Worked for the SAP software group for 25 years, with extensive experience in global management positions in data business, business process innovation, IT transformation, corporate strategy and finance. Member of the executive board of AGRANA Beteiligungs-AG since June 2021.

Hans-Peter Gai
Weinheim, Germany
Chief Operating Officer (COO)

Portfolios
- Technical & Operations Excellence
- Research & Development
- Sustainability
- Occupational Safety & Quality Management
- CropEnergies
- Special products (Freiberger)

Initial appointment: 1 November 2022
Term ends: 31 October 2025

Born in 1966, studied mechanical engineering focusing on production technology at the University of Karlsruhe (TH). More than 25 years of professional experience in the areas of food production, supply chain, technology and product development as well as transformation as part of his work for companies such as Unilever, Theo Müller and Danone.

Thomas Kölbl
Speyer, Germany
Chief Financial Officer (CFO)

Portfolios
- Controlling
- Finance
- Investor relations
- Legal
- Procurement
- Property / insurance
- Taxation

Initial appointment: 1 June 2004
Term ends: 31 May 2024

Born in 1962. Started his career as an industrial business manager, then studied business administration at the University of Mannheim, graduating with a degree in business administration. Joined Südzucker in 1990. Director of strategic corporate planning, corporate development and investments prior to being appointed to the executive board in 2004.

Markus Mühleisen
Vienna, Austria
COO / Chief Executive Officer of AGRANA Beteiligungs-AG (CEO AGRANA)

Portfolios
- Fruit
- Starch
- Sugar (AGRANA)

Initial appointment: 1 June 2021
Term ends: 31 May 2024

Born in 1966. Degree in Business Administration from the University of Mannheim and Master of Business Administration from the Schulich School of Business, York University, Toronto, Canada. Has worked in the food and beverage sector for more than 20 years, including at Nestlé, General Mills and, as of 2018, at Arla Foods as Group Vice President. Chief Executive Officer of AGRANA Beteiligungs-AG since June 2021.

[1] Other board memberships are listed starting on page 184.

SUPERVISORY BOARD[1]

Dr. Stefan Streng
Chairman

Uffenheim, Germany

Chairman of the executive board of
Verband Süddeutscher Zuckerrübenanbauer e. V.

Rolf Wiederhold[2]
1st deputy chairman

Wabern, Germany

Chairman of the central works council of
Südzucker AG

Erwin Hameseder
2nd deputy chairman

Mühldorf, Austria

Chairman of Raiffeisen-Holding
Niederösterreich-Wien reg. Gen.m. b.H.

Fred Adjan[2]
Hamburg, Germany

Deputy chairman of
Gewerkschaft Nahrung-Genuss-Gaststätten

Helmut Friedl
Egling a. d. Paar, Germany

Chairman of the executive board of
Verband bayerischer Zuckerrübenanbauer e. V.

Ulrich Gruber[2]
Plattling, Germany

Deputy chairman of the central works council
of Südzucker AG

Veronika Haslinger
Vienna, Austria

Raiffeisen-Holding
Niederösterreich-Wien reg. Gen.m. b.H.

Georg Koch
Wabern, Germany

Chairman of the executive board of
Verband der Zuckerrübenanbauer Kassel e. V.

Susanne Kunschert
Stuttgart, Germany

Managing partner of
Pilz GmbH & Co. KG

Ulrike Maiweg[2]
Bellheim, Germany

Member of the works council
Headquarters Mannheim
Südzucker AG

Walter Manz
Dexheim, Germany

Chairman of the executive board of
Verband der Hessisch-Pfälzischen Zuckerrübenanbauer e. V.

Julia Merkel
Wiesbaden, Germany

Member of the executive board of
R+V Versicherung AG

Sabine Möller[2]
Hamburg, Germany

Divisional officer of
Gewerkschaft Nahrung-Genuss-Gaststätten

Angela Nguyen[2]
Biederitz, Germany

Chairwoman of the works council
of Freiberger Osterweddingen GmbH

Mustafa Öz[2]
Altdorf, Germany

Regional Chairman Bavaria of
Gewerkschaft Nahrung-Genuss-Gaststätten

Joachim Rukwied
Eberstadt, Germany

President of
Deutscher Bauernverband e. V.

Bernd Frank Sachse[2]
Zeitz, Germany

Chairman of the works council at the Zeitz plant
of Südzucker AG

Clemens Schaaf
Landsberg (Saalekreis), Germany

Chairman of the executive board of Verband
Sächsisch-Thüringischer Zuckerrübenanbauer e. V.

Nadine Seidemann[2]
Donauwörth, Germany

Deputy chairwoman of the works council at the Rain plant
of Südzucker AG

Wolfgang Vogl[2]
Bernried, Germany

Regional manager South Offenau, Plattling and Rain plants
of Südzucker AG

[1] Other board memberships are listed starting on page 181.
[2] Employee representative.

REPORT OF THE SUPERVISORY BOARD

Ladies and Gentlemen,

The fiscal year just ended was an eventful one – for the Südzucker Group as a whole and for the supervisory board. After over 25 years on the board – 22 of which were at the helm – Dr. Hans-Jörg Gebhard did not stand for reelection in July 2022. Following the 2022 annual general meeting, I was elected as his successor, which is why I am pleased to welcome you for the first time as the new chairman of the supervisory board and give you an overview of the board's activities in fiscal year 2022/23. You can expect a certain degree of continuity here because I have been a member of Südzucker's supervisory board since 2017 and am thus very familiar with the company and its processes.

But first, on behalf of the supervisory board and the entire company, I would like to take this opportunity to thank Dr. Hans-Jörg Gebhard for his tireless work – during his many years in office, he has consistently driven the development of the company forward. We will all have fond memories of his charismatic, confident and eloquent manner, which I am sure you have all experienced for yourselves at one general meeting or another.

There has also been a change on the executive board: Dr. Thomas Kirchberg retired on 31 August 2022 after his term expired. For over 30 years, including 15 as a member of the executive board, he played a key role in shaping the development of the Südzucker Group. We owe him our thanks and recognition for this and much more.

With his successor, Hans-Peter Gai, the supervisory board has gained a highly experienced manager in the food industry. We believe this decision will ensure that Südzucker's executive board is ideally positioned for the challenges that lie ahead of us.

Now let us briefly take stock of the 2022/23 fiscal year: This year was also a challenging one for us as a supervisory board. Just as the pandemic began to subside, we found ourselves embroiled in a new crisis as the Ukraine conflict began to flare up. We have always been intentional and conscientious in our discussion of measures the executive board must take to deal with economic impacts on the Südzucker Group. These discussions usually took place as hybrid meetings – a type of gathering that may not be able to fully replace in-person meetings but has nevertheless proved to be a practical and agile form of exchange.

This enabled the supervisory board to continue to work with the executive board on the basis of mutual trust and in the spirit of a results-oriented team in fiscal 2022/23. In doing so, the supervisory board concentrated on the tasks for which it is responsible by law, the company's articles of association and the rules of procedure: to monitor and advise the executive board in the latter's management of the company.

The supervisory board was directly involved in all decisions of material importance affecting Südzucker Group and was continuously advised in detail and in a timely manner on all issues related to corporate planning and further strategic development, business activities, the status and development of Südzucker Group including the risk situation, as well as risk management and compliance.

Dr. Stefan Streng
Chairman

The executive board updated the supervisory board at all ordinary meetings on the course of business as well as the company's situation. Between meeting dates, the supervisory board was regularly informed about current developments and all significant business transactions. The executive board reports were mainly updates about the company's situation and development, strategy and sustainability, corporate policy and profits as well as Südzucker AG's and Südzucker Group's corporate, treasury, investment, research and personnel budgets. In addition, the supervisory board chairman took part in executive board meetings and was informed by the CEO in several working meetings about all important business activities. Since the beginning of the Ukraine war, the executive board regularly updated the supervisory board on the actual and potential impact on the company and on the measures taken. The same applies to the Corona pandemic.

Supervisory board meetings and decisions

The supervisory board met at six ordinary meetings and two extraordinary meetings in fiscal 2022/23. The executive board took part in the ordinary meetings – except when discussing internal matters of the supervisory board. The meetings on 13 and 14 July 2022 were conducted exclusively in presence. The other meetings were held as hybrid events – the supervisory board members were partly present on site and partly connected virtually via videoconference. In addition to the meetings, the supervisory board made five decisions by written procedure. The supervisory board approved all of the executive board's decisions after a thorough review and discussions.

The supervisory board approved by written procedure on **17 March 2022** to hold the annual general meeting virtually.

At the meeting on **8 April 2022**, the impact of the Ukraine war in the business units, particularly the rise in energy and raw material prices, was discussed. The supervisory board approved investment supplements for the sugar segment. The CFO presented the group's midterm plan. Investment projects of PortionPack and BENEO were dealt with and two real estate matters were approved. Finally, personnel matters were discussed as a separate agenda item.

The main focus of the meeting on **18 May 2022** was the review and approval of Südzucker AG's financial statements and the consolidated financial statements dated 28 February 2022. The CFO presented the 2021/22 consolidated financial statements, outlined the individual financial statements and dealt with the dependent company report. The auditor PricewaterhouseCoopers GmbH Wirtschaftsprüfungsgesellschaft (PwC) then reported on the material findings and results of the audit. The supervisory board approved the annual and consolidated financial statements and management report for 2021/22 after discussing them in detail. The board followed the executive board's proposal for the appropriation of retained earnings and approved the supervisory board report. The board made preparations for the 2022 virtual annual general meeting and adopted the agenda and proposed resolutions. In addition, the board presented its choice for the auditor to shareholders at the annual general meeting based on the recommendations of the audit committee and the formal review of the compensation report by the auditor. The supervisory board also approved Südzucker AG's compensation report for fiscal 2021/22 presented in the invitation to the annual general meeting. The supervisory board dealt with the regular agenda item of compliance. Furthermore, the supervisory board approved supplements to investment plans of AGRANA, the sugar segment and the IT activities. In addition, personnel matters were discussed.

At its meeting on **13 July 2022** – the day before the ordinary annual general meeting – the CFO provided an update of the result projections for 2022/23. The supervisory board approved the 2023/24 investment plan and investment supplements and took note of Südzucker Group's long-term investment plan. In addition, a real estate matter was approved and an investment project of CropEnergies AG as well as personnel matters were discussed.

During the extraordinary meeting on the morning of **14 July 2022**, personnel matters were addressed.

At the meeting on **14 July 2022** – following the annual general meeting – the newly elected supervisory board was constituted. The chairman of the supervisory board and his two deputies were elected, and the supervisory board committees were filled. Furthermore, an amendment to the declaration of compliance was resolved.

The supervisory board approved two shareholding issues at its meeting on **3 August 2022** by written procedure.

By written procedure, the supervisory board adopted a resolution on personnel matters on **8 August 2022**.

By written procedure dated **13 October 2022**, the decision of **27 September 2022** on a financing project was cancelled and restated.

The meeting on **10 November 2022** focused on the investments in Richelieu Foods, Grillido and Felix Koch. The CFO provided an update of the result projections for 2022/23. Corporate governance was discussed as always during the November meeting. In addition, the board conducted the annual self assessment of its activities and adopted the 2022 declaration of compliance. The rules of procedure for the supervisory board and the audit committee were also amended. In addition, the board approved sugar segment and BENEO division investment supplements and a real estate matter. Finally, internal supervisory board matters were dealt with as a separate agenda item.

At the extraordinary meeting on **2 December 2022**, investment projects were dealt with, a financing project was approved and a supplement to the CropEnergies investment budget was adopted.

At the **23 February 2023** meeting, the CFO presented the updated results projection for 2022/23 and the midterm plan. The supervisory board approved investment supplements for the sugar and CropEnergies segments and the Freiberger division. A resolution was also passed on the revision of the supervisory board's diversity concept. The supervisory board also approved financing projects and adopted the executive board compensation system, which has been further developed and will be submitted to the 2023 annual general meeting for approval. Furthermore, the supervisory board followed the recommendation of the audit committee to propose the appointment of KPMG AG Wirtschaftsprüfungsgesellschaft as auditors for fiscal year 2023/24 for the first time at the annual general meeting on 13 July 2023.

Supervisory board committees

The supervisory board set up seven committees to enable its efficient fulfillment of duties (executive committee, mediation committee, audit committee, agriculture and raw material markets committee, nomination committee, social committee, strategy and sustainability committee), each of which except for the nomination committee is made up of an equal number of shareholders' and employees' representatives. The current members of the committees are presented in the notes under item 37 "Supervisory board and executive board".

On **14 July 2022**, at its constituent meeting following the annual general meeting, the supervisory board adopted its resolution of 23 February 2022 and reorganized the committees. A new strategy and sustainability committee was formed, with equal numbers of four representatives each from the shareholder and employee sides. The agricultural committee was renamed the "agriculture and raw material markets committee" and will have four representatives each from the stockholders' and employees' sides.

The **supervisory board executive committee** convened nine times in fiscal 2022/23: on 8 April 2022, on 11 and 18 May 2022, on 13 July 2022, on 28 October 2022, on 10 November 2022, on 18 January 2023 and on 7 and 23 February 2023. In particular, the strategic alignment of the company, but also corporate governance issues and the further development of the executive board compensation system as well as personnel matters were discussed in advance.

The **audit committee** convened six times during the financial year, in three video conferences, two hybrid meetings and one in-person meeting:

At its **10 May 2022** meeting and in the presence of the external auditors PwC the audit committee discussed matters relating to the annual financial statements of Südzucker AG and the consolidated financial statements as of 28 February 2022. It prepared the supervisory board financial review meeting – at which the chair of the audit committee reported – and approved the recommendations of the audit committee. In addition, the audit committee discussed the recommendation regarding the appointment of the auditors, checked their independence and finally submitted a recommendation to the supervisory board in favor of the appointment of PwC as auditor of the consolidated financial statements, as auditor of the nonfinancial statement (limited assurance) and as auditor of the compensation report for the financial year. The audit committee had previously evaluated the quality of the financial statements audit. At its May meeting, the supervisory board also dealt with the topic of compliance.

At the meeting on **4 July 2022**, the audit committee discussed with the executive board the quarterly statement Q1 of the 2022/23 financial year.

At the meeting on **14 July 2022** – subsequent to the annual general meeting and the constituent meeting of the supervisory board – the audit committee dealt with the auditor's quotation for the audit assignment and – subject to election by the annual general meeting – awarded PwC the audit assignment for the audit of the financial statements, the audit of the nonfinancial declaration (Limited Assurance) and the formal audit of the compensation report for the financial year 2022/23.

In the **11 October 2022** audit committee meeting, the auditors dealt with monitoring the accounting process, the effectiveness of the internal controlling system, the risk management system and the internal audit system, as instructed by the supervisory board. Another agenda item was the discussion of the 2022/23 half-year financial report.

At the meeting on **10 January 2023**, the audit committee discussed with the executive board the Q3 quarterly statement for the 2022/23 financial year and the planning of the audit of the financial statements and, without the executive board being present, internal matters relating to the audit committee.

At the extraordinary meeting on **2 February 2023**, a resolution was passed on the proposal to the supervisory board for the election of a new auditor.

The **agriculture and raw material markets committee** convened on **10 November 2022**. Südzucker AG's agricultural division presented its report and information was provided on the status of raw material procurement for the protein division.

The **strategy and sustainability committee** met on **7 February 2023** and addressed the next steps in the areas of plantbased chemicals and proteins as part of Südzucker's 2026 PLUS strategy. It also focused on the groupwide sustainability strategy and the strategy at AGRANA.

The **nominating committee** convened on **23 March 2022** and focused on the election of the supervisory board.

The chairs of the committees reported their findings at the subsequent supervisory board meetings.

The **mediation committee and the social committee** had no reason to convene in fiscal year 2022/23.

Attendance

Julia Merkel, Erwin Hameseder, Fred Adjan and Joachim Rukwied were absent from the supervisory board meeting on **8 April 2022**. All supervisory board members were present at the supervisory board meeting on **18 May 2022**. Fred Adjan and Georg Koch were absent from the supervisory board meeting on **13 July 2022** and the extraordinary meeting on **14 July 2022**. Fred Adjan, Georg Koch and Mustafa Öz did not attend the constituent meeting of the supervisory board held on **14 July 2022**. Susanne Kunschert was absent from the meeting on **10 November 2022**. Julia Merkel, Fred Adjan and Georg Koch were absent from the supervisory board meeting on **2 December 2022**. All supervisory board members were attending the meeting of the supervisory board on **23 February 2023**. Erwin Hameseder did not attend the meetings of the executive committee held on **8 April 2022 and 18 May 2022**. Mustafa Öz was absent from the meeting of the audit committee on **14 July 2022**. The meeting of the agriculture and raw material markets committee on **10 November 2022** was attended by all committee members. At the strategy and sustainability committee meeting on **7 February 2023**, Fred Adjan was absent. Non-attendance was excused in each case.

Supervisory board self assessment

In accordance with recommendation D.12 of the German Corporate Governance Code (Code), the supervisory board again assessed how effectively it works overall and how its committees fulfill their duties. This is done annually using a questionnaire, without external assistance. Each year, the questionnaire is revised according to the latest changes to the code. The questionnaire was assessed in the meeting on 10 November 2022, at which time the results were discussed and improvement recommendations made. The aim is to continuously improve the work of the supervisory board and its committees.

Compliance

On 10 January 2023, the executive board, external auditor, chairman of the supervisory board and audit committee sat for the regular fraud and corruption risks review meeting. The topics presented and discussed included the assessment of business risks and measures to limit the risks arising from fraud and corruption.

Corporate governance

A detailed description of corporate governance at Südzucker, including the content of the supervisory board's diversity concept for its future composition and the declaration of compliance for 2022 issued by the executive and supervisory boards, can be reviewed in the corporate governance chapter. In addition, all relevant information is available on the Internet at www.suedzuckergroup.com/en/investor-relations/corporate-governance.

The executive board fully complied with its duties as prescribed by law, the company's articles of association and the standard rules of procedure regarding reporting to the supervisory board and did so in a timely manner. The supervisory board is confident that company management is acting properly, and that the company's organizational structure is effective. The same applies to the effectiveness of Südzucker Group's risk management and internal control system. Here too, the supervisory board was updated in detail by the executive board.

Conflicts of interest

The supervisory board was not advised in fiscal 2022/23 of any conflict of interest on the part of any of its members, nor of members of the executive board, especially one that could arise as a result of a consultation or board duty related to customers, suppliers, creditors or other business partners.

Financial statements

The auditors PwC were selected by the shareholders at the ordinary annual general meeting on 14 July 2022 at the recommendation of the supervisory board. PwC has reviewed the financial statements and management report of Südzucker AG for fiscal 2022/23, the consolidated financial statements and management report for 2022/23 and issued a qualified audit opinion on each of them. PwC has audited the group and individual financial statements since the 2003/04 fiscal year. For the first time Stefan Hartwig is the responsible auditor for Südzucker AG at PwC for the 2022/23 financial year.

In view of the declaration by Süddeutsche Zuckerrübenverwertungs-Genossenschaft eG (SZVG), Ochsenfurt, Germany, which states that SZVG holds over 50 % of the voting rights of Südzucker AG in terms of own holdings or minority interests, the executive board has prepared a report on related party transactions in accordance with article 312 of the German Stock Corporation Act (AktG). The auditor reviewed this report and reported its findings in writing. It confirmed that the facts set out in the report are true.

The documents to be audited and the PwC audit reports were sent to each supervisory board member in a timely manner. Representatives of the auditors PwC participated in the audit committee's 15 May 2023 meeting and in the supervisory board's financial review meeting of 24 May 2023 and provided a detailed report on the proceedings and result of the audit of the financial statements and the nonfinancial statement (Limited Assurance). After carefully reviewing the auditor's reports, the supervisory board agreed with the results of the PwC audit. The results of the preliminary review by the audit committee and the results of its own review are in complete agreement with the results of the external audit. The supervisory board raised no objections to the audit reports submitted. In its meeting of 24 May 2023, it endorsed the financial statements for Südzucker AG and consolidated

Südzucker Group financial statements prepared by the executive board. The financial statements of Südzucker AG are thus adopted.

The supervisory board concurs with the executive board's recommendation made on 18 April 2023 regarding the distribution of a dividend in the amount of € 0.70 per share.

Personnel matters

The following changes took place on the supervisory board in fiscal year 2022/23:

The term of office of all supervisory board members ended at the close of the annual general meeting on 14 July 2022. The term of office of the new supervisory board, i.e. the employee representatives elected by the workforce on 3 May 2022 and the shareholder representatives elected by the annual general meeting on 14 July 2022, will run in each case until the close of the annual general meeting which resolves to ratify the board's actions for fiscal 2026/27, i.e. until the annual general meeting in 2027.

There was a change on the shareholder side: Dr. Hans-Jörg Gebhard stepped down from the supervisory board at the end of the annual general meeting on 14 July 2022. Clemens Schaaf from Landsberg (Chairman of Verband Sächsisch-Thüringischer Zuckerrübenanbauer e.V.) was newly elected to the supervisory board.

On the employee side, there was also a change: Franz-Josef Möllenberg left the supervisory board at the end of the annual general meeting on 14 July 2022 after 30 years as deputy chairman. Mustafa Öz from Altdorf (Regional Chairman Bavaria of Gewerkschaft Nahrung-Genuss-Gaststätten) was newly elected to the supervisory board.

At the constituent meeting of the supervisory board on 14 July 2022, Dr. Stefan Streng was elected chairman and Rolf Wiederhold and Erwin Hameseder were elected deputy chairmen of the supervisory board.

Hans-Peter Gai was appointed to the executive board as an additional member (Chief Operating Officer, COO) with effect from 1 November 2022. He succeeds Dr. Thomas Kirchberg, who left the company with effect from 31 August 2022.

The supervisory board would like to express its sincere thanks to the departing members of the supervisory board and the executive board – Dr. Hans-Jörg Gebhard, Franz-Josef Möllenberg and Dr. Thomas Kirchberg – for their many years of service and dedication on behalf of the company. Together with the executive board, the members of the supervisory board would like to pay their respect to those active and former employees and members of the supervisory board of the Südzucker Group who passed away during the year.

The supervisory board thanks the executive board and all employees of Südzucker AG and its affiliated companies for their performance during the year.

Mannheim, 24 May 2023
On behalf of the supervisory board

DR. STEFAN STRENG
CHAIRMAN

SÜDZUCKER SHARES AND CAPITAL MARKET

Capital market environment

Stock market performance during Südzucker's fiscal year 2022/23 was dominated by existing and new global crises. In addition to the subsiding Corona pandemic, the Ukraine war that broke out on 24 February 2022 and the resulting global effects, such as inflation, rising energy prices and supply chain challenges, resulted in massive distortions. For this reason, the highs reached in November 2021 by the US stock market indices Dow Jones and Nasdaq, but also by DAX®, MDAX® and SDAX®, were not matched again in 2022/23.

Due mainly to the significant differences in the energy exposure of individual companies and industrial sectors, corporate earnings and profit forecasts showed very heterogeneous trends globally and regionally in the reporting period. Furthermore, there was considerable uncertainty regarding the direct or indirect impact of the availability and price development of energy and raw materials and the political measures and framework conditions adapting at the same time.

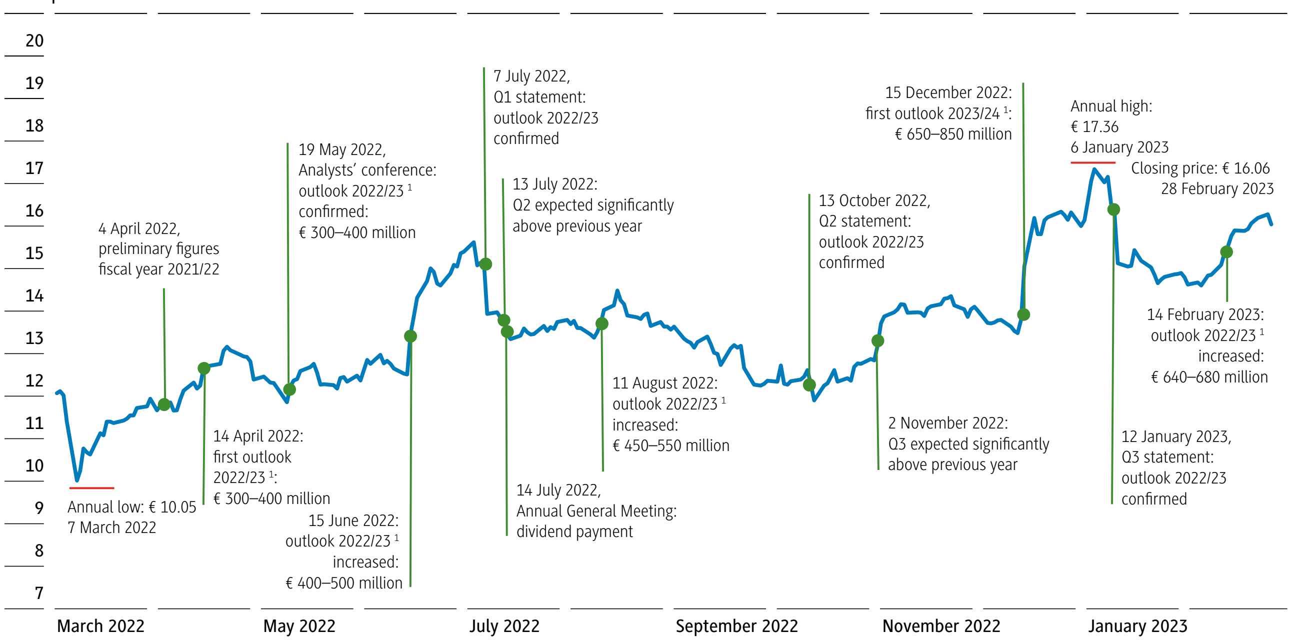
The DAX® was unable to maintain its rating against this backdrop. In addition to lower corporate earnings levels on average, the abandonment of the central banks' low interest rate policy to combat inflation led to a gradual decline in the stock markets' attractiveness compared with the bond markets. Prior to the pandemic-related economic crisis already emerging in early 2020, the U.S. Federal Reserve had cut the key interest rate to just 0.25 % in March 2020. From March 2022, several increases in the key interest rate were made to combat inflation to 4.5 % in February 2023. The European Central Bank subsequently followed this trend with key interest rate increases to 3.00 % in February 2023.

The yield on ten-year government bonds, which had been temporarily positive at the beginning of calendar year 2022, was + 2.64 % at the end of February 2023. The difference in yield between ten-year government bonds and the dividend yield of the DAX® thus narrowed.

The DAX®, MDAX® and SDAX® reached their respective annual lows in parallel on 29 September 2022 and exited trading at the end of February 2023 at 15,365, 28,648 and 13,383 points respectively.

Südzucker's share price performance

1 March 2022 to 28 February 2023



[1] The forecast relates to the expected consolidated group operating result during the respective fiscal year.

DIAGRAM 001

Südzucker share data

		2022/23	2021/22
Market capitalization[1]	€ million	3,278	2,493
Freefloat – market capitalization[1]	€ million	951	723
Number of shares outstanding at € 1[1]	shares	204,107,259	204,158,901
Xetra® closing price[1]	€	16.06	12.21
High for the year (Xetra®)	€	17.36	14.52
Low for the year (Xetra®)	€	10.05	11.83
Average trading volume / day[2]	thousands of shares	539	523
Cumulative trading turnover	€ million	1,894	1,793
Closing rate SDAX®[1]	points	13,383	14,475
Performance Südzucker share (1 March to 28 February)[3]	%	35.5	−4.8
Performance SDAX® (1 March to 28 February)	%	−7.5	−4.2
Dividend[4]	€/share	0.70	0.40
Dividend yield	%	4.4	3.3
Earnings per share	€	1.93	0.32

[1] Balance sheet date.
[2] Total daily trading volume on all German stock exchanges where the share is admitted for trading.
[3] Südzucker total return index, considers share development and dividend distribution.
[4] 2022/23: Proposal.

TABLE 004

Südzucker's share price performance vs. the MDAX® and SDAX®

1 March 2018 to 28 February 2023
Index in %

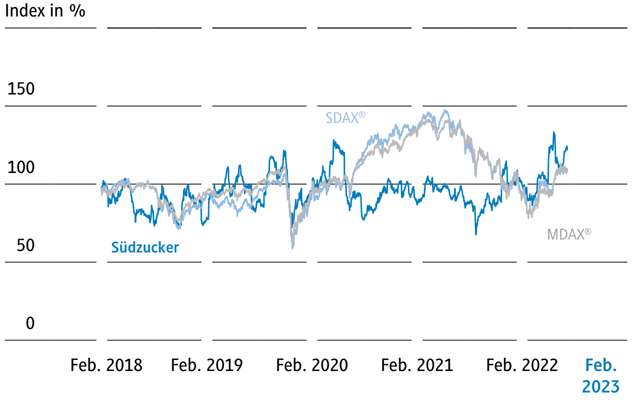


DIAGRAM 002

Südzucker's share price performance

Starting from an opening price of € 12.10 on 1 March 2022, Südzucker share price recorded its low for the year of € 10.05 as early as 7 March 2022 in the wake of the outbreak of the Ukraine war. Later in the year, the share was marked by several forecast increases and, above all, the first forecast for the 2023/24 financial year. The share reached its high for the year of € 17.36 on 6 January 2023. Südzucker's share price closed at € 16.06 at the end of the fiscal year. The increase of +35.47 % significantly exceeded that of the SDAX® of −7.54 %.

Shareholder structure stable

Südzucker AG continued to have two major long-term shareholders. As of 28 February 2023, Süddeutsche Zuckerrübenverwertungsgenossenschaft eG held 60.7 % of Südzucker AG's shares (own shares and fiduciary shares). Zucker Invest GmbH, the second major shareholder representing Austrian shareholders of Raiffeisengruppe, hold 10.3 % of the shares. The free float portion of Südzucker shares, 29.0 %, is held by private investors, investment funds, pension funds and insurance companies mainly in Europe and North America.

Südzucker AG bonds

Bond	Coupon	Volume	ISIN	Listed on
Hybrid Bond 2005 Perpetual NC 10[1]	variable	€ 700 million	XS0222524372	Luxembourg (regulated market)
Bond 2016/2023	1.250 %	€ 300 million	XS1524573752	Luxembourg (regulated market)
Bond 2017/2025	1.000 %	€ 500 million	XS1724873275	Luxembourg (regulated market)
Sustainability-Linked Bond 2022/2027	5.125 %	€ 400 million	XS2550868801	Luxembourg (regulated market)

[1] First issuer call right for Südzucker as of 30 June 2015; subject to Südzucker having issued, within the twelve months preceding the call becoming effective, parity securities and / or junior securities (hybrid capital or shares) under terms and conditions similar to those of the bond (according to § 6 para. 5 and 6 of terms and conditions).

TABLE 005

Rating

Südzucker's clear strategic aim is to maintain and confirm its investment grade rating. The company's conservative financial policies focus on strengthening the balance sheet and earnings indicators.

Südzucker has commissioned Moody's rating agency since 1991 to evaluate and publish its corporate credit profile. In addition, Standard & Poor's (S&P) has evaluated the creditworthiness of the company and its bonds since 2003. Südzucker has always received an investment grade rating, which is a testament to the company's strong creditworthiness, as well as its sustainable cash flow and earnings capacity.

On 26 January 2023, Moody's confirmed the company's corporate and bond rating of Baa3 with a stable outlook. Moody's left the subordinated hybrid bond equity credit rating unchanged at 75 %.

S&P confirmed its long-term corporate rating of BBB– on 18 January 2023 and a stable outlook. The subordinated hybrid bond was recognized at 50 % equity.

Communications with the capital markets

As the corona pandemic subsided, communication with investors, analysts and other market participants increasingly took the form of personal meetings. The executive board and Investor Relations presented and explained the Group's performance in numerous online roadshows and conferences. Südzucker publishes all key information on its website in a timely and transparent manner.

Südzucker share stock market data

ISIN	DE 000 729 700 4
WKN	729 700
Trading places	Xetra®, Frankfurt, Stuttgart, Munich, Hamburg, Berlin, Düsseldorf, Hanover (over-the-counter)
Ticker symbol	SZU
Reuters ticker symbol	SZUG.DE (Xetra®), SZUG.F (Frankfurt)
Bloomberg ticker symbol	SZU (Xetra®)

TABLE 006

CONSOLIDATED MANAGEMENT REPORT

02

ABOUT THE GROUP

Group structure

Südzucker AG, a German stock corporation based in Mannheim, is the parent company of Südzucker Group and also its largest operating company. The consolidated financial statements include the parent company – Südzucker AG – and 142 (134) other entities, of which Südzucker AG is directly or indirectly the majority shareholder. A total of 15 (16) of those entities were accounted for in the consolidated financial statement using the equity method. For additional details about Südzucker's share ownership in other companies, please see the list of shareholdings in accordance with section 313 (2) HGB which is published together with the consolidated financial statements as of 28 February 2023 in the electronic Federal Gazette and separately on the company website.

Südzucker Group comprises five segments: sugar, special products, CropEnergies, starch and fruit. The sugar, special products and fruit segments are subdivided into a total of eight divisions according to product or region. AGRANA Beteiligungs-AG, comprising the sugar, fruit juice concentrates and fruit preparations divisions and the starch segment, is managed as an exchange-listed company; CropEnergies AG is also a stock exchange-listed company.

Corporate departments of Südzucker AG with group functions perform tasks and functions for several segments or divisions or for the entire Südzucker Group. Other subtasks are bundled in financial shared service centers and research activities at several research centers.

SUGAR SEGMENT

3 Divisions

Sugar (Südzucker)
- Sugar, specialty sugar products and co-products,e. g. animal feed
- 16 sugar factories, 1 wheat starch plant

Sugar (AGRANA)
- Sugar, specialty sugar products and co-products, e. g. animal feed
- 7 sugar factories, 1 refinery
- AGRANA-STUDEN, Bosnia-Herzegovina (1 refinery, 50 % joint venture)

Agriculture

Joint ventures

SPECIAL PRODUCTS SEGMENT

3 Divisions

BENEO
- Functional ingredients for food, animal food and pharmaceutical sectors
- 6 production locations

Freiberger
- Frozen and chilled pizza, frozen pasta dishes and snacks, dressings and sauces
- 10 production locations

PortionPack
- Portion packs
- 8 production locations

CROPENERGIES SEGMENT

- One of the leading European manufacturers of sustainably produced ethanol, predominantly for the fuel sector, as well as protein feed
- 4 producion locations

STARCH SEGMENT

- Starch for food and non-food sectors as well as renewable ethanol
- 4 production locations
- Hungrana Kft. (1 Maize starch, isoglucose and ethanol plant, 50 % joint venture)

FRUIT SEGMENT

2 Divisions

AGRANA Fruit
- Fruit preparations for international food companies
- 26 production locations around the world

AUSTRIA JUICE
- Fruit juice concentrates, fruit purees, natural flavors, beverage ingredients and pure juice for the fruit juice industry
- 14 production locations in Europe and China

DIAGRAM 003

Group management

Südzucker AG's executive board independently manages the businesses and is supervised and guided by the supervisory board. The executive board is bound to work in the corporation's interests and is responsible for increasing shareholder value.

The executive board members are jointly responsible for managing the entire company. Individual executive board members bear sole responsibility for the executive board decisions related to the group functions assigned to them. The executive board's rules of procedure outline the details of the board's work.

The Chief Executive Officer (CEO) of Südzucker AG and the Chief Executive Officer of AGRANA Beteiligungs-AG (CEO AGRANA) jointly manage the sugar segment. As part of this joint segment governance, the CEO of Südzucker AG has regional responsibility for the country subsidiaries – with production sites Germany, Belgium, France, Poland and Moldova and distributors of the sugar division (Südzucker) in Greece, Italy, Spain and UK. AGRANA's CEO has regional responsibility for the sugar division's (AGRANA) country subsidiaries in Austria, the Czech Republic, Slovakia, Hungary, Romania, Bulgaria and Bosnia. The AGRANA CEO acting as a member of Südzucker AG's executive board is also responsible for the starch and fruit segments, and the Chief Operating Officer (COO) is responsible for the CropEnergies segment. In addition, the COO jointly heads the special products segment with the Chief Digital Officer (CDO), with the COO being in charge of the Freiberger division and the CDO being in charge of the BENEO and PortionPack divisions.

Südzucker AG's articles of association stipulate that important business transactions are additionally subject to the consent of the supervisory board.

The executive board is responsible for appropriate risk management and internal monitoring at the company. It is also responsible for ensuring that executive management positions are appropriately filled. The executive board is also responsible for ensuring that the company complies with statutory requirements and in-house corporate policies and that group companies adhere to these rules (compliance).

The segment and divisional management organizations also manage the day-to-day operational businesses in compliance with the aforementioned requirements. The company uses a matrix organizational structure, whereby the line functions are supported and advised by central departments, which are authorized to issue directives.

Value based management

The corporation's management focuses on sustainably improving shareholder value. The objective of Südzucker's value-based management system is to generate a higher return on capital employed than the cost of capital in each segment and division and thus create added value for the company's shareholders.

Südzucker uses a consistent groupwide reporting and planning system together with centrally defined key figures. Key performance indicators at group and segment level are sales revenues and operating result and exclusively at group level EBITDA and return on capital employed (ROCE).

When calculating operating result, the result from operations reported in the income statement is adjusted to reflect the results of restructuring and special items as well as companies consolidated at equity. After deducting non-cash depreciation and amortization, EBITDA is the measure of the company's strong operating cash flow capacity. Capital employed comprises the invested items of fixed assets plus acquired goodwill and working capital as of the reporting date. Return on capital employed (ROCE) is the ratio of operating result to capital employed. Südzucker calculates the cost of capital for the operating assets as the average of weighted equity and debt capital. The costs of capital are specified for the segments and divisions by taking into account the respective country and business risks. Currently Südzucker Group's primary indicators for management purposes are the financial performance indicators.

Financing management

Südzucker's growth is financed by a steady, strong cash flow, a stable relationship with the company's various shareholder groups, access to international capital markets and reliable bank relationships. Südzucker's clear strategy is to confirm its investment grade rating. Südzucker operates an optimal mix of financial instruments, taking into consideration terms to maturity and interest rates, including hybrid equity capital, bonds, promissory notes and bank credits. The unique financing requirements during the fiscal year due to the seasonality of the sugar sector (financing beet purchases and inventories) means that securing short-term cash is an important aspect of our financing structure. These short-term financing needs are primarily secured through a commercial paper program in the amount of € 600 million. Südzucker Group has additional liquidity reserves from unused syndicated credit lines and other bilateral bank credit lines. These amounted to € 1.2 (1.4) billion as of the balance sheet date.

The capital structure is managed based on a long-term outlook and focuses on the factors associated with an investment grade rating. The key indicators Südzucker uses to manage its capital structure are the debt factor (ratio of net financial debt to cash flow), debt to equity ratio (net financial debt as a percentage of equity) and the equity ratio (equity as a percentage of total assets).

Additional information on operating result per segment and key indicators related to capital structure are outlined in the "Business report" section. Item 21, "Intangible assets" in the notes to the annual report outlines how the costs of equity are derived. Additional information regarding financing management and details about the financial instruments used are provided in the notes to the financial statements under item 30, "Financial liabilities, securities and cash and cash equivalents (net financial debt)".

Business model

Südzucker's business model involves the use of plants and other raw materials of agricultural origin to develop, produce and market high-quality foods, food ingredients, animal feed, ethanol and other products.

Various technologies are used for the procurement and processing of plant-based raw materials, which are being continuously developed with regard to sustainability and efficiency.

Südzucker Group's product portfolio includes sugar, special sugar products and glucose syrups, functional ingredients, frozen and chilled pizzas, portion pack articles, ethanol, animal feed, starch, as well as fruit preparations and fruit juice concentrates.

The business activities to manufacture and market these products and the related services are allocated to five segments (→ Group structure).

We reliably serve the food, animal feed and petroleum industries as well as consumer markets such as retail and the food service market with our products in a customer-focused approach. In the industrial markets, requirements such as quantity, quality, availability, and price are decisive, while in the consumer markets taste, additional benefits, innovation, and convenience are key factors.

Südzucker operates worldwide with its special products, starch and fruit segments. The sugar and CropEnergies segment's business activities are mainly focused on Europe.

Our raw materials and the markets we serve are globally intertwined and subject to price fluctuations. Südzucker's diversified product portfolio and the various regional markets ensure a balance of risks.

Our business model is based on sustainable operations. We conserve resources when producing our products by using low-emission and energy-efficient technologies and utilize the agricultural raw materials to the fullest extent possible. Numerous production sites are part of rural regions where agriculture is of great importance. European standards for compliance, human rights and working conditions, and adherence to the requirements for healthy, safe food are essential pillars of our business.

Our employees contribute diverse experience, skills, knowledge, personalities and cultures to Südzucker and thus make our company successful.

Group strategy

Market environment

Our market environment continues to be impacted by far-reaching changes in our markets and in society. Present and emerging health trends combined with deliberations regarding sugar consumption in Europe, rising demand for sustainable, plant-based products, the desire for new, climate-friendly technologies and CO_2 reduction and growing demand for food across the globe are changing the needs of our customers.

Moreover, our business is also influenced by megatrends such as the global sugar consumption trend, per capita income, energy demand and animal feed production, as well as volatile and cyclical market conditions.

Going forward, Südzucker Group sees these trends as an opportunity to even better meet the needs of customers and those of society as a whole.

Group Strategy 2026 PLUS

Group Strategy 2026 PLUS will make Südzucker Group even more innovative, customer-focused and consistently aligned to sustainability and profitable growth. Our aim is to be the leading partner for plant-based solutions for a livable, healthy and sustainable world.

The underlying principle common to all our business units is "Get the Power of Plants": through the power of plants, we are further expanding our expertise in nutrition, energy and beyond, and strengthening our company's position.

As a corporate group of companies, we not only grow organically, but also take advantage of acquisition opportunities and innovations through cooperative ventures. In doing so, we are mindful of the requirements and trends in the relevant markets.

Get the Power of Plants

GROUP STRATEGY 2026 PLUS

Our strategy is based on our Purpose, Mission and Vision.

PURPOSE

Our Purpose is to contribute to an enjoyable, healthy, and sustainable world based on the power of plants.

MISSION

Our Mission is to create value from plants – for nutrition, energy and beyond – being the partner of choice for farmers, customers and consumers.

VISION

Our Vision is to become the leading integrated group for plant-based solutions – locally, regionally and globally.

Five strategic fields of action are key elements of our Group Strategy 2026 PLUS

Our employees
Using the skills and passion of our employees to leverage more power from the Group

Sustainability
Committed to sustainable business

Markets and customers
Market and customer access improvement

Plant-based solutions
Expansion of technology- and market-driven value creation from plant-based raw materials

Profitable growth
Growing more profitably and faster than competitors

These strategic fields of action include numerous focus initiatives, which continue to center on the four areas of biobased chemicals, proteins, sustainability and digitalization. Material aspects are the combination of economy and ecology, the extension of the value chain, and the expansion and supplementation of our product portfolio.

Expansion of the biobased chemicals business

One of our key strategic objectives is to ensure our products for the chemical industry play an active role in the transition to renewable carbon from all types of biomass as raw materials. This is one of the reasons why we are focusing on the decarbonization of chemical production, recyclability and the biodegradability of plastics.

In addition to our extensive knowledge of the processes used to produce basic chemical products and biopolymers, Südzucker has large volumes and a wide range of renewable raw materials to choose from as carbon sources, along with industrial facilities for both the biotechnological and chemical-catalytic conversion of carbohydrates and their derivatives or byproducts.

Our goal is to continue to expand this knowledge, which is why we are planning to build a plant at the Zeitz Chemical and Industrial Park to produce renewable ethyl acetate from sustainable ethanol; renewable hydrogen will also be produced as a co-product. The plant should be in operation by the summer of 2025.

Moreover, CropEnergies enabled us to acquire a stake in Syclus B.V., a Dutch start-up specializing in biobased chemicals in Maastricht, the Netherlands. The aim is testing the construction of a large-scale plant for the production of renewable ethylene from renewable ethanol. Ethylene is a basic chemical that is generally produced from fossil oil and gas and is widely used in the chemical industry, particularly for plastics and polymers found in everyday products.

Expansion of the proteins business

Changing dietary habits, climate protection and animal welfare considerations continue to drive demand for plant-based protein products. In this context, Südzucker's focus is on the sales market for plant-based meat and fish alternatives.

By processing agricultural raw materials such as rice and wheat, Südzucker's portfolio has long included protein products. Our goal is to increase the added value of these existing protein sources as well as to develop new protein sources and establish additional businesses for the application of these proteins.

Following the decision to build our own plant in Offstein, Germany, for processing pulses, we continued to progress in this direction with the acquisition of the Dutch company Meatless. Meatless operates a production process that can be used to create texturates based on rice, wheat, field beans, peas, lupins, quinoa and other raw materials. We use these texturates to produce neutral-tasting products that can be frozen or dried and used as a vegetable alternative in fish and meat substitutes.

Development and implementation of the sustainability strategy

Südzucker Group is committed to sustainable business in all areas of the company and its activities. Detailed information on our sustainability roadmap and the sustainability measures set out therein can be found in → sustainability.

Development and implementation of the digitalization strategy

For the Südzucker Group digitalization means ensuring and advancing an adequate, efficient IT infrastructure that digitally connects as many areas of the company as possible while supporting both existing and emerging business models. Networked solutions create a solid foundation for greater resource efficiency, strengthen our position in the competitive environment and make a decisive contribution towards sustainability. The focus is currently on projects related to digitalizing plants, formulating digital solutions in agriculture and using modern technologies that contribute to the Südzucker Group's sustainability goals.

We are also expanding end-to-end data integration as the ability to leverage data from many different areas becomes increasingly important. Today's businesses rely on digital backbones to be able to collect data from their own production plants and from anywhere along the entire value chain. They also use them to gain valuable insight on how to make processes safer and more efficient.

What's more, changes in farming and efforts to track our carbon footprint require far-reaching solutions in the agriculture segment. beet2go is a mobile application that fully visualizes and digitalizes the entire process from 'contract to yield'. It is widely accepted and has benefited from numerous updates and enhancements.

The Südzucker Group collaborates closely with strategic technology partners and start-ups to effectively implement digital plans in practical applications and leverage the added value of innovative technologies in all areas of the company. Another cornerstone of this strategy is ensuring our employees receive training on the topic of digitalization and strengthening their knowledge of the opportunities and requirements of digital business.

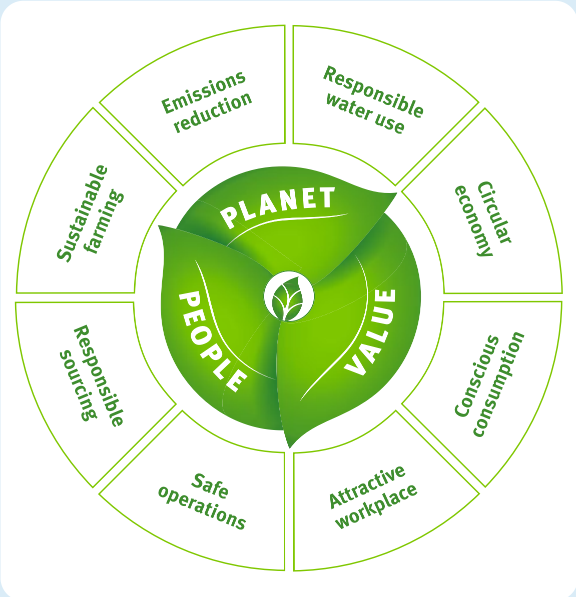
Divisions' strategies

Südzucker Group Strategy 2026 PLUS and the divisional strategies both complement and reinforce each other. We report directly on the respective divisional strategies in the corresponding segments.

Sustainability

Sustainability strategy

Sustainability is closely linked with our company's purpose – to contribute to an enjoyable, healthy and sustainable world based on the power of plants. This is why the advancement and implementation of our "Growing in Balance" sustainability strategy is one of the four focus areas in the 2026 PLUS group strategy.



With our operating activities we have direct influence on and therefore a special responsibility for the people around us ("People"), protecting and restoring our environment ("Planet") and high-quality, innovative products and services as the basis for our economic success ("Value"). To meet this responsibility, we are working on eight impact areas as part of our group-wide sustainability program, including emissions reduction, responsible water use, circular economy, conscious consumption, attractive workplace, safe operations, responsible sourcing and sustainable farming. For each of the areas, group-wide targets and specific measures for achieving these targets will be defined.

Since commitment from all our employees is key to implementing the sustainability program, we believe it is essential to provide regular communications on the subject of sustainability tailored to the specific target audiences. We also conduct training courses and workshops on selected sustainability topics to improve internal knowledge in this area.

In fiscal year 2022/23, the content of the sustainability program was further developed and human rights issues were further anchored in the company's organization and processes.

We are especially proud of the validation of our emissions reduction targets by the Science Based Targets initiative (SBTi) in February 2023, just one year after we joined. Südzucker Group is thus the first European sugar producer with validated emission reduction targets (Scope 1 and 2) in line with the 1.5 degree target.

We underlined our commitment to sustainability with the successful placement of the first sustainability-linked financing instrument in the company's history in October 2022. We also managed to improve selected ESG ratings (→ Sustainability rating).

The achievement of selected sustainability targets has been an integral part of the executive board compensation system since the 2021/22 fiscal year.

growing in balance

OUR COMMITMENT TO A SUSTAINABLE WORLD.

For us at the Südzucker Group, "Growing in Balance" means harnessing the passion and expertise of all of our employees in their diverse roles to create value that is in harmony with people and the planet. In everything we do, we aim to strike a balance between economic, ecological and social issues, as well as the various expectations of our stakeholders, which we proactively include. Together, we can help create a future worth living in.

Sustainability management organization

In order to ensure the proper execution of sustainability throughout the group, we have established a target-oriented organization. Overall responsibility for sustainability rests with the executive board, represented by the Chief Operating Officer (COO) to ensure that sustainability, including climate-related issues, is appropriately considered in strategic corporate decisions.

The sustainability board is responsible for implementing the groupwide sustainability strategy and monitoring the sustainability activities of Südzucker Group on behalf of the executive board. The sustainability board also supports the executive board's efforts to further enhance the group's sustainability strategy and is responsible, among other things, for assessing climate-related risks and opportunities. It is comprised of division heads and selected corporate functions and is chaired by the COO.

The corporate function sustainability reports directly to the COO and is responsible for managing the groupwide sustainability program, including the sustainability targets and reports. The corporate function sustainability also defines the strategic direction within Südzucker Group and coordinates the sustainability activities at the operational and divisional level.

At the divisional level, sustainability managers are responsible in their respective departments for implementing the corporate strategic direction policy and the groupwide sustainability targets.

The corporate function sustainability and the divisional sustainability managers form the sustainability team, whose purpose is to establish a forum for cooperation, knowledge exchange and reaching consensus. The team meets every month as well as ad hoc.

The committee for strategy and sustainability at the supervisory board level deals especially with sustainability issues surrounding the principles of corporate management-driven ecological and social sustainability and associated key projects.

The corporate human rights committee was set up in 2022 to coordinate issues relating to human rights and environmental due diligence within Südzucker Group (→ Respect for human rights).

Sustainability management organization

DIAGRAM 004

Stakeholders

Diagram 005 displays the stakeholder groups and communications method we consider relevant or important. The stakeholder groups surveyed are the same as in previous years. The Corona pandemic continued to define the framework conditions for the types of dialogue in 2022/23. Further information on stakeholder groups and communications methods can be found in the respective sections of this report (→ Shares, Environment, Employees, Society, Research and development).

Stakeholder groups and communications methods

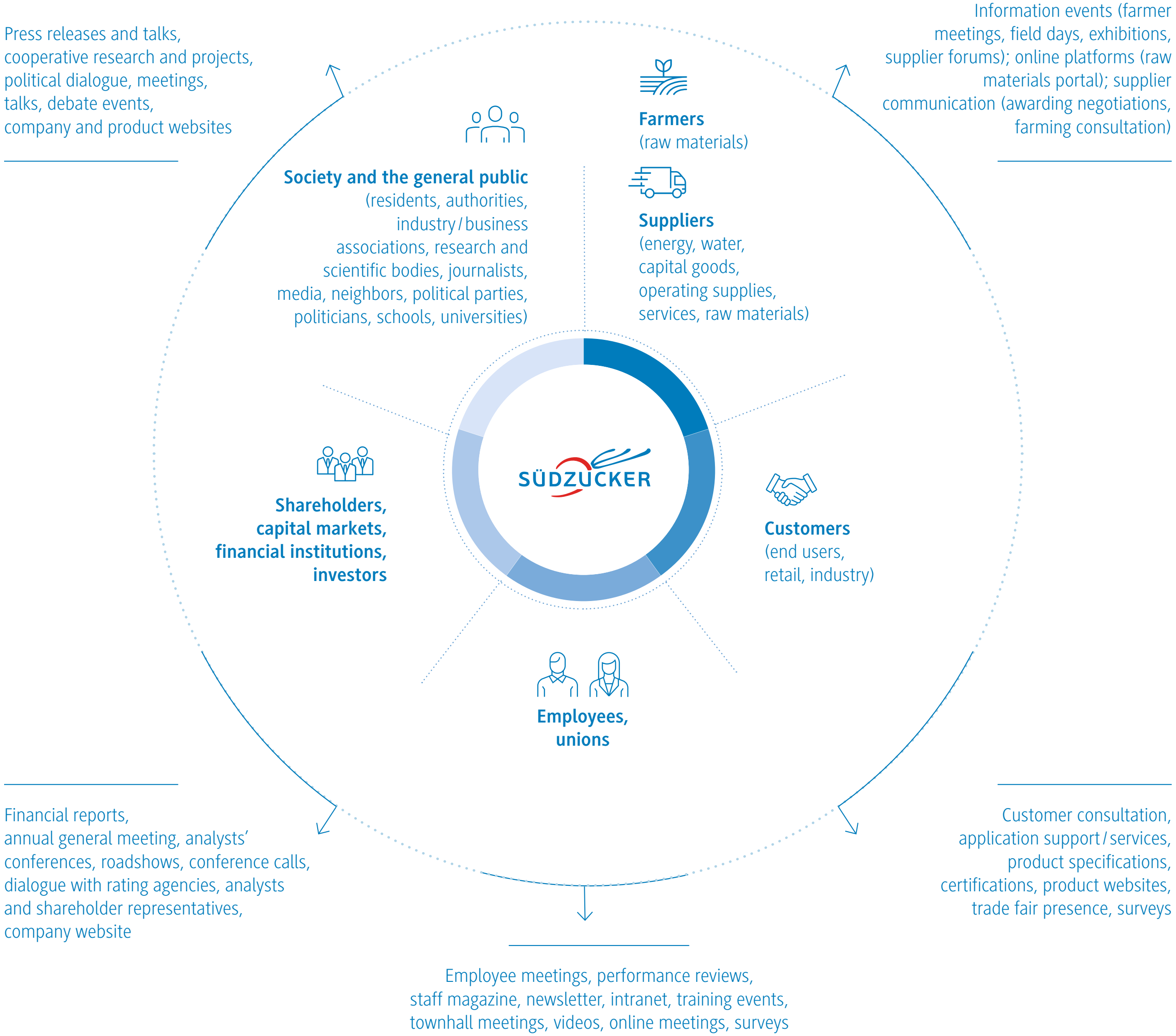


DIAGRAM 005

Materiality analysis

The materiality analysis combines the external stakeholders' assessments with Südzucker's own evaluations. The internal estimation of relevance incorporates the economic, environmental and social impact of Südzucker Group's business activities.

Following the introduction of sustainability reporting in recent years, different stakeholder groups have been included in the materiality analysis process and asked to rate the degree of importance of issues relating to various sustainability aspects (environmental concerns, employee concerns, social concerns, human rights and bribes and corruption prevention). The stakeholder groups surveyed most recently included Südzucker Group employees, beet suppliers, customers, financial institutions and representatives of the major shareholders. The results of all surveys have been incorporated into the following materiality matrix. The topics were reviewed in the reporting year and found to remain relevant.

The relevance of all categories within the materiality matrix is considered high or very high. The individual topics are assigned to the corresponding sustainability aspects. Reporting, the respective guidelines and management approaches are integrated into the management report (→ Table 007). A detailed summary is provided in the non-financial declaration chapter.

Evaluation of the relevance of sustainability issues

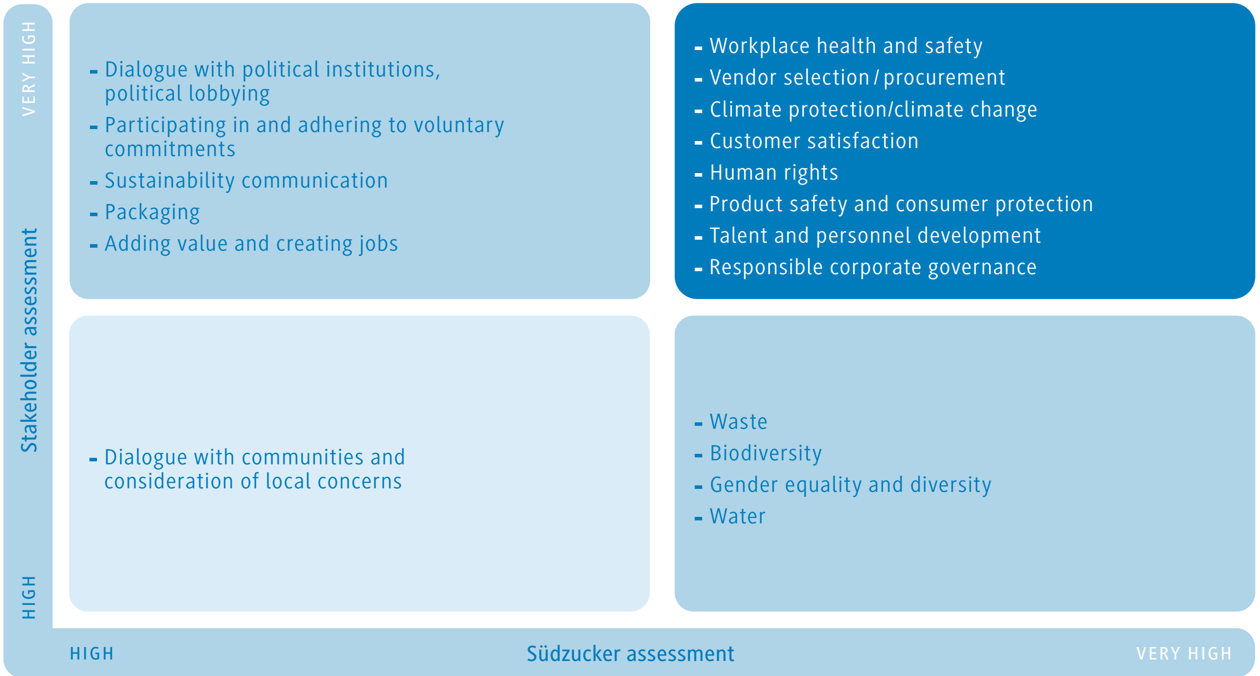


DIAGRAM 006

Summary of aspects subject to mandatory reporting

Sustainability aspects (content of the non-financial declaration)	Management report chapter / section
Environmental issues	Environment, energy and climate
Employee issues	Employees
Social issues	Employees; Society
Human rights	Employees; Society
Bribery and corruption control	Corporate management and responsibility / compliance

TABLE 007

Key sustainability-oriented initiatives and organizations

Südzucker Group is member in the key sustainability-oriented initiatives and organizations (→ Table 008).

Sustainability rating

In addition to financial ratings, sustainability ratings are becoming increasingly important for capital market participants. Südzucker is in regular contact with selected rating agencies.

Südzucker Group has participated in the EcoVadis sustainability evaluation system since 2013. EcoVadis is an initiative that evaluates companies with respect to their acceptance of social responsibility. In the current EcoVadis rating, Südzucker Group was able to improve on last year's scoring result and once again achieve the silver medal. Südzucker Group was thus among the top 13 % of companies evaluated in the food industry. Improvements were achieved particularly in the areas of environment, employee and human rights, and sustainable procurement. Südzucker was awarded leader status in the "carbon management" area.

Südzucker Group has also participated in the CDP (formerly Carbon Disclosure Project) since 2020 to emphasize its own ambitions to reduce CO_2 emissions. CDP is a global non-profit organization that operates a worldwide system for disclosing environmental data and evaluates the measures taken by companies to combat climate change, among other things. In the reporting year, the rating was improved from D to B.

Key sustainability-oriented initiatives and organizations

Organization	Registered Office	Member	Since	Objective
CDP	London, UK	Südzucker AG	2020	Improve transparency on GHG emissions, climate risks, and reduction strategies of companies and municipalities
Charta der Vielfalt e. V.	Berlin, Germany	Südzucker AG	2008	Promotion of the recognition, appreciation and integration of diversity into Germany's business culture
EcoVadis SAS	Paris, France	Südzucker AG [1]	2013	Supplier assessment considering various aspects of corporate social responsibility
Fairtrade Deutschland / Transfair e. V.	Cologne, Germany	Südzucker AG	2006	Promotion of fair trade
SAI – Sustainable Agriculture Initiative Platform	Geneva, Switzerland	Südzucker AG [1]	2014	Promotion of sustainable agricultural practice
Science Based Targets initiative	New York, USA	Südzucker AG [1]	2022	Define and promote best practices for achieving science-based climate goals
Sedex Information Exchange Limited	London, UK	Südzucker AG [1]	2009	Promotion of good social and environmental practice in the value chain
United Nations Global Compact	New York, USA	Südzucker AG [1]	2022	Promotion of actions to implement the Sustainable Development Goals for a sustainable and inclusive global economy

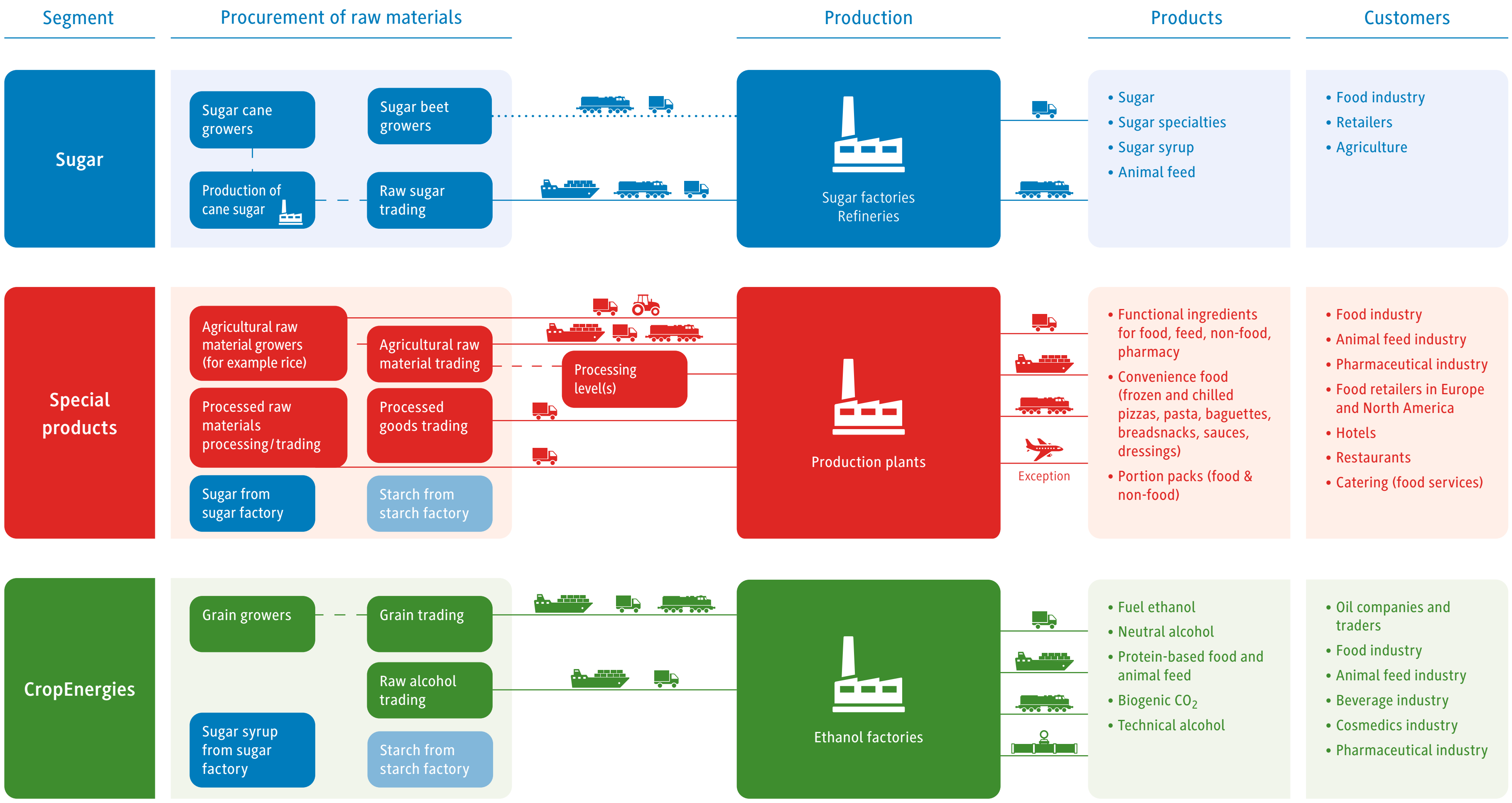
[1] More than one entity of Südzucker Group endorses this initiative.

TABLE 008

Sustainable Development Goals (SDGs)

Südzucker endorses the Sustainable Development Goals of the United Nations, establishing a framework for sustainable economic, ecological and social management. Our focus is on those Sustainable Development Goals that are substantially influenced by our business model and where we can actually bring about change. Südzucker is a member of the Global Compact, the world's largest initiative for sustainable and responsible corporate management. By joining, we have committed to integrating universal sustainability principles into our daily activities and significantly promoting the Sustainable Development Goals.

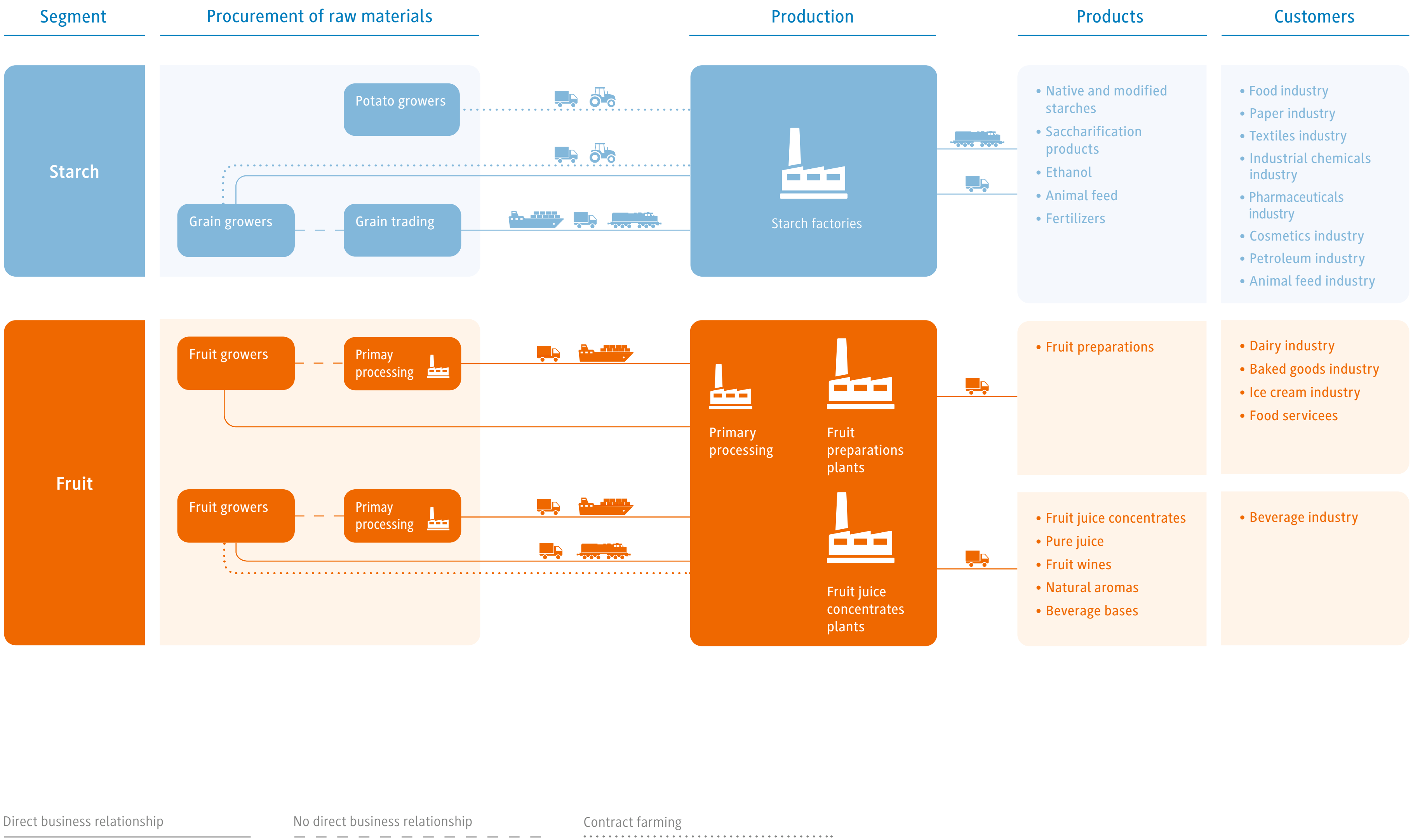
The value chain of Südzucker Group



Direct business relationship

No direct business relationship

Contract farming


Segment
Procurement of raw materials
Production
Products
Customers
Starch
Potato growers
Grain growers
Grain trading
Starch factories
• Native and modified starches
• Saccharification products
• Ethanol
• Animal feed
• Fertilizers
• Food industry
• Paper industry
• Textiles industry
• Industrial chemicals industry
• Pharmaceuticals industry
• Cosmetics industry
• Petroleum industry
• Animal feed industry
Fruit
Fruit growers
Primay processing
Fruit growers
Primay processing
Primary processing
Fruit preparations plants
Fruit juice concentrates plants
• Fruit preparations
• Dairy industry
• Baked goods industry
• Ice cream industry
• Food servicees
• Fruit juice concentrates
• Pure juice
• Fruit wines
• Natural aromas
• Beverage bases
• Beverage industry
Direct business relationship
No direct business relationship
Contract farming

ENVIRONMENT, ENERGY AND CLIMATE

We are committed to conducting business sustainably and aim to minimize any possible negative impact of our business activities on the environment.

Management policy

Südzucker Group's environmental, energy, climate and occupational health and safety policies are committed to reducing the resource requirements and environmental impact of business activities and continuously improving the energy efficiency of production processes. This includes:

- complying with all statutory and internal rules and regulations
- continuously reviewing and optimizing all plant designs, production processes and associated supply chains
- ensuring that management establishes strategic and operational targets and programs
- systematically measuring target achievement and evaluating the effectiveness of the established programs
- ensuring that management provides the necessary resources and information required to execute the programs and achieve the planned targets.

Südzucker AG's ISO 9001 system facilitates implementation. The corporate climate, environment, health & safety department specifies processes and responsibilities, which are documented in the management system and regularly reviewed internally and externally to determine their effectiveness. Furthermore, Südzucker Group companies rely on the following additional certified management systems for operational environmental, energy and climate management:

- ISO 50001 energy management system: German and Austrian production plants of Südzucker, AGRANA, BENEO, Freiberger and CropEnergies; sugar production plants in France, Poland, Slovakia, the Czech Republic and Hungary, the remaining fruit juice concentrates division locations in the EU and Freiberger's factory in the UK.
- ESOS – Energy Savings Opportunity Scheme: CropEnergies Wilton, UK
- EN 16247-1 and -3: CropEnergies, Loon-Plage, France
- "Les accords de branche de seconde génération": Production locations of BENEO, CropEnergies and Raffinerie Tirlemontoise in Belgium

Specialist stuff work with the respective plant managers to regularly monitor compliance with legal requirements. Appropriate training and instruction is provided on a regular basis.

We benchmark our production processes in order to set targets for the continuous reduction of their negative impact on the environment. In addition, targets and measures are set at plant level and adjusted in line with internal and external requirements.

Climate protection

Climate strategy

The groupwide climate strategy is an integral part of our long-term business strategy. Our approach is consistent with the Paris Agreement on climate protection and the targets of the European Green Deal and aligns with national climate legislation requirements. The overall goal is to achieve climate neutrality by 2050 at the latest in line with the EU's Green Deal.

Our path toward climate neutrality includes not only actions associated with climate neutral production, but also minimizing CO_2 emissions in our supply chains and provisioning climate friendly biomass-based products for the non-food sector (→ Table 009).

Climate-neutral production

With regard to Scope 1 and 2 emissions, we are addressing three issues. Our primary aim is to boost energy efficiency, followed by projects to reduce Scope 1 and / or Scope 2 CO_2 emissions. A major contribution here will come from phasing out coal step-by-step by 2032 and gradually converting to renewable fuels. In addition, we prepared a groupwide roadmap to obtain electrical energy from renewable sources.

A comprehensive analysis was conducted of the individual segments' and divisions' production sites in the 2021/22 financial year. It successively identified production plants in which pioneering technologies will be implemented to significantly reduce CO_2 emissions. We review this list of measures annually and update it as necessary. In the medium-term, this includes using biogas, biomass and hydrogen, as well as electrification. Here we are taking advantage of our close ties to agriculture. Ultimately, selecting the climate neutrality path will depend on the policy framework in the respective country and the technical requirements at each site. The projects needed to reach the emission reduction targets that we identify in the various divisions are sequentially included in the company's investment plans.

A fundamental prerequisite for converting from fossil-based products to products from renewable sources is a suitable political and economic framework.

Südzucker Group's emission reduction targets validated by Science Based Targets initiative (SBTi)

In February 2022, Südzucker Group joined the Science Based Targets initiative (SBTi) and thus made a demonstrable commitment to reduce its own greenhouse gas (GHG) emissions in line with the latest climate science findings.

In February 2023, our GHG emission reduction targets were declared scientifically sound and in line with the Paris Agreement. Südzucker Group has committed to reducing absolute GHG emissions from its own business operations (Scope 1) and from the purchase of energy (Scope 2) by 50.4 % by 2030 – based on 3.7 million tonnes of CO_2 in the base year 2018 used for comparison. Südzucker Group is thus the first European sugar producer with validated emission reduction targets (Scope 1 and 2) in line with the 1.5 degree target.

Südzucker has also set a group reduction target for indirect GHG emissions in its value chain (Scope 3). In line with SBTi criteria, we aim to reduce these emissions by at least 30 % by 2030 compared to the base year 2018.

We are currently working on the implementation of the SBTi's new requirements for companies and products in the forest, land and agriculture (FLAG) sector, which will result in further targets for us.

We are building on the experience gained from projects already implemented, such as the biomass power plant at the Wanze site in Belgium and the biogas plants in the sugar segment.

Based on the 2022 assumptions, we plan to invest around € 600 million in the period from 2022 to 2030 to achieve our climate target for Scope 1 and 2 emissions.

Supply chain decarbonization

A further lever to implement our target for climate neutrality 2050 will consist of taking steps to decarbonize our supply chains (Scope 3 emissions). They comprise all other indirect emissions generated by the production and transportation of purchased raw materials and goods, as well as the distribution and use of the products.

Our action items to achieve climate neutrality

Action areas	Action plans
Climate neutral production (CO_2 emissions Scope 1 and 2)	• **Improve energy efficiency** • **Reduce CO_2 emissions Scope 1** – Continuation of the coal phase-out by no later than 2032 – Fuel substitution (natural gas instead of coal or heating oils) – Use renewable fuels (biogas, biomass, hydrogen) – (partially) electrify process heat generation • **Reduce CO_2 emissions Scope 2** – Obtain electricity from renewable / non-fossil sources
Supply chain decarbonization (CO_2 emissions Scope 3)	• **Reduce CO_2 emissions from agricultural raw material production** • **Reduce CO_2 emissions from raw material and product transportation**
Produce biomass-based products for the non-food sector (replace fossil-based products)	• Produce **bioenergy** • Produce intermediate products for **biobased plastics and / or biobased chemicals production** • Conduct **research and development** to further enhance technologies for producing biobased products • Produce **biobased chemicals**

TABLE 009

Emissions calculations in the upstream and downstream parts of the value-added chain are subject to significant uncertainty, particularly when it comes to agricultural activities. This is due to the methodology on the one hand and on the other, the limited availability of data on emissions from cultivation. Subject to these limitations, our Scope 3 emissions in 2018 were about 9.4 million tonnes of CO_2eq[1]. In other words, almost three quarters of Südzucker Group's total emissions comprise emissions in the upstream and downstream parts of the value chain, over which Südzucker has no direct control.

Diagram 007 shows how the total emissions of 13.1 million t CO_2eq are distributed among Scope 1, 2 and 3.

As anticipated, the most significant emissions in the value chain (Scope 3) came with around 76 % from the cultivation and procurement of agricultural raw materials and the purchase of other goods and services (Category 1). About 55 % of all Scope 3 emissions in Category 1 related to the agricultural raw materials sugar beets, wheat, corn and dairy products. In order to achieve our Scope 3 targets, it is thus essential for us to work hand-in-hand with our raw material suppliers.

Composition of Südzucker Group's Corporate Carbon Footprint for base year 2018

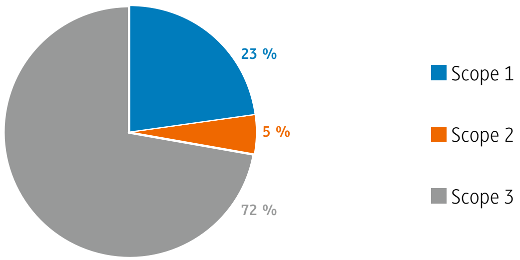


DIAGRAM 007

[1] Correction due to a double counting in the starch segment.

We continued our Carbon Farming Project for sugar beets and chicory (→ Carbon Farming Project). Furthermore, we are committed to harmonizing the methodological approaches for assessing Scope 3 emissions of the processed agricultural raw materials in the food sector and are actively working on establishing an appropriate methodology as part of the business associations' work.

Provide biomass-based products for the non-food sector

We aim to expand our product portfolio to include biomass-based products to exploit the opportunities arising from the transition to a climate-neutral economy (→ Research and development).

Energy use and emissions from our production plants in the 2022/23 financial year

Since many of our manufacturing processes are very energy intensive, we have already focused on improving energy efficiency and thereby reducing greenhouse gas emissions for many years. In fiscal 2022/23, Südzucker underscored again its intent to further reduce emissions when it participated in the CDP (formerly Carbon Disclosure Project) and in the SBTi.

We report energy use and emissions (Scope 1 from direct energy use and / or direct emissions and Scope 2 from indirect energy use and / or indirect emissions). These are parameters we can directly control. The emissions are calculated in accordance with the Greenhouse Gas Protocol.

In fiscal 2022/23, energy consumption remained at the previous year's level of 49.7 (49.8) GJ despite the slightly higher volume of raw materials processed. At 3.0 million tonnes of CO_2, absolute Scope 1 and 2 emissions also were on a par with preceding years. The share of renewable energies in the energy mix improved by about 3 % compared with the previous year, mainly driven by a larger amount of electrical energy from renewable sources.

Südzucker successfully issued its first bond under the new Sustainability-Linked Financing Framework with a volume of € 400 million in October 2022. With the sustainability linked bond format, Südzucker is committed to the sustainability target anchored in its 2026 PLUS strategy and has pledged to reduce Südzucker Group's CO_2 emissions (Scope 1 + 2) (key performance indicator) by – 32 % as of the observation date of 31 December 2026 compared to the historical reference date of 31 December 2018. CO_2 emissions (Scope 1 + 2) in 2022 totaling 3.0 million tonnes could be reduced by about 20 % compared to the base year 2018 with CO_2 emissions (Scope 1 + 2) totaling 3.7 million tonnes of CO_2. More information on the Sustainability-Linked Financing Framework can be found on Südzucker's website at www.suedzuckergroup.com/en/investor-relations/bonds.

Implemented and ongoing programs to boost energy efficiency and cut emissions:

- We operate biogas plants at the sugar factories in Strzelin, Poland, Kaposvár, Hungary and Drochia, Moldova, which generate renewable energy from biomass – primarily fresh or fermented beet pellets or beet pellet silage – and partially feed it into the public grid. In addition, many sites generate biogas in anaerobic wastewater treatment plants and use it to reduce the demand for fossil fuels.
- A biomass boiler at the Pemuco, Chile site generates steam and electricity mainly from forestry and wood processing waste.

- Combined heat and power (CHP) plants in the sugar segment to cut emissions.
- Use waste heat to operate low-temperature drying systems at seven locations.
- Waste heat is used to heat the wastewater treatment plant at the Offstein factory, Germany.
- Generation of electrical energy from hydropower at the Offenau location, Germany.

In 2022, the following measures in particular were implemented:

- Construction of biomass power plant in Wanze, Belgium, to generate thermal and electric process energy from wood instead of natural gas (commissioning planned for 2023).
- Reduction in use of coal at the Tienen location, Belgium, to about 30 % compared to 2018.
- Switch to electric power from renewable sources at additional locations.
- Replacement of existing equipment with highly energy-efficient units.

Due to the variety of products we make, our manufacturing processes are very diverse and thus have different energy needs; however, overall, most require heat as a process input.

Südzucker has its own generating facilities to cover most of its thermal requirements. Its electric power needs are covered both by drawing from the grid as well as highly efficient in-house cogeneration plants. Natural gas is the main fuel.

Supply chain emissions in the 2022/23 financial year

In fiscal 2021/22, we have started to systematically measure the emissions of our supply chain (Scope 3 emissions) (→ Climate strategy). In the financial year 2023/24, we aim to determine the emissions for the reporting year 2022/23 in accordance with the requirements of SBTi's new FLAG directive in order to update the picture of Südzucker Group's impacts related to emissions and to identify further emission reduction measures.

Carbon farming projekt

The agricultural sector will also have to cut its emissions to comply with the climate policy directives. Concurrently, CO_2 must be increasingly sequestered in the soil and the release of CO_2 stored in the soil must be avoided.

In 2022, we provided the first pilot plant greenhouse gas balances in Germany and Belgium. We used the Cool Farm Tool to collect standardized greenhouse gas data. Primary data is to be collected in order to replace the emission factors for agricultural raw materials taken from international databases used to calculate our Scope 3 emissions in the future.

We also want to find out which agricultural practices are assessed by a common CO_2 accounting system and to what extent, and which are the most effective and feasible for sequestering carbon or reducing CO_2 emissions when growing sugar beet and chicory. This gives us a good basis for best practices that we can use to support other farmers in climate-optimized production as part of our cultivation consulting services.

We will moreover use the data obtained for our Scope 3 emissions reduction roadmap.

Energy use (direct and indirect) at Südzucker Group

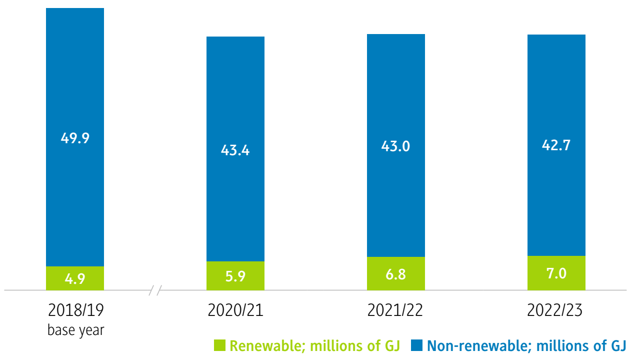


DIAGRAM 008

CO_2 emissions (Scope 1 and 2) at Südzucker Group

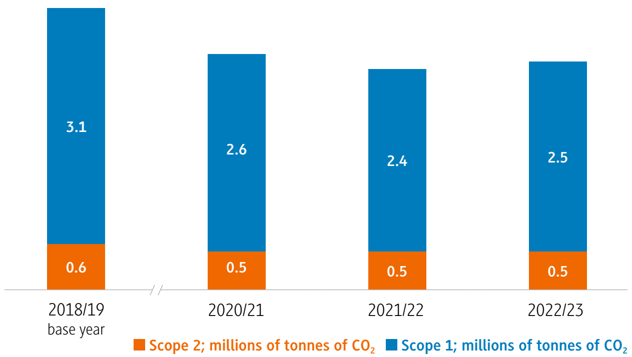


DIAGRAM 009

We record the lifecycle emissions as well as primary emissions from the products made by our sugar factories and ethanol plants using product carbon footprint analyses. For example, we conducted a life cycle analysis for our organic beet sugar.

Adapting to climate change

In fiscal 2022/23 we conducted a climate change scenario analysis for a nearly 100 production locations in the Südzucker Group. The aim of the survey was to determine the climate risk for each location. The SSP1-2.6 and SSP5-8.5 scenarios recommended by the Intergovernmental Panel on Climate Change (IPCC) were used; current conditions were considered along with both an optimistic and a pessimistic scenario through to 2040 and 2060 for each. The analysis is based on the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) in the relevant areas.

Climate hazards were selected based on EU Taxonomy requirements and expert opinions. The following hazards were classified as relevant for the Südzucker Group: heat waves, tornadoes / storms, forest fires and wildfires, droughts, water shortages, floods and rising sea levels. In a second step, standardized questionnaires were used to assess the exposure of production locations and the potential impact on production processes – triggered by the various hazards. The potential physical climate risk of a location was assessed based on this information.

The next steps were derived on the basis of this initial analysis. Furthermore, we also aim to start analysis for physical climate risks along our value chains in the 2023/24 fiscal year.

Sustainable use and protection of water resources

Water in the upstream value added chain

The sugar beets and wheat Südzucker mainly processes are planted in temperate climates and most fields do not require watering. Sugar beets and corn also need very little water for cultivation.

Limited data availability and reliability in the international procurement sector mean that key figures on water use in the production of agricultural raw materials have not yet been reported.

Südzucker understands the increasing importance of water availability and quality requirements from a climate change perspective and will conduct a climate change scenario analysis for the value chains in fiscal 2023/24 (→Adapting to climate change).

Water withdrawal and water use

Water is one of the resources we need for the production processes in our plants. Since it is – globally speaking – the most important resource, we aim to reduce the freshwater requirements of our factories – especially in areas with water stress – or to switch to alternative sources. Instead of drinking water or groundwater, for example, we use rainwater, river water or wastewater.

We are able to largely cover freshwater requirements at our sugar factories and fruit juice concentration production plants by using the water contained in the raw materials themselves: sugar beets consist of 75 % water and apples about 85 %.

Water withdrawal to cover the remaining freshwater requirements varies according to local water availability.

At some locations we operate once through cooling systems. More than 50 % of the water extracted is used exclusively for this purpose. This water is only used for cooling processes and then fed directly back to the receiving streams.

Water drainage

Südzucker Group operates biological industrial wastewater treatment plants – both aerobic and anaerobic – at numerous production locations. The biogas produced in the anaerobic plants is used to generate energy. The treated water is discharged into neighboring rivers. We deliver excess process water at some locations, which can be used for irrigation or fertilization. In doing so, we comply with the requirements for wastewater discharge or discharge for irrigation or fertilization specified by the relevant approval authority.

The remaining wastewater volume flows into municipal or third-party wastewater treatment plants used to ensure environmentally friendly wastewater management.

Water balance

Strictly speaking, the difference between the water withdrawn (surface water, groundwater and drinking water from the public supply) and the wastewater discharged delivered for irrigation or fertilization purposes cannot really be defined as water consumption, since it continues to be part of the natural water cycle. In fact, the water is released in the atmosphere; for example, by cooling or drying processes, or is contained in the final product itself. The following table outlines the water balance at Südzucker Group's production plants:

Our water balance of –7.4 million m³ indicates that the discharge of water at company level is much higher than the withdrawal of water, as a great deal of water is supplied via the raw materials processed at our sites, such as sugar beet, chicory roots and apples.

Surface water withdrawals increased by 1.1 million m³ compared with the previous year. The reason is mainly a higher volume of processed raw materials. Groundwater withdrawals remained almost unchanged from the previous year. The volume of water purchased from water suppliers increased by 1.3 million m³ compared with the previous year.

Difference between water withdrawal and water discharge/ producation locations water balance within the Group

Million m³	2019/20	2020/21	2021/22	2022/23
Surface water	27.8	27.2	28.2	29.3
Groundwater	12.8	12.7	12.1	12.6
Water supplier	3.7	3.6	3.8	5.1
Water withdrawal	**44.3**	**43.5**	**44.1**	**46.9**
Water discharge	**54.8**	**54.5**	**54.5**	**54.3**
Water balance	**−10.5**	**−11.0**	**−10.4**	**−7.4**

TABLE 010

Water balance in regions with water stress

In fiscal 2022/23, a total of 28 plants (GRI reporting boundaries) were located in areas with high or very high water stress according to the definition of the Aqueduct Water Risk Atlas – the majority of them in the globally active fruit segment. The water balance in areas with water stress is similarly high compared to the previous year at −2.3 million m³. This means that the volume of water discharged in the water stressed areas was also significantly higher than the volume withdrawn.

Water storage

Normally, the water withdrawn at the production locations is directly discharged after being used in the production process, without any intermediate storage. The water design concept is based upon pond management, especially in connection with the sugar factories, so there is a delay before the water is discharged. As a result, there are positive aspects from a water management perspective; for example, in addition to being able to supply water to third parties when water is scarce, the flow rate to the receiving streams is held constant. The cooperative project to build water fields in Tienen, launched by Raffinerie Tirlemontoise and others together with the Flemish government and a water company in April 2022, provides one example. Here, the aim is to treat the water from the beets produced in sugar production to generate drinking and irrigation water.

Circular economy

Utilization of raw materials

Every year we procure over 30 million tonnes of renewable agricultural raw materials such as sugar beets, grains, chicory and fruit. Our goal is to process them into high-quality products for the food and non-food sectors. For us, this also includes marketing secondary streams such as molasses, sugar beet pellets, gluten, protein-rich animal feed, flavorings, carbocalk and biogenic carbon dioxide. On the one hand, they make a significant contribution to the financial success of the company. On the other hand, the optimal use of raw materials promotes the circular economy.

We use synergy effects to operate our production plants – especially at the interconnected sites where we operate multiple industrial plants. In Zeitz and Pischelsdorf, for example, secondary streams from the wheat starch plants are valorized by processing them into ethanol in the ethanol plants.

We rely on innovation to further develop our product streams. One key component is the close collaboration with start-ups in the areas of food products and the circular economy. Südzucker joined the EIT Food Accelerator Network in 2022. The Südzucker Group's Open Innovation Team received the 2022 EIT Food Corporate Startup Award in fall 2022. Moreover, "Mission KickStart!" is an internal program that was launched to accelerate collaboration with startups.

We intend to expand our portfolio in particular in the area of biomass-based products for the non-food sector as a substitute for fossil-based products. To achieve this, we conduct comprehensive research to enhance biofuel production and develop biomass-based products – for example, from sugar, starch, ethanol or carbon dioxide – which can be marketed as substitutes for fossil-based products (→ Research and development).

In addition to expanding the potential uses of side streams and thus minimizing waste, we consider the avoidance of packaging as an important aspect of a circular economy (→ Avoiding and reducing environmental pollution).

Soil adhesion

Our aim is to remove the soil that adheres to beets prior to delivery, ideally from every sugar beet, chicory and potatoes because it positively impacts both transportation volumes and wastewater processing and treatment. Despite our best efforts, some soil still enters the factory. This soil is washed off and returned to the material cycle (for example after sedimentation in soil holding ponds is returned to the field as high-grade soil to maintain soil fertility).

Depending on weather conditions and soil composition, the volume of soil adhering to the raw material varies. In fiscal year 2022/23, the proportion was 0.06 tonnes of soil/tonnes of raw material.

Avoiding and reducing environmental pollution

Waste

Virtually all the raw materials used by Südzucker Group are processed into high-quality products. The total amount of waste is therefore very low in relation to the raw materials processed. Most of the waste is recycled, composted or used for energy. In terms of the quantity of raw materials processed, only 1.4 (2.0) kg of waste per tonne of raw material or 0.14 (0.20) % were generated in the 2022/23 financial year that are not recycled, composted or used for energy. This is mainly due to a lower amount of waste to be landfilled. The amount of waste defined as hazardous within the meaning of the EU Waste Framework Directive is very low at 0.1 (0.08) kg/t raw material or 0.01 (0.008) %. This figure increased slightly due to construction work.

The total amount of waste decreased by around 27,000 tonnes year-on-year, slightly below the range of previous years. The recovery rate rose to around 90 (80) %, and the recycling rate increased significantly to around 83 (55) %.

Waste by disposal type in the Group

Thousands of tonnes	2019/20	2020/21	2021/22	2022/23
Recycling	276.3	236.8	251.9	252.1
Landfill	46.6	53.7	48.8	20.5
Composting	82.0	94.4	92.2	91.9
Incineration	32.5	32.9	28.2	24.5
Other	10.1	9.7	21.1	25.9
thereof dangerous waste [1]	*1.5*	*2.4*	*2.5*	*3.5*
Total	**447.5**	**427.5**	**442.2**	**415.0**

[1] Mainly used lubricants from production.

TABLE 011

Packaging

Our raw materials are largely supplied in bulk and / or unpackaged.

To minimize negative impacts of our product packaging we are avoiding disposable packaging as much as possible and we are giving strong preference to environmentally friendly packages.

For this purpose, we strive to raise the proportion of packaging made from recycled or renewable raw materials and the proportion of recyclable and home-compostable packaging materials we put on the market, for example when selling small quantities or to end consumers.

Since the end of 2020, all paper and cardboard packaging used in the sugar segment in Germany, France, Poland and Belgium is made of FSC-certified material. Projects to switch to appropriately certified materials are also underway in other group divisions.

The sugar segment shipped about 60 % of its total volume in bulk (solid and liquid sugar).

Freiberger is currently working on projects to reduce the use of plastic film in the packaging of pizzas. The “Rethink Plastic” initiative was launched for this purpose. While reducing the amount of plastic used in foil packaging, more environmentally friendly alternatives are being tested and the packaging process is being further optimized. In order to optimize the multiple use of films in the medium to long term and – where possible – achieve the elimination of plastic, various research projects have been initiated in cooperation with research institutes. Freiberger is especially intent on analyzing to what extent it can use packaging films made from renewable raw materials. The use of recycled plastic as a contribution to the circular economy is also already being successfully tested.

PortionPack is also working on optimizing packaging and minimizing material thickness as much as possible. The goal is to use sustainable packaging material for all product groups, provided it is available. Large parts of the product range were switched to paper-based materials or, in the area of plastics, to monomaterials in order to ensure that they can be recycled.

The CropEnergies segment shipped almost all of its products in bulk.

The starch segment shipped about 77 % of its products in reusable packaging while the fruit segment’s total was around 79 %.

Protection of biodiversity and ecosystems

Intact ecosystems are of fundamental importance to us as a group of companies that creates value from plants. This is why protecting and promoting biodiversity and ecosystems are integral parts of our sustainability strategy.

Sustainable procurement of agricultural raw materials

Südzucker uses agricultural raw materials that are predominantly sourced from European production and thus meet the cross compliance principles that apply to agricultural production in the EU.

In order to be able to improve sustainability aspects together with the growers, as much of the agricultural raw materials as possible should be purchased regionally and directly from the farmers. Contract farming already takes place in sugar beets, chicory, potatoes and, to some extent, fruits. For example, annual beet supply contracts are concluded committing beet growers to comply with cultivation measures in the interests of sustainable agricultural management. To keep the soil healthy, sugar beets may only be planted in the same field every third year at the earliest. Plant protection programs comply with the guidelines of integrated pest management. Farmers use only GMO-free seed. Farmers produce and maintain plot records in order to ensure crops are documented and traceable. Organic beets are cultivated in accordance with the EU Organic Farming Regulation and the guidelines of the organic farming associations Bioland, Naturland, Biokreis, Gäa and Demeter.

Palm oil used is 100 % RSPO certified, which confirms that the palm oil is sourced from responsibly managed palm plantations.

Special sustainability criteria apply to agricultural raw materials for ethanol production, compliance with which is stipulated in the contracts with raw material suppliers. This ensures that the biomass cultivation does not take place in areas requiring protection or that it negatively impacts biological diversity. Certification systems recognized by the EU, such as REDcert EU, ISCC EU and 2BSvs are used to ensure factual adherence to these practices. The company's factories are certified and undergo external audits.

Freiberger is the only division of the Südzucker Group that uses products of animal origin. Here as well, the focus on sustainability in the supply chain is increasing. For example, Freiberger only uses dolphin-safe tuna and / or tuna with the Marine Stewardship Council (MSC) seal. Freiberger has supported the European Broiler Chicken Initiative since 2021. The initiative was introduced to promote animal welfare and better husbandry standards in the chicken farming industry. In Europe Freiberger purchases eggs from free-range chickens that bear the seal of the Association for Controlled Alternative Animal Husbandry (KAT).

Sustainable Agriculture Initiative Platform (SAI)

Südzucker is a member of the Sustainable Agriculture Initiative Platform (SAI), the leading global initiative for promoting sustainable farming methods. By actively participating in SAI, we document our adherence to comprehensive environmental and social sustainability criteria in compliance with the Farm Sustainability Assessment (FSA) in the sugar, special products, starch and fruit segments.

Südzucker and its sugar beet growers were again able to demonstrate adherence to the SAI sustainability criteria in 2022 by receiving the RedCert2 certificate. Every year, more than 200 external audits are carried out at the growers' premises as part of the certification process. In fiscal 2022/23, FSA Gold status – the highest FSA rating for sustainability – was achieved in Germany, Belgium, France and Poland. Chicory growers in Belgium also have FSA Gold status.

Within AGRANA, all farmer groups – excluding Romanian beet growers – achieved AGRANA's target of FSA silver status or higher. The deviations identified during the audits were accepted by the respective groups concerned and corrective measures were initiated.

Since 2021, Südzucker also is an active member of SAI's regenerative agriculture working group which aims to identify findings that can be used to improve the quality of agricultural products. The objective of this group is to collect and share findings based on results-oriented key performance indicators in order to drive forward the scaling of regenerative processes together with all partners in the supply chain.

Sustainable land use and management

Since its founding, Südzucker has operated its own farms close to its processing locations in Germany, and later also in Poland, Moldova and Chile. Own experimental farms exist since 2018 in Kirschgartshausen, Germany and since 2020 in Étrépagny, France. Südzucker continuously works on topics surrounding sustainable and innovative crop production (→ Research and development) on its farms, and in particular on the experimental farms in Kirschgartshausen and Étrépagny. Our initiatives aim to protect ecosystems, promote biodiversity and reduce emissions in our agricultural supply chains. The main focus is therefore on trials of modern farming methods, environmentally friendly crop protection, diverse crop rotations, biodiversity, water and climate protection, and digitalization.

The results of this in-house research are directly implemented in practice. Thanks to the close cooperation with the Sugar Beet Research Institute in Göttingen and the Kuratorium für Versuchswesen und Beratung im Zuckerrübenanbau (board of trustees for testing and consultation on sugar beet cultivation), we are able to offer farmers a broad range of expertise. We have our own raw material consultants working throughout Europe. Support for decision-making on catch crop planning and weed identification as well as site-specific variety recommendations are offered via various communication channels. In 2022, we further developed our own app, in which the information from the advisory service is made available to growers digitally, and added new functions. We also offer special consulting services for organic growers.

Südzucker also uses soil samples and EUF analyses performed by its own subsidiary Bodengesundheitsdienst GmbH to precisely tailor fertilizer application in sugar beet cultivation to the arable crop and the respective location. This ensures optimal use of soil nutrients and at the same time reduces nutrient input to a minimum.

Promoting biodiversity

We have a wide range of measures to promote biodiversity in agriculture.

In 2022, we developed our own biodiversity standard and implemented it in a pilot project near our production location in Offstein, Germany. Our goal is to promote agricultural biodiversity in partnership with farmers and customers. To achieve this goal, we have partnered with the Mannheim Institute for Agro-Ecology and Biodiversity (IFAB) to draft a catalog of biodiversity measures that exceed the minimum statutory requirements and are measurable and verifiable. Each measure is assigned a certain score depending on how effective it is in protecting biodiversity. Based on their scores, participating farmers receive a biodiversity premium per hectare of sugar beet cultivation area for implementing the measures. The measures are continuously evaluated for their feasibility and effectiveness and participating farms receive advisory support.

Experience gained from the pilot project will serve as a basis for further optimization of the biodiversity standard and provide a clearer picture of the efforts that farmers must make. Our objective is to further expand the biodiversity standard and increase the number of participating farms.

We have offered our beet growers free seed mixtures for flower strips specially adapted to sowing in the sugar beet crop rotation since 2014. In 2022 more than 2,350 flower strips were planted in sugar beet fields in Germany, France, Belgium and Poland, representing an increase of 30 % compared to the previous year and at record value. This not only beautifies the surrounding landscape; it also creates a habitat for insects, birds and small animals.

We have been planting flower strips within sugar beet fields at the Kirschgartshausen experimental farm, Germany, since 2018 in order to determine their benefits and influence on biodiversity. Scientists from the Institute of Agro-Ecology and Biodiversity support this project. The results indicate that integrating flower strips positively impacts biodiversity. They create habitats for pollinators and beneficial insects, as well as birds and other animals such as deer, rabbits, pheasants and partridges. For example, it has been determined that perennial flower strips are home to five times more invertebrates than beet fields. An increasing number of wild bees can be observed among pollinators, in addition to honeybees and bumblebees. Beneficial insects, such as the ladybug, are also increasingly found in the flower strips.

We continued to monitor the flower strips during the reporting year. We evaluated flower strips from different years and examined their respective influence on biodiversity within crop rotation. In addition to mapping the diversity of the species, we compared agronomic measures such as spring and fall planting dates. Biodiversity-friendly measures are also being implemented and tested on our experimental farm in Étrépagny. The results of the research are being used to advise our farmers.

We also target and promote biodiversity on each of our own farms, for example, by designating habitats for partridges in sugar beet fields, implementing multilayered crop rotations, planting hedgerows and woods and taking steps to improve the field hamster population. In addition, we have continuously reduced the use of mineral nitrogen by applying site-specific, needs-based fertilizers and further expanded the cultivation of legumes. About 10 % of the land is farmed organically.

The Südzucker Group is not only committed to increasing biodiversity in agriculture, but also at its own production locations. AGRANA has had a project to protect bees since 2016: Ten beehives were installed at each Austrian location, which are also offered to primary schools for teaching workshops on interrelationships in nature. Measures designed to promote biodiversity are being implemented at many other group sites. In 2022/23 we focused on developing and improving habitats near our operating locations. We worked on protecting existing orchids in Loon-Plage, France, and initiating the development of additional biotopes in Wanze, Belgium, by planting trees and hedges, for instance. We also distributed free flower seed packets to employees at Südzucker Group's European locations in 2022 as part of the "Bee Hero" campaign.

Disclosures as per EU taxonomy

In the following, information is provided on taxonomy-eligible and – for the first time – taxonomy-aligned revenues, capital expenditures and operating expenses (maintenance, research and development) related to the climate objectives climate change mitigation and climate change adaptation as per the EU taxonomy. Taxonomy-eligible economic activities are defined by the EU and must be examined for taxonomy alignment on the basis of criteria specified by the EU. The following KPIs relate to the companies fully consolidated in the consolidated financial statements and were derived uniformly throughout the group using the IFRS data on which these consolidated financial statements are based.

An economic activity is considered taxonomy-aligned if it makes a substantial contribution to at least one of the following environmental objectives: climate change mitigation, climate change adaptation, sustainable use and protection of water and marine resources, transition to a circular economy, pollution prevention and control, and protection and restoration of biodiversity and ecosystems. In addition, the economic activity must not significantly harm the other environmental objectives (DNSH = Do No Significant Harm) and must meet minimum safeguards, such as human rights. Taxonomy alignment is verified using the technical screening criteria per economic activity. These are currently only defined for economic activities that can make a substantial contribution to the environmental objectives of climate change mitigation and climate change adaptation.

The individual Südzucker Group divisions worked with the corporate departments to identify the relevant taxonomy-eligible economic activities and determine the taxonomy-eligible and taxonomy-aligned shares. The analysis steps for the identification and assessment of the relevant economic activities and the necessary interpretation of the EU taxonomy were performed according to central guidelines. The individual revenues, capital expenditures and operating expenses were each assigned to an economic activity to avoid double counting. Where necessary, ratio formulas were used to derive taxonomy-eligible and taxonomy-aligned revenues, capital expenditures and operating expenses.

The Scope of the report refers to the environmental objective of climate change mitigation. As in the previous year, a large part of Südzucker's activities were not covered by the EU taxonomy in fiscal 2022/23 due to the legislative process that has still not been completed. These activities are therefore considered not taxonomy-eligible. Our own sustainability targets, on the other hand, encompass all of the group's economic activities, thus forming a central steering tool in the further development of our sustainable business model and can therefore be seen as an additional contribution to sustainability.

Due to outstanding definitions and unclear wording, application of the EU taxonomy requires our interpretation. The FAQ documents published by the EU Commission were considered accordingly.

Taxonomy reporting of revenues

The reference values for the share of taxonomy-eligible and taxonomy-compliant revenues are the external revenues reported in the consolidated group income statement, which are explained in more detail under item (06).

As in the previous year, the largest contribution in taxonomy-eligible revenues was attributable to the manufacture of ethanol for transport in the CropEnergies and starch segments (economic activity 4.13). Also the share of reported taxonomy-aligned revenues of around € 200 million or 2 % applies mainly to revenues from fuel-grade ethanol produced in-house.

The relatively low share of taxonomy-aligned revenues compared to the share of taxonomy-eligible revenues is due to the fact that, according to technical evaluation criteria under economic activity 4.13, only revenues from residue-based fuel ethanol are classified as taxonomy-aligned. The EU taxonomy regulation does not recognize the contribution that biofuels from arable and field crops make to reducing greenhouse gas emissions from transport. Nor does it take into account that ethanol must be certified as sustainable under the requirements of the Renewable Energy Directive, which is also an EU regulation.

The contribution to climate change mitigation and the impairment of other environmental goals for the taxonomy-aligned revenues from residue-based fuel ethanol was reviewed according to activity-specific criteria. It was determined whether other environmental objectives were significantly adversely affected. Among other things, the review included an analysis of climate risks using a climate change scenario analysis (→ Climate change adaptation). To prove the avoidance of the adverse effects with respect to the environmental objectives of water protection, environmental pollution reduction and biodiversity protection, factory-specific queries were used. This was based on the documents issued as part of the approval procedures for the plants concerned and expert opinions, e.g. in the area of emissions to air and water. Finally, the criteria for minimum safeguards were reviewed across activities for the entire group. Taxonomy-aligned ethanol revenues were generated exclusively from contracts with customers.

Share of taxonomy-eligible and taxonomy-aligned revenues

				Substantial contribution criteria		DNSH criteria (Do No Significant Harm)									
	Code[1]	Absolute turnover	Proportion of turnover	Climate change mitigation	Climate change adaptation	Climate change mitigation	Climate change adaption	Water and marine resources	Circular economy	Pollution	Biodiversity and ecosystems	Minimum safeguards	Taxonomy-aligned proportion of turnover	Category (enabling activity)	Category (transition activity)
Economic activities		€ million	%	%	%	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	E	T
A. Taxonomy-eligible activities															
A.1. Environmentally sustainable activities (Taxonomy-aligned)															
Manufacture of plastics in primary form	3.17.	1	0.0	100.0	0.0		Y	Y	–	Y	Y	Y	0.0		T
Manufacture of biogas and biofuels for use in transport and of bioliquids	4.13.	187	2.0	100.0	0.0		Y	Y	–	Y	Y	Y	2.0		
Anaerobic digestion of bio-waste	5.7.	4	0.0	100.0	0.0		Y	Y	–	Y	Y	Y	0.0		
Turnover of environmentally sustainable activities (Taxonomy-aligned) (A.1)		**192**	**2.0**	**100.0**	**0.0**								**2.0**		
A.2. Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)															
Electricity generation from bioenergy	4.8.	2	0.0												
Manufacture of biogas and biofuels for use in transport and of bioliquids	4.13.	966	10.2												
Turnover of Taxonomy-eligible but not environmentally sustainable activities (A.2)		**968**	**10.2**										**0.0**		
A. Total (A.1+A.2)		**1,160**	**12.2**										**2.0**		
B. Taxonomy-non-eligible activities															
Turnover of Taxonomy-non-eligible activities (B)		**8,338**	**87.8**												
Total (A+B)		**9,498**	**100.0**												

[1] Referring to Annex I of the delegated regulation (EU) 2021/2139 of 4 June 2021.

TABLE 012

Taxonomy reporting of investments in fixed assets (CapEx)

Capital expenditures comprise additions to fixed assets including intangible assets (including acquisitions, excluding goodwill) and are further explained under (02) "Scope of consolidation" and (21) "Intangible assets" and (22) "Fixed assets (including leases)".

On the one hand, the share of taxonomy-eligible investments in fixed assets of around 8 % is attributable to the production locations at which taxonomy-eligible revenues are already being generated. These include investments in the CropEnergies segment in conjunction with the production of fuel-grade ethanol (economic activity 4.13). On the other hand, Südzucker Group invests mainly in wastewater treatment (economic activities 5.1 to 5.3) and combined heat and power activities (for example 4.20) at other production locations. These expenses fall under category c: Purchase of output from taxonomy-aligned economic activities.

The share of taxonomy-aligned investments in total investments concerned only current investments and was around 2 %. This primarily resulted from economic activity 4.13. The significantly lower taxonomy alignment compared to the taxonomy eligibility can be attributed in particular to the fact that the obligation to provide proofs for CapEx category c lies with the suppliers and is therefore largely beyond Südzucker's control.

Share of taxonomy-eligible and taxonomy-aligned investments in fixed assets

				Substantial contribution criteria		DNSH criteria (Do No Significant Harm)									
	Code[1]	Absolute CapEx	Proportion of CapEx	Climate change mitigation	Climate change adaptation	Climate change mitigation	Climate change adaption	Water and marine resources	Circular economy	Pollution	Biodiversity and ecosystems	Minimum safeguards	Taxonomy-aligned proportion of CapEx	Category (enabling activity)	Category (transition activity)
Economic activities		€ million	%	%	%	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	E	T
A. Taxonomy-eligible activities															
A.1. Environmentally sustainable activities (Taxonomy-aligned)															
Manufacture of biogas and biofuels for use in transport and of bioliquids	4.13.	3	0.6	100.0	0.0		Y	Y	–	Y	Y	Y	0.6		T
Production of heat/cool from bioenergy	4.25.	3	0.6	100.0	0.0		Y	Y	–	Y	Y	Y	0.6		
Construction, extension and operation of water collection, treatment and supply systems	5.1.	1	0.2	100.0	0.0		Y	Y	–	–	Y	Y	0.2		
Construction, extension and operation of wastewater collection and treatment	5.3.	1	0.2	100.0	0.0		Y	Y	–	Y	Y	Y	0.2		
Installation, maintenance and repair of energy efficiency equipment	7.3.	1	0.2	100.0	0.0		Y	–	–	J	Y	Y	0.2	E	
CapEx of environmentally sustainable activities (Taxonomy-aligned) (A.1)		**9**	**1.9**	**100.0**	**0.0**								**1.9**		

Share of taxonomy-eligible and taxonomy-aligned investments in fixed assets

				Substantial contribution criteria		DNSH criteria (Do No Significant Harm)									
	Code[1]	Absolute CapEx	Proportion of CapEx	Climate change mitigation	Climate change adaptation	Climate change mitigation	Climate change adaption	Water and marine resources	Circular economy	Pollution	Biodiversity and ecosystems	Minimum safeguards	Taxonomy-aligned proportion of CapEx	Category (enabling activity)	Category (transition activity)
A.2. Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)															
Manufacture of biogas and biofuels for use in transport and of bioliquids	4.13.	16	3.4												
District heating/cooling distribution	4.15.	2	0.4												
Cogeneration of heat/cooling and power from bioenergy	4.20.	1	0.2												
High-efficiency cogeneration of heat/cooling and power from fossil gaseous fuels	4.30.	2	0.4												
Construction, extension and operation of water collection and treatment	5.1.	1	0.2												
Renewal of water collection, treatment and supply systems	5.2.	1	0.2												
Construction, extension and operation of wastewater collection and treatment	5.3.	3	0.6												
Installation, maintenance and repair of energy efficiency equipment	7.3.	6	1.3												
CapEx of Taxonomy-eligible but not environmentally sustainable activities (A.2)		**32**	**6.7**										**0.0**		
A. Total (A.1+A.2)		**41**	**8.6**										**1.9**		
B. Taxonomy-non-eligible activities															
Turnover of Taxonomy-non-eligible activities (B)		**435**	**91.4**												
Total (A+B)		**476**	**100.0**												

[1] Referring to Annex I of the delegated regulation (EU) 2021/2139 of 4 June 2021.

TABLE 013

Taxonomy reporting of operating expenses (OpEx)

Operating expenses are calculated as the sum of maintenance expenses, including ongoing maintenance, research and development costs and costs of short-term leases. Production-related operating expenses, especially for the use of sustainable raw materials or energy sources, are not included in the numerator as per EU taxonomy.

The share of taxonomy-eligible maintenance expenses and costs of short-term leases is attributable to the production locations at which taxonomy-eligible revenues are already being generated. The share of taxonomy-eligible research and development costs is attributable primarily to process optimization projects to cut energy consumption. Compared to the previous year, only research projects for the reduction of carbon emissions related to the economic activity 4.13 fuel ethanol production, for which technical screening criteria are defined, were taken into account.

The share of taxonomy-aligned operating expenses predominantly related to ongoing maintenance and was less than 1 %. In this case, the situation is comparable to the revenues disclosure from fuel ethanol, in that the maintenance expenses of the ethanol production plants could only be taken into account on a pro rata basis for the production of residue-based ethanol.

Share of taxonomy-eligible and taxonomy-aligned operating expenses

				Substantial contribution criteria		DNSH criteria (Do No Significant Harm)									
	Code [1]	Absolute CapEx	Proportion of CapEx	Climate change mitigation	Climate change adaptation	Climate change mitigation	Climate change adaption	Water and marine resources	Circular economy	Pollution	Biodiversity and ecosystems	Minimum safeguards	Taxonomy-aligned proportion of CapEx	Category (enabling activity)	Category (transition activity)
Economic activities		€ million	%	%	%	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	E	T
A. Taxonomy-eligible activities															
A.1. Environmentally sustainable activities (Taxonomy-aligned)															
Manufacture of biogas and biofuels for use in transport and of bioliquids	4.13.	1	0	100.0	0.0		Y	Y	–	Y	Y	Y	0.0		
OpEx of environmentally sustainable activities (Taxonomy-aligned) (A.1)		**1**	**0**	**100.0**	**0.0**								**0.0**		
A.2. Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)															
Manufacture of biogas and biofuels for use in transport and of bioliquids	4.13.	12	3.5												
Close to market research, development and innovation	9.1.	5	1.5												
OpEx of Taxonomy-eligible but not environmentally sustainable activities (A.2)		**17**	**5.0**										**0.0**		
A. Total (A.1+A.2)		**18**	**5.0**										**0.0**		
B. Taxonomy-non-eligible activities															
Turnover of Taxonomy-non-eligible activities (B)		**325**	**95.0**												
Total (A+B)		**343**	**100.0**												

[1] Referring to Annex I of the delegated regulation (EU) 2021/2139 of 4 June 2021.

TABLE 014

EMPLOYEES

Corporate responsibility

People from widely differing backgrounds and cultures work hand in hand at our globally active group of companies. We focus on their individual skills and talents. Every day, we work to create a climate of mutual trust at our group of companies, as well as a work environment free of any type of prejudice and discrimination, where everyone is accepted and can contribute with their talents, knowledge, experience and opinions.

Südzucker's code of conduct

The basis for Südzucker's interaction with employees and for the employees' behavior towards each other and towards external persons is the company's code of conduct. This code of conduct combines applicable law and international standards, operating procedures and rules, Südzucker corporate guidelines and employment-contract-related obligations toward Südzucker. Its contents are communicated via training measures and the provision of appropriate documents. Executives therefore take on a special role as both mentors and multipliers. They are trained specifically on this topic as part of management training courses. Adherence to Südzucker's code of conduct is monitored by an internal audit and an anonymous whistleblower system.

Human rights protection

Strict adherence to applicable human rights protection regulations is an integral component part of Südzucker's corporate responsibility. Every employee is obliged to respect the dignity and personal rights of every other employee and colleague, as well as other people with whom the company has a business relationship (→ Society / Respect for human rights).

New groupwide HR strategy

Our new groupwide HR strategy forms the basis for numerous new measures and programs that cover topics such as leadership, digitalization, diversity, internationalization, talent management, incentive systems, teamwork and the work environment. The newly introduced values of the Südzucker Group – responsibility, creativity, respect and cooperation – also help us achieve our overarching goal: to leverage more power from the group.

Open communication

Südzucker fosters open communication with its employees. We use a groupwide magazine, townhall meetings, newsletters, video messages and our intranet to provide information about key developments within the company. In fiscal 2022/23, the focus was on numerous aspects related to advancing our corporate strategy along with working conditions and our compensation policy. Employee surveys were also conducted again on topics such as food safety culture and the new work culture to emphasize how important employee ideas are to the company's development. Another measure was to enhance the employee suggestion program to create a new, digital and transparent idea management system. Nearly 500 ideas were submitted last year via the new software, which visualizes the entire idea management process within the group.

[1] The information on employees by segment is stated as full-time equivalent. All other information relates to employee headcount on the balance sheet date.

Number of employees [1]

Employees by segment at balance sheet date

The total number of Südzucker Group employees increased slightly to 18,341 (18,019) as of 28 February 2023.

Employees by segment at balance sheet date

28 February	2022/23	2021/22	+/– in %
Sugar	6,206	6,105	1.7
Special products	5,262	4,990	5.5
CropEnergies	480	455	5.5
Starch	1,148	1,128	1.8
Fruit	5,245	5,341	–1.8
Group total	**18,341**	**18,019**	**1.8**

TABLE 015

Employees by region, relationship and gender

In fiscal 2022/23, the number of the company's workers permanently employed remained unchanged at around 88 %. Only 12 % of employees were on fixed-term contracts. The majority of these were hired seasonally, mainly to help with harvesting and / or during processing campaigns.

Germany had 4,562 (4,363) employees, as the country's share of the total increased moderately. The share of permanent employees was 4,028 (3,850), remaining stable at 88 %. The remaining EU countries accounted for 7,648 (7,385) employees or around 40 % of the total, while the other foreign countries accounted for 6,813 (6,819) or around 36 %. About 7,274 (7,064) or around 95 (96) % of employees in the rest of the EU and 5,529 (5,515) or around 81 (81) % of employees in countries outside Europe remain permanently employed. The number of part-time workers employed by the company increased slightly to around 5 (4) %.

Employees by region at balance sheet date (headcount)

28 February	2022/23	2021/22	+/– in %
Germany	4,562	4,363	4.6
Other EU	7,648	7,385	3.6
Other countries	6,813	6,819	–0.1
Total	**19,023**	**18,567**	**2.5**

TABLE 016

As of 28 February 2023, the number of employees by employment relationship and gender for the group overall were as follows:

Employees by contract type and gender

28 February 2023		Total	Permanent	Non-permanent
Full-time	Male	12,899	11,767	1,132
	Female	5,251	4,279	972
Part-time	Male	170	152	18
	Female	703	663	40
Total		**19,023**	**16,861**	**2,162**
28 February 2022				
Full-time	Male	12,632	11,505	1,127
	Female	5,122	4,169	953
Part-time	Male	143	129	14
	Female	670	626	44
Total		**18,567**	**16,429**	**2,138**

TABLE 017

Promoting diversity

As a signatory of the Diversity Charter, Südzucker AG is committed to promoting diversity and inclusion. We are convinced that our ability to bring together a wide range of backgrounds and perspectives increases our company's innovative strength and our employees' motivation. We take a comprehensive approach that encompasses age, gender, sexual orientation, disability, religion, social background and nationality / culture and focuses on areas of the company where there is an increased need for action.

The company took specific measures last year to address the subject of gender as part of a firmly defined target of ensuring that women make up at least 25 % of the first and second levels of management by 2027.

We are committed to raising awareness of this topic throughout the company, which is why we viewed Women's Day 2022 as an opportunity to reflect on the role of women at Südzucker and advocate for greater equality under the banner of "Breaking Bias". On Girls' and Boys' Day 2022, for example, female students were given the chance to visit our German production locations, while male students were able to learn more about careers in administrative areas at our headquarters in Mannheim.

We also pushed ahead with the group-wide Empowering Women program launched in 2020, which aims to support women in management positions and foster networking between them. A total of eleven women from different divisions, international locations and levels of hierarchy within the Südzucker Group participated in 2022/23. The participants attended follow-up workshops where they were encouraged to continue to act as ambassadors within the company.

We began preparing a mentoring program in January 2023. The program is designed to connect younger female colleagues with experienced staff members to address the topics of age and gender.

Last year we also initiated activities to foster further areas of diversity and inclusion. Our new guiding principle includes diversity principles for respectful, open, empathetic and fair interaction. It was published to mark the occasion of German Diversity Day. In addition, a cookbook was compiled with the help of employees from the various locations and divisions to demonstrate the diversity of our workforce and generate interest in the many different cultures that can be found with our group.

Training sessions were also launched in fiscal 2022/23 with the aim of raising awareness of unconscious biases among members of management within the Südzucker Group and changing individual behavior accordingly. Supplemented by internal coaches and e-learning courses, in financial year 2023/34 the mandatory program is scheduled for roll-out to all levels of management throughout the group.

Südzucker is committed to integrating a wide range of perspectives. The numerous employee networks that exist around the world and are dedicated to the various aspects of diversity are a good example of this. To respond even more decisively to the needs of our locations and ensure these measures and campaigns take root throughout the group, we are currently establishing a group-wide "Ambassador Program" aimed at strengthening the international networking efforts of our various locations.

Equality

Südzucker has anchored the principle of equal treatment and the prohibition of discrimination in its code of conduct. Employees are hired and promoted according to their suitability, qualifications and performance, and willingness to learn. A transparent hiring process ensures equal opportunity for applicants, free of direct or indirect discrimination. Men and women have equal opportunity to further their careers at the company. Collective bargaining agreements and new job architectures ensure pay equity. As a result of the company's extraordinarily strong production and technology orientation, male employees still account for a significantly higher proportion of the workforce in almost all segments. The proportion of female employees in the groupwide trainee programs has developed encouragingly. It amounts to 50 %. In the international on-boarding programs, the proportion of women is now around 40 %.

Management

28 February 2023	Total	Male		Female	
1st management level	131	122	93 %	9	7 %
2nd management level	347	260	75 %	87	25 %
Total	**478**	**382**	**80 %**	**96**	**20 %**
28 February 2022					
1st management level	130	121	93 %	9	7 %
2nd management level	337	255	76 %	82	24 %
Total	**467**	**376**	**81 %**	**91**	**19 %**

TABLE 018

The proportion of women in Südzucker Group's total workforce was unchanged at 31 %. The share of women working at management level increased slightly to 20 (19) %.

New hires and employee turnover

The chart comparing new hires and employee turnover for employment relationships of indefinite duration shows the number of new hires to be significantly higher than the number of employees leaving the company.

The number of new hires including additions from acquisitions exceeds employee turnover, which includes employer and employee terminations and retirements by around 350.

New hires and employee turnover

2022/23	Total	Male	Female
New hires	3,823	2,613	1,210
Employee turnover	3,478	2,390	1,088
2021/22			
New hires	2,942	1,942	1,000
Employee turnover	3,014	2,115	899

TABLE 019

Age structure and length of service

The company's age structure continues to be relatively balanced and the average length of service within the group is almost unchanged from last year. About 55 % have been working for the company for more than five years.

Employees according to age group in %

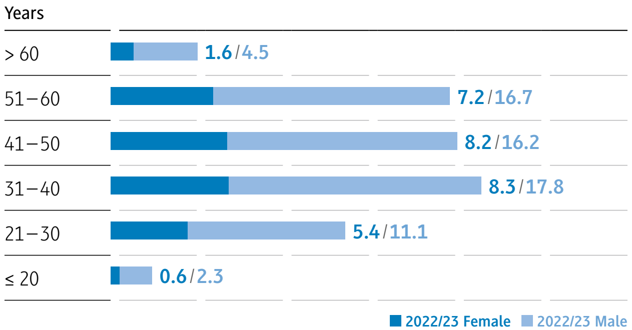


DIAGRAM 010

Südzucker – an attractive employer

The apprenticeship initiative launched in 2021 has been continued in 2022/23 to promote apprenticeships while at the same time boosting the company's reputation as an attractive operation in which to serve as an apprentice. For example, the training workshops at the sites are being modernized and apprentices strengthened through a cross-site network and a mentoring program.

Südzucker Group's apprenticeship program in about 20 different professions continues to be a key building block toward securing its own skilled workforce for the long term. The number of apprentices has increased to 370 (348) apprentices as of 28 February 2023. In total, 200 apprentices were enrolled in the dual system or as part of an in-company study program at Südzucker AG, Freiberger Group and AGRANA in Germany as of 28 February 2023. Here, too, the topic of sustainability is anchored, among other things by offering the International Business degree program with a focus on sustainability (Sustainable Business). In France and Austria, 132 employees are trained under a system comparable to the German training system. The remaining 38 trainees are employed in accordance with the training modalities applicable in the respective countries.

Length of service in years in %

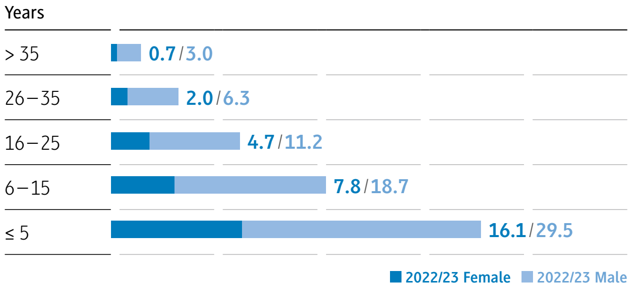


DIAGRAM 011

Continuing education

Our group-wide digital learning platform, the Südzucker Group Campus, plays a vital role in providing knowledge and skills, including soft skills, language and methodological skills, as well as IT competencies. Recent additions in 2022/23 include training courses related to communication (e.g., giving and receiving feedback or the basics of communication). The Südzucker Group Campus also provides regular, documented mandatory training, as well as ensuring adherence to legal and other code requirements (work safety, compliance, data security, hygiene, environmental protection, human rights, etc.). Südzucker Group thus offers a modular training program at various levels and in different formats to provide all employees with the best possible support for their individual professional development. A competency model is currently being set up to determine the need for further training in an even more targeted manner in the future.

Personal development and career planning

We are working on aligning personnel development with Südzucker Group's strategic focus. This includes talent management, executive development and succession planning. As part of our internal New Work Initiative, we are offering broad access to working remotely, new digital collaboration tools and opportunities to work in international project groups. In this connection, we enlarged the group-wide Catalyst program, among others. It offers project managers intensive courses in applying agile working methods.

A new group-wide on-boarding program ensures to rapid orientation of new employees and at the same time provide a basis for personnel development and establish networks. In addition, Südzucker conducts trainee programs and junior management development programs at regular intervals to support employees in their personal and career development.

Regular feedback meetings are held at least once a year, in which employees work with their supervisors to formulate strategies for their further training and individual development.

Vacancies are advertised internally throughout the group and, if appropriate, preference is given to employees from within. This is how we aim to promote career mobility, retain know-how and experience within the Group, and encourage the transfer of knowledge and experience between locations and divisions.

Executive development

In fiscal 2022/23 we enhanced our manager development program, which includes the modules fundamentals of contemporary leadership, employee motivation and feedback and added new content. The new guidelines for managers, which were jointly developed in international workshops with employees from different areas in 2022/23, form the basis. Special training courses continue to be offered for foremen at the production sites. We also pressed ahead with the Empowering Women program launched in 2020, which aims to foster and better network women in management positions. We provide topic-specific training to prepare employees for taking on a senior management role or lateral management function. In addition, individual coaching is offered to address the specific situation of a manager.

Work-life balance

Our working conditions and the associated agreements help create a positive work-life balance in all business areas. Examples include policies regarding remote work, flex time or temporary part-time work, childcare options during vacation periods or special leave for important family events.

Compensation and benefits

Südzucker's payment system is based on fixed and variable components plus a benefit plan. Depending on the region and the society, they can comprise monetary and non-monetary components, such as a company pension plan, profit sharing, Christmas bonuses, share ownership plans and various insurance policies, some of which also apply in the private sector. In addition, Saturday, Sunday, holiday and night work are paid separately.

Südzucker – a reliable employer

Südzucker undertakes to implement worker protection policies that guarantee employees a high level of health and safety at the production plants. Work safety and health protection are of key importance to the entire Südzucker Group. We aim to reduce the accident rate for the entire Group by more than half from 11.1 in 2021 to 5.0 by 2026. Occupational safety is anchored as one of the eight focus areas in the corporate sustainability strategy. Accordingly, our focus in fiscal 2022/23 was on cross-company initiatives and measures to implement a new safety culture.

Management policy

Our occupational health and safety management system describes processes and responsibilities and provides ways to evaluate and continuously improve them. The defined processes ensure compliance with occupational health and safety requirements at the national, European and international level.

Those responsibles for ensuring compliance with all occupational safety measures required by law or stipulated by the company are defined in the management system and receive technical support both from internally appointed occupational safety experts and, if required, from external specialists. Südzucker Group occupational health and safety experts work closely with one another to ensure a comprehensive exchange of ideas, problems and resolutions. The focus is on ways to implement best practice solutions, hazard analyses and training for employees and managers.

We conduct internal audits to verify practical implementation of the management system processes and determine improvement potential. Our safety policy also applies to the employees of partner companies working at our production locations.

Workplace safety

We regularly assess and evaluate work and plant safety risks. Risk assessment procedures are defined in the management system.

Established checklist-based procedures are used to assess the severity of possible injuries and their probability of occurrence. In addition, we are especially careful with machines and systems maintenance processes, where we use so-called work approval procedures to also identify hazards.

We analyzed hazards at all production locations to establish a basis for defining protective and preventive safety measures.

Equipment and systems are regularly maintained and inspected in accordance with specifications in order to ensure they are safe. Specially trained personnel conduct additional tests where necessary in cases of severe potential hazard.

Learning from events

We document and investigate work-related accidents. Events are communicated throughout the company by way of accident reports and lessons learned newsletters. The reports include so-called near misses.

Safety culture

A strong traditional Südzucker safety culture is a prerequisite for accident-free work. Efforts must be made to systematically prevent unsafe work practices, to convert unconscious, improper actions into conscious and safe actions, and to create a common understanding of the values of occupational health and safety at all levels and in every division throughout the company. With this in mind, Südzucker Group's safety culture was further developed during the past fiscal year.

For example, workshops on safety culture were held at all levels of the sugar division, including management, and location-specific measures and tools for improving occupational safety were jointly developed and prepared for deployment. Other examples include the Safety Behavior & Dialog Program in the AGRANA fruit preparation division, the introduction of the "Life-Saving Rules" of the International Association of Oil & Gas Producers in the CropEnergies Group, the systematic planning and implementation of safety tours and safety talks for all managers at BENEO-Orafti in Chile, the daily five-minute briefing by specially trained safety officers at Nougat Chabert & Guillot in Montélimar and the modular training program "Safer Behavior" in the AGRANA starch division.

To raise awareness of the issue among all employees, a broad campaign to communicate occupational safety principles was also launched under a new logo. Managers play a special role in this process. It is essential for them not only to recognize the principles as key tools in their toolbox, but also to promote these principles in their own areas and set clear expectations for their employees to do the same.

SAFETY FIRST

The following production locations were already accident-free during the past year: In the sugar segment, the factories in Cerekiew, Poland; Drochia, Moldova; Hrušovany, Hungary; Oostkamp, Belgium; Roman, Romania; Świdnica, Poland and Wijchen, Netherlands. In the special products segment, the factory in Offstein (BENEO-Palatinit), Germany and in the CropEnergies segment the locations in Loon-Plage, France; Wanze, Belgium and Wilton, UK and various other locations in the fruit segment. Accident-free plants were awarded in an occupational safety competition.

Occupational safety indicators [1]

	2019	2020	2021	2022
Injury rate [2]	10.8	10.0	11.3	9.6
Lost working day rate	174	161	186	192
Number of injuries [2]	383	351	383	366
Occupational fatalities [3]	0	0	1	1

[1] Accident rate and lost working rate are both based on one million work hours. Lost working days are recorded if they lead to one or more days' absence.
[2] Subsequent correction for 2020/21 and 2021/22.
[3] Subsequent correction: an accident already reported in 2021 affects 2022

TABLE 020

The number of accidents throughout the group was reduced to 366 (383). Accordingly, the accident rate fell year-on-year from 11.3 to 9.6. Lost time per accident increased slightly from 186 to 192. The number of hours worked in the reporting year was 38.1 million.

The most frequent work-related injury types were bruises, contusions and sprains followed by cuts, lacerations, punctures and abrasions, scalds and burns, and fractures. The main hazards contributing to injuries during the reporting period were: handling mechanical work equipment, physical movement (tripping, falling, slipping), use of vehicles, ergonomic aspects, and handling hot media and chemicals. We conduct risk assessments to identify and evaluate possible risk of injury and determine ways to reduce these risks (Management policy).

Health protection

We strive to protect the health of our employees to the best of our ability.

We have established an occupational health service to identify the risks of work-related illnesses at an early stage, to prevent such illnesses and, if necessary, to determine workers' physical suitability for certain activities. The organization is aligned with the respective legal requirements. For example, we hire external occupational health service companies or external medical doctors. Company doctors strictly adhere to personal health information confidentiality when advising on workplace design to reduce health risks to employees. Mental stress is also assessed as part of the risk assessment process. Organizational adjustments are made if necessary and employees are offered prevention training, such as stress management courses. Part-time retirement programs help older workers manage the transition to retirement according to their individual state of health.

Südzucker offers individualized programs to protect physical and mental health at its locations as part of its company health management, such as preventive measures (back exercises, yoga, health days, nutrition and non-smoking courses, cooperation with gym facilities, participation in running events) or reintegration measures after long-term absence. The seminars and training are intended to heighten employee awareness of the importance of maintaining healthy professional and personal daily lifestyles. In the future, we will also offer these programs online. Furthermore, offers for flu vaccination are also provided.

Measures associated with the Corona pandemic were continued. We used notice boards, handouts, posters, the intranet, newsletters and video messages as well as online discussions to update the workforce and partner companies on applicable measures and regulations. These measures have enabled us to meet high standards when it comes to protecting the health of our employees. We were also able to run our production and administrative processes largely without interruption even under these difficult circumstances thanks to the extraordinary dedication and commitment of all our employees.

Communication and training

The company sees communication and the participation of employees or their representatives in developing occupational safety and health protection programs as a high priority. For example, we have committees in which managers, experts and employees or their representatives regularly discuss topics relevant to occupational health and safety. Over 90 % of the workforce is represented by formal occupational health and safety committees. Employees also have access to systems such as the digital idea management, which provides a structured method to communicate ideas and suggest improvements.

Employees receive initial instructions dependent on the hazards associated with their jobs, and thereafter regular reinforcement. Checklists are normally used to identify and systematically record any need for training, which is subsequently provided either by supervisors, representatives or external specialists at the sites. Training courses are also held externally when necessary. We also have theme days with occupational safety topics and communicate occupational safety aspects as monthly topics on the intranet, using posters, brochures or classroom training. In addition, we report accidents that occur in other areas of the company.

Dialogue with employee representatives and unions

We consider social dialogue with the elected representation of our employees to be important. Regular working meetings are held to inform the delegates of employee representation at plant, company and European levels. Key co-determination issues such as organizational changes, structural or cost efficiency programs are decided by consensus.

Half of the board seats are held by representatives of the company's own employees and members of the trade union, who are thus involved in all key corporate decisions.

The unions negotiate annual or multiyear collective bargaining agreements at almost all European sites as well as many locations around the world.

Südzucker Group has a total of 62 (66) % of its employees worldwide who are covered by collective bargaining agreements; in Germany, the ratio is 71 (75) %, and in the rest of the EU, 88 (84) %. Broken down by segment, the share in the starch segment is 99 (99) %, followed by the sugar 89 (94) %, CropEnergies 71 (64) %, fruit 43 (56) % and special products 39 (35) % segments.

Bargaining agreements cover issues such as occupational safety, profit sharing, flexible working hours and employee training.

A European Works Council has been in place at Südzucker Group for over 20 years. It meets regularly with the executive board to discuss cross-border topics.

SOCIETY

Business success and the acceptance of social responsibility belong together in our view and are a key prerequisite to sustainably conducting business.

We attach high priority to responsibility toward our employees (→ Employees) and compliance with human rights. The same applies to responsibility with regard to the people who consume our products, social commitment, and dialog with our stakeholder groups.

Respect for human rights

We are aware of our corporate responsibility and are committed to respecting and strengthening human rights not only in our own business activities, but also throughout our global supply and value chains. Our business activities and our due diligence processes aimed at ensuring compliance with human rights are aligned with the following internationally recognized standards: The United Nations Universal Declaration of Human Rights, the International Labour Organisation (ILO) Conventions, the OECD Guidelines for Multinational Enterprises, and the Supplier Ethical Data Exchange (SEDEX) regulations. Our business conduct conforms with laws governing working conditions in every country in which it is active and rejects child, forced and compulsory labor.

Management policy

We take a systematic, integrated and risk-based approach to meet our responsibility toward respecting and protecting human rights. Our objective is to identify, prevent, minimize or eliminate human rights violations and environmental risks.

Our code of conduct applies to all employees throughout the Group. It is binding for all Südzucker Group managers and employees. Among other things, it bans child and forced labor and discrimination, and includes a requirement to protect human dignity. Its contents are communicated to employees via the intranet and posters among other means. Employees or third parties, for example, customers and business partners, may report code of conduct violations confidentially – even anonymously – by way of a whistleblower program (→ Compliance).

In 2022 we conducted a comprehensive analysis of our existing management policy on human rights. The results of this analysis are the basis for further advances toward an integrated management system. As a signatory of the Global Compact, we actively participate in the networks offered there to promote the exchange of best practices and experiences. We have taken these findings into account in the further development of our organizational structure and the design of new processes.

We established a Corporate Human Rights Committee during the 2022/23 fiscal year. Various specialist departments collaborate closely under the chairmanship of the Compliance Officer of the Südzucker Group. This committee advises on and coordinates issues relating to human rights and environmental due diligence in the Südzucker Group. In particular, this includes consulting and coordinating on the evaluation of risk analysis, further developing risk management and internal processes, preparing information and training offers and advising the divisions and specialist departments on how to anchor the topic within the company. These efforts help us ensure that we take a holistic approach to our responsibility for protecting human rights and that we continuously improve.

Similarly, a new group-wide standardized approach to risk analysis was developed and implemented for all of our own locations and supply chains. In the first step, an abstract risk analysis was conducted based on a number of country and industry-specific indices such as the Children's Rights in the Workplace Index and the Corruption Perception Index, along with other sources, including the Helpdesk on Business & Human Rights and the World Benchmarking Alliance. Building on this, a detailed risk analysis will be carried out to specify, weigh and prioritize the risks identified in the first step in order to take appropriate action depending on the extent of the risk. We rely on close collaboration with the respective suppliers in this process and we are committed to ensuring that they also comply with their human rights obligations. The code of conduct forms part of our tender procedures and applies to all suppliers and contractual partners. It includes guidelines for sustainable procurement and defines binding environmental, labor and social standards. Compliance with social criteria in agricultural supply chains is evaluated and documented as part of the RedCert2 certification process, which demonstrates compliance with the sustainability criteria of the Sustainable Agriculture Initiative (SAI) (→ Environment).

We have also further improved our group-wide complaint mechanisms and formulated human rights and environmental issues with more specificity in our global and confidential whistleblower system, among other things. Furthermore, we have worked to raise awareness among Südzucker Group employees with initial communication measures on the subject of human rights and have already defined additional communication and training measures targeted at specific audiences.

We see due diligence as it relates to respect for human rights as an ongoing task. As such, we regularly review our processes and actions and adapt them as necessary. We are currently investigating further development measures for embedding human rights-related issues in the relevant corporate processes.

SEDEX

Social audits are essential in the implementation of human rights due diligence. Südzucker is a member of the SEDEX platform for improving responsible and ethical business practices in global supply chains and is regularly audited by independent institutions using the SMETA (SEDEX Members Ethical Trade Audit) methodology. This approach enables us to demonstrate compliance with the principles of social sustainability, especially respect for and observance of human and employee rights, and makes our sustainability management processes more transparent.

In addition to reviewing working conditions and health and safety standards, a SMETA audit examines business ethics, including compliance with the law and prevention of bribery, corruption and fraud. Comprehensive information is also provided on environmental practices at the sites.

SMETA audits are usually held every three years. At the end of the 2022/23 financial year, a total of 61 (58) of Südzucker Group's locations had valid SMETA or comparable social audits in place. All production locations registered with SEDEX also conduct a SEDEX self-assessment.

Product responsibility and quality

Management policy

At Südzucker the quality and safety of the entire product portfolio – from food and animal feed all the way to ethanol – are top priorities. This is why product responsibility and quality are firmly anchored in the corporate principles. Quality management systems are implemented in all areas of the Südzucker Group to ensure that our products meet legal requirements and customer specifications. These processes encompass every area from management responsibility, product development, procurement and production to marketing and sales.

Key elements of quality management

HACCP

The HACCP (Hazard Analysis Critical Control Point) concept is a key element of our food and animal feed safety system. The system is used to systematically analyze product hazards and critical control points associated with raw material properties and end products, each individual production step, as well as transportation and storage factors. If necessary, appropriate steps are taken on the basis of this analysis to prevent hazards to consumers.

Employee expertise

It would not be possible to produce safe, high-quality products without skilled employees who identify with corporate objectives. This is why further qualification of employees through regular training and instruction plays such an integral part in our quality management systems. Employees are also encouraged to make suggestions for improvement to help optimize existing processes.

Employees at the various sites are surveyed regularly to continuously advance the subject of food safety culture in a targeted manner. Surveys conducted during the 2022/23 fiscal year showed the focus on respect, training and communication/feedback. Consequently, workshops are already underway in Belgium, Germany, France and Poland to initiate measures for the further development of these three identified fields of work.

Customer relationships

Precise end product specifications contribute to reaching a common understanding of product properties for Südzucker and its customers. Building on this concept, Südzucker also offers customers application-related advisory services, as well as help with developing products. Customer requirements are analyzed before commitments are made and documented alongside the corresponding specifications. Customer satisfaction surveys are conducted within the scope of quality management and the appropriate steps are taken based on this information.

Supplier management

The quality of the raw materials and services used directly influences the quality of our products. This is why the raw materials and services used to manufacture these products are handled fully by our supplier management system. Integral parts of this system include defined accreditation criteria, raw material specifications, traceability and supplier assessments.

Certification

The review of our processes and products by external certification organizations is key for both Südzucker and its customers.

Accordingly, our food quality management systems are geared toward internationally recognized standards with extensive specifications and standardized assessment processes. The normative framework is provided by the Global Food Safety Initiative (GFSI) benchmarking and validation system. Certifications recognized by GFSI and used within Südzucker Group include FSSC 22000, IFS Food, BRC Global Standard Food Safety and SQF. All Südzucker food production facilities have at least one such certificate; several production facilities have multiple certifications.

Various production locations have specific additional certificates for certain product groups, according to special customer requirements; for example, organic, fairtrade, Roundtable on Sustainable Palm Oil (RSPO), kosher, halal, Marine Stewardship Council or GMO free.

The feed production facilities have certificates of internationally recognized feed safety standards such as GMP+International, QS Quality and Safety and FEMAS.

Complaint, incident and crisis management

Complaint, incident and crisis management is embedded in our quality management systems. Special teams have been appointed with responsibility for all measures required to process the respective cases. Core building blocks include comprehensive root cause analysis and subsequent corrective actions that result in continuous improvements to processes and products. These processes are consistently practiced and regularly reviewed in internal and external audits to ensure reliable functioning.

In fiscal 2022/23, there were 2 (2) recalls of products manufactured by the Südzucker Group affecting end consumers. In these cases as well, we analyzed the root causes, reviewed processes and adjusted them as needed.

Social commitment

As a globally operating company, the Südzucker Group stands in solidarity with those who are suffering because of the Ukraine crisis. We are helping those impacted by the crisis with a range of initiatives and measures within the Group. This includes donating money, goods and food and providing accommodations to refugees in the company’s own housing along with mental health support for refugee children. Mobile health teams were provided in Ukraine via the Red Cross.

In mid-February 2023, an earthquake in the Turkish-Syrian border region caused tremendous destruction and human suffering. Although the Group does not have its own production facilities on site, it supported emergency aid to the region through a donation to a non-profit institution.

Südzucker Group’s social commitments further include projects to promote science and education, also at universities, stewardship of the sugar industry’s historical heritage through our commitment to the Sugar Factory Cultural Assets Foundation in Oldisleben, Germany and our corporate archives in Offstein, Germany, sports sponsorship and support for various social projects in the immediate vicinity of our locations.

We have helped fund non-profit children’s projects at our Südzucker sites since 2017 with our “Südzucker for Kids” program. During the reporting year, the donation was again distributed among several projects, including, a parents’ initiative for children with leukemia and tumors (Elterninitiative leukämie- und tumorkranker Kinder Würzburg e.V.) at the Ochsenfurt site and the “Zirkus für Offstein” project week at Bockenheim primary school. The “Grant 5000” program has also continued. The project encourages employees to propose initiatives that are close to their hearts. The company selects one project from each location and donates to the cause selected by employees.

As part of the Südzucker Group, Refinery Tirlemontoise has supported the Belgian Association of the Tafel, which collects groceries for people in need, for years. In 2022, as part of a “SweetChristmas4All” solidarity campaign, digital Christmas cards were sent to people in need along with the volunteers who support these people year after year through their involvement with the Tafel organization, as well as a substantial donation in kind.

Südzucker organized a Girls’ and Boys’ Day as part of its commitment to bringing girls and boys closer to the diverse world of work and offering them insights into occupational fields and courses of study that are still largely dominated by one gender or are fraught with bias. This enabled female students to learn more about professions such as industrial mechanic, electronics technician, chemical laboratory technician and chemical technician and male students to discover more about the profession of industrial clerk.

Beyond these efforts, we support Concordia social projects as part of our membership in the Proud Partner Club and through an annual donation. This organization helps socially disadvantaged children, adolescents and families in emergency situations, e.g. with educational programs, assisted living facilities and family-centered community service work.

As part of a globally operating company, AGRANA Fruit is committed to the integration of refugees and supports the global organization TENT (Tent Partnership for Refugees). In this way, we offer refugees a new career perspective at our production locations and also with suppliers in the USA.

Südzucker followed up on the topic of corporate volunteering. For example, colleagues from the Mannheim and Offstein locations in Germany participated in four campaigns at the largest German Volunteer Day. Among other activities, a municipal park and a renaturation area of a stream were cleared of refuse. Südzucker donated to project-related organizations for each employee participating in Volunteer Day. At the Belgian site in Oreye, employees took part in the Grand Nettyage BeWapp campaign and collected refuse in the area. This is part of our commitment as a responsible corporate citizen in the areas where we operate. Our employees are also actively involved in charity runs and bike tours aimed at raising funds for non-profit projects.

Dialogue with various stakeholder groups

Südzucker is in close contact with various social stakeholders. We are fully committed to maintaining a dialogue with politicians, institutions and nongovernment organizations. We are not only a member of relevant industry associations, we are also committed to supporting the work of these associations through active participation (→ Table 021). Here we also want to contribute to solving regulatory issues in a practical manner. Our communication is based on scientifically founded factual positions.

The group website provides the general public with extensive information about the company. Press releases regarding current developments at the company are also posted there. We directly respond to inquiries from media representatives.

The management of each of our production locations is available to respond to local inquiries and concerns, and to exchange information with local political bodies and interest groups.

Südzucker is listed in the EU transparency registers and the Federal German Parliament, that tracks and monitors the activities of German and European stakeholders.

Memberships in industry associations and advocacy organizations

Industry association or interest groups	Registered Office	Member [1]	Scope
AEBIOM – The European Biomass Association	Brussels, Belgium	Biowanze S.A.	EU
BDBe – Bundesverband der deutschen Bioethanolwirtschaft e. V.	Berlin, Germany	CropEnergies Bioethanol GmbH	Germany
BVE – Bundesvereinigung der Deutschen Ernährungsindustrie e. V.	Berlin, Germany	Südzucker AG	Germany
CEFS – Comité Européen des Fabricants de Sucre	Brussels, Belgium	Südzucker AG	EU
DLG – Deutsche Landwirtschaftsgesellschaft e. V.	Frankfurt am Main, Germany	Südzucker AG	Germany
dti – Deutsches Tiefkühlinstitut e. V.	Berlin, Germany	Freiberger Lebensmittel GmbH	Germany
ELC – Federation of European Specialty Food Ingredients Industries	Brussels, Belgium	BENEO GmbH	EU
ePURE – European Producers Union of Renewable Ethanol	Brussels, Belgium	CropEnergies AG	EU
FoodDrinkEurope	Brussels, Belgium	Südzucker AG	EU
Forum Moderne Landwirtschaft e. V.	Berlin, Germany	Südzucker AG	Germany
Lebensmittelverband Deutschland e. V.	Berlin, Germany	Südzucker AG	Germany
Renewable Carbon Initiative	Cologne, Germany	Südzucker AG	EU
Starch Europe	Brussels, Belgium	AGRANA Stärke GmbH	EU
VdZ – Verein der Zuckerindustrie e. V.	Berlin, Germany	Südzucker AG	Germany
WVZ – Wirtschaftliche Vereinigung Zucker e. V.	Berlin, Germany	Südzucker AG	Germany

[1] More than one entity of Südzucker Group is a member.

TABLE 021

RESEARCH AND DEVELOPMENT

The Südzucker Group's Research and Development supports all supply chain operations from plant cultivation to the market maturity of its products. New fields of innovation are opening and new technological opportunities are being evaluated as part of the new group strategy to find solutions for the sustainable development of the Südzucker group strategy on the basis of the future political framework. Focus initiatives include establishing CO_2-neutral production and fully utilizing our raw materials in the context of the circular bioeconomy.

New agricultural raw materials and **proteins** are two fields of innovation that are closely linked. From agricultural cultivation to processing to the development of new products, innovative concepts are being developed in coordination with the Südzucker Group divisions. **Sustainable chemicals** based on the raw materials of the Südzucker group paired with the utilization of **CO_2 for material use** are further areas of focus for our research and development initiatives.

Partnerships with research facilities, other companies, government institutions or universities, including within the scope of publicly funded projects, enable us to identify the potential for innovation early on and integrate it into Südzucker's development strategies.

Collaboration with start-ups provides insights into developments that have already reached a certain level of technological readiness. Accelerator programs such as MassChallenge or EIT Food and our newly implemented, web-based open innovation platform "TheBarn" (www.thebarn.io) are enabling us to establish initial contacts and launch innovation projects.

With around 534 (522) employees in the field of research and development and spending of about € 58.2 (51.6) million, Südzucker is active in food and non-food applications and pharmaceuticals as well as agricultural research and testing to promote innovations and put them into markets together with customers, external partners and farmers.

Raw materials

One of our core tasks is to evaluate the use of new agricultural raw materials in order to expand our portfolio of plant-based solutions for our customers.

Europe's agricultural sector is facing tremendous challenges. Ongoing efforts to eliminate plant protection products, the supply bottleneck for fertilizer, political guidelines for reducing fertilization and plant protection and, not least, the anticipated rise in extreme weather conditions complicate the sustainable crop production. The change in weather to warmer, dryer summers is promoting the emergence of new diseases and pests.

To secure the future supply of raw materials for the arable crops already established in the group, such as sugar beets and chicory, as well as for protein crops such as broad beans, our research in the agricultural sector focuses primarily on climate change and plant protection. As standard tests, varieties and chemical plant protection products are still analyzed for their effectiveness in the group's independent agricultural research system. Newly emerging diseases and pests, Green Deal requirements, the use of plant protection products and the risks associated with cutting them in half by 2030 require us to adopt alternative approaches. This has resulted in increased testing of organic products, such as natural bacteria, to determine their efficacy and possible applications in the areas of plant protection, fertilization and drought stress. Intensive tests with pulled and self-propelled hoeing robots are used to help advance weed control technology. In addition, both traditional methods, such as the use of band sprayers in combination with mechanical hoes, and new advances enabling spot control of weeds (smart spray technology in crop protection sprayers) are being tested.

Finally, we are constantly developing the digital tools to advise our farmers in the areas of disease development and pest control.

Raw materials with special properties

In the food segment products are being developed that can be produced using both established and new technologies. The developments focus on functional protein and fiber-enriched ingredients.

New raw materials as well as side streams are used to provide fibers for technical applications.

Raw materials for starch

When evaluating new raw materials for starch extraction, the new functional properties of the main and by-products produced from them are the primary focus. To compare these new products, further research is being conducted for both technical and food applications. These new starch types have showed promise in practical applications, particularly in technology, which will open new fields of application and sales opportunities.

Processing technologies

As part of the sustainable design of production processes in our factories, we focus on energy, efficiency and yield, product quality and circular bioeconomy.

The close interaction between process development and engineering in the research and development department enables the Südzucker Group to make rapid, targeted investment decisions. Computer-based modeling systems not only allow for fast implementation of new processes and plant configurations, but also form the basis for an economic evaluation.

Improving sugar factory production processes is an ongoing task. This includes reducing energy consumption, increasing overall yield and quality and using side streams. Targeted processing of beet pellets provides fibers that are suitable as cellulose substitutes in packaging materials.

A new process has been introduced for sweetening organic starch to significantly improve the quality of the specified product properties. The use of membrane filtration has also shown potential for improvement of qualitative parameters for sugar products and the production process can likewise be made more energy efficient.

To meet the increasing demand for plant proteins in the future, processes for the production of high-protein flours have been developed and technological evaluations have been initiated to obtain new food ingredients from side streams of starch extraction.

We completed technological studies and investigations to boost yields and improve crystal quality for functional carbohydrates. The technical implementation of the newly developed production technology is to be tested by means of a pilot plant with regard to the realization on a large production scale.

The manufacturing process designed for a new soluble fiber that can only be made from sucrose was integrated into an existing large-scale plant. More efficient enzyme systems have been tested on a laboratory and pilot scale and, following successful evaluation, introduced into the production process.

In ethanol production we are mainly working on process optimization. Specific focus is placed on measures to save energy and prevent production disruptions.

We continue to conduct studies and experiments with various feedstocks and recyclables as potential raw materials for ethanol production – so-called 2G concepts – with various materials on a larger scale.

Products, product enhancements and application concepts

We are evaluating new raw materials and product concepts with the help of innovative technologies. The objective is to create a basis for penetrating new business sectors, especially from a nutritional and sustainability perspective.

Food

New application concepts and recipes for novel and existing products are required to keep pace with the dynamic developments in the food industry and the market. Food trends in clean label products, products with functional ingredients and organic farming products are the focus of research and development activities.

Sugar and specialty sugar products

For the production of beet raw sugar, a production process that does not require any other additives was developed to maturity. We continued our work on the development of reduced-sugar fondants, which includes dry and paste products, as well as new caramel varieties.

Functional food ingredients

Researchers developed additional product concepts for functional food ingredients, often by working hand-in-hand with customers. Claims supporting nutritional and physiological benefits are essential to marketing these products, which is why we continue to conduct intensive nutritional research mainly on Palatinose™, inulin and oligofructose. The studies focus on improved blood glucose management, metabolic regulation, bowel health and statements concerning protein value. The communication of a nutritional health benefit of food to the European consumer is strictly regulated by the EU authorities and the member states. Based on BENEO ingredients, food manufacturers can choose from ten approved health claims and 16 nutrition claims to communicate health and nutrition benefits to consumers.

Additional formulations have been developed and placed on the market for the use of Palatinose™ in beverages, baked goods, dairy products, confectionery and fondants with improved storage stability.

Plant-based proteins

Our continued research focus on new food trends enables us to serve the dynamically growing market of vegetarian and vegan foods with vegan meat, fish and dairy alternatives. When producing textured plant proteins, the protein sources used include potatoes, corn and wheat, whose proteins are processed in special procedures to make them suitable for use as functional ingredients in food. These proteins, specially prepared for their applications, are used in foods to replace proteins of animal origin.

Fruit preparations

A new technology for the gentle pasteurization of fruit preparations is being tested. The key advantage of the new process is that the fruit preparation is heated rapidly without local overheating, thereby preserving the flavor and consistency of the fruit.

Substitution of dairy products with plant-based raw materials is gaining significant ground. Soft ice creams based on grain flours, which can be combined with different fruit flavors, enable innovative product developments in the food service sector.

Special additives for yogurts were developed for use in fruit preparation. In addition to the existing production of chocolate splits, a process has been developed to enable the manufacture of novel chocolate-based products that can be incorporated into countless new recipes.

Non-Food

Biobased chemicals

One of our research goals is to develop sustainable product concepts in which the company's existing products and side streams are used as raw material sources to offer alternatives to petrochemical-based products. We are pursuing both chemical-catalytic and biotechnological processes for this purpose.

High-purity biogenic CO_2 is one raw material that ethanol plants produce in large quantities. In combination with green hydrogen, sustainable products can be produced that can be used as a fuel additives, platform chemicals or monomer components in biobased plastics.

The future use of biogenic CO_2 requires the availability of green hydrogen and a corresponding supply infrastructure. Südzucker has provided the Burgenland district with intensive support in its efforts to prepare a project proposal to request funding from the German federal state of Saxony-Anhalt for the construction of a hydrogen infrastructure. The project outline prevailed against several competing applications and is now the only project that has been requested to submit an application. Total funding would amount to € 50 million, a first step toward sustainable product concepts using green hydrogen.

Producing organic chemicals from renewable ethanol remains a focus. Together with partners from industry and science, we are working on concepts for using renewable ethanol to manufacture higher-quality chemicals. We are pursuing and supporting the chemical-catalytic process for the production of ethyl acetate.

Starch

The development of new starch products and the efficient production of these products are key building blocks in the rapidly developing market for sustainable technical products. The focus is on applications for organic solutions in paper, adhesives and construction. This will help further ongoing efforts to substitute petrochemical-based products with the development of new starch derivatives.

Efforts to further optimize the starch-based compounds product group were successful in the field of home-compostable bioplastics. New formulations for a wide range of applications prompted the development of innovative, tailor-made solutions. Process control optimization made manufacturing these compounds more ecological and economical. New starch-based compounds with improved processing characteristics were manufactured that will open entirely new technical application fields.

The field of application for starch-based bioplastics will be expanded. An important project in this context is BioPrima. Sponsored by the Agency of Renewable Resources, the Südzucker Group has set itself the target of developing a home-compostable, organic primary foil for Freiberger frozen pizzas. The project has a funding period of three years. In the meantime, the first foils have been produced and the first packaging tests have even been carried out on the technical production line.

Packaging

Packaging changes in the food sector require intensive testing, as the product and packaging system must be coordinated. Due to regulatory requirements, composite materials are rarely recyclable; hence the need for alternative packaging systems. These changes have had a serious impact on our sugar products in the retail sector, for which new solutions have now been supplied.

We are also working on cellulose substitutes based on beet fibers for paper packaging. The use of new technologies could enable us to manufacture our own paper packaging partly from beet components in the future. Work on setting up a pilot plant is currently underway.

BUSINESS REPORT

Overall economic situation and framework

Economic environment and currencies

For more than two years now, the environment has been shaped by a series of overlapping crises. After the global economy collapsed due to the Corona pandemic in 2020, 2021 as a whole was characterized by a strong trend toward recovery. However, this trend slowed significantly in the second half of the year, making it impossible to achieve the original forecasts. In 2022, the global fight against inflation, Russia's war in Ukraine and a resurgence of Corona in China weighed on global economic activity; the first two factors are expected to do so again in 2023. Despite these headwinds, real GDP in the third quarter of 2022 was surprisingly strong in many of the world's economies, including the United States, the euro zone and major emerging and developing economies. In many cases, this was due to domestic factors, e. g. stronger than expected private consumption or rising business investments. This positive development was facilitated by the elimination of bottlenecks and the decline in transport costs. As a result, pressure on input prices decreased, allowing an upswing in previously restricted sectors such as the automotive industry. Energy markets adjusted faster than expected to the shock of Russia's invasion of Ukraine. In the fourth quarter of 2022, however, this upturn faded in most – though not all – major economies. Nevertheless, US growth remains stronger than initially anticipated as consumers confidently draw on their savings in the face of very good job growth.

According to the International Monetary Fund (IMF), the growth rate of global gross domestic product (GDP) was lower than in the previous year at 3.4 (6.2) %. The euro zone recorded an increase of 3.5 (5.3) % and the USA 2.1 (5.9) %. The world's second largest economy, China, was also unable to keep pace with the previous year's growth rate and achieved growth of 3.0 (8.4) %. Thus, despite the reduced growth rate, China globally remains one of the main growth drivers due to the absolute size of the economy.

The growth rates of the largest EU economies varied compared with the growth rate of the euro zone as a whole, for example 1.8 (2.6) % in Germany, 2.6 (6.8) % in France, 3.7 (6.7) % in Italy and 5.5 (5.5) % in Spain. In the UK, the increase was 4.0 (7.6) %.

There are signs that efforts to tighten monetary policy in 2022 are starting to cool demand and inflation, but the full effect is unlikely to materialize before 2024. Global headline inflation appears to have peaked in the third quarter of 2022. Fuel and commodity prices have declined, lowering headline inflation, particularly in the United States, the euro zone and Latin America. However, underlying (core) inflation has not yet peaked in most economies and remains well above pre-pandemic levels. These developments have prompted central banks to raise interest rates faster than expected, especially in the United States and the euro zone.

The European Central Bank (ECB) increased the deposit rate during 2022 from –0.5 to 2.5 % in December 2022. The so-called Pandemic Emergency Purchase Program (PEPP), which was expanded to € 1,850 billion in 2020, was discontinued as expected at the end of March 2022. Principal payments due on securities purchased under the PEPP will be reinvested until at least the end of 2024. In any case, the unwinding of the PEPP portfolio is to be managed to avoid any impairments to commensurate monetary policy.

After the U.S. Federal Reserve had already reversed its monetary policy in 2019 with three key interest rate cuts, this was followed in March 2020 by another major reduction to just 0.00 to 0.25 % ahead of the looming pandemic-related economic crisis. Driven by high inflation, the U.S. Federal Reserve raised the key interest rate to 0.5 % in March 2022 before taking six further steps to 4.5 % in December 2022.

By the end of the fiscal year, the euro was quoted at 1.07 (1.12) USD/€. The USD/€ exchange rate continued to show increased volatility due to the exceptional environment and even fell below parity at times in September.

Energy and emissions trading

At the start of March 2022 the price of Brent crude was quoted at around 105 USD/barrel and the gas price was 118 €/MWh; at the end of February 2023 the prices were around 84 USD/barrel and 49 €/MWh respectively. The reasons for this are manifold, including scarcity in the context of the economic recovery, logistical availability and greater dependence on the spot market. However, changing assessments of the ongoing Ukraine war were the main factor influencing price developments throughout the year.

The price of European CO_2 emission certificates on the spot market at the beginning of fiscal 2022/23 was around 69 €/t. At the end of February 2023 the price was quoted at 94 €/t. This development was mainly driven by the improved economic outlook. Moreover, the price reacted sensitively to any speculation about increased energy production from coal due to the temporarily lower availability of gas and oil.

Nutrition policies

Nutritional policy framework conditions in various forms and political initiatives to further expand regulations surrounding nutrition directly impact our market environment.

Nutrition policy projects play a role within the framework of the EU's Green Deal, which remains the most significant political initiative at European level. Alongside agricultural issues, these are addressed in the so-called farm-to-fork strategy, which aims to supplement existing legislation. It takes a holistic view of issues from production to the finished product and provides the framework for a series of laws that the commission will propose. As a key building block for the implementation of the strategy, the draft of the so-called "Framework for sustainable food systems" is expected by the end of 2023.

The member states have still not been able to agree on a common approach to the planned harmonization of extended nutrition labeling. In several EU countries, the Nutri-Score is nevertheless used on a voluntary basis by food manufacturers.

Other initiatives are also in place to influence not only people's diets, but also the supply of food. In Germany, key points of a nutrition strategy were formulated at the end of 2022 which, among other things, will set nutrition policy goals and guidelines, define areas of action and include concrete measures that are as measurable as possible; this also includes the ongoing development of the strategy to reduce fat, salt and sugar in convenience foods.

Südzucker closely monitors the many nutrition policy developments and takes them into consideration when making business decisions.

Overall summary of business development

The 2022/23 fiscal year was very successful operationally for Südzucker Group despite a challenging environment. Our business activities have seen increasingly positive development over the course of the year, which is reflected in repeated forecast updates.

Group EBITDA increased by over 50 % to € 1.1 billion in fiscal 2022/23, compared to € 0.7 billion the year before. Südzucker was able to more than double the consolidated group operating result, which came in at € 704 (332) million. The cash flow situation paints a similar picture, showing a sharp increase of € 368 million to € 927 million following € 560 million in the previous year.

The sugar and CropEnergies segments were key growth drivers for the 2022/23 fiscal year. The sugar segment achieved a remarkable turnaround following four years of losses, with operating result now clearly positive at € 230 (–21) million. The CropEnergies segment's operating result outperformed last year's strong figure, breaking yet another record at € 251 (127) million.

Our business performance is all the more gratifying in view of the many challenges we faced. At the beginning of the 2022/23 fiscal year, we were confronted with the war in Ukraine, which not only led to significant increases in raw material and energy prices, but also called into question the security of supply for raw materials and energy sources. We were compelled to create contingency plans for the campaigns. We were fortunate not to have to implement these plans. The cost increases for all raw materials and energy were successively offset by higher revenues in the course of the fiscal year, particularly in the sugar, CropEnergies and starch segments.

These general conditions are also reflected in the consolidated balance sheet. The significant increase in total assets to € 9,698 (8,441) million is ultimately the result of a cost and sales revenue-related increase in working capital of € 680 (62) million. The resulting financing requirements led to an increase in net financial debt of € 1,864 (1,466) million. In October 2022, Südzucker successfully issued a € 400 million bond with a term of five years under the new Sustainability-Linked Financing Framework.

The increase in working capital described above led to a corresponding increase in capital employed to € 7,095 (6,325) million. However, this effect was offset by the increase in operating result and return on capital employed (ROCE) rose to 9.9 (5.3) %.

Group consolidated earnings

Business performance – Group

		2022/23	2021/22	+/– in %
Revenues	€ million	**9,498**	**7,599**	**25.0**
EBITDA	€ million	**1,070**	**692**	**54.6**
EBITDA margin	%	11.3	9.1	
Depreciation	€ million	–366	–360	1.8
Operating result	€ million	**704**	**332**	**> 100**
Operating margin	%	7.4	4.4	
Result from restructuring / special items	€ million	–3	–42	–93.4
Result from companies consolidated at equity	€ million	30	–49	–
Result from operations	€ million	**731**	**241**	**> 100**
Investments in fixed assets and intangible assets	€ million	400	332	20.5
Investments in financial assets / acquisitions	€ million	67	4	> 100
Total investments	€ million	**467**	**336**	**39.0**
Shares in companies consolidated at equity	€ million	78	77	1.3
Capital employed	€ million	7,095	6,325	12.2
Return on capital employed	%	9.9	5.3	
Employees		**18,341**	**18,019**	**1.8**

TABLE 022

Income statement

€ million	2022/23	2021/22	+/– in %
Revenues	**9,498**	**7,599**	**25.0**
Operating result	704	332	> 100
Result from restructuring / special items	–3	–42	–93.4
Result from companies consolidated at equity	30	–49	–
Result from operations	**731**	**241**	**> 100**
Financial result	-51	–37	38.9
Earnings before income taxes	**680**	**204**	**> 100**
Taxes on income	–151	–81	87.3
Net earnings	**529**	**123**	**> 100**
of which attributable to Südzucker AG shareholders	395	65	> 100
of which attributable to hybrid capital	17	12	38.8
of which attributable to other non-controlling interests	117	46	> 100
Earnings per share (€)	**1.93**	**0.32**	**> 100**

TABLE 023

Revenues, EBITDA and operating result

Group consolidated revenues in fiscal 2022/23 rose by about 25 % to € 9.498 (7.599) million. All segments contributed to this increase.

Group EBITDA improved significantly to € 1.070 (692) million.

The group's consolidated operating result also climbed sharply to € 704 (332) million. The special products segment's operating result fell notably and the fruit segment's operating result declined slightly. By contrast, operating result in the sugar, CropEnergies and starch segments rose significantly.

Capital employed and return on capital employed (ROCE)

Capital employed clearly rose to € 7.095 (6.325) million. The main reason for this increase was the significant rise in working capital due to higher costs and sales revenues. As a result of the disproportionate increase in operating result, ROCE improved to 9.9 (5.3) %.

Result from operations

The result from operations of € 731 (241) million for fiscal 2022/23 includes the operating result of € 704 (332) million, the result from restructuring and special items of € –3 (–42) million and the result from companies consolidated at equity of € 30 (–49) million.

Result from restructuring and special items

The result from restructuring and special items of € –3 (–42) million is attributable primarily to the sugar and fruit segments. In the sugar segment, the final decision of the Supreme Court of Vienna resulted in a significant reduction of the charges relating to the fine proceedings initiated by the Austrian competition authority in 2010. As a result, the amount of the impending fine has also been reduced accordingly and a significant portion of the provisions that were set aside when the proceedings were initiated has been released. At the same time, the sugar segment generated income from impairment losses because of the sustained improvement in results at the wheat starch plant in Zeitz, Germany, which was offset by impairments at the sugar factories that were closed in France. Expenses in the fruit segment resulted primarily from impairment charges on goodwill and fixed assets. In addition, expenses were incurred in the Freiberger division in the special products segment in connection with the closure of a US production site as part of a site optimization and cost reduction plan.

In the previous year, the result from restructuring expenses in the fruit segment related mainly to impairment charges on goodwill and fixed assets along with inventories and receivables associated with the plant locations affected by the Ukraine war.

Result from companies consolidated at equity

The result from companies consolidated at equity was almost exclusively attributable to the sugar and starch segments and totaled € 30 (–49) million.

Financial result

The financial result was € –51 (–37) million including net interest result of € –41 (–30) million and result from other financial activities of € –10 (–7) million. The higher interest expense related to the sustainability bond issued in October 2022 with an issue volume of € 400 million and the higher interest expense from pension obligations.

Taxes on income

Earnings before taxes of € 680 (204) million resulted in taxes on income of € –151 (–81) million, corresponding to a tax rate of around 22 (40) %.

Net earnings

Of the net earnings of € 529 (123) million, € 395 (65) million were attributable to Südzucker AG shareholders, € 17 (12) million each to hybrid bondholders and € 117 (46) million to other non-controlling interests, which mainly relate to the co-owners of AGRANA and the CropEnergies Group.

Cash flow statement

€ million	2022/23	2021/22	+/– in %
Cash flow	**927**	**560**	**65.6**
Increase (–)/Decrease (+) in working capital	**–679**	**–62**	**> 100**
Gain (–)/Loss (+) on disposal of items included in non-current assets and of securities	–4	–20	–79.5
I. Cash flow from operating activities	**244**	**478**	**–49.0**
Investments in fixed assets and intangible assets (–)	–400	–332	20.5
Investments in financial assets/acquisitions (–)	–67	–4	> 100
Total investments	**–467**	**–336**	**39.0**
Other cash flows from investing activitites	–56	128	–
II. Cash flow from investing activities	**–523**	**–208**	**> 100**
Repayment (–)/refund (+) of financial liabilities	354	–47	–
Increases in stakes held in subsidiaries/capital buyback (–)	–1	–5	–78.7
Decrease in stakes held in subsidiaries/capital increase (+)	–	2	–100.0
Dividends paid (–)	–144	–101	42.6
III. Cash flow from financing activities	**209**	**–151**	**–**
Change in cash and cash equivalent (total of I., II. und III.)	**–70**	**119**	**–**
Other change in cash and cash equivalents	1	–1	–
Decrease (–)/Increase (+) in cash and cash equivalents	**–69**	**118**	**–**
Cash and cash equivalents at the beginning of the period	316	198	59.8
Cash and cash equivalents at the end of the period	**247**	**316**	**–21.6**

TABLE 024

Earnings per share

Earnings per share totaled € 1.93 (0.32). The calculation is based on the time-weighted average of 204.1 (204.2) million shares outstanding. The 76.033 (24.391) shares repurchased in the current fiscal year for the share-based compensation system of the executive board have been reduced pro rata temporis.

Group financial position

Cash flow

Cash flow reflected the significant improvement in operating result and reached € 927 million, compared with € 560 million in the previous year. Cash flow as a percentage of sales revenues climbed to 9.8 (7.4) %.

Working capital

The cash outflow from the increase in working capital of € 679 (62) million was primarily due to higher trade receivables resulting from strong revenue growth and inventories accumulated due to rising raw materials and energy costs as well as more cautious stocking due to supply chain factors. This development was only partially offset by the increase in liabilities to beet growers.

Investments in fixed assets

Investments in fixed assets (including intangible assets) totaled € 400 (332) million. All segments are seeing an increase in the proportion of capital expenditure used to meet regulatory requirements and rising market demands. In addition, price increases and project delays due to long delivery times, among other things, were also observed in all segments. These trends are continuing unabated.

In the sugar segment, investments of € 144 (114) million were mainly allocated to replacement investments and compliance with legal or regulatory requirements. Efforts were also launched to optimize processes and improve logistics. The special products segment invested € 145 (124) million, most of which was related to the expansion and optimization of production capacities at BENEO and Freiberger or preparations. The CropEnergies segment invested € 47 (36) million to replace production facilities, improve their efficiency or concentrate on sustainability issues. Investments of € 28 (24) million in the starch segment were mainly utilized for optimization projects and compliance with regulatory requirements. The fruit segment invested € 36 (34) million, chiefly in capacity expansions, process optimizations and market demands.

Investments in financial assets

Investments in financial assets of € 67 (4) million affected the special products segment in particular. In May 2022, the BENEO division acquired 100 % of the shares in Meatless Holding B.V., Goes, Netherlands; the acquisition is intended to further expand business in the market for plant-based proteins within the scope of the 2026 PLUS group strategy. In addition, the BENEO division acquired a stake of less than 20 % in Grillido GmbH, Munich, Germany.

In July 2022, the PortionPack division acquired 100 % of the shares in Orange Nutritionals Group B.V., Zaandam, Netherlands, the parent company of Dutch portioning product manufacturer Crème de la Cream Group, to expand its core business. Crème de la Cream has a strong distribution and sales network in Europe and a wide range of production options with corresponding packaging facilities.

The CropEnergies segment also invested in the acquisition of 25 % of the share capital of East Energy GmbH, Rostock, Germany and in a 50 % stake in Syclus B.V., Maastricht, Netherlands; further details can be found in the CropEnergies segment section.

In the prior year, financial investments in the fruit segment related to AGRANA Fruit Japan Ltd., Yokkaichi, Japan.

Dividends paid

Südzucker AG's annual general meeting on 15 July 2022 approved the distribution of a dividend of € 0.40 (0.20) per share or € 82 (41) million. Together with the dividend to shareholders of the hybrid equity capital and the non-controlling shareholders of AGRANA and CropEnergies, dividends paid totaled € 144 (101) million.

Sustainability bond of € 400 million issued in October 2022

Südzucker AG successfully placed the first issue under the new sustainability-Linked Financing Framework on 24 October 2022 through its wholly owned subsidiary Südzucker International Finance B.V., Oud-Beijerland, Netherlands, in order to hedge the long-term financing components in an inflationary and highly volatile environment. With the sustainability linked bond format, Südzucker is committing to the sustainability target anchored in its 2026 PLUS strategy.

The non-subordinated bond, which is guaranteed by Südzucker AG, has a volume of € 400 million, a coupon of 5.125 % and a term of five years with maturity on 31 October 2027. The proceeds of the issue will be used for general corporate purposes, including the refinancing of a bond, that matures in November 2023.

Balance sheet

€ million	28 February 2023	28 February 2022	+/– in %
Assets			
Intangible assets	942	934	0.9
Fixed assets	3,109	2,988	4.1
Remaining assets	194	172	12.8
Non-current assets	**4,245**	**4,094**	**3.7**
Inventories	3,161	2,317	36.5
Trade receivables	1,409	1,140	23.6
Remaining assets	883	890	–1.0
Current assets	**5,453**	**4,347**	**25.4**
Total assets	**9,698**	**8,441**	**14.9**
Liabilities and shareholders´ equity			
Equity attributable to shareholders of Südzucker AG	2,572	2,127	20.9
Hybrid capital	654	654	–
Other non-controlling interests	973	918	6.0
Total equity	**4,199**	**3,699**	**13.5**
Provisions for pensions and similar obligations	682	865	–21.2
Financial liabilities	1,623	1,322	22.8
Remaining liabilities	378	365	3.7
Non-current liabilities	**2,683**	**2,552**	**5.2**
Financial liabilities	660	562	17.4
Trade payables	1,609	1,116	44.2
Remaining liabilities	547	512	6.7
Current liabilities	**2,816**	**2,190**	**28.5**
Total liabilities and equity	**9,698**	**8,441**	**14.9**
Net financial debt	1,864	1,466	27.2
Equity ratio in %	43.3	43.8	
Net financial debt as % of equity (gearing)	44.4	39.6	

TABLE 025

Development of net financial debt

The cash inflow from operating activities of € 244 million includes cash flow of € 927 million and an increase in working capital with a cash outflow of € 679 million. The financing of investments in fixed and financial assets totaling € 467 million and profit distributions of € 144 million resulted in higher net financial debt of € 398 million, from € 1,466 million as of 28 February 2022 to € 1,864 million as of 28 February 2023.

Group assets

Non-current assets

At € 4,245 (4,094) million, non-current assets were moderately higher than last year. The modest increase in intangible assets to € 942 (934) million resulted in particular from the addition of goodwill from the complete acquisition of Meatless Holding B.V., Goes, Netherlands, which was offset by the impairment charges on goodwill for the fruit segment effective 31 August 2022. The rise in the carrying amount of fixed assets to € 3,109 (2,988) million was mainly due to higher investments and additions from business acquisitions. Remaining assets increased to € 194 (172) million.

Current assets

Current assets climbed € 1,106 million to € 5,453 (4,347) million. Inventories recorded an increase of € 844 million to € 3,161 (2,317) million, which resulted in particular from higher sugar manufacturing costs for the 2022 campaign and overall higher manufacturing costs in all divisions due to higher raw material and energy costs. The € 269 million growth in trade receivables to € 1,409 (1,140) million reflects the higher revenues. Other assets decreased slightly to € 883 (890) million.

Shareholders’ equity

The substantial increase in shareholders’ equity by € 500 million to € 4,199 (3,699) million resulted largely from positive earnings performance and pension obligations not recognized through profit or loss. As a result, Südzucker AG shareholders' equity rose to € 2,572 (2,127) million. With an increase in total assets of € 1,257 million to € 9,698 (8,441) million, the equity ratio was 43.3 (43.8) %.

Non-current liabilities

Non-current liabilities rose by € 131 million to € 2,683 (2,552) million. Provisions for pensions and similar obligations decreased by € 183 million to € 682 (865) million; valuation was carried out at an increased market interest rate of 4.35 (1.95) % compared with the prior-year reporting date on 28 February 2022. Overall, non-current financial liabilities increased by € 301 million to € 1,623 (1,322) million in particular as a result of the increase in borrower's note loans. The increase in non-current financial liabilities due to the issue of a € 400 million bond 2022/2027 was offset by the reclassification of the € 300 million bond 2016/2023 to current liabilities. Other liabilities totaled € 378 (365) million, which is moderately higher than the previous year.

Current liabilities

Current liabilities rose by € 626 million to € 2,816 (2,190) million. Current financial liabilities increased by € 98 million to € 660 (562) million, particularly due to the reclassification of the € 300 million bond 2016/2023 from non-current financial liabilities and a simultaneous decrease in liabilities to banks. As a result of higher raw material and energy costs, trade payables were considerably higher than in the previous year at € 1,609 (1,116) million; liabilities to beet growers included in this figure increased by € 392 million to € 708 (316) million. Other debts, consisting of other provisions, tax liabilities and other liabilities rose moderately over the previous year's level to € 547 (512) million.

Net financial debt

Net financial debt was € 398 million higher as of 28 February 2023, rising to € 1,864 (1,466) million, mainly as a result of increased working capital financing requirements; net financial debt represented 44.4 (39.6) % of equity.

The group's long-term financing requirements as of 28 February 2023 were covered by € 894 (797) million in bonds, € 409 (181) million in promissory notes, € 237 (273) million in bank loans and € 83 (78) million in lease liabilities. A bond of € 300 (0) million, commercial papers of € 0 (150) million, bank loans of € 328 (377) million and € 32 (28) million in leasing liabilities were used for short-term financing at the balance sheet date. Cash and cash equivalents together with investments in securities totaled € 419 (418) million. Südzucker Group had sufficient liquidity reserves of € 1.2 (1.4) billion available at the balance sheet date from the unused syndicated credit lines and other bilateral bank credit lines.

ROCE, capital structure and dividend

Return on Capital Employed (ROCE)

		2022/23	2021/22	2020/21	2019/20	2018/19
Operating result	€ million	**704**	**332**	**236**	**116**	**27**
Capital employed	€ million	7,095	6,325	6,222	6,388	6,072
Return on capital employed (ROCE)	%	9.9	5.3	3.8	1.8	0.4

TABLE 026

Capital employed was reported at € 7,095 (6,325) million, € 770 million higher than in the previous year, especially as a result of higher inventories due to rising costs and revenues, as well as an increase in trade receivables. With an operating result rising disproportionately by € 372 million to € 704 (332) million, return on capital employed (ROCE) climbed from 5.3 to 9.9 % in the fiscal year and is thus once again higher overall than the cost of capital.

Capital structure

		2022/23	2021/22	2020/21	2019/20	2018/19
Debt factor						
Net financial debt	€ million	1,864	1,466	1,511	1,570	1,129
Cash flow	€ million	927	560	475	372	377
Net financial debt to cash flow ratio		2.0	2.6	3.2	4.2	3.0
Debt equity ratio						
Net financial debt	€ million	1,864	1,466	1,511	1,570	1,129
Shareholders equity	€ million	4,199	3,699	3,536	3,673	4,018
Net financial debt as % of equity (gearing)	%	44.4	39.6	42.7	42.7	28.1
Equity ratio						
Shareholders equity	€ million	4,199	3,699	3,536	3,673	4,018
Total assets	€ million	9,698	8,441	7,973	8,415	8,188
Equity ratio	%	43.3	43.8	44.3	43.6	49.1

TABLE 027

Dividend

		2022/23	2021/22	2020/21	2019/20	2018/19
Operating result	€ million	704	332	236	116	27
Cash flow	€ million	927	560	475	372	377
Earnings per share	€	1.93	0.32	−0.52	−0.60	−4.14
Cashflow per share	€	4.54	2.74	2.33	1.82	1.85
Dividend per share [1]	€	0.70	0.40	0.20	0.20	0.20
Payout ratio	%	36.3	–	–	–	–

[1] 2022/23: Proposal.

TABLE 028

The debt ratio of net financial debt to cash flow showed a further improvement to now 2.0 (2.6), which is attributable to the significant increase in cash flow despite higher net financial debt. Net financial debt as of 28 February 2023 was 44.4 (39.6) % of the increased equity of € 4.199 (3.699) million. The equity ratio as of the balance sheet date was slightly below the previous year at 43.3 (43.8) %, as total assets increased by € 1.257 million to € 9.698 (8.441) million.

The dividend policy remains focused on continuity and the sustainable development of results. In view of the significant improvement in the group's operating result and cash flow and the positive outlook for the current fiscal year 2023/24, the executive board has decided to recommend an increase in the dividend for the past fiscal year 2022/23 to € 0.70 (0.40) per share.

The development of the dividend per share in relation to key operating result indicators is shown in table 028.

Based on the 204.1 million shares outstanding, the total dividend distribution will be € 143 (82) million. The payout ratio is 36.3 % after the dividend exceeded earnings per share in previous years. The dividend recommendation is subject to approval by the supervisory board on 24 May 2023 and shareholders at the annual general meeting to be held on 13 July 2023.

Sugar segment

At a glance

€ **3,216** million
Revenues

€ **230** million
Operating result

€ **3,201** million
Capital employed

7.2 %
ROCE

European market leader processing 23.3 million tonnes of beets and producing 3.7 million tonnes of sugar

Strategy

While global demand for sugar continues to grow, the trend to consume more sugar is generally not reflected in Western Europe's markets, but there is increasing demand for organic sugar, clean label and local products. There are growing signs of predatory competition in the EU. The strategic goals are therefore:

- Focus on the EU sugar market and take advantage of any growth opportunities
- Offer a product portfolio consisting of sugar and reduced sugar products, supplemented by starch-based sweeteners
- Offer sustainable non-food applications based on products and byproducts made from sugar beets

Production and distribution	23 sugar factories: Germany (7), Belgium (2), France (2), Poland (4), Moldova (1), Austria (2), Romania (1), Slovakia (1), Czech Republic (2), Hungary (1) 1 wheat starch plant (Germany) 2 refineries (Bosnia-Herzegovina, Romania) 4 distribution locations (Greece, Italy, Spain, UK)
Raw materials	Sugar beets, cane raw sugar, wheat
Products	Sugar, sugar specialties, glucose syrup, animal feed
Markets	Europe (European market leader) and world market
Customers	Food industry, retailers, agriculture
Brands	Südzucker, Cucier Królewski, Saint Louis Sucre, Tiense Suiker, Wiener Zucker

Markets

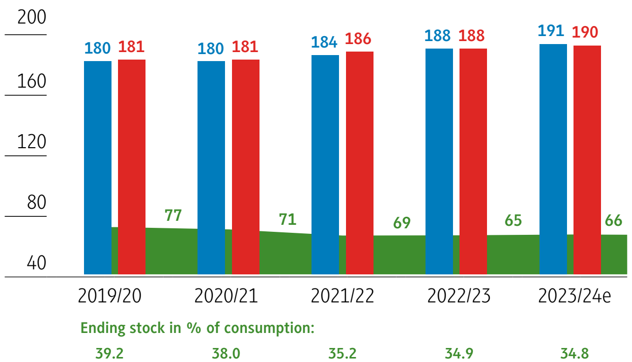
World sugar market

In its April 2023 estimate of the world sugar balance for the 2021/22 marketing year (1 October 2021 to 30 September 2022), market analyst S&P Global reports a deficit of 3.5 million tonnes of sugar. Inventories were reduced once again for the third deficit year in a row as a result of a slight increase in sugar production along with an equally slight increase in world sugar consumption. The ratio of inventories to consumption fell to a very low level of around 35 %.

In the current 2022/23 marketing year (1 October 2022 to 30 September 2023), S&P Global now expects an even sugar balance. Ongoing production growth will be offset by a further increase in consumption.

Global sugar balance

Million of tonnes raw value



Source: S&P Global Commodity Insights, April 2023

DIAGRAM 012

For the upcoming 2023/24 marketing year (1 October 2023 to 30 September 2024), S&P Global's initial estimate is for only a slight surplus of 0.7 million tonnes. Assuming further growth in production and consumption, the ratio of inventories to consumption will remain at a low level of 35 %.

Global market sugar prices

1 March 2020 to 31 March 2023, London, nearest forward trading month

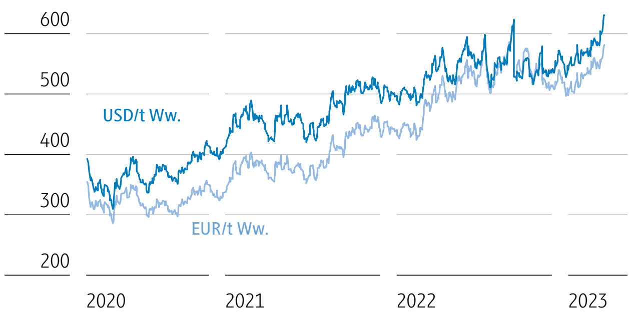


DIAGRAM 013

The world market price for white sugar rose from below 500 €/t at the beginning of fiscal 2022/23, with high volatility over the course of the year, and reached its highest level in September at around 620 €/t of white sugar. As a result, the world market price fell due to the weaker US dollar exchange rate and ranged between around 500 and 570 €/t. At the end of the reporting period, it was 530 €/t.

EU sugar market

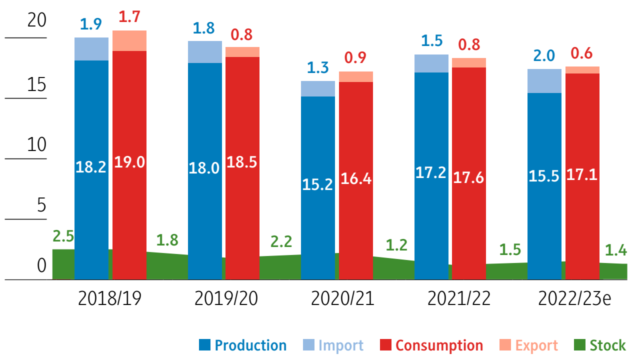
During the past 2021/22 sugar marketing year (1 October to 30 September), EU sugar production (including isoglucose) increased to 17.2 (15.2) million tonnes, with a further slight reduction in cultivation area to around 1.40 million hectares and a corresponding increase in yields per hectare.

For the current 2022/23 sugar marketing year, the EU Commission's January 2023 estimate is forecasting a further reduction in cultivation area of around 4 % to approximately 1.35 million hectares. In addition, the EU Commission expects lower yields per hectare due to the drought in key cultivation regions of the EU in the summer of 2022, causing beet sugar production (including isoglucose) to decline to 15.5 (17.2) million tonnes. This means that imports will continue to be required to supply the EU with sugar, in particular by the numerous countries that are allowed to import sugar into the EU at reduced tariffs or without tariffs. According to EU Commission estimates, the inventory level at the end of the ongoing 2022/23 sugar marketing year as of 30 September 2023 is expected to decline further to around 1.4 (1.5) million tonnes.

For the coming 2023/24 sugar marketing year, market observers are forecasting stable to slightly increasing cultivation area in the EU-27.

EU sugar balance

Million of tonnes white sugar value



Source: EU Commission, AGRI C4, EU sugar balance estimate, March 2023; from 2020/21 EU-27 excl. UK.

DIAGRAM 014

The price for sugar (food and non-food, ex-factory) published by the EU Commission was 443 €/t at the beginning of the fiscal year. As a result of the emerging weaker harvest in the fall of 2022, but also as a consequence of the massive cost increases for raw materials and energy, sugar prices rose continuously and had reached 804 €/t at the last available publication of February 2023. There are significant regional price differences across the deficit and surplus regions within the EU.

Sugar markets

The largest markets for sugar continue to be the beverage industry (soft drinks and alcoholic beverages), followed by the dairy industry and baked goods manufacturers.

Sugar demand has risen again in the wake of the Corona pandemic according to data from the EU Commission. Compared to 12.8 million tonnes of sugar consumed in the EU-27 in 2020/21 due to lockdowns and other restrictive measures, sugar sales in 2022/23 are expected again to be on par with the normalized previous year at around 13.6 (13.7) million tonnes.

The healthy eating trend thus continues and is even accelerating in some areas. In this context, the societal and political focus on sugar reduction and the associated consumer topics has sharpened further and is weighing on the sugar business. The retail business in general continues to decline. Consumer purchasing power is also generally becoming scarcer. Particularly in Eastern and Southern Europe, business is therefore extremely price-sensitive; due to lower wages, consumers now have to spend an even larger share of their income on food than before.

Animal feed and molasses markets

The markets for sugary byproducts were dominated by rising raw material prices worldwide in fiscal 2022/23. Starting from an already high level in 2021/22, prices for sugary byproducts continued to climb. Even a further decline in European mixed feed production was not reflected in lower prices. Global molasses production is expected to decline slightly to 64.4 (65.7) million tonnes in 2022/23. This global development particularly affects the EU market, which is very important for us; a drop to 2.95 (3.40) million tonnes is anticipated in this market[1]. This decline in production has had and continues to have a supportive effect on prices.

No actual figures are currently available for dry beet pulp production within the EU. It is likely that production will decline, as it seems sensible to find new ways of utilizing beet pulp, such as direct feeding or the production of biogas, against the backdrop of increased energy costs. This shortage has a positive impact on the price level of dried pulp.

Legal and political environment

Free trade agreements

The EU is negotiating potential free trade agreements with various countries, such as Australia, and/or trade blocs. In the event sugar and sugary products are not defined as sensitive products – contrary to current trade practice – additional sugar volumes could in future be imported into the EU at a preferential tariff rate.

The ratification process of the Mercosur agreement is ongoing. The agreement will not enter into force until it has been approved by the European Council, the European Parliament and all parliaments of the 27 EU member states. Following the change of government in Brazil, there are currently efforts to implement the agreement with additional agreements on climate protection in a timely manner.

EU sugar market international competitive position

The EU has one of the world's least regulated sugar markets. In contrast to other major sugar producing countries, sugar exports are not subsidized. The EU commission takes virtually no action against these unfair competition practices and additional import concessions or imports under circumvention of the origin rules.

Continued coupled direct payments in the European domestic sugar market

Coupled premiums for sugar beets continue to be paid in 11 of 19 EU countries that cultivate beets, without any regional differentiation. As a result, unfair competitive practices continue to exist within the domestic European sugar market, putting competitive cultivating regions at a disadvantage. In line with the trilogue decision of the EU Council, EU Parliament and EU Commission in 2021, coupled support for sugar beet is to be continued in the new funding period of the European Agricultural Policy until 2027.

Statutory restrictions and bans affecting plant protection in the EU

In the EU, the ingredients of chemical plant protection substances must be reviewed regularly and registered. The registration criteria have become stricter, so we expect that a number of substances will no longer be approved in the future.

The number of countries that granted temporary exemptions for the use of neonicotinoids under strict conditions decreased from 15 for the 2021 cultivation year to 13 for the 2022 cultivation year to eight for the 2023 cultivation year.

The European Court of Justice ruled at the end of January 2023 that national exemptions for the use of neonicotinoids when seeding sugar beet are contrary to European law. Subsequently, France, as the country with the largest beet-growing area in the EU,

[1] World Molasses & Feed Ingredients Report 21.03.23 I Vol.21, No.14.

decided not to grant an exemption and not to allow neonicotinoid dressings in the 2023 cultivation year. It is doubtful to what extent the eight member states that had already granted exemptions before the ECJ ruling will now make use of them for the 2023 seeding season; Spain has already ruled this out. However, it is unlikely that exemptions will be granted for the use of a neonicotinoid dressing on sugar beet seed from the 2024 seeding season at the latest.

Temporary suspension of customs duties on sugar imports from Ukraine to the EU

The EU Parliament and 27 EU member states approved the EU Commission's proposal to fully suspend customs duties and import quotas on all goods (including sugar and confectionery) from Ukraine in June 2022. This temporary trade liberalization, limited to one year, is subject to various conditions, including compliance with the rules of origin and a safeguard clause in particular. Experts currently expect this special provision for Ukrainian market access to the EU to be extended. This special provision resulted in a rise in duty-free sugar imports from Ukraine from around 20,000 tonnes to over 100,000 tonnes in the 2022 calendar year. Market observers are forecasting a further significant increase in duty-free white sugar imports from Ukraine in 2023.

Embargo against feed imports from the Russian Federation

As part of the EU's sixth package of sanctions against the Russian Federation, as of 3 June 2022, leached beet pulp, bagasse and other waste from sugar production, as well as spent grains, stillage and pellets that originate in or are exported from Russia may no longer be purchased, imported or transferred to the EU.

Use of beet pellets for greenhouse gas-neutral sugar production

A successful conversion to greenhouse gas-neutral sugar production essentially depends on highly efficient, unrestricted combined heat generation using residual biomass from the company's own production processes.

Using some of the leached sugar beet pellets from our own processing combined with energy efficiency measures and partial electrification of heat production, our production locations would have enough pellets to meet all the sugar factories' energy requirements. The German sugar industry has outlined this path in a roadmap to carbon-neutral sugar production by 2050. This plan will not result in a food supply shortage. On the contrary, it offers clear social relief in the implementation of the Green Deal and could help prevent or contain a gas shortage. It requires the effective integration of residual biomass (sugar beet pellets) utilization from company-owned processes in the RED III legal system in the course of the trilogue on the RED amendment. Sugar beet pellets must be included as a sustainable renewable energy source in RED III. If these efforts were to prove unsuccessful, we would have to obtain CO_2 certificates to use these residues as energy in our plants.

Business performance

Revenues and operating result

The sugar segment's revenues rose significantly to € 3,216 (2,623) million in fiscal 2022/23. The higher sugar revenues since October 2021 had a positive effect at the beginning of the fiscal year; sugar prices were increased again at the beginning of the new sugar marketing year 2022/23 in October 2022. With sales volumes declining moderately for the entire fiscal year, overall sales revenues were significantly higher than the previous year.

After four years of losses, the sugar segment achieved a significant improvement in operating result and thus a turnaround in fiscal 2022/23 with an operating result of € 230 (–21) million. The considerable increase in sales was also offset by substantially higher raw material, energy and packaging costs. For sugar from the new 2022 campaign, these charges increased significantly once again. The fiscal year just ended was also impacted by lower capacity utilization as a result of the poor harvest. In the third quarter of 2022/23, the development was partly favored by the sale of sugar inventories from the 2021 campaign at the beginning of the new sugar marketing year.

Result from restructuring and special items

The results of restructuring and special items totaled € 55 (0) million. Due to the improvement in results at the wheat starch plant in Zeitz in the 2022/23 fiscal year and the resulting positive outlook on earnings, the impairment of fixed assets in the 2018/19 fiscal year was fully reversed; this made it possible to record a gain from the reversal. The final decision of the Supreme Court of Vienna resulted in a significant reduction of the charges relating to the fine proceedings initiated by the Austrian competition authority in 2010. As a result, the amount of the impending fine has also been reduced accordingly and a significant portion of the provisions that were set aside when the proceedings were initiated has been released. This income was offset by expenses from impairments at the sugar production sites that were closed in Cagny and Eppeville, France.

The previous year's figure also included in particular income from the reversal of provisions due to settled legal disputes. These were offset by expenses for the joint venture Beta Pura GmbH, which experienced financial difficulties.

Result from companies consolidated at equity

The result from companies consolidated at equity was € 18 (–63) million and was predominantly attributable to ED&F Man Holdings Limited, London, UK. Since the first quarter of fiscal 2022/23, ED&F Man Holdings Limited has been recognized as other investments as the significant influence on financial and operating policy decisions has ceased to exist.

As a result of the discontinuation of at equity consolidation, currency gains of around € 10 million previously recognized directly in equity were recognized in income. Otherwise, the positive development in earnings resulted from significantly higher sugar sales by the Studen Group.

Capital employed and return on capital employed

Based on an operating result of € 230 (–21) million, which was again positive, and a € 461 million increase in capital employed to € 3,201 (2,741) million, ROCE in fiscal 2022/23 was 7.2 (–0.7) %.

Investments in fixed assets

The sugar segment's investments rose to € 144 (114) million. In addition to replacement investments and implementing measures to meet customer requirements, the focus was on process optimization, infrastructure improvements, measures to make energy supply and sugar production more flexible and secure, as well as investments to protect the environment and meet regulatory requirements. These efforts also include energy reduction measures and the reduction of greenhouse gas emissions at all locations. Projects implemented and underway include, for example, new extraction towers, the expansion of a pulp press station, new bulk loading facilities, a cane sugar refining facility, the optimization of wastewater treatment plants, and the installation of lowNOx burners.

Business performance – Sugar segment

		2022/23	2021/22	+/– in %
Revenues	€ million	**3,216**	**2,623**	**22.6**
EBITDA	€ million	**381**	**133**	**> 100**
EBITDA margin	%	11.8	5.1	
Depreciation	€ million	–151	–154	–2.0
Operating result	€ million	**230**	**–21**	**–**
Operating margin	%	7.1	–0.8	
Result from restructuring / special items	€ million	55	0	–
Result from companies consolidated at equity	€ million	18	–63	–
Result from operations	€ million	**303**	**–84**	**–**
Investments in fixed assets and intangible assets	€ million	144	114	26.7
Investments in financial assets / acquisitions	€ million	3	0	–
Total investments	€ million	**147**	**114**	**29.4**
Shares in companies consolidated at equity	€ million	29	21	35.5
Capital employed	€ million	3,201	2,741	16.8
Return on capital employed	%	7.2	–0.7	
Employees		**6,206**	**6,105**	**1.7**

TABLE 029

Raw materials and production

Cultivation and production

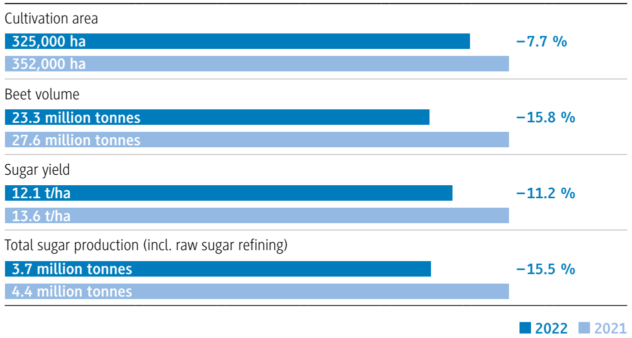


DIAGRAM 015

Cultivation area

Beet cultivation area at Südzucker Group in 2022 was down 7.7 % from last year's level to about 325,000 (352,000) ha. Rising producer prices for the most important competing crops – cereals, rapeseed and corn – were the main reason for the decline.

Planting and beet development

The main seeding started around 15 March 2022 – on average about one week earlier than last year. Dry and mild weather until early April provided good to very good seeding conditions. However, the weather turned at the beginning of April; snow, rain and cool night temperatures delayed the seeding of the last areas until Easter.

In Germany, Belgium and Moldova, frost damage and uprooting continued until mid-April. More than 4,600 ha were reseeded with beets.

Throughout most of Europe, drought combined with high temperatures was a feature of the summer months. Beet crops suffered severely from the drought, particularly in France, the German regions around Offstein, Offenau and Ochsenfurt as well as in Moldova, Hungary and Romania. It was clearly evident that leaf diseases were less prevalent in the extreme climatic conditions than in previous years. Nevertheless, the reed borer was again sighted in many stands this year, especially in southwestern Germany.

2022 campaign

Beet processing began at the Wabern plant on 5 September 2022, followed by the Rain (organic beet processing), Plattling and Zeitz plants. Südzucker Group's other plants began processing between 16 September and 10 October 2022.

The average campaign length dropped from 124 to 107 processing days and was thus significantly shorter than in the previous year. The Zeitz factory worked the longest, processing the last beets of the 2022/23 campaign on 30 January 2023 after a 144 day campaign.

In December 2022, frost and subsequent warm weather led to rotting of the sugar beet, which made processing difficult, especially at the locations in Belgium, but also in Wabern, Zeitz and in some cases Cerekiew. This resulted in reduced processing performance, which meant that the campaign there could not be completed until the second half of January.

Yields

Südzucker Group's beet yield for the 2022 season tumbled to 71.7 (78.4) t/ha. The total beet volume available for processing was thus 23.3 (27.6) million tonnes. A slightly below-average sugar content of 16.8 (17.3) % resulted in a theoretical sugar yield of 12.1 (13.6) t/ha.

Sugar, animal feed and molasses production

The group's total sugar production including raw sugar refining dropped to 3.7 (4.4) million tonnes. The volume of organic sugar produced at the Rain and Tulln factories decreased due to the smaller cultivation area and lower yields. The volume of animal feed and molasses produced dropped to 1.3 (1.5) million tonnes.

Volumes

Sugar

The Group's overall consolidated volume dropped 5.9 % to 4.2 (4.5) million tonnes of sugar in fiscal 2022/23.

Volumes of companies in the EU fell by 4.7 %, with particularly sharp declines in volumes recorded in Poland, Romania, Belgium and Italy. In contrast, sales in Germany, Austria, Hungary and Ireland increased slightly. In the 2021/22 fiscal year, retail shipments were down while sales to industry rose. This development showed a partial recovery of the market after retail volumes rose and industrial sales fell due to the Corona pandemic. Sales to both retail and industry decreased in fiscal 2022/23. One reason for this slump in sales was the hot, dry weather in the summer of 2022, which led to a lower beet harvest and sugar production.

Volumes decreased considerably in countries outside of the EU due to the increase in volumes within the EU – by a total of 26.8 %. Volumes in the Republic of Moldova and the Western Balkan companies were lower than the previous year.

Animal feed and molasses

Demand for sugary byproducts grew in the fiscal year just ended. At the same time, the Ukraine conflict caused prices for these products to soar; prices for agricultural raw materials had already risen sharply before the start of the war. The sanctions imposed by the EU on Russian logistics and freight forwarding companies have further tightened the market for sugary byproducts. Demand from the animal feed customer segment declined slightly in the 2022/23 fiscal year. This contrasts with a robust to moderate rise in demand from the fermentation customer segment.

The mixed feed industry and farmers continued to focus on molasses pulp due to unusually high milk prices and significantly higher prices for feed grains. The selling prices for molasses pulp rose again despite a decline in mixed feed production in Europe. In addition to the aforementioned arguments, regional and rapid local availability is also an important selling point.

Prices for beet molasses sold to the fermentation and mixed feed industries and to retailers were significantly higher than last year throughout the group. Demand from the customer segments was rather heterogeneous. Despite inflation concerns, the yeast industry again showed strong demand from many consumers, mainly due to rising demand for yeast extract.

The organic beet harvest, which fell short of expectations, caused a shortage of organic molasses pulp and organic molasses intended for marketing. The lower supply enabled us to increase our marketing prices.

Special products segment

At a glance

€ **2,217** million
Revenues

€ **102** million
Operating result

€ **1,979** million
Capital employed

5.2 %
ROCE

Offering functional ingredients for food, frozen pizzas and portion packs, the BENEO, Freiberger and PortionPack divisions serve consumer markets worldwide.

Strategy

BENEO
Plant-based nutrition, clean-label food, foods with added benefits as well as balanced and health-conscious nutrition are all trends that positively impact the BENEO division's business development.

- Employ innovative concepts to expand existing product portfolio
- Draw upon cross-divisional cooperation to more quickly cater to emerging trends
- Strengthen regional market strategies in the Asia-Pacific, as well as North and South American regions

Freiberger
The Freiberger division's target markets benefit from the steady trend towards convenience food, organic products, vegetarian products and grab-and-go meals and snacks.

- Actively and flexibly orient product portfolio to trends; use new marketing concepts
- Nurture and enhance innovation and sustainability
- Strengthen market position in Europe; grow market position in North America

PortionPack
The PortionPack division benefits from the growing importance of the out-of-home consumption market and the trend towards hygienically packaged products.

- Continuously expand product portfolio with focus on sustainable packaging and retail solutions
- Continue to grow in wholesale and food service, expand sales activities in retail, offer packaging solutions for food manufacturers (out-sourced packaging)
- Strengthen market position in Europe; expand activities in Southern Africa

Special products segment

At a glance

	BENEO	Freiberger	PortionPack
Production	Germany (1), Belgium (2), Italy (1), Netherlands (1), Chile (1)	Germany (4), UK (1), Austria (1), USA (4)	UK (2), Netherlands (3), Spain (1), South Africa (1), Czech Republic (1)
Distribution	Europe (3), USA (1), South America (2), India (1), Singapore (1)	Europe (3), UK (2), USA (1)	Europe (8), South Africa (1)
Raw materials	Beet sugar, rice, chicory root, wheat	Flour, milk (cheese), soybean oil, tomato paste, meat / salami	Finished products (confectionery, pastries, sugar)
Products	Functional food ingredients (dietary fibers, sugar substitutes, new sugar, rice starches / -flours, functionalized wheat protein) for food, animal feed, non-food and pharmaceutical industry	Convenience food (chilled and frozen pizzas, pasta, baguette, bread snacks, sauces, dressings)	Portion packs (food and non-food)
Markets	Worldwide	Europe, USA	Primarily Europe, South Africa
Customers	Food, animal feed, pharmaceuticals industries	Food retailers in Europe and North America	Hotels, restaurants, caterers (food service)
Brands	Isomalt, Palatinose™, galenIQ™, Orafti™ Inulin, Orafti™ Oligofructose	Private labels, Alberto	Hellma, Van Oordt

Markets

Target markets

The overall economic environment, especially the war in Ukraine, high global inflation and supply chain problems shaped target markets for the special products segment during the 2022/23 fiscal year just ended. However, these burdens were also offset by positive developments. For example, consumers around the world remain interested in eating healthier. The focus is on issues such as sustainability, sugar reduction, plant-based proteins and balanced, long-lasting sources of energy. The clean label trend continues to be an important driver – both in the conventional sector and the organic range. Food manufacturers are increasingly relying on natural ingredients, such as native and functionalized rice starches.

People spent more time away from home last fiscal year than during the pandemic. Revenues in sugar-free confectionery and sweets rose as a result.

The frozen pizza market in Germany recorded a decline in volumes compared with the previous year's strong sales volumes due to the pandemic, although the decline in private labels was smaller and market share therefore increased. Frozen pizza volumes were also down in France, Great Britain and the US market. But private labels were still able to increase their market share in these sales regions. The UK chilled pizza market grew slightly, and private labels were able to expand their dominant position through modest growth.

Sales volumes of portion packs increased sharply in fiscal 2022/23 compared to the previous year, but remained below the level recorded prior to the Corona pandemic. The restrictions and lockdowns during the pandemic mainly impacted the key customer segment of hotels and restaurants, causing major disruptions.

Raw material markets

The special products segment refines a variety of agricultural raw materials into high-quality products for the food and animal feed, as well as technical industries.

Chicory root harvesting and processing in Chile and Belgium went ahead without a hitch. Yields particularly in Belgium were below average because of weather conditions.

International supply chains remained impaired, and the impact of the Ukraine conflict on global agricultural raw material markets, as well as the political situation in other countries, made the procurement of raw materials considerably more difficult. However, while appropriate measures were taken to ensure availability at all times, high freight costs continued to be incurred for rice procurement. For sugar, which is the raw material for functional carbohydrates, costs were above the previous year's level in line with the general market trend.

The essential raw materials for producing frozen pizzas are mozzarella, salami and ham. Market prices for all dairy products have reached record levels in recent months, with skim milk powder, butter and cheese all rising significantly in price. Key drivers behind these increases include higher feed, labor and energy costs. Market participants expect prices to ease within the next few months. Prices for pigs also remained above the three-year average due to high feed, energy and logistics costs. The fattening pig population in the European Union is declining, and high input costs and uncertain demand prospects have negatively impacted farmers' willingness to maintain or increase their pig herds.

Prices for recycled cardboard used to produce foldable boxes rose again in the past twelve months, with availability decreasing significantly. Rising energy prices drove prices even higher. Waste paper volumes remained unchanged, thus confirming the trend of more and more consumer goods manufacturers switching their packaging from plastic to sustainable cardboard packaging types. Limited production capacities coupled with growing demand will continue to have a lasting impact on the packaging industry.

Soybean oil is an important raw material for producing dressings and sauces. Soybean oil prices in the United States have tumbled from their peak levels in 2022, but remain high in general. Both high prices and high volatility are expected to persist throughout 2023, driven primarily by three factors: rapid growth in biofuel production, growth in U.S. milling and refining capacity and low soybean inventories.

Business performance

Revenues and operating result

Revenues in the special products segment totaled € 2,217 (1,781) million, a significant increase year-on-year, due in particular to higher prices. Sales volumes showed a mixed trend, with significant increases but also substantial decreases.

Operating result was down significantly to € 102 (117) million, although in the fourth quarter of 2022/23 – as in the third quarter – further price increases improved the result compared with the prior-year quarter. However, the negative impact of significantly higher raw material, energy, logistics and packaging costs could only be passed on to customers in part or with a time lag in the past fiscal year.

Result from restructuring and special items

The result from restructuring and special items of € –10 (0) million is attributable primarily to the Freiberger division. Expenses related to the closure of the production site for sauces and dressings in Grundy Center, Iowa, United States, which belongs to US pizza manufacturer Richelieu Foods Inc. The decision to close the plant was made as part of a site optimization and cost reduction plan.

Capital employed and return on capital employed (ROCE)

With operating result of € 102 (117) million and a substantial increase in capital employed to € 1,979 (1,740) million, ROCE was down at 5.2 (6.7) %.

Investments in fixed assets

Investments in fixed assets in the special products segment totaling € 145 (124) million in the BENEO division affected ongoing capacity expansion measures at nearly every location in addition to replacement spending. The second refining line was completed in Pemuco, Chile, for instance. Investments will also be made in energy-saving measures, a complete transition to renewable energy sources and further capacity increases. An additional rice starch line was commissioned and drying capacity was increased in Wijgmaal, Belgium. Efficiency improvements were implemented at the Offstein location. In addition, preparations are underway for the construction of a new system for manufacturing protein concentrate, which is expected to start operation in late 2024. In the Freiberger division, a new production line was installed in Richelieu, USA and a new energy-efficient oven was installed in Stateside, UK. In the PortionPack division, work continued on the new factory building at the Telford, UK location to combine production capacities there; completion is scheduled for mid-2023.

Investments in financial assets

Investments in financial assets of € 60 (0) million mainly related to the complete acquisition of Meatless Holding B.V., Goes, Netherlands, by the BENEO division in May 2022. This acquisition is intended to further expand activities in the area of plant-based proteins as part of the 2026 PLUS group strategy. The acquisition of Meatless will help the company achieve its objective of evolving from a large-scale processor of agricultural raw materials to a leading partner for plant-based solutions. The acquisition will allow BENEO to expand its existing portfolio to offer an even wider range of texturizing solutions for meat and fish alternatives. In

Business performance – Special products segment

		2022/23	2021/22	+/– in %
Revenues	€ million	**2,217**	**1,781**	**24.5**
EBITDA	€ million	**183**	**190**	**–3.9**
EBITDA margin	%	8.2	10.7	
Depreciation	€ million	–81	–73	10.1
Operating result	€ million	**102**	**117**	**–12.7**
Operating margin	%	4.6	6.6	
Result from restructuring / special items	€ million	–10	0	> 100
Result from companies consolidated at equity	€ million	0	0	–
Result from operations	€ million	**92**	**117**	**–21.4**
Investments in fixed assets and intangible assets	€ million	145	124	17.3
Investments in financial assets / acquisitions	€ million	60	0	–
Total investments	€ million	**205**	**124**	**65.8**
Shares in companies consolidated at equity	€ million	0	0	–
Capital employed	€ million	1,979	1,740	13.7
Return on capital employed	%	5.2	6.7	
Employees		**5,262**	**4,990**	**5.5**

TABLE 030

addition, the BENEO division acquired an interest of less than 20 % in the Grillido GmbH, Munich.

In July 2022, the PortionPack division acquired 100 % of the shares in Orange Nutritionals Group B.V., Zaandam, Netherlands, the parent company of Dutch portioning product manufacturer Crème de la Cream Group. Crème de la Cream has a strong distribution and sales network in Europe and a wide range of production options with corresponding packaging facilities. The acquisition will strengthen and expand the business model by enhancing the product portfolio and extending the company's geographical reach. It will also reduce dependence on the "out of home" market and expand the market for "in-home" consumption (retail, delivery service) as a second pillar of business.

Production

We produce a wide range of plant-based ingredients with nutritional and technological benefits for the food, animal feed and pharmaceutical industries at six locations in Belgium, Chile, Germany, Italy and the Netherlands. Our natural raw materials include chicory root, beet sugar, rice, wheat, field bean and other. We use these to produce the functional carbohydrates Isomalt and Palatinose™, the prebiotic chicory root fibers inulin and oligofructose, rice starch and rice flour, vegetable proteins and textured plant-based ingredients. Plant capacity expansions continued, including the start-up of the second refining line in Pemuco, Chile, and a new rice starch line in Wijgmaal, Belgium. Further steps to expand capacity and further improve energy efficiency are also in progress. Moreover, BENEO is investing in a plant for processing pulses in order to boost its existing protein business.

We produce a wide variety of frozen and chilled pizzas (including stone-baked), flatbreads, tarte flambée, baguettes, snacks, pasta dishes, and dressings and sauces at ten production locations, mainly under our own private labels. Thanks to increased demand, particularly in Europe, production volumes were significantly higher than in the previous year. The start-up of two new pizza production lines in Berlin and Wheeling, USA, also contributed to this growth.

We operate seven European production locations for portion packs and one facility in South Africa. We produce a broad spectrum of single packages for sugar, sweeteners, honey, herbs, marmalades, cookies, sauces, coffee whitener, instant beverages and various non-food articles to customers' individual specifications at these locations. Moreover, we also provide contract packaging services to a large number of customers. We significantly strengthened this business in fiscal 2022/23 through the acquisition of 100 % of the shares in the Orange Nutritionals Group B.V., Zaandam, Netherlands.

Volumes

The sugar substitute Isomalt showed strong growth during the 2022/23 fiscal year. Among other things, sales benefited from consumers' increasing desire to cut their own sugar consumption while still being able to enjoy the occasional indulgence. Sales of the galenIQ™ Isomalt variant for the pharmaceutical market continued to experience significant growth due to high-volume project deployments. The European market is the main driver for this growth. The prebiotics inulin and oligofructose saw a decline in sales in a recessionary environment in fiscal 2022/23. Reasons for this included the overall economic environment, the war in Ukraine, high global inflation and supply chain issues. Despite myriad challenges in the market due to changing consumer behavior, the animal feed and pet food segment was able to increase volumes. BENEO's plant-based proteins and rice ingredients are generating a great deal of consumer interest among pet owners.

The acquisition of Meatless and the stake in Grillido are bringing BENEO closer to end consumers. Expanding the portfolio to include broad bean-based ingredients also opened up new target markets.

Volumes of frozen and chilled products rose moderately year-on-year in Europe in fiscal 2022/23 as high inflation prompted an increase in consumer demand for low-priced private label products. This development was particularly pronounced in Germany. In the US, pizza sales lingered at the previous year's level, while dressings and sauces declined slightly.

Sales volumes for portion packs increased in fiscal 2022/23 compared to the previous year, which was still heavily impacted by the Corona pandemic and the associated restrictions for our main customer group, the hotel and restaurant industry. Volumes are still below pre-Corona pandemic levels, however.

CropEnergies segment [1]

At a glance

€ 1,390 million	€ 251 million	€ 535 million	46.9 %
Revenues	Operating result	Capital employed	ROCE

Strategy

Climate change and greenhouse gas reduction goals demonstrate the importance of CropEnergies' contribution toward offering alternative solutions in this environment. The European Green Deal will require more sustainable, bio-based solutions. Fuels with higher ethanol blends (E10 to E85) continue to offer high revenue potential. At the same time, growth opportunities arise from the broadening of the raw material base and the increasing demand for protein-based food and animal feed products. The strong demand growth for sustainable bio-based chemicals may give rise to new business opportunities for CropEnergies.

- Expand ethanol, neutral alcohol and protein-rich food and animal feed business activities; develop new businesses such as bio-based chemicals by drawing on the group's R&D expertise
- Establish new collaborative partnerships with customers and partners
- Focus on European and regional raw materials and supply chains

CropEnergies is a leading European manufacturer of sustainable ethanol, predominantly for the fuel sector. The company can produce 1.3 million m^3 of ethanol, more than 1 million tonnes of food and animal feed, and 400,000 tonnes of carbon dioxide, which can be liquefied for use in the food sector, among other applications.

Production	Germany (1), Belgium (1), France (1), UK (1)
Raw materials	Grain, sugar syrup, raw alcohol, residues
Products	Fuel ethanol, rectified spirits, protein-rich food and animal feed, liquid CO_2
Markets	Europe
Customers	Oil companies and traders, food and animal feed producers, beverage and cosmetics producers, industrial and pharmaceutical companies

[1] Further details can be found in CropEnergies AG's current 2022/23 annual report

Markets

Ethanol market

Global ethanol production was up to 128 (123) million m³ in 2022, close to the level before the outbreak of the Corona pandemic in 2019. About 84 % thereof continued to be accounted for by fuel ethanol. The increase in total production was due to higher production of fuel ethanol after mobility patterns largely returned to normal behavior in 2022. This amounted to around 108 (103) million m³ in 2022. In 2023, fuel ethanol production is expected to increase further. The remaining alcohol volume is used as rectified spirit in beverages, cosmetics, pharmaceutical and industrial applications.

EU ethanol volume balance

million m³	2020	2021	2022	2023e
Opening balance	**0.8**	**0.9**	**0.6**	**1.0**
Production	7.6	7.9	7.7	7.6
thereof fuel ethanol	5.1	5.4	5.4	5.3
Consumption	−8.6	−9.2	−9.9	−10.0
thereof fuel ethanol	−5.5	−6.2	−7.0	−7.0
Net imports	1.1	1.0	2.6	2.3
Closing balance	**0.9**	**0.6**	**1.0**	**0.9**

Source: S&P Global Commodity Insights, March 2023; including UK.

TABLE 031

The EU-27 and the UK produced 7.7 (7.9) million m³ of ethanol in 2022, slightly below the previous year's level. At the same time, ethanol consumption rose to 9.9 (9.2) million m³. This was due to an increase in fuel ethanol consumption to 7.0 (6.2) million m³. In 2023, fuel ethanol consumption is expected to remain at the previous year's level of 7.0 (7.0) million m³. In the neutral alcohol sector, consumption levels were relatively constant in 2022 at 2.9 (3.0) million m³. Net imports to the EU-27 and the UK saw a sharp upturn in 2022. The volume more than doubled to 2.5 (1.1) million m³.

Ethanol price trends in fiscal 2022/23 were initially dominated by high raw material and energy costs in general. Especially in Europe, ethanol prices were at a very high level in the first six months of the fiscal year. In the second half of the fiscal year, a sharp rise in imports, notably from Brazil, the USA and Pakistan, led to a massive drop in prices. Spot prices initially rose from around 1,150 €/m³ at the beginning of March 2022 to around 1,300 €/m³ in June 2022. By the end of the fiscal year, spot prices had dropped to around 850 €/m³.

Protein market

Price developments on the markets for protein-rich food and animal feed products are based primarily on international soybean prices and European rapeseed meal prices. According to the International Grains Council (IGC), global soybean harvest in 2022/23 will be above last year's level at 370 (356) million tonnes. Demand is expected to climb slightly to 370 (365) million tonnes while inventories are targeted to remain at the previous year's level at 46 (46) million tonnes. Soybean prices moved at a continuously high level throughout fiscal 2022/23. At the beginning of March 2022, the price was around 17 USD / bushel. At the end of the fiscal year, soybeans were trading at around 15 USD / bushel. The EU rapeseed harvest in the 2022/23 marketing year is significantly above the previous year's level at around 20 (17) million tonnes. Quotations for European rapeseed meal followed international trends. Prices were around 400 €/t at the beginning of March 2022 and around 360 €/t at the end of February 2023.

Raw material markets

Global grain production (excluding rice) is projected to be slightly below the previous year's record crop at 2,250 (2,291) million tonnes in grain marketing year 2022/23 (1 July to 30 June). With global grain consumption at 2,261 (2,297) million tonnes, inventories are expected to be slightly lower at 586 (596) million tonnes.

According to the EU Commission, grain production in the EU is expected to be significantly lower in the grain marketing year 2022/23 at around 266 (293) million tonnes due to weather conditions. Grain consumption is likely to decline as well, to 255 (260) million tonnes. European wheat prices on Euronext in Paris ranged at a very high level in the course of fiscal 2022/23. At the start of the fiscal year, wheat was quoted at around 350 €/t and peaked at around 440 €/t in mid-May 2022 in the wake of the war between Russia and Ukraine. However, it was less a lack of grain volumes than uncertainty about the further course of the war and the associated logistical problems with grain exports from the region that drove prices up. Grain prices fell again considerably in the further course of the fiscal year. At the end of February 2023, the wheat price was around 275 €/t and thus back at pre-war levels.

In the grain marketing year 2023/24, the EU Commission expects a grain harvest of 288 (266) million tonnes. At 256 (255) million tonnes, demand for cereals is expected be only slightly above the previous year's level. More than 60 % continues to be used as cattle feed. In contrast, the starch content of only 11 million tonnes of grain, or around 4 % of the EU harvest, will be used to produce fuel ethanol. The remaining grain components are primarily refined into high-protein food and animal feed products, which help close the European plant-based protein supply gap.

Legal and political environment

European Green Deal

The EU aims to reduce greenhouse gas (GHG) emissions by at least 55 % by 2030. As part of the European Green Deal, the EU is also striving for climate neutrality by 2050. The EU Commission presented a comprehensive package of proposals for adapting the EU's climate and energy policies on 14 July 2021 in order to achieve the 2030 climate target.

Renewable Energy Directive

The Renewable Energy Directive (RED II) stipulates that the share of renewables in the transport sector should increase to at least 14 % in 2030. However, this target does not ensure that renewables in the transport sector will contribute sufficiently to the European Green Deal. The EU Commission therefore proposed in July 2021 to revise the Renewable Energies Directive in order to ensure, among other things, higher GHG reductions by using renewable energies in the transport sector. The negotiators of the European Parliament and the Council were able to reach a so-called preliminary political agreement on the amendment of the Renewable Energies Directive on 30 March 2023. Member states are to be given the choice in the transport sector of achieving the greater use of renewable energy sources through a GHG reduction target of 14.5 % or by increasing the energy blending target to at least 29 %. The share of renewable fuels from arable crops is to be allowed to remain unchanged in member states at up to one percentage point above the level achieved in 2020, up to a maximum of 7 %. The preliminary agreement also sets a binding sub-target of 5.5 % in 2030 for renewable biofuels from waste and residues and synthetic fuels. Synthetic fuels are to account for at least one percentage point.

Further recommendations in relation to the Green Deal include better coordinating the taxation of energy products and EU climate and energy policies, by in future taxing the energy content of fuels and combustibles in accordance with their impact on the environment. In addition, a separate market for fossil CO_2 emissions from fuels and combustibles is to be established by 2026. Pricing fuels and combustibles based on energy content and CO_2 would also be in line with long-standing demands from the European ethanol industry.

In contrast, the ethanol industry rejects the EU Commission's proposal to set CO_2 emission standards for cars and light commercial vehicles, because the proposal to reduce average annual emissions from new vehicles by 55 % compared to 2021 from 2030 onwards and by 100 % from 2035 is equivalent to a de facto ban on new vehicles with internal combustion engines no later than 2035. This recommendation is a clear violation of the principle of technological neutrality, because it continues to exclusively consider emissions at vehicle tailpipes. As a result, lifecycle emissions from vehicles with no direct emissions, such as electric vehicles, are ignored. In other words, the greenhouse gases emitted from producing batteries are neglected, as are those of the required charging power. However, despite these concerns, the European Parliament and the European Council approved the Commission's proposal on 27 October 2022 for a far-reaching ban on new vehicles with internal combustion engines from 2035. The board adopted a corresponding rule to this effect on 28 March 2023, with the rule also stipulating that the EU Commission will submit a proposal for the post-2035 approval of vehicles that run exclusively on carbon-neutral fuels, outside of the standards applicable to vehicle fleets. The EU Commission is also to be tasked with developing a method for determining the lifecycle emissions of new vehicles by the end of 2025. A review of the regulations is to take place in 2026.

Germany

The EU is discussing further increases in renewable energy targets, while the current version of RED II has been incorporated into national law. The German legislature has decided to gradually raise the GHG quota to 25 % in 2030. A further step in this process was taken with the increase from 7 % to 8 % as of 1 January 2023. The energy share of renewable fuels from ordinary crops should be able to contribute up to 4.4 %. The share of advanced biofuels is to be increased gradually to 2.6 % in 2030. Other renewable fuel alternatives are to be subsidized alongside the established biofuels, including synthetic fuels, which will count double, and renewable electricity, which will count triple towards the GHG quota.

Business performance

Revenues and operating result

Revenues in the CropEnergies segment rose significantly to € 1,390 (1,004) million, driven by substantially higher sales prices.

Operating result was in line with the development of sales revenues and increased significantly to € 251 (127) million in the reporting period. Thus, the strong operating result of the previous year was again significantly exceeded and another record result was achieved. Significantly higher sales revenues more than offset the likewise substantial rise in raw material and energy costs. In addition to the favorable ethanol quotations, price hedges for raw materials and energy were instrumental in the exceptionally good operating result, particularly in the first half of the fiscal year. The price hedges were in place before the start of the Ukraine war and the associated sharp rise in raw material and energy prices.

Business performance – CropEnergies segment

		2022/23	2021/22	+/– in %
Revenues	€ million	**1,390**	**1,004**	**38.4**
EBITDA	€ million	**294**	**169**	**74.2**
EBITDA margin	%	21.1	16.8	
Depreciation	€ million	–43	–42	2.9
Operating result	€ million	**251**	**127**	**97.6**
Operating margin	%	18.1	12.6	
Result from restructuring / special items	€ million	0	0	–
Result from companies consolidated at equity	€ million	1	0	> 100
Result from operations	€ million	**252**	**127**	**97.6**
Investments in fixed assets and intangible assets	€ million	47	36	30.7
Investments in financial assets / acquisitions	€ million	4	0	–
Total investments	€ million	**51**	**36**	**40.8**
Shares in companies consolidated at equity	€ million	5	3	92.9
Capital employed	€ million	535	486	10.0
Return on capital employed	%	46.9	26.1	
Employees		**480**	**455**	**5.5**

TABLE 032

Capital employed and return on capital employed (ROCE)

Capital employed was substantially higher than the previous year at € 535 (486) million. ROCE climbed to 46.9 (26.1) % on significantly higher operating result of € 251 (127) million.

Investments in fixed assets

Investments in fixed assets totaled € 47 (36) million. A second biomass boiler is scheduled to start operation at the Wanze location in Belgium in 2023; power supply will then be based predominantly on renewable raw materials. At the Zeitz location, planning has begun for the conversion of the energy supply from coal to gas; the availability of the necessary land is currently being clarified. Additional measures were taken to increase plant availability and plant safety at Ensus in Wilton, UK. A project to significantly reduce primary energy consumption was also kicked off, which is scheduled for completion in mid-2024 and will make an important contribution to reducing Ensus' fossil CO_2 footprint.

Investments in financial assets

Investments in financial assets of € 4 (0) million related to acquisitions of shareholdings of less than 20 % in LXP Group GmbH, Teltow, Germany, 50 % in Syclus B.V., Maastricht, Netherlands, and 25 % in East Energy GmbH, Rostock, Germany.

Raw materials and production

Agricultural materials originating in Europe are still only processed in Zeitz, Wanze, and Wilton. CropEnergies considers it important to source raw materials as sustainably and close to the location where they are needed as possible. CropEnergies has fully documented the sustainable production of ethanol in all biorefineries and has commensurate certification in accordance with at least one certification system recognized by the EU Commission. The high greenhouse gas savings of the ethanol produced compared to gasoline from fossil sources is audited by an independent body.

Ethanol production in fiscal 2022/23 remained at the previous year's level of 1.1 (1.1) million m³; food and feed production was also on a par with the previous year. Production capacity over the course of the year was utilized in line with market conditions and to carry out regular maintenance work. The volume of CO_2 sold for liquefaction was increased significantly. Part of this was the steady supply to the new CO_2 liquefaction plant at the Wanze location.

Taking the first step toward further diversification, CropEnergies is going to build a plant for the production of renewable ethyl acetate near the production location in Zeitz. The company will invest between € 120 and 130 million in the construction of the plant. In the future, renewable ethyl acetate will enable CropEnergies to offer customers the opportunity to reduce the fossil CO_2 footprint of a broad product range while growing in line with the sustainability trend.

Starch segment [1]

At a glance

€ 1,193 million	€ 70 million	€ 552 million	12.7 %
Revenues	Operating result	Capital employed	ROCE

Strategy

The starch business capitalizes on market growth in the food and non-food sectors. Overall, there is rising demand for starch-based products and generally for foods containing plant protein and organic products in the animal feed, paper, textiles, construction chemicals, pharmaceuticals and cosmetics sectors. There is growing demand in the packaging industry for native and modified starches.

- Further develop and expand specialization strategy for the product portfolio
- Expand innovative product portfolio and application consultation
- Grow market share in Europe; grow selectively outside Europe

Important custom starch products and bioethanol maker in Europe.

Production	Austria (3), Romania (1), Hungary (1, joint venture)
Raw materials	Potatoes, corn, wheat
Products	Native and modified starches, saccharification products, ethanol, byproducts (animal feed and fertilizers)
Markets	Central and Eastern Europe (primarily Austria and Germany), special markets such as the United States and United Arab Emirates
Customers	Food, paper, textiles, industrial chemicals, pharmaceuticals, cosmetics, petroleum, animal feed industries
Brands	ActiProt, BioAgenasol, AGENABEE

[1] Please refer to AGRANA Beteiligungs-AG's current 2022/23 annual report for further details.

Markets

Target markets

Dramatic increases in raw material and energy costs influenced market developments across all product segments: Many customers want to conclude shorter-term contracts and stock up as early as possible for the year ahead.

At the start of the fiscal year there was high market demand for all product categories. The paper sector also benefited from a greatly improved order situation at the beginning of the fiscal year and increased its demand for cereal starches.

However, as the year progressed the spike in energy prices initially resulted in a downturn in market demand that was quite significant in some cases. Customers in the paper sector were the first to lose their competitive edge in the export markets due to the explosion in energy costs. Towards the end of the fiscal year, this trend continued throughout the starch market and increasingly weaker demand met with improved availability, with new capacity in South-Eastern Europe, for example, creating a selective oversupply in the market.

Almost all major European infant milk formula producers had excess capacity, in particular due to restrictions related to supplying the Asian market.

Please refer to the CropEnergies segment report for details about developments in the international ethanol markets and the associated political conditions for ethanol.

Raw material markets

The CropEnergies segment report discusses in detail developments in the international grain markets. Global corn production is expected to reach 1,153 (1,220) million tonnes and consumption 1,180 (1,217) million tonnes. At the 2022/23 reporting date, the price on Euronext Paris for corn was 279 (311) €/t.

Business performance

Revenues and operating result

Despite declining sales volumes, the starch segment's revenues rose significantly to € 1,193 (940) million as a result of substantially higher sales revenues. Ethanol prices remained satisfactory in the first half of the year, which helped contribute to this revenue growth.

Sales revenues development drove operating result up significantly to € 70 (57) million in the reporting period. Despite operating result in the last two quarters being impacted by the recent decline in ethanol prices and falling short of the results of the first two quarters, significantly higher raw material and energy costs overall were more than offset by substantial revenue growth.

Business performance – Starch segment

		2022/23	2021/22	+/– in %
Revenues	€ million	**1,193**	**940**	**26.9**
EBITDA	€ million	**118**	**106**	**11.8**
EBITDA margin	%	9.9	11.2	
Depreciation	€ million	–48	–49	–1.9
Operating result	€ million	**70**	**57**	**23.4**
Operating margin	%	5.9	6.1	
Result from restructuring / special items	€ million	0	0	–100.0
Result from companies consolidated at equity	€ million	11	14	–20.3
Result from operations	€ million	**81**	**71**	**14.9**
Investments in fixed assets and intangible assets	€ million	28	24	15.0
Investments in financial assets / acquisitions	€ million	0	0	–
Total investments	€ million	**28**	**24**	**15.0**
Shares in companies consolidated at equity	€ million	44	53	–17.3
Capital employed	€ million	552	488	13.0
Return on capital employed	%	12.7	11.7	
Employees		**1,148**	**1,128**	**1.8**

TABLE 033

Result from companies consolidated at equity

The result of € 11 (14) million from companies consolidated at equity was mainly attributable to the share of earnings from Hungarian Hungrana Group's starch and ethanol businesses.

Capital employed and return on capital employed (ROCE)

A significant increase in operating result of € 70 (57) million and a substantial rise in capital employed of € 552 (488) million drove ROCE up to 12.7 (11.7) %.

Investments in fixed assets

The starch segment invested € 28 (24) million in fixed assets. Alongside measures to secure the energy supply in the event of a gas supply shortage, investments related to wastewater treatment, spray drying to improve quality requirements and infrastructure, process optimization with a focus on energy reduction and logistical improvements through a ship connection to a bran storage facility.

Production

We use potatoes, corn and wheat as raw materials to make starches for various technical applications, food and animal feed, as well as renewable ethanol and byproducts.

The potato starch factory in Gmünd, Austria processed about 217,000 (274,000) tonnes of industrial starch potatoes during the 2022/23 campaign. Food industry potato processing for potato staple products remained at last year's level. The Aschach and Pischelsdorf sites in Austria processed around 1.4 (1.6) million tonnes of corn and cereals in the past fiscal year. Corn processing declined 6 %, while the share of specialty corn (especially waxy corn and organically produced corn) was about 24 %. Wheat grinding volume dropped moderately. In Hungary, corn milling volumes did not match those of the previous year. The Romania factory processed more specialty corn and less yellow corn.

Volumes

Due to the need to at least partially absorb the dramatic rise in raw material and energy costs, this was the first time current annual contracts with customers were renegotiated during the year. Overall, the trend is headed towards shorter contract terms.

At the start of the fiscal year there was high market demand for all product categories. For example, demand for spray-dried sweetener products could only be partially met due to limited availability. In the food sector, native and modified starch and protein volumes were high, with gratifying volume growth in specialty and organic products. Demand for cereal starches from the paper sector also increased.

However, as the year progressed the spike in energy prices initially resulted in a downturn in market demand that was quite significant in some cases. This trend continued throughout the starch market towards the end of the fiscal year.

In the infant milk formula business, volumes were nearly stable thanks to the focus on premium products.

Fruit segment [1]

At a glance

€ 1,482 million
Revenues

€ 51 million
Operating result

€ 828 million
Capital employed

6.2 %
ROCE

World market leader in fruit preparations for international food companies and leading producer of fruit juice concentrates in Europe

Strategy

Fruit preparations

AGRANA Fruit benefits from the growing global demand for high-quality food and the trends towards convenience food, naturalness, sustainability and health. While the market for fruit yogurt is stagnating in Europe and North America, there are growth opportunities in sectors such as ice cream, bakery and food service. In addition, there are attractive regional growth opportunities, particularly in Asia, the Middle East, and Africa.

- Further develop product categories; strengthen diversification and marketing of innovative plant-based product solutions
- Focus on expanding out of home eating and ice cream sectors
- Expand global presence by entering geographically attractive markets

Fruit juice concentrates

Growth opportunities for this sector are arising from the increasing demand for natural – as opposed to synthetically produced – ingredients in the EU and around the world. Juice consumption will continue to increase in developing markets. European consumer trends such as declining fruit juice content and rising demand for direct-pressed juices will have a weakening impact.

- Expand product portfolio
- Consolidate local and regional customer bases

[1] Please refer to AGRANA Beteiligungs-AG's current 2022/23 annual report for further details.

Fruit segment

At a glance

	Fruit preparations	Fruit juice concentrates
Production	Austria (1), Germany (1), France (2), Poland (1), Russia (1), Turkey (1), Ukraine (2), Egypt (1), Algeria (1), Argentina (1), Australia (1), Brazil (1), China (2), India (1), Japan (1), Morocco (1), Mexico (1), South Africa (1), South Korea (1), United States (4)	Austria (1), Germany (1), Poland (5), Romania (1), Ukraine (1), Hungary (4), China (1)
Raw materials	Main raw material: strawberries	Main raw material: apples
Products	Fruit preparations	Fruit juice concentrates, pure juice, fruit wines, natural aromas and beverage bases
Markets	Worldwide	Focus Europe
Customers	Dairy, ice cream and baked goods industries, food services	Beverage industry

Markets

Target markets

The market environment for fruit preparations is determined by consumer trends in the global markets for dairy products, ice cream and food service. Main trends continue to revolve around topics like naturalness, health, enjoyment, convenience and sustainability. Due to the current economic situation, with high inflation and energy costs in many parts of the world, there is increasing consumer concern regarding product prices. Since food is an essential product, demand is less affected than other product categories such as capital expenditure or leisure spending. Nevertheless, there is a noticeable effect on sales trends in the food sector: Brand loyalty is declining, and consumers are more likely to seek out special offers or resort to less expensive private label products.

The main market for the fruit preparations division – fruit yogurt – recovered in 2022 with a slightly positive growth rate of 0.2 % following a decline of –2.9 % in the previous year. The yogurt drinks category saw a global annual growth rate of 2.1 % during the same period.

In the fruit juice concentrates business, there continues to be a trend toward lower fruit juice content in both beverages and directly pressed 100 % juices. As a result, the demand for beverage bases with reduced fruit juice contents is rising.

Raw material markets

The continuing raw material market volatility and the global freight cost trend led to a significant increase in raw material prices for fruits and ingredients of about 20 % on average compared to the previous year. Higher prices were seen across all fruit categories (strawberries, peaches, blueberries, tropical fruits). For the new harvests, there are signs of very good raw material availability in some cases, with average prices falling again.

The apple harvest for the fruit juice concentrates division was marked by very good raw material availability in the Polish growing regions in 2022. The availability of red berries was good overall.

Business performance

Revenues and operating result

Revenues rose substantially in the fruit segment to € 1,482 (1,251) million. Key drivers were significantly higher prices for both fruit preparations and fruit juice concentrates. We were also able to achieve a significant increase in sales volumes for fruit juice concentrates.

Operating result was slightly lower than the previous year at € 51 (52) million. The result in the fruit preparations division fell below the previous year – due to a decline in shipments and a rise in costs. In contrast, the fruit juice concentrates division's result improved significantly due to a marked increase in sales volumes, and the significantly higher sales revenues more than offset the higher costs.

Business performance – Fruit segment

		2022/23	2021/22	+/– in %
Revenues	€ million	**1,482**	**1,251**	**18.5**
EBITDA	€ million	**94**	**94**	**1.1**
EBITDA margin	%	6.4	7.5	
Depreciation	€ million	–43	–42	4.1
Operating result	€ million	**51**	**52**	**–1.3**
Operating margin	%	3.5	4.1	
Result from restructuring / special items	€ million	–48	–42	15.5
Result from companies consolidated at equity	€ million	0	0	–
Result from operations	€ million	**3**	**10**	**–72.0**
Investments in fixed assets and intangible assets	€ million	36	34	4.1
Investments in financial assets / acquisitions	€ million	0	4	–100.0
Total investments	€ million	**36**	**38**	**–5.8**
Shares in companies consolidated at equity	€ million	0	0	–
Capital employed	€ million	828	870	–4.8
Return on capital employed	%	6.2	6.0	
Employees		**5,245**	**5,341**	**–1.8**

TABLE 034

Capital employed and return on capital employed (ROCE)

With capital employed moderately lower at € 828 (870) million due to the impairment of goodwill and a slight decrease in operating result at € 51 (52) million, ROCE was on a par with the previous year at 6.2 (6.0) %.

Result from restructuring and special items

The result from restructuring and special items in the fruit segment totaled € –48 (–42) million. Volatile financial markets and increased country risks due to the Ukraine conflict led to a higher cost of capital (WACC), resulting in an impairment requirement of € 50 million in total in the fruit segment from a review of the recoverability of goodwill and fixed assets. Offsetting special items related to reversals of loss carryforwards for receivables and inventories formed during the previous year in connection with the Ukraine crisis. All effects were already recognized in the second quarter of 2022/23. In the previous year, the result from restructuring and special items related mainly to impairment charges on goodwill, fixed assets and receivables from customers associated with the plant locations affected by the Ukraine conflict and the resulting deterioration in the outlook on earnings, as well as a loss event in North America.

Investments in fixed assets

Investments in the fruit segment amounting to € 36 (34) million were used to expand production facilities for fruit preparations in addition to replacement spending. Investments in the fruit juice concentrates division focused mainly on building a mechanical vapor compressor and a new apple cleaning station along with measures to maintain operations, ensure compliance with applicable laws and satisfy customer requirements.

Raw materials and production

About 343,000 (354,000) tonnes of raw materials were purchased and processed in the fruit preparations division in fiscal 2022/23. The main fruit for fruit preparations was strawberries, as in previous years. About 50,000 tonnes of strawberries were processed, followed by peaches with about 18,000 tonnes and blueberries with 11,000 tonnes.

During the second quarter, energy costs for production in the fruit preparations business increased sharply. Gas and electricity supplies to the European production locations primarily became more expensive.

In the fruit juice concentrates business, the 2022 apple harvest was shaped by very good raw material availability in the Polish growing regions. The higher raw material volumes there largely compensated for lower raw material availability in Hungary, Romania and China. The Ukrainian location was also able to process 90 % of a normal apple processing volume despite the more difficult conditions. There was good availability of red berries.

Volumes

Higher prices across all fruit categories, as well as for sugar and starches, had to be passed on in adjusted customer contracts.

Overall, volumes in the fruit preparations division were below the previous year's level. Volumes by product category were up in non-dairy fruit preparations and down in dairy and fruit trading.

Volumes in the fruit juice concentrates division rose significantly overall. Customer call-offs for fruit juice concentrates were at a high level. Contracts for apple juice and berry juice concentrate volumes from the 2022 harvest were concluded at significantly higher contribution margins year on year amid very good market demand.

Volumes and contribution margins in the added value business performed excellently. Growth targets were exceeded, particularly for FTNF flavors [1].

The logistical challenges that have shaped the export-heavy concentrate business since the COVID-19 pandemic (high transport costs and low container availability), especially for US-bound shipments, eased during the 2022/23 fiscal year.

[1] From the named fruit (natural flavors).

ACTUAL AND FORECAST BUSINESS PERFORMANCE

The following table shows the 2021/22 consolidated financial statement results and the forecast at the time of each quarterly report in fiscal 2022/23, and the actual 2022/23 consolidated financial statement results.

Prior to the publication dates of the 2021/22 consolidated financial statements and the interim reports for the respective quarters Q1, Q2 and Q3 2022/23, Südzucker has regularly released guidance for group revenues, EBITDA and group operating result as part of MAR announcements.

Südzucker's 14 April 2022 MAR announcement set out the forecast for the ranges for consolidated group revenues, group EBITDA and group operating result in fiscal 2022/23, which was confirmed and supplemented by the forecast for the individual segments with the publication of the 2021/22 consolidated financial statements at the press and analysts' conference on 19 May 2022.

In advance of the publication of the quarterly statement Q1 2022/23 on 7 July 2022, the forecast for group revenues, group EBITDA and group operating result had already been raised in a MAR announcement on 15 June 2022.

As a result of the positive business performance since the beginning of the current financial year 2022/23, the EBITDA and operating result forecast was raised again in the MAR announcement of 11 August 2022. In the half-year financial report 2022/23 dated 13 October 2022, this increase was confirmed and at the same time the range for expected consolidated group revenues was raised.

Actual and forecast business performance

Publication date		5/19/2022	5/19/2022	7/7/2022	10/13/2022	1/12/2023	5/25/2023
		Q4 2021/22	Q4 2021/22[1]	Q1 2022/23	Q2 2022/23	Q3 2022/23	Q4 2022/23
		Act 2021/22	Forecast 2022/23				Act 2022/23
Group							
Revenues	€ billion	7.6	8.7 to 9.1	8.9 to 9.3	9.4 to 9.8	9.7 to 10.1	9.5
EBITDA	€ million	692	Range from 660 to 760	Range from 760 to 860	Range from 810 to 910	Range from 890 to 990	1,070
Operating result	€ million	332	Range from 300 to 400	Range from 400 to 500	Range from 450 to 550	Range from 530 to 630	704
Return on capital employed	%	5.3	Slight increase	Significant increase	Significant increase	Significant increase	9.9
Sugar segment							
Revenues	€ million	2,623	Significant increase	Significant increase	Significant increase	Significant increase	3,216
Operating result	€ million	–21	Range from 0 to 100	Range from 0 to 100	Range from 0 to 100	Range from 150 to 200	230
Special products segment							
Revenues	€ million	1,781	Significant increase	Significant increase	Significant increase	Significant increase	2,217
Operating result	€ million	117	Significantly below previous year's level	Slight increase	Moderate decrease	Significant decrease	102
CropEnergies segment							
Revenues	€ billion	1.0	Between 1.3 and 1.4	Between 1.4 and 1.5	Between 1.4 and 1.5	Between 1.4 and 1.5	1.4
Operating result	€ million	127	Between 105 and 155	Between 165 and 215	Between 215 and 265	Between 225 and 255	251
Starch segment							
Revenues	€ million	940	Significant increase	Significant increase	Significant increase	Significant increase	1,193
Operating result	€ million	57	Moderate decrease	Slight increase	At previous year's level	At previous year's level	70
Fruit segment							
Revenues	€ million	1,251	Moderate increase	Moderate increase	Significant increase	Significant increase	1,482
Operating result	€ million	52	Significantly below previous year's level	Significantly below previous year's level	Significantly below previous year's level	Significantly below previous year's level	51

[1] Published on the annual press and analysts' conference (consolidated management report 2021/22) on 19 May 2022.

TABLE 035

In the MAR announcement of 2 November 2022, the expected increase in group revenues, group EBITDA and group operating result for fiscal 2022/23 was concretized and reflected accordingly in the quarterly statement 2022/23 dated 12 January 2023.

According to the 14 February 2023 MAR announcement, Südzucker continued to expect a significant year-on-year increase in group revenues, which, following the last forecast of 2 November 2022 in a range of € 9.7 to 10.1 billion, were now expected to be slightly lower at approximately € 9.5 billion. In return, a further increase in group EBITDA in a range between € 1,000 and 1,040 million and group operating result between € 640 and 680 million was assumed. The sugar segment was the main driver of the improvement in group EBITDA and group operating result.

OUTLOOK

Economic environment

In its January 2023 winter outlook, the International Monetary Fund (IMF) forecast further significant global economic growth of 2.9 (3.4) % for 2023. Compared with the October 2022 outlook, this expectation comprises an increase of 0.2 percentage points.

In its spring report dated 11 April 2023, the IMF reduced its global growth forecast for 2023 only slightly, from 2.9 to 2.8 %. The IMF expects China to grow at a higher rate of 5.2 (3.0) %. In the USA, growth is expected to decline to 1.6 (2.1) %.

For the euro zone, the EU Commission forecast growth of 0.9 (3.5) % in its winter report of February 2023. The IMF's spring report projects a decline in growth to 0.8 (3.5) %.

Volume and raw material markets

Following three years of deficits, a balanced global sugar market is expected for the 2022/23 sugar marketing year (1 October 2022 to 30 September 2023). As the ratio of inventories to consumption remained low, the 2022 world market price continued to rise and stabilized at a high level. A slight surplus is expected for 2023/24 and will likely result in a stable global market environment.

In sugar marketing years 2018/19 to 2021/22, the EU sugar market became a net import market due to a decline in areas under cultivation and partly weak yields, which led to a steady price recovery in the EU. This trend continued in 2022/23 due to a poor harvest. While the world market environment was supportive, it was thus possible to pass on the partly sharp cost increases in the market. For the coming 2023/24 sugar marketing year, market observers expect stable to slightly growing cultivation area in the EU-27, hence a stable EU market environment can still be expected.

The EU-27's and UK's consumption of fuel ethanol and neutral alcohol in 2023 is expected to be slightly above the previous year's level at 10.0 (9.9) million m^3. The demand is expected to be offset by domestic production of 7.6 (7.7) million m^3. Net imports are likely to fall slightly to around 2.3 (2.5) million m^3, although they will remain at a very high level.

With the higher use of E10, many EU member states are increasingly taking advantage of the potential of sustainably produced ethanol as a low-CO_2, high-quality and cost-effective alternative to fossil fuels. In Germany, the largest fuel market in the EU, there was also a significant increase in E10 demand in 2022. However, to achieve transportation climate and energy targets, E10 would have to be used everywhere together with an increasing use of fuels with higher ethanol content. In this context, a positive development would be the introduction of E10 in Poland, which is being discussed for 2024.

According to the International Grains Council (IGC), world cereal production (excluding rice) is expected to drop slightly to 2,250 (2,291) million tonnes in 2022/23. Due to the likewise expected decline in consumption, global inventories are anticipated to fall only slightly to 586 (596) million tonnes. Alongside the uncertainties of the Ukraine war, dry weather conditions in large parts of Europe had a negative impact on cereal prices in the past fiscal year. According to the IGC's March estimate, the 2023/24 grain harvest is expected to rise slightly to 2,283 million tonnes.

Details regarding sector-specific conditions are outlined in the segment reports.

Business outlook

The Ukraine war that started at the beginning of fiscal year 2022/23 and has continued to this day has further reinforced the already existing high volatility in the target markets and price increases in the procurement markets, particularly in the raw materials and energy sectors. The resulting economic and financial ramifications, security of supply and duration of this temporary exceptional situation are also difficult to assess in fiscal 2023/24.

Group

The consolidated group forecast for fiscal 2023/24 was published for the first time on 15 December 2022 and concretized on 18 April 2023. In line with this forecast, we expect consolidated group revenues of € 10.4 to 10.9 (2022/23: 9.5) billion in fiscal 2023/24. We expect revenues to increase in all segments – with the exception of CropEnergies; in the CropEnergies segment, we anticipate a range between € 1.3 and 1.4 billion.

Group EBITDA is forecasted in a range between € 1.1 and 1.3 (2022/23: 1.1) billion.

We expect group operating result to range between € 725 and 875 (2022/23: 704) million. We anticipate the sugar segment's operating result to be in a range between € 400 and 500 million. In the special products segment, we expect a significant rise in operating result. We are forecasting operating result in the CropEnergies segment in a range between € 95 and 145 million. The starch segment's operating result is likely to decline significantly. We expect the fruit segment's operating result to be at the prior year's level.

We expect capital employed to rise moderately. Based on the above-mentioned operating result improvement, we expect a significantly higher ROCE (2022/23: 9.9 %).

Sugar segment

Sugar supply and demand worldwide is expected to be balanced for the current sugar marketing year 2022/23 – along with a confirmation of low inventory levels. With only a modest surplus in the global sugar balance in sugar marketing year 2023/24 and inventories that are still low, the global market environment should remain positive. In Europe, sugar production is expected to increase only slightly, with a moderate increase in cultivation area but difficult cultivation conditions. As a result, the EU will remain a net importer again in the 2023/24 sugar marketing year. In this continued positive market environment, we expect to be able to confirm the already achieved EU sugar price level in the 2023/24 sugar marketing year as well.

With rising production volumes and virtually stable sales volumes – assuming sales revenues are substantially higher than the annual average – we anticipate another significant increase in revenues (2022/23: € 3.2 billion).

We expect the sugar segment's operating result to range between € 400 and 500 (2022/23: 230) million. The price increases since October 2022 are now having a particularly positive effect on the 2023/24 fiscal year overall. We assume that the EU sugar price level achieved will remain in effect beyond October 2023. Furthermore, we assume there will not be any charges related to low capacity utilization and that the raw material and energy costs, which have again risen significantly in the 2022 campaign, will not increase further.

Special products segment

We expect the special products segment's overall production and sales volumes to rise further. We expect significantly higher revenues (2022/23: € 2.2 billion), driven in particular by sales revenues. While in fiscal 2022/23 it was only possible to pass on the significant increases in raw material and energy costs to the market with a time lag, in fiscal 2023/24 we now expect to be able to pass on a large part of the increase in raw material and energy costs to the market. Overall, we therefore anticipate a recovery in operating result for the full year 2023/24, which has declined in the last two years, and thus a significant increase in operating result (2022/23: € 102 million).

CropEnergies segment

CropEnergies anticipates lower ethanol sales revenues in the 2023/24 fiscal year. This estimate is based on expectations that price pressure on European ethanol prices will remain for the time being due to the anticipated high import volumes. At the same time, continuing uncertainties surrounding future inflation trends and possible disruptions to international trade caused by the war in Ukraine, among other things, could result in high price volatility and continued high raw material costs for grains.

Against this backdrop, assuming stable development in demand for renewable ethanol and a correspondingly high level of capacity utilization, we expect revenues of € 1.3 to 1.4 (2022/23: 1.4) billion and an operating result of € 95 to 145 (2022/23: 251) million.

Starch segment

The starch segment predicts a significant increase in revenues in fiscal 2023/24 (2022/23: € 1.2 billion), primarily attributable to higher selling prices. It is unlikely that we will be able to pass increases in production costs on to the market in full. Ethanol business is expected to remain quite volatile. As a result, we expect the operating result to be significantly lower than in the previous year (2022/23: € 70 million).

Fruit segment

In the fruit segment we anticipate a moderate improvement in revenues for the 2023/24 fiscal year (2022/23: € 1.5 billion) and an operating result close to last year's level (2022/23: € 51 million). The fruit preparations division expects revenues to grow, chiefly due to price adjustments along with stable growth in the operating result. The fruit juice concentrates division's 2023/24 revenues should remain comparable to last year's level. A number of promising contracts were concluded in 2022, so earnings are expected to remain positive in 2023/24.

RISK AND OPPORTUNITY REPORT

Risk management

Risks and opportunities policy

Südzucker Group's business policies aim to safeguard the company's continued existance, to earn stable and sustainable, reasonable returns and systematically and steadily improve shareholder value. Risk management systems are installed throughout the group to detect and actively manage risks.

Südzucker Group believes a responsible attitude toward business risks and opportunities is an important element of a sustainable, value-oriented management system. Südzucker views risks and opportunities as future developments and events that can negatively or positively influence implementation of strategic goals and operational plans. Südzucker Group uses an integrated system for the early identification and monitoring of group-specific risks. The guiding principle for successfully managing risk is to balance returns and risks. The company's risk culture is characterized by risk-aware conduct, clear responsibilities, independent risk controlling and implementing internal control systems. Insofar as it is possible and economically practical, insurable risks are covered by a group-wide insurance policy.

Purpose of risk management

The purpose of the risk management system is to capture existing risks early and systematically, to evaluate them and to provide the relevant decision makers with properly organized risk information. This is accompanied by improving the internal transparency of all processes that have an element of risk and creating a culture of risk awareness among all employees. One of the key risk management tasks is to limit strategic, operative, financial and compliance risks.

Südzucker Group's risk management system includes review and monitoring systems that ensures compliance with all actionable items.

Internal control and risk management system

The executive board is responsible for the group-wide internal control and risk management system, particularly for the early detection and mitigation of existential and strategic as well as climate-related risks. The risk and internal control committee and the compliance committee support the board in this task and regularly evaluate the suitability of the installed risk management, internal control system and compliance rules and improves them if necessary. In addition, the risk and internal control committee continuously monitors material risks, including cross-business risks and control requirements, and alerts those responsible if action is necessary. It also informs the audit committee of the supervisory board at least once a year about the status of the risk management and internal control system and significant developments. The supervisory board also examines the effectiveness of the risk management and internal control system as part of its executive board monitoring responsibility.

Risk management organization

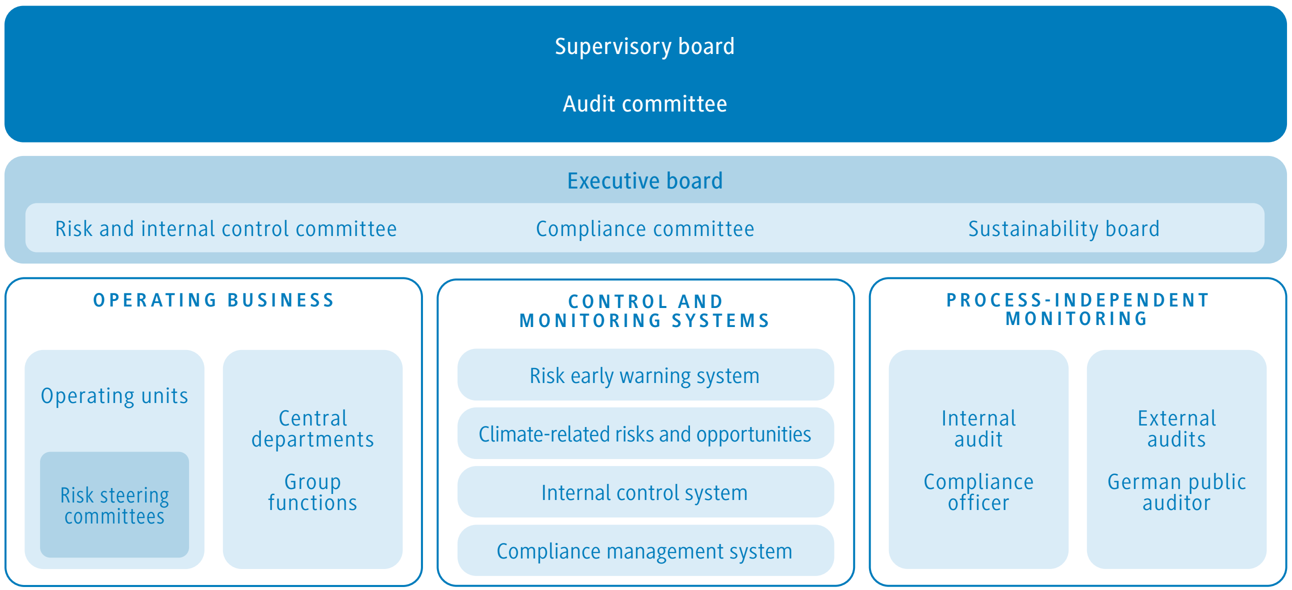


DIAGRAM 016

The operating units (divisions and the CropEnergies and starch segments) and the group functions are responsible for the implementation of internal control systems and as risk managers for identifying and assessing opportunities and risks as well as for risk management. They take steps to reduce and hedge operational risks, as well as financial and legal risks.

Changes in market prices can exert considerable positive or negative pressure on the operating result. The company has therefore installed risk steering committees that evaluate how to handle such risks in those operating units in which operating results are materially affected by market price volatility. Market price risks resulting from commodity and selling prices, as well as currency exchange and interest-rate risks are also countered by selectively using derivatives. The executive board has defined the acceptable instruments for risk mitigation in a management directive of price risks from operating business, which also governs hedging strategies, responsibilities, processes and control mechanisms. Financial derivative instruments are only used to hedge underlying transactions and entered into with banks that have a high credit rating or on futures exchanges.

All relevant operating entities and group functions submit regular reports and documentation on operative, financial and strategic risks to the risk and internal control committee and the risk steering committees, and in accordance with the value-oriented management and planning system. All those responsible for managing risk thereby regularly evaluate and document all material corporate risks. In addition, ad hoc reports of any new risks or changes to the risk structure must immediately be submitted to the executive board. The risk and internal control committee aggregates the individual risks across the entire Group as part of the risk inventory and examines them with regard to risk-bearing capacity.

Medium and long-term opportunities and risks are determined on the basis of strategic analyses, considering risk-relevant factors such as market developments in the sales and procurement markets, competitive position, technical innovations, cost structure development, employees and sustainability. Risks and opportunities arising for companies associated with the transition to a lower-carbon economy, as well as physical risks impacting the company as defined by the Task Force on Climate-related Financial Disclosures (TCFD), are assessed by the group sustainability board. Medium and long-term risks are identified and assessed annually as part of the strategic analysis of the segments and divisions conducted group-wide. It also aggregates the group-wide risks and identifies any potential existential threats.

Climate-related risks (short, medium and long-term) are identified, assessed and managed as part of the general risk management process.

Internal audit

The internal group auditors are a process-independent entity that monitors the parent company and the group companies. The department reports directly to the chairman of the executive board. It systematically and precisely assesses the effectiveness of the risk management system, control methods, management and monitoring processes on the basis of independent, objective auditing and consultation, focusing on continuously improving them and the underlying business processes.

Risk communication

Openly communicating with the employees within the company who are responsible for the businesses and processes is essential to a properly functioning risk management system. As such, the executive board and those responsible in the operating units and central departments communicate risks quickly and transparently. Employees are required to be aware of and deal with risks proactively. Regular meetings between the executive board and division heads to discuss earnings developments and budgets is one tool Südzucker uses to ensure that information flows directly between the parties. Mitigating measures are defined and initiated for any strategic or operational risks identified during the sessions. Not only the heads of the operating units, but also the group departments regularly report to their respective department heads concerning current developments in their areas of responsibility.

Summary of the risk and opportunity situation

Südzucker Group's fruit segment operates production plants in Russia and Ukraine. At the beginning of the war, most of the Ukrainian operations had to be shut down. Production has now resumed, but with reduced capacity. A deteriorating economy can also negatively impact production and the market situation in Russia. It is difficult from today's perspective to estimate the further development of the conflict and the resulting financial impact. AGRANA and Südzucker have each formed crisis management teams whose task it is to limit the negative effects – especially in regard to our employees – to the greatest extent possible. In 2022, emergency plans and measures for cases of restriction or interruption of oil and gas supply to our production facilities were implemented and remain in place. The consequences of interrupting production at Südzucker plants would have a major impact on operational results. Such ramifications are not taken into account in the 2023/24 earnings forecast. In addition, the forecast assumed that the significant increases in raw material and energy prices can also be passed on in new customer contracts in the next sugar marketing year 2023/24.

The price trends for the input agricultural raw materials and the sugar, ethanol and starch products made from them have a significant influence on the future development of the Südzucker Group. In the sugar, CropEnergies and starch segments, rising price changes lead to increased risks in earnings, although a slight calming of the price trend for many raw materials was observed at the end of calendar year 2022. However, in the event of a possible further escalation of the conflict, it is likely that there will be renewed distortions on the raw material markets. Key drivers behind these changes, such as the regulation of agricultural production conditions, crop protection restrictions, weather and harvest conditions, climate policy for CO_2 reduction, blending targets for renewable raw materials and the demand for and supply of competing raw materials and substitutes, can only be affected by the company to a limited extent in the short term. Demand growth for foodstuff is undergoing changes that are accompanied by changes in the nutritional behavior of consumers, but also by increasing EU consumer policy regulations.

Long-term competitiveness is ensured by measures to optimize the cost structure. These include concentrating beet cultivation on high-yielding areas close to the factory and continuously improving production, logistics and administrative processes.

Competition in the European Union's sugar production sector is high. Necessary capacity adjustments in non-competitive EU countries are being hindered by national subsidies for the cultivation of sugar beets or the intervention of national agricultural and economic policy interests.

The CropEnergies, starch and fruit segments and the BENEO and Freiberger divisions contribute significantly to balancing Südzucker Group's risk and opportunity profile. The focus of climate policy on renewable energies has increased the long-term opportunities for additional market growth in the CropEnergies segment.

The overall risk position of the group is high and has risen further compared to the 2021/22 fiscal year due to uncertainties surrounding further developments in the procurement and sales markets. At the same time, there are still no apparent existential risks that threaten the organization.

Summary of short-term opportunities and risks

The persons responsible for risk management quantify identified short-term risks and opportunities according to the dimensions of probability of occurrence and financial impact in the event of their occurrence. Subsequently, they are aggregated into risk factors using statistical methods.

The following section describes the main current opportunity and risk factors for Südzucker and outlines their significance, considering the potential financial impact and likelihood of their occurrence on the results of the 2023/24 financial year.

Risk and opportunities categories and financial impact

	Significance	Possible financial effects
Low	○○●	< € 5 million
Medium	○●●	€ 5 – 20 million
High	●●●	> € 20 million

TABLE 036

The greatest individual risks currently are the availability and price volatility of raw materials, product volume risks, unchanged high product price volatility, and production and investment risks. The potential financial impact of the other risks outlined in this report is comparably minor.

Risk and opportunities categories and their financial impact in fiscal 2023/24

	Risks	Opportunities
Environment and industry		
Market and competition	●●●	●●●
War in Ukraine	○●●	○○○
Product price volatility	●●●	●●●
Operational exchange rate risks	●●●	●○○
Changes in the legal and political framework	○●●	●○○
Company-specific opportunities and risks		
Production and logistics	○●●	○○○
Production safety and environment	○●●	○○○
Product quality	○●●	○○○
Personnel and risks from work interruptions	○○●	○○○
Information technology	○●●	○○○
Legal risks	○○●	○○○
Fraud and corruption risks	○●●	○○○
Finance		
Exchange rate fluctuations	●●●	●●●
Other financial opportunities and risks	●●●	●●●

TABLE 037

Description of the opportunity and risk situation

Procurement and sales markets

Availability and price volatility of raw materials and energy

Every year the Südzucker Group processes more than 30 million tonnes of agricultural raw materials. In addition to 23 (28) million tonnes of sugar beets in fiscal year 2022/23, every year icludes significant quantities of corn, wheat, barley, rice, triticale, chicory, potatoes and fruits.

The Südzucker Group is exposed to various procurement risks as the processor of these raw materials. These risks relate mainly to fluctuations of harvest yields, due primarily to extreme weather conditions (climate change) as well as pests and diseases affecting crops. What's more, beets compete with other crops when farmers decide what to grow, which poses a procurement risk in the sugar segment.

Alongside availability-related procurement risks, agricultural raw materials are also subject to price fluctuations, which are currently being influenced by the war in Ukraine. The war led to a sharp rise and extreme volatility in raw material prices over the past few months, which had a direct impact on the price of European ethanol and the world market price of sugar and, in particular, grain prices in the sugar, CropEnergies and starch segments. Political measures such as export bans imposed by major exporters can also lead to increased short-term price volatility. Procurement risk is particularly affected by poor weather and any plant diseases that may arise. Poor harvests resulting from these factors can have a negative impact on both the availability and cost of raw materials. Price trends for these agricultural raw materials, which cannot always be directly passed on to the market, have a significant influence on the future development of the Südzucker Group.

Furthermore, the Südzucker Group is exposed to energy price risks due to the considerable amount of energy required to manufacture its products. Because of the war in Ukraine and the limited availability of Russian oil and gas, energy prices have risen dramatically in recent months, and it is unlikely that we will be able to pass these increases on to the market in full, which would in turn lead to higher material costs and a reduction in the operating result.

Ongoing global uncertainties make it impossible to predict how raw material availability and prices will develop in the future. Price fluctuations may also present opportunities if developments are favorable.

War in Ukraine

The war in Ukraine has also resulted in a sharp rise in risks for the Südzucker Group. These risks are related to direct consequences such as rising energy and raw material availability and prices all the way to interruptions in production due to limited energy availability or disruptions in logistics chains.

Due to the war in Ukraine, most of Südzucker Group's Ukrainian operations in the fruit segment had to be shut down at least temporarily or were operating well below their normal capacity. A weaker economy can have a negative impact on production locations in the fruit segment and the market situation in Russia.

Alongside procurement risks, the war in Ukraine currently has a dramatic impact on prices for agricultural raw materials. This war led to a sharp rise and extreme volatility in raw material prices over the past few months, which had a major impact on the price of European ethanol in particular and the world market price of sugar and grain prices. There has also been a dramatic increase in energy prices, which are key cost factors in the manufacture of sugar products in all segments.

It is extremely difficult today to predict how the conflict will evolve over time and what the resulting impact will be on the availability and price development of raw materials. If it is not possible to pass on these significantly higher raw material and energy prices through new customer contracts, this would have a significant impact on Südzucker's operating result. Supply bottlenecks for raw materials or interruptions in oil, gas, coal and electricity supplies that lead to interruptions in production at Südzucker's plants would also have a significant impact on the operating result.

Sales are also affected by this conflict. This applies directly to local sites and to direct exports of our products to Ukraine and Russia. However, we are also indirectly affected by the declining business of our customers in these regions.

Global warming and shifting climate zones

The consequences of global warming and shifting climate zones include rising average temperatures and sea levels and greater climate variability. Changes in the frequency, severity, volume expansion and duration of weather events lead to extremes such as heavy rainfall, droughts, flooding, storms or hail. Flooding and low water levels are expected to increase as a result.

Agriculture is directly dependent on weather and climate. Higher temperatures, heavy rainfall or water shortages have an immediate impact on agricultural production, including above-normal fluctuations in harvest yields. An extended vegetation period and higher temperatures can lead to higher yields if the soil contains sufficient water, but lower yields when water is scarce. Due to fewer frost days and faster soil warming, an extended growing season would also result in competition with other crops when farmers decide what to grow. Changes in the availability and thus the prices of agricultural products directly affect Südzucker's business activities.

In addition, shifting climate zones resulting from a general rise in temperature can promote the emergence of new pests into crop areas for raw materials. These include Cixiidae, which infest sugar beets, among other crops, and transfer bacteria that cause Syndrome Basses Richesses – low sugar content syndrome. This poses a threat to beet cultivation in the affected regions.

Damage due to extreme weather and flooding at Südzucker's sites and those of its business partners can influence the availability of raw materials, production and products. The navigability of inland waterways or damage to roads, railways, traffic control systems, overhead power lines and pylons can impede both raw material and product logistics as well as the ability of employees and service providers to access locations.

Higher temperatures increase the demand for cooling energy and cooling water in production processes. Lower water levels and higher water temperatures in rivers can result in a shortage of cooling water, thereby lowering production output.

Last fiscal year, Südzucker Group began an investigation to assess climate-related risks. The first step will be to examine the impact of climate change on our 100 or so locations around the world. The investigation is based on generally accepted data and scenarios (e.g. from the IPCC or the World Resources Institute) on the current status or future development of climate change. Initial results indicate that the availability of water and the impact of droughts and heat waves pose the greatest risks. The impact is highest on the fruit segment.

During this transformation phase to achieve greenhouse gas neutrality, a range of regulatory measures will be taken in the EU that entail risk as a result of significantly higher procurement prices. This primarily affects energy itself. However, in the medium term it will certainly also impact other areas such as transport, logistics or the procurement of raw materials and thus all activities in the Südzucker Group. Südzucker's sugar, CropEnergies and starch segments and the BENEO division are subject to the regulations set forth by the European Emissions Trading System and are directly affected by potential adjustments. Moreover, further adjustments will be necessary in the medium term. We are currently working hard to evaluate various technologies on a site-by-site basis. Risks resulting from the technical deployment of the individual measures will rise in the coming years, as will the corresponding demand for investments and associated financial risks.

Price volatility of products

The most important markets for sugar, animal feed, functional ingredients for food and animal feed, frozen products, starch, ethanol and fruit are distinguished by their comparably stable and/or rising demand.

In the sugar segment Südzucker is exposed to risks arising from price fluctuations in the world sugar market, the European Union (EU) common market and animal feed markets. If the surplus on the world sugar market increases more than expected, world market prices may fall. The world market price trend also influences the sugar price level in the EU. However, since many of Südzucker's sales contracts are signed for one year at a fixed price, short-term market price changes have only a limited or delayed impact on earnings.

Ethanol prices in Europe are affected by various factors such as supply and demand at the local level, the price level and availability in the United States, Brazil and other exporting countries, as well as general political conditions. They reached record levels in the past months and may continue to fluctuate considerably.

In summary, a change in market prices for Südzucker Group's products, for whatever reason, can have a significant positive or negative impact on Südzucker Group's performance.

Operational currency exchange risks

Currency exchange risks arise at Südzucker's operations when sales revenues or the cost of materials and/or merchandise are denominated in a currency other than the local currency.

In the sugar segment, sugar exports to the world market are subject to US dollar exchange rate risks, and are always hedged from the date of entering the sugar futures contract to the date of payment receipt. Raw sugar refining is exposed to currency risk from raw sugar purchases denominated in US dollars. In the special products segment, foreign exchange risks arise in the BENEO division from US dollar sales revenues for which the underlying production costs are mostly incurred in euros and Chilean pesos. Revenues of the Freiberger Group in the UK are exposed to currency risk related to the British pound sterling. Raw material purchases and product sales in the CropEnergies segment are mainly made in euros. Südzucker is exposed to currency risks when purchasing raw alcohol in US dollars and selling industrial alcohol in euros. These transactions are hedged using forward exchange contracts immediately after purchasing the raw alcohol. Currency risks in the fruit segment relate primarily to volumes sold in euros or US dollars, while raw material and operating costs are denominated in the respective local currency. When raw materials and/or sales are denominated in foreign currencies, the currency risk is partly hedged using forward exchange contracts.

Changes in currency exchange rates could have a significant impact on the Südzucker Group's net assets, financial position and performance.

Structural or political changes

Changes to economic and agricultural policy in the EU, international trade relations and national tax and customs regulations, as well as interpretation by regional authorities, pose further risks associated with general legal and political conditions.

Despite common policies among all member states, considerable differences remain in the national agricultural policy frameworks within the EU. In the EU sugar market, necessary capacity adjustments in non-competitive EU regions will continue to be obstructed by nationally coupled premiums for sugar beet cultivation. In addition to subsidies, the approval of fertilizers and plant protection products is still subject to different national regulations. This has recently become clear not only in the handling of the emergency approval for neonicotinoids, which has been handled less strictly in some EU member states than in Germany, for example, but also for the "Conviso Smart System" for innovative weed control in sugar beet cultivation. In some cases, this can give processors of agricultural raw materials significant cost advantages or disadvantages due to their location in the EU, which also prevents inefficient competitors from exiting the market. The resultant higher pressure on end products leads to corresponding earnings risks.

An international comparison also reveals considerably greater differences in political frameworks, in terms of environmental, energy or social policy, for instance. This results in substantial competitive differences between the individual businesses operating in the global marketplace. The growing importance of free trade agreements with corresponding preferences, particularly duty-free or duty-reduced imports in the EU, leads to a risk of increasing import volumes, especially for sugar and ethanol, which further compound price pressure. By the same token, new trade restrictions may jeopardize export market sales. Potential trends towards renationalization in various industries and countries, triggered in part by the COVID-19 pandemic, could also have a corresponding impact on sales potential.

Any changes in the political framework also entail risks associated with investment activities. Investment plans might be abandoned or delayed due to regulatory uncertainties, which could lead to operational risks. At the same time, investment decisions are also based on the adoption of certain regulatory frameworks. If unforeseeable deviations arise, there could be considerable risks to returns. This might include consumer control measures such as labeling requirements or taxes on individual products and even blending targets for ethanol. On 30 November 2022, the European Commission issued a draft EU Packaging Regulation for consultation. The aim of the regulation is to make it easier to recycle packaging and to reduce packaging waste in the EU. Any changes to the existing regulation that may result from this could have a negative impact on the PortionPack division in particular. Evolving legislation and regulatory conditions in areas such as hygiene or ingredients can present risks as well.

However, changes in the political framework can also create opportunities. For example, we consider the adoption of E10 and in the future E20 in the context of climate policy to be an opportunity for an increase in demand for ethanol in a growing number of European countries.

The need for all sectors of the economy to significantly reduce their fossil carbon footprint has led to new development options for biomass-based products, for example in the field of biochemicals as a sustainable alternative to petrochemical products.

As part of the negotiation of initiatives for the EU's Fit for 55 reform package, co-legislators have agreed to reduce CO_2 emissions from cars and vans by 100 % in 2035. Internal combustion engines are unable to meet these requirements; in such cases, vehicles equipped with these engines will no longer be able to obtain new registrations. An accompanying electrification of road transport will significantly reduce the sales market for fuel ethanol in Europe.

Changing consumer behavior and the trend towards sustainable consumption

Industrialized countries are witnessing a decline in per capita consumption of individual products, especially sugar consumption in the EU. As the population in many developed countries becomes more health conscious, consumer preferences are changing, leading to a decline in overall consumption of foods containing full-calorie sweeteners. Concerns about weight gain or dental hygiene are prompting some consumers to avoid sugary products or choose products with reduced sugar content or low-calorie sweeteners. Regulatory measures such as the introduction of sugar taxes and the public health debate and media mindset are further factors stimulating this development. A significant decline in demand for sugar and sweeteners in saturated markets that is not offset by sales volume increases in developing countries or new end markets or market share gains may have an adverse effect on the Südzucker Group.

Südzucker's strategic orientation calls for an expansion of activities in the plant protein sector. While sales of animal feed could face a long-term threat from declining consumption of fish and meat products, the plant proteins market segment is growing in an effort to cater to vegetarian or vegan dietary habits. We see considerable opportunities here based on our positioning, especially in light of the long-standing protein deficit in the EU.

Greenhouse gas emissions associated with manufacturing and marketing products have a significant impact on consumer behavior. Products that are favorably labeled or even carbon neutral will generate significant sales potential. Overall, Südzucker believes it is poised to take advantage of these developments not only with its high-quality, non-genetically modified and regional products, but also especially thanks to its activities in the functional food sector.

In the biofuels market, ethanol competes with established fuels, other alternative fuels and new propulsion technologies such as electric drives. Methanol and butanol from biomass are examples of competing products. Alternative fuels and new propulsion technologies may be more successful than ethanol in the biofuels market due to the availability of raw materials and price volatility, lower production costs, greater environmental benefits, tax levels or other more favorable product attributes. Alternative fuels could also benefit from tax incentives or other favorable subsidy measures at the expense of first-generation ethanol, which could have a negative impact on the performance of the Südzucker Group.

Company-specific opportunities and risks

Production and logistics

The Südzucker Group cannot rule out the possibility of technical, IT, logistical or other disruptions causing a temporary failure of individual systems or system components that are critical to the production process. Likewise, it is also possible that interruptions in the supply of raw materials or energy could temporarily restrict production or require a temporary halt to production. In particular, the availability of suitable transportation means for timely delivery of raw materials and finished products is also subject to fluctuation. For example, particularly high or low water levels, especially on the Rhine, can result in limited availability and loading capacity of inland waterway vessels and thus higher logistics costs. The shortage of truck drivers is also putting a strain on production and distribution. The resulting production downtime could impair the Südzucker Group's ability to meet its delivery obligations to its customers and, in the event of incomplete or delayed deliveries, might even lead to claims by these customers (particularly claims for damages) and the permanent loss of customers.

Production safety and the environment

Südzucker operates plants for the production of sugar and starch products, bioethanol, animal feed, fruit preparations and fruit juice concentrates, etc. As the owner of the properties on which these plants are located, Südzucker Group may be subject to causal liability or liability as the property owner or property holder or by third parties under civil law if the soil or groundwater there is or becomes contaminated. As the owner or operator of plants, Südzucker Group is also liable under both public and civil law for non-compliance with public law regulations and any resulting damages. The Südzucker Group may not be able to maintain an environmental management system that ensures compliance with all environmental regulations. Even with a functioning environmental management system, human error can result in environmental impacts for which Südzucker Group, as the plant operator, can be held liable directly or by way of recourse.

Product quality

One of Südzucker's stated objectives is to supply customers with safe, high-quality products at all times. Serious violations of safety standards for food and other products could adversely affect consumer health, damage Südzucker's reputation and reduce sales volumes of its products. Despite introducing and maintaining a strict quality management system and complying with all applicable legal standards, we cannot rule out a scenario in which the quality of one or more products from Südzucker receives a negative assessment or some products do not meet internal or external quality standards. In such cases, Südzucker Group could be exposed to liability claims and reputational risks that might have a material adverse effect on Südzucker's financial position.

Personnel and risks from work interruptions

One of Südzucker's most important success factors is the knowledge and expertise of its employees, which is why it is essential to attract and employ qualified talent in sufficient numbers. Südzucker Group competes intensely with other companies for trained personnel and is thus exposed to the risk of being unable to suitably fill vacancies. Alongside technical and scientific qualifications, this also applies to the IT sector in particular. In addition, employee turnover carries the risk of knowledge loss. There is no guarantee that Südzucker will be able to recruit and retain the required number of qualified specialists and managers in the future.

Furthermore, Südzucker may not be able to conclude satisfactory new agreements with works councils and trade unions once existing collective bargaining agreements expire or reach such new agreements without walkouts, strikes or similar labor disputes. Any walkouts, strikes or similar actions taken by the workforce could have a negative impact on the Südzucker Group.

Acquisitions, restructuring, joint ventures and alliances

Südzucker Group has acquired companies, products and technologies in the past to complement or expand its business and expects to continue making such acquisitions in the future.

Südzucker management's negotiations of potential acquisitions and alliances, as well as the integration of acquired companies, products or technologies, require the time, focus and resources of management and the workforce. Acquisitions involve many additional risks, including the inability to a) successfully integrate acquired businesses, technologies, products or management systems; b) retain key employees; c) avoid assuming significant unknown liabilities, incurring debt or significant cash expenditures; or d) establish, reestablish or maintain internal controls. There are also risks associated with integrating different corporate cultures and processes. In addition, acquired companies may not perform as expected, which may also have an adverse effect on operating margins and income.

Restructuring programs may result in expenditures that exceed original estimates, while anticipated savings may not be achieved. Risks associated with restructuring production locations and administrative areas may impact the respective businesses and production processes.

Beyond this, the Südzucker Group owns shares in joint ventures and associated companies and holds additional investments. These companies are subject to the business environment specific to their respective activities. With a minority interest, the possibility of integration and influence at these companies is limited.

Finally, Südzucker has also joined alliances for various purposes, including the development of new products, and expects to continue forming such alliances in the future. There are no assurances that such objectives will be successfully achieved or that Südzucker will not incur significant unexpected liabilities in connection with such agreements. Consequently, there is no way to exclude the possibility of Südzucker failing to benefit from such acquisitions or alliances as expected or of the company being adversely affected.

Reputational risks

Südzucker is exposed to potential damage to its image in the event of negative media – including social media – coverage of the corporate brand or individual brands, especially in the consumer goods sector. This negative reporting may result in a dramatic decline in sales and reduce Südzucker's operating result.

Information technology

The management of our group is largely dependent on a sophisticated computer system, which is exposed to information security risks from internal and external sources. We apply appropriate processes and programs to protect the availability, confidentiality and integrity of business-related information and data processing systems. The processes and programs rely on relevant standards, and are operated, monitored and continuously updated by qualified internal and external experts.

As part of the critical infrastructure, Südzucker Group companies are subject to both national and EU-level regulations. Resulting requirements are included in the continuous optimization of measures, but can also lead to fines in the event of non-compliance.

Innovations

Innovations have the potential to influence the conditions of competition and supply and demand, which means that they always pose opportunities and risks. Depending on their scope, this can result in turmoil in the market. Innovations not only relate to product properties and applications; they also have a material influence on processes, both in production and administration.

Although it is not possible to completely separate risks from innovations, we still view this field primarily as an opportunity through active innovation management. For example, we have not only pooled our research and development expertise, but also our innovation activities throughout the group to exploit existing synergies in all our diversified business segments. We have aligned processes with markets in our innovation ecosystem. We continuously rethink and improve our current solutions and approaches and always seek inspiration and solutions beyond our existing business segments. Since fall 2022, our innovation platform “theBarn.io” has been on the lookout for external ideas and collaboration opportunities that fit our strategic orientation. We also cooperate with various partners such as MassChallenge Switzerland, EIT Food, BioEconomy Cluster and NewFoodSystems.

Legal risks

Südzucker is exposed to potential changes in the legal environment, particularly as relates to food and environmental laws. Such risks are documented without delay, their impact on the group’s business activities evaluated and appropriate action taken if necessary.

Südzucker analyzed the obligations and risks contained in the EU general data protection regulation and implemented the organizational steps in order to guarantee the protection and security of personal data, especially of its employees, customers, suppliers and other business partners.

There is a general risk that antitrust authorities may interpret the conduct of company organs and employees as violating antitrust laws, and that they may initiate proceedings. Such proceedings always negatively impact the company’s reputation and can result in high fines and potentially, unfounded claims for compensation from third parties.

Südzucker is continuously pursuing antitrust compliance measures, in particular by conducting audits and in the area of internal reporting. Training courses and audits to prevent antitrust law violations are conducted at regular intervals.

As expected, following the conclusion of the German sugar cartel fine proceedings in February 2014, customers filed claims for damages and in some cases sued citing alleged cartel-related price surcharges. Südzucker is defending itself against the claims on the basis that customers did not suffer any disadvantages during the period identified by the Federal Cartel Office. The legal proceedings pending at various German regional courts are costly and tedious.

The majority of the lawsuits have still not been adjudicated. Individual lawsuits have already been dismissed with costs. There are still no legally binding rulings that would confirm Südzucker’s liability for damages. However, it can be assumed that Südzucker will also have to continue to deal with these proceedings in the coming years.

In connection with the German sugar cartel fine proceedings, the Austrian Federal Competition Authority filed a claim in 2010 for a fine to be imposed on Südzucker AG and AGRANA Zucker GmbH, Vienna, Austria, totaling about € 28 million for suspected anticompetitive agreements. This filing was dismissed in full by the Vienna Higher Regional Court in 2019. The Federal Competition Authority has appealed against this decision – with respect to Südzucker AG. The decision of the Supreme Court of Vienna resulted in a significant reduction of the original charge. However, since the Supreme Court could not be persuaded to dismiss the allegations against Südzucker in their entirety, the Vienna Higher Regional Court, which is once again the competent authority, is expected to impose a much lower fine than the one envisaged in the original filing. A significant portion of the provisions that were set aside when the proceedings were initiated has now been released.

Fraud and corruption risks

Fraud and corruption risks can arise when Südzucker Group employees or managers break laws, contravene internal regulations or fail to comply with regulatory standards recognized by Südzucker. Persons outside the company may also commit fraud using forged identities to initiate payments or deliveries. Training courses are held regularly in order to ensure that each and every employee behaves in a proper manner regarding legal conformity and social ethics. Specific recommendations on selected topics were developed and made available to employees. Adherence to compliance rules is supported by a whistleblower system.

Sanctions and embargo risks

A key tool used to prevent business criminality is to check business partner details. This is done by automatically scrutinizing applicable sanctions lists in a harmonized database. Südzucker also has a directive to prevent value added tax fraud within the EU.

Finance

Because it conducts business worldwide, Südzucker Group is exposed to a variety of financial risks. This includes risks associated with fluctuating currency exchange and interest rates, liquidity risks, as well as credit rating and default risks.

Exchange rate fluctuations

Financial impacts of exchange rate fluctuations are mainly due to intragroup financing of subsidiaries in currencies other than the local currency. In the US, the UK, Mexico and Eastern Europe, Südzucker Group finances some subsidiaries through intragroup loans denominated in euros. To a lesser extent, group companies in the eurozone also provide financing to subsidiaries in their differing national currencies.

Other financial opportunities and risks

Südzucker Group is exposed to a limited extent to the impact of changes in interest rates on variable-rate or short-term financial obligations and investments. Exposure to these loans and investments fluctuates significantly over the course of the year because of campaign-related financing requirements. Südzucker successfully issued its first sustainability-linked financing instrument under the new Sustainability-Linked Financing Framework in October 2022 with a volume of € 400 million. With this sustainability-linked bond, Südzucker has committed to paying investors a redemption premium of 0.50 % of the nominal value if the target of reducing the Südzucker Group's Scope 1 + 2 CO_2 emissions (performance indicator) by –32 % compared to the historical reference date of 31 December 2018 is not met by the target observation date of 31 December 2026.

Employees in the Südzucker Group are granted benefits under defined contribution or defined benefit plans. Company pension obligations are primarily covered by corresponding provisions in the balance sheet and partially by outsourced pension assets. In order to limit the risks of changing capital market conditions, the offer of defined contribution plans is now restricted.

The rating agencies Moody's and Standard & Poor's assess Südzucker's creditworthiness. Südzucker is committed to maintaining a stable investment grade rating. A downgrade in the assigned rating could negatively impact the group's cost of capital for future financing needs.

Südzucker Group mitigates liquidity risks using long-term capital market and bank financing by way of issuing euro bonds, promissory note loans and bank loans. Short-term liquidity is secured through the commercial paper program and syndicated and bilateral bank credit lines. Securities investments and emission certificates also offer liquidity reserves.

Detailed information regarding credit, liquidity, currency exchange, interest rate and price risks, including the use of derivative financial instruments for hedging risks, is provided in the notes to the consolidated financial statements (31) "Risk management at Südzucker Group".

Südzucker is subject to a number of tax laws and regulations. Changes in this area could lead to higher tax expenses and tax payments and have an impact on recognized current and deferred tax assets and liabilities. Tax risks exist for all open assessment periods, with provisions being recognized in sufficient amounts for known tax risks. Unused tax loss carryforwards could be used in the future, for example due to further positive earnings development in the sugar segment, resulting in lower current tax payments.

Internal control and risk management system as it applies to accounting systems

Essentials

The aim of the risk management system in the accounting process is the identification, evaluation and management of risks, which are offset by the publication of a standards-based annual group report. Südzucker AG's accounting-related internal control system therefore aims to ensure that its financial reporting and accounting practices comply with recognized standards, are reliable and effective, and that they truly reflect the company's assets, financial and earnings situation at all times. The system is embedded in the underlying business processes in all relevant legal entities and central departments and is continuously being enhanced. The main elements of the system are the principles, procedures and controls that ensure thorough and complete financial reporting; for example, consistent accounting, valuation and balance sheet procedures, processes and practices throughout the group.

IFRS reporting guideline

Südzucker Group's accounting and valuation guidelines, including the accounting principles as per International Financial Reporting Standards (IFRS), ensure that the accounting and valuation systems used for all business transactions by the German and foreign subsidiaries included in Südzucker's consolidated financial statements are consistent throughout the group. Südzucker's internal IFRS reporting guideline ensures that IFRS is applied as applicable to Südzucker and explains accounting topics. The contents of the IFRS reporting guideline are prepared centrally and are regularly updated.

Internal audit system as relates to the accounting process

The group accounting process starts with the group's individual companies. Individual organizational entities prepare and check their financial statements and send them to Südzucker AG's central consolidation department by uploading the data to the consolidation system. Clearly structured authorization rules are in place for all of the group's accounting-related IT systems.

Südzucker AG's central consolidation department is in charge of completing the overall consolidation and preparing the group management report and consolidated financial statements. It also oversees the group's binding standard chart of accounts and manages the IT consolidation tool.

External auditors are regularly appointed as part of the preparation of the financial statements for the valuation of provisions, primarily those for personnel.

Südzucker Group's internal monitoring system has two components: controls integrated into the processes and process-independent controls. There is a strong emphasis on the principle of segregation of duties and the principle of dual control, as well as compliance with guidelines and rules related to key business processes.

Automated validation rules and plausibility checks, especially in the IT-based consolidation system, ensure that the data entered by the individual companies is complete and correct.

Segregating the administrative, executive, accounting and approval functions and making different persons responsible greatly restricts the opportunities to engage in criminal activity. Nevertheless, it is impossible to fully exclude every eventuality, especially arbitrary personal decisions with negative ramifications, erroneous audits, criminal activities or other circumstances.

The monitoring steps taken to ensure proper and reliable accounting include, for example, analyzing business developments on the basis of specific key indicator analyses, as well as analyzing individual transactions in detail. At the group level, specific audit activities to ensure that the group accounting is being properly and reliably carried out include analyzing and, if necessary, adjusting the individual group company financial statements, taking into consideration the external auditors' reports and/or the audit debriefings.

Before integrating newly acquired companies, their internal control systems are quickly adapted to meet Südzucker Group's high standards.

Internal audit

The internal audit department audits the internal control system, compliance with legal requirements and internal corporate guidelines, as well as the risk management system. It makes recommendations and develops any necessary process changes accordingly, thereby contributing to continuous improvement of the internal control and risk management systems.

The audit committee deals mainly with compliance, monitoring the accounting process and the annual audit of the financial statements. It also reviews and verifies the effectiveness of the internal control systems, the risk management process and the internal auditing process.

External audit

The external auditor checks that the early risk identification procedure integrated into the risk management system is entirely suitable for timely identification of existential risks. The auditor also reports to the supervisory board any material weaknesses found in the internal control and risk management system.

CORPORATE GOVERNANCE AND RESPONSIBILITY

Reporting on corporate governance and responsibility considers the recommendations of the German Corporate Governance Code and contains a statement on corporate governance in accordance with articles 289f and 315d of the German Commercial Code and all necessary disclosures and explanations in accordance with articles 289a through e and 315a through d of the German Commercial Code. These contents are also integral parts of the management report. The disclosures in the corporate governance declaration – consisting of the sections 'Executive board and supervisory board' up to and including 'Compliance' – are not included in the audit in accordance with article 317 para. 2 item 6 of the German Commercial Code.

Executive board and supervisory board

The following summary outlines the operating procedures and the composition of the executive board and supervisory board, including the diversity concepts and the competence profile of the supervisory board.

General information

Südzucker AG is a German stock corporation and as such has a dual management structure consisting of an executive board and supervisory board, each having members with independent expertise in different areas. The executive and supervisory boards work on the basis of mutual trust and closely cooperate to manage and supervise the company.

Executive board

Südzucker AG's executive board currently consists of five members including its chairman. The executive board, as a management body, conducts the company's businesses in the interests of the corporation with the aim of generating sustainable added value. The supervisory board has provided the executive board with rules of procedure which are in force as per the version dated 30 January 2020.

Some executive board members have dual responsibilities with respect to the subsidiary AGRANA Beteiligungs-AG, Vienna, Austria. The CEO of AGRANA Beteiligungs-AG, Markus Mühleisen, Vienna, Austria, is also a member of Südzucker AG's executive board. Ingrid-Helen Arnold, is a member of the executive board of Südzucker AG as well as a member of the executive board of AGRANA Beteiligungs-AG.

Executive board diversity policy

The supervisory board has prepared a diversity concept for Südzucker AG's executive board that summarizes factors such as the age, gender, education and career as well as internationality. The aim is to select an executive board composition that guarantees that the board will be fully able to discharge its duties. The executive and supervisory boards work together to ensure long-range succession planning for board members. The following criteria are especially important for systematic management development and long-term succession planning:

- Early identification of suitable candidates from different disciplines, professional and personal experience, internationality and different genders
- Systematic development of managers
- Demonstrable strategic and operative creative drive and leadership skills
- Proven role model of implementing corporate objectives in line with corporate values

Key to the appointment of a Südzucker AG executive board member is ultimately an appraisal of their professional and personal qualifications. The supervisory board primarily focuses on candidates' personal suitability, their professional skills and experience, their integrity and independence, as well as their motivation and capabilities to ensure that they can responsibly fulfill their duties at the company.

Accordingly, as per a resolution passed on 23 February 2022 regarding the composition of the executive board – in consideration of the sector, the size of the company and the share of international business activity – Südzucker AG's supervisory board aims to meet the following objectives:

- Number: Given the size of the company and the current organizational and responsibility structure at Südzucker Group, it is recommended that Südzucker AG have at least five executive board members. The supervisory board can appoint a chairperson or speaker from this panel.
- Age: An executive board member should hold office no longer than the end of the fiscal year in which he or she reaches the age of sixty-five.
- Gender: The supervisory board prioritizes qualifications rather than gender when selecting candidates. Südzucker AG's executive board consists of more than three persons. Pursuant to article 76, paragraph 3a, sentence 1 of the German Stock Corporation Act, at least one woman and at least one man must then be a member of the executive board. Currently, one woman and four men are members of Südzucker AG's executive board.
- Education and career: The educational and career background of members of Südzucker AG's executive board should satisfy the required competencies of general executive board duties, as well as of the member's specific portfolio assignment.

- Internationality: It is recommended that the executive board have at least one member with international experience or specialized knowledge in one of the company's key non-German markets.

Supervisory board

The supervisory board supervises and advises the executive board in its management of the company. It is involved in strategy and planning, as well as all issues of material importance to the company. For important business processes, such as budgeting and strategic planning, acquisitions and divestments, the company's articles of incorporation and the rules of procedure of the executive board stipulate that decisions are subject to approval by the supervisory board. The chair of the supervisory board coordinates the supervisory board's work, chairs the meetings and speaks on behalf of the panel to the outside world.

The executive board submits comprehensive, timely reports regarding planning, business developments and the group's positioning to the supervisory board – in writing and at regular meetings. Risk management and compliance are additional key reporting topics. If necessary, extraordinary meetings are held with the supervisory board to discuss important issues. The supervisory board has established rules of procedure for its work, which are in force as per the version dated 10 November 2022 and published on the website of Südzucker AG (www.suedzuckergroup.com/en/investor-relations/corporate-governance). The shareholder representatives and employee representatives always meet separately to prepare the supervisory board meetings.

Supervisory board self-assessment

The supervisory board regularly assesses how effectively it and its committees fulfill their duties. This is done annually using a questionnaire, with no outside assistance. Each year, the questionnaire is amended according to the latest revision of the code. The questionnaires are evaluated and the results and improvement suggestions discussed at each November meeting. The aim is to continuously improve the work of the supervisory board and its committees.

Supervisory board structure

Südzucker AG's supervisory board consists of 20 members as per the articles of incorporation, of which ten are elected by the shareholders and ten by the employees. The members of the supervisory board were newly elected at the 2022 annual general meeting. The term of office, which is identical for all supervisory board members, runs for the period until the end of the annual general meeting which ratifies the actions of the supervisory board for fiscal 2026/27 (that is, until the end of the annual general meeting in 2027).

All members of the supervisory board have the knowledge, skills and professional experience required to properly perform their duties. They are familiar with the sector in which Südzucker AG conducts business. The statutory gender quota is upheld.

The current supervisory board members are presented in the notes under item (37) "Supervisory board and executive board".

Supervisory board committees

The supervisory board has formed an executive committee, audit committee, agriculture and raw material markets committee, strategy and sustainability committee, social committee, mediation committee and nomination committee from among its members. These committees prepare and supplement its work. The executive and mediation committees each consist of four members. The audit committee and the social committee have six members each, the strategy and sustainability committee and the agriculture and raw material markets committee have eight members each with an equal number of shareholder and employee representatives. The nomination committee is composed of four shareholder representatives.

The strategy and sustainability committee was established for the first time following the reorganization of the committees resolved on 23 February 2022 at the constituent meeting of the supervisory board on 14 July 2022. The committee is composed of four representatives each from the shareholder and employee sides. In accordance with the resolution of 23 February 2022, the agricultural committee was renamed the agriculture and raw material markets committee and now comprises four representatives each from the shareholders' and employees' sides.

The duties of the executive board and the other committees are outlined in the supervisory board rules of procedure version dated 10 November 2022. The audit committee's rules of procedure version dated 10 November 2022 apply equally to the audit committee. The current members of the committees and their respective terms of office are presented in the notes under item (37) "Supervisory board and executive board".

The chairman of the supervisory board is not simultaneously the chairman of the audit committee.

Supervisory board diversity policy and competence profile

As per a resolution passed on 23 February 2023, Südzucker AG's supervisory board is mainly aiming for the following targets and competence profiles for the full board in its future composition, in consideration of the requirements of the GCGC, the sector, the size of the company and the share of international business activity:

- All supervisory board members shall have adequate corporate or operational experience.
- All supervisory board members shall be given sufficient time to fulfill their supervisory board duties.
- Each member of the supervisory board shall demonstrate the required reliability and personal integrity to fulfill the board's supervisory duties.
- At least two supervisory board shareholder representatives shall be "independent" within the meaning of recommendation C.7 of the GCGC.
- Not more than two former members of the executive board shall be members of the supervisory board.
- The audit committee shall have at least one member with expertise in the field of accounting (including internal control and risk management systems) and at least one other member having expertise in the field of auditing (financial experts). The knowledge of the financial experts shall also extend to sustainability reporting and its audit.
- The supervisory board's expertise shall comprise special knowledge mainly in the following areas:
  - **Functional competencies:**
    - Corporate governance and strategy
    - Accounting/auditing, control and risk management systems
    - Legal/corporate governance/compliance
    - Human resources/social sustainability
    - Environmental sustainability
  - **Sectoral competencies:**
    - Food production/distribution and related value chains
    - Agriculture and raw materials
    - International business/foreign markets
    - Innovation/research and development
    - Other business sectors outside Südzucker's core business
- The supervisory board shall have at least three female and three male members to represent the employees and shareholders.
- No candidate older than 70 shall be recommended for election or reelection to the supervisory board, unless it would be in the interests of the company.

There is no rule regarding the maximum term of office of a supervisory board member. This is to ensure continuity and long-term expertise on the supervisory board.

When recommending supervisory board members for election, the supervisory board will continue to focus primarily on the personal suitability of the candidates, their specialized skills and experience, their integrity and independence, as well as their motivation and capabilities.

The implementation status of the supervisory board diversity policy is as follows:

The supervisory board's employee representatives were elected on 3 May 2022 by the company's workforce, and its shareholder representatives by shareholders at the annual general meeting on 14 July 2022.

According to the supervisory board, the current composition is in line with the objectives of the diversity concept and the competence profile.

The board is of the opinion that it has at least two independent members, which, considering the ownership structure is in compliance with requirements. Susanne Kunschert, Stuttgart, Germany, and Julia Merkel, Wiesbaden, Germany, are independent of Südzucker AG, its executive board and the controlling shareholder Süddeutsche Zuckerrübenverwertungs-Genossenschaft eG (SZVG).

The supervisory board includes at least three persons who meet the requirements of the GCGC for financial experts: Susanne Kunschert, Stuttgart, Germany, chair of the audit committee; Helmut Friedl, Egling a. d. Paar, Germany, deputy chair of the audit committee; and Veronika Haslinger, Vienna, Austria, member of the audit committee.

Due to her professional background, her work as an auditor and, in particular, her many years of experience as managing partner of Pilz GmbH & Co. KG, where she is responsible for finance, Susanne Kunschert has amassed a wealth of expertise in auditing and financial accounting, including knowledge and experience in applying financial accounting principles and internal controlling and risk management systems. Her professional expertise also extends to preparing and auditing sustainability reports. Ms. Kunschert is – together with her brother and co-shareholder Thomas Pilz – responsible for preparing and auditing sustainability reports at Pilz GmbH & Co. KG and receives regular training in this area.

With many years of experience in investment management including responsibility for the areas of controlling and finance and her long-standing role as managing director of the credit institution Raiffeisen-Holding Niederösterreich-Wien reg. Gen.m.b.H. in particular, Veronika Haslinger is highly proficient in the field of auditing and financial accounting. She also has the corresponding experience and know-how in applying financial accounting principles and internal controlling and risk management systems. Her professional expertise likewise extends to preparing and auditing sustainability reports. Ms. Haslinger also gained in-depth experience during her years of membership on supervisory boards in a wide range of industries. She regularly attends further training courses.

Similarly, Helmut Friedl has expertise in auditing financial statements as a result of extensive further training and his many years of service on Südzucker AG's audit committee, most recently for five years as audit committee chairman. This also includes preparing and auditing sustainability reports. Mr. Friedl also regularly attends training courses on these subjects and chairs Südzucker's strategy and sustainability committee, which is responsible for this topic.

The supervisory board has seven female members, four representing the employees and three representing shareholders; no member is older than 70.

There are no former Südzucker AG executive board members on the supervisory board. The special expertise required by the diversity concept and the competence profile is represented on the supervisory board and is summarized in the qualification matrix (→ table 038) as per recommendation C.1 of the GCGC.

Qualification matrix

	Supervisory board	Audit committee
Functional competencies		
Corporate governance and strategy	●●	●●
Accounting/auditing, control and risk management systems	●●	●●●
Legal/corporate governance/compliance	●●	●●
Human resources/social sustainability	●●●	●●●
Environmental sustainability	●●	●●
Sectoral competencies		
Food production/distribution and related value chains	●●	●
Agriculture and raw materials	●●	●●
International business/foreign markets	●●	●●
Innovation/research and development	●	●
Other business sectors outside Südzucker's core business	●●	●●

● At least one member has special expertise in the respective area.
●● At least 25 % of the members have special expertise in the respective area.
●●● The majority of members have special expertise in the respective area.

TABLE 038

Corporate governance

Corporate governance aims to ensure that companies are managed and controlled responsibly and that they provide lasting shareholder value. Effective and efficient cooperation between the executive and supervisory boards ensures transparency and a commitment to keeping shareholders and the public fully informed in a timely manner.

Good corporate governance is a given at Südzucker and has been practiced for many years. The company's policies are consistent with the recommendations of the GCGC as a key executive board and supervisory board responsibility.

In our opinion, the current version of the Code dated 28 April 2022 is largely balanced, practical and of high standard when compared internationally. As in previous years, we have thus not found it necessary to prepare individual, company-specific corporate governance principles.

2022 Declaration of Compliance

On November 2022, the executive and supervisory boards issued a declaration of compliance with the GCGC recommendations in the version dated 28 April 2022 as per section 161 of the German Stock Corporation Act (AktG).

Südzucker AG complies with the recommendations of the code with the exception of the items outlined in the declaration of compliance. There are no recommendations in the code that do not apply to Südzucker AG due to overriding legal requirements.

The complete version of the 2022 declaration of compliance – as well as the declaration of compliance for prior years – is posted on Südzucker AG's website (www.suedzuckergroup.com/en/investor-relations/corporate-governance).

Gender quota

The German Stock Corporation Act stipulates in article 96 (2), sentence 1 that listed and co-determined companies have a fixed gender quota of 30 percent within the supervisory board. Currently, 35 percent of the supervisory board's members are women. The legal quota requirement is thus fulfilled.

Südzucker AG´s executive board consists of more than three persons. Pursuant to article 76, paragraph 3a, sentence 1 of the German Stock Corporation Act, at least one woman and at least one man must then be a member of the executive board. Currently, one woman and four men are members of Südzucker AG's executive board. The legal quota requirement is thus fulfilled.

The executive board resolved in 2017 to raise the percentage of women at Südzucker AG at the first and second management levels below the executive board level to 9 and 13 %, respectively, from 8.3 and 12.2 %, respectively, by 11 June 2022. The proportion of women at Südzucker AG as of 28 February 2022 was 10 % at each of the first and second management levels below the executive board. The executive board determined in April 2022 as a target that the proportion of women at both levels should be doubled to 20 % by 2027.

Education and training

In fiscal year 2022/23 an information event on corporate governance issues was held with an external legal counsel. Members of the supervisory board are solely responsible for any education and training measures they may require fulfilling their duties. They are appropriately supported by Südzucker AG. A training session on sustainability was also held in March 2023.

Compensation report

A separate report on executive and supervisory board compensation is published on Südzucker's website. The current compensation system approved by the annual general meeting as well as the last compensation resolution can be accessed at www.suedzuckergroup.com/en/investor-relations/corporate-governance/remuneration-systems. The compensation reports, including the auditor's report pursuant to § 162 of the German Stock Corporation Act (AktG), will be made publicly available at www.suedzuckergroup.com/en/investor-relations/corporate-governance/remuneration-reports after approval by the annual general meeting; in advance of this, the compensation report for the last financial year can be viewed as part of the invitation to the upcoming annual general meeting that will pass a resolution on this report when the documents are published. The total remuneration of executive and supervisory board members including the prior year's amounts is presented under item (36) "Related parties" of the notes to the annual report.

Asset loss liability insurance

The company has taken out asset loss liability insurance with a deductible, which covers the activities of members of the executive and supervisory boards (D&O insurance). Article 93, paragraph 2 of the German Stock Corporation Act (AktG) states the deductible for supervisory board members shall be at least 10 % of the damage up to at least 1.5 times their fixed annual remuneration.

The recommendation for deductibles for supervisory board members in the German Corporate Governance Code was revoked in 2019. Accordingly, deductibles are no longer provided for in the D&O insurance for supervisory board members as of 1 March 2021.

Shares held by members of the executive and supervisory boards / directors dealings

No member of the executive or supervisory board owns shares or related financial instruments that either directly or indirectly represent more than 1 % of Südzucker AG's total share capital. Furthermore, the total shareholdings of all executive and supervisory board members are less than 1 % of the total shares issued by the company.

In fiscal 2022/23, the members of the executive and supervisory boards have not informed Südzucker AG about any notifiable directors' dealings in securities.

Shareholders and annual general meeting

Südzucker AG's shareholders exercise their voting and control rights at general meetings held at least once a year. At an annual general meeting, shareholders vote on all issues as per the statutory requirements. The decisions are binding for all shareholders and the company. Shareholders are entitled to one vote for each share held.

Every shareholder who meets the general requirements for participating and exercising voting rights and who registered by the due date is entitled to participate in the annual general meeting. Shareholders who are unable to attend personally have the option of exercising their voting rights by proxy through a financial institution, a shareholder association, Südzucker AG appointees who are bound by the directives of the shareholders or by some other authorized representative of their choice. Shareholders also have the option of submitting their vote in advance of the general meeting via Südzucker AG's website (www.suedzuckergroup.com/en/Investor-Relations/annual-general-meeting) or by assigning power of attorney to Südzucker AG's proxies or to a third party.

Internal control and risk management system

Responsible management of business risks is fundamental to good corporate governance. Südzucker AG's executive board and Südzucker Group's managers make use of group-wide, company-specific reporting and control systems to detect, evaluate and manage these risks. The executive board regularly keeps the supervisory board abreast of existing risks and how they evolve. The audit committee deals mainly with monitoring the accounting process, compliance and the annual audit of the financial statements. It also reviews and verifies the effectiveness of the internal control systems, the risk management system and the internal auditing system. Details regarding risk management are outlined in the risk and opportunity report.

Key features of the internal control and risk management systems

The Südzucker Group's internal control and risk management systems are based on the principles, guidelines and measures prescribed by the executive board. They include managing opportunities and risks related to achieving business objectives, ensuring internal and external accounting processes function properly and reliably and complying with relevant legal requirements and regulations.

Management of opportunities and risks covers key aspects of sustainability and encompasses processes and systems used to record and manage sustainability-related data.

The internal control and risk management system framework determines the elements and sets the benchmark for assessing the appropriateness and effectiveness of these systems. It connects the risk management process with financial reporting and internal control – two systems that complement each other. All divisions and corporate departments in the Südzucker Group are part of the internal control and risk management systems. The scope of activities and measures to be carried out by each division and corporate department differs depending on the importance of the individual division for the consolidated financial statements and the specific opportunities and risks associated with its operating activities.

Overall responsibility for the internal control system and risk management lies with the executive board. The Risk and Internal Control Committee pools and integrates internal control and risk management processes and helps the executive board create and maintain appropriate and effective processes for implementing, monitoring and reporting internal control and risk management activities.

The management of each division and corporate department is required to implement an appropriate and effective internal control system and risk management system in its area of responsibility based on principles that are mandatory throughout the group. Risk officers and, if necessary, risk committees are deployed in the individual divisions and corporate departments to achieve this aim.

Risk management, which is based at Südzucker Group headquarters, is responsible for monitoring and coordinating all processes to ensure the appropriateness and effectiveness of the internal control system and risk management system within the group.

Details regarding risk management are outlined in the risk and opportunity report.

The internal control system and risk management, along with their contributing elements, are regularly the subject of audit activities conducted by internal auditing. These audits are performed either in connection with the risk-based annual audit plan or on request as part of audits scheduled throughout the year.

Based on the processes and measures described above, the executive board of Südzucker AG has no evidence that the internal control system and risk management system as a whole were not appropriate or effective as of 28 February 2023.

Nevertheless, there are inherent limitations to the effectiveness of any risk management and control system.

No system – even if it has been assessed and deemed appropriate and effective – can, for example, guarantee that all risks that actually arise will be identified in advance or that any violation of the process can be ruled out under all circumstances. The audit committee is regularly embedded in the internal control and risk management systems. Its chief tasks include monitoring financial accounting, the financial accounting process and the appropriateness and effectiveness of internal control systems, risk management and the internal auditing process.

Compliance

Compliance is embedded in Südzucker's corporate mission and documented in a compliance management system (CMS).

Compliance management system

Südzucker's CMS contains all rules and measures required to guarantee that everyone at the company knows they must conduct themselves in accordance with the law and to recognize associated risks. It specifies responsibilities, training measures and reporting channels and is based on the seven basic elements of IDW auditing standard 980 "Auditing of compliance management systems" published by the German Institute of Auditors (IDW).

Compliance culture

At Südzucker, practicing compliance is the responsibility of the executive board, as well as the managers of all the group departments, divisions and subsidiaries or companies in which Südzucker Group holds a stake. Through their actions and communications, the executive board and managers should create an environment that makes very clear the importance of compliance within the company ('tone from the top').

Compliance objectives

The aim of CMS at Südzucker is to guarantee that the company and its employees conduct themselves in accordance with applicable laws, that non-compliance risks are recognized early and that such risks are prevented through appropriate countermeasures. Any violations shall be tracked and communicated to the responsible parties.

Compliance risks

Compliance risks arise when there is any kind of non-conformance with laws and regulations. The main focus at Südzucker is in the areas of antitrust laws, corruption and bribery prevention, capital market/reporting obligations and data security.

Compliance program

Südzucker's compliance program contains all of the steps required to achieve the aforementioned objectives. Among other things, it comprises establishing appropriate guidelines, internal safeguards to maintain capital market reporting and documentation obligations and using a software solution to guarantee third-party compliance.

All of the company's divisions conduct regular training on compliance topics. In fiscal 2022/23 approximately 7,275 employees including the executive board were trained throughout the company. This represents about 89 % of the target group (salaried employees including management). The e-learning program, which is mandatory, covers a multi-year training program on compliance basics, antitrust law, corruption and bribery prevention, IT security, data protection, capital market compliance, and fraud through identity forgery. On completion of the program, participants must complete and pass a final test.

Compliance organization

A group-wide compliance structure with clearly defined reporting paths for all operating companies and key departments forms the core of Südzucker's compliance organization. All reports of potential violations are tracked. The compliance officers of the main operating subsidiaries and/or the compliance officers of the Südzucker AG departments considered to be material submit case-related and periodic reports to the compliance officer and executive board of Südzucker AG. The executive board in turn regularly reports to the supervisory board and Südzucker AG's audit committee regarding compliance issues.

In addition, the company has set up a compliance committee that discusses fundamental and current issues at regular meetings.

Compliance communication

All employees were informed about Südzucker's code of conduct (→ www.suedzuckergroup.com/en/company/profile/code-of-conduct) and corporate compliance principles (→ www.suedzuckergroup.com/en/investor-relations/corporate-governance/compliance). Posters were put up at the company sites to sensitize employees to compliance principles during their day-to-day activities. Suspected violations of the code of conduct or the corporate compliance principles may be reported using a dedicated telephone number or e-mail address, as well as via an Internet-based anonymous whistleblower program.

In fiscal 2022/23, 20 notifications were received throughout the group via these channels. We follow up each report with care and confidentiality. No significant violations were identified. Suggestions and measures for improvement are implemented on an ongoing basis.

Compliance monitoring and development

Südzucker's internal audit department carries out scheduled and ad hoc audits and thereby monitors adherence to all legal requirements and internal guidelines. In fiscal 2022/23, selected departments, such as purchasing or logistics, were also audited for corruption and fraud at 34 % of the locations. No material violations of statutory regulations could be identified.

No cases of corruption were identified in fiscal year 2022/23.

Südzucker AG is considered a critical infrastructure operator and is thus subject to an audit of its information technology systems in accordance with the German Federal Office for Information Security Act (KRITIS audit). The audit did not report any negative findings.

Disclosures on takeovers

The following disclosures provide further details in accordance with articles 289a, paragraph 1 and 315a, paragraph 1 of the German Commercial Code and an explanatory report as per article 176, paragraph 1, sentence 1 of the German Stock Corporation Act (AktG); they form part of the audited group management report.

Composition of subscribed capital and voting rights

As of 28 February 2023, Südzucker's subscribed capital amounts unchanged to € 204,183,292 million and consists of 204,183,292 ordinary bearer shares, each of which represents a notional holding of € 1 per share. The company held 76,033 treasury shares as of the balance sheet date. The treasury shares are held by the company for the multi-year compensation component as part of the executive board members' compensation.

Voting rights, share transfers

All shares entitle holders to the same rights and each share is worth one vote at the annual general meeting. Voting rights for the shares may be restricted as per German Stock Corporation Act regulations. Under certain conditions, shareholders may not be entitled to vote (article 136 of the German Stock Corporation Act [AktG]).

A voting agreement exists between Süddeutsche Zuckerrübenverwertungs-Genossenschaft eG (SZVG), Ochsenfurt, Germany, and Zucker Invest GmbH (Zucker Invest), Vienna, Austria, which is one of the companies of the registered Raiffeisen Holding Niederösterreich-Wien cooperative with limited liability (Raiffeisen-Holding), Vienna, Austria. Additional voting agreements exist between companies of the Raiffeisen group. Furthermore, SZVG has an option to buy 18,797,796 of Zucker Invest's Südzucker shares and Zucker Invest has an option to buy 246,368 of the Südzucker shares held by SZVG.

Südzucker AG shareholdings exceeding 10 %

Südzucker AG knows of two direct equity investments in the company that exceed 10 %: SZVG owns 60.7 % of total share capital and Zucker Invest 10.3 %. Raiffeisen-Holding and its associated companies hold a direct interest via Zucker Invest. The shareholdings are reciprocally attributed to the companies, so that each holds a share of about 71.0 % of total share capital, according to the German Securities Trading Act.

Shares with special rights, voting rights control for shares held by employees

Shares with special rights that would impart controlling authority do not exist at Südzucker. No employees who hold shares of Südzucker AG are subject to voting rights control.

Appointment and dismissal of executive board members

Executive board members are appointed and dismissed by the supervisory board in accordance with articles 84 and 85 of the German Stock Corporation Act (AktG) and article 31 of the German Codetermination Act (MitbestG). In accordance with article 5, item 2 of Südzucker AG's articles of incorporation in the current version dated 16 July 2020, the supervisory board determines the number of executive board members and the supervisory board has the authority to appoint deputy members.

Amendments to the articles of association

Amendments to the articles of association are governed by articles 179 and following of the German Stock Corporation Act (AktG). Article 22 of the articles of incorporation (current version as of 16 July 2020) authorizes the supervisory board to make amendments to the company's articles of association that only affect the wording.

Authority of the executive board, especially as relates to issuing and share buy-back

Subject to approval by the supervisory board, the executive board is authorized to increase the company's share capital once or several times up until 17 July 2024 by up to € 20 million by issuing new no-par value bearer shares in exchange for cash contributions and / or contributions in kind, for the entire amount or in tranches (Authorized Capital 2019). Subject to approval by the supervisory board and according to article 4, paragraph 4 of the articles of incorporation, the executive board may exclude subscription rights of shareholders in certain cases, provided the shares issued under exclusion of the subscription rights do not exceed 10 % of total share capital, neither at the time of the coming into force of this authorization, nor at the time of exercising same. Details are outlined in article 4, paragraph 4 of the articles of association. Authorized Capital 2019 has not been utilized to date.

Shareholders at the 18 July 2019 annual general meeting authorized the executive board to buy back up to 10 % of the company's total share capital existing at that time until 17 July 2024 in accordance with article 71, paragraph 1, item 8 of the German Stock Corporation Act (AktG). The shares may be acquired on the open stock market or via a public offer to purchase to all shareholders. The costs of buying back own shares may be charged against net retained earnings or other revenue reserves. The executive board was also authorized, subject to approval by the supervisory board, to sell the shares bought back to third parties and to exclude shareholder subscription rights in the case of corporate mergers or when purchasing companies or parts of companies or shares of companies. Details are provided in the authorization approved at the annual general meeting on 18 July 2019. To date, the board has not exercised the right granted to purchase own shares.

Change of control and compensation agreements

Südzucker AG has signed an agreement with a banking consortium providing access to a line of credit in the amount of € 600 million. In the event of a change of control, each member of the bank consortium would under certain conditions have the right to terminate the line of credit and its share of the outstanding loans, and demand immediate repayment of same, including interest. Other than that, there are no material agreements pursuant to articles 289a, paragraph 1, sentence 1, item 8 and 315a, paragraph 1, sentence 1, item 8 of the German Commercial Code that would be affected by a change of control resulting from a takeover offer. Compensation agreements with members of the executive board or in favor of employees that would come into effect in the event of a change of control do not exist either.

Non-financial statement

Südzucker uses the GRI standards of the 2021 Global Reporting Initiative (GRI) guideline, CORE, an international framework, to collect and present the non-financial data that relates to its business activities. The standards will be further explained at the end of this annual report[1]. In the current consolidated management report, non-financial information is integrated in accordance with articles 315b and 315c in conjunction with the articles 289b to 289e of the German Commercial Code. References to the information regarding the contents of the non-financial statement are listed in the table at the end of this section. The non-financial statement also includes the disclosures required in accordance with article 8 of the Regulation (EU) 2020/852 of the European Parliament and of the Council of 18 June 2020 on the establishment of a framework to facilitate sustainable investment, and amending Regulation (EU) 2019/2088 (“EU taxonomy regulation”).

The concepts – that is, guidelines, principles and management approach – for each aspect are described in the respective chapters. This includes disclosure of targets and degree of achievement.

The financial performance indicators are described in the chapter on value management. The expected development is presented in the outlook section. At the present time, no non-financial performance indicators exist at the Südzucker Group level as defined in article 289c, paragraph 3, item 5 of the German Commercial Code.

The risk and opportunities report provides a summary of the financial and non-financial corporate risks. Non-financial corporate risks arise at Südzucker as a result of the impact of its own activities on the environment, employees and society. In addition, we also consider the impact of non-financial risks on our own operations (e.g., climate-related risks). The same applies to its activities surrounding associated business relationships. Examples here include energy use, especially as a result of large-scale processing of agricultural products, respect for union rights and social dialogue, and the impact of the company’s products on consumers. Südzucker has implemented extensive programs to reduce these non-financial risks and to prevent negative impacts. As a result of these programs, for example in the areas of environmental protection, work safety and quality assurance, there are no material non-financial corporate risks associated with Südzucker’s business activities, business relationships and products that are very likely to have or will have a serious negative impact on the non-financial aspects in accordance with article 289c, paragraph 2 of German Commercial Code.

The non-financial statement provided for the group is equally applicable to Südzucker AG. All of the guidelines and associated management approach apply for the entire Südzucker Group. There are no non-financial targets that only apply to Südzucker AG. Information on Südzucker AG’s non-financial reporting in accordance with articles 289b and following of the German Commercial Code is included.

As part of the annual audit of the group financial statements, PricewaterhouseCoopers GmbH Wirtschaftsprüfungsgesellschaft (PWC), Frankfurt/Main verified that the non-financial statement was presented in accordance with article 317, paragraph 2, sentence 4 of the HGB. In addition, the supervisory board commissioned PwC to perform a limited assurance review of the non-financial statement in accordance with ISAE 3000 (Revised).

A note from the independent public auditor after performing a limited assurance engagement on selected details of the non-financial report in the reporting period is reproduced in its entirety at the end of this annual report at the end of the section “Further information”.

The non-financial group declaration in the group management report and the results of the audit form part of Südzucker AG’s 2022/23 annual report. They are also accessible at Südzucker’s website at www.suedzuckergroup.com/en/investor-relations/publikationen/finanzberichte#2022/23.

[1] The GRI standards are not part of the audit of the non-financial statement.

Information regarding the contents of the non-financial statement[1]

Aspects of the non-financial items according to section 289 of the HGB	Items according to the materiality matrix	Chapter / Subchapter
Business model	–	About the group / Business model, Strategy, Sustainability / Sustainability strategy
Sustainability	–	About the group / Sustainability
Materiality matrix	–	About the group / Sustainability / Materiality analysis
Environmental issues	Climate protection / climate change	Energy and climate
	Water	Energy and climate use and protection of water resources
	Waste	Energy and climate and reducing environmental pollution / Waste
	Packaging	Energy and climate and reducing environmental pollution / Packaging
	Procurement / vendor selection	Energy and climate of biodiversity and ecosystems
	Biodiversity	Energy and climate of biodiversity and ecosystems / Promoting biodiversity
Employee issues	Human rights	Employees / Corporate responsibility Society / Respect for human rights
	Gender equality and diversity	Employees / Promoting diversity / Equality
	Talent and personnel development	Employees / Südzucker – an attractive employer
	Workplace health and safety	Employees / Südzucker – a reliable employer
Social issues	Vendor selection / procurement	Society / Respect for human rights
	Product safety and consumer protection	Society / Product responsibility and quality
	Maintaining and creating value and jobs	Society / Value added in rural areas
	Dialogue with communities and consideration of local concerns	Society / Dialogue with various stakeholder groups, Social commitment
	Dialogue with political institutions, political lobbying	Society / Dialogue with various stakeholder groups
Human rights protection	Vendor selection / procurement	Society / Respect for human rights
	Human rights	Employees / Corporate responsibility Society / Respect for human rights
Bribery and corruption control	Vendor selection / procurement	Society / Respect for human rights
	Responsible corporate governance	Corporate management and responsibility / Compliance

[1] Any other disclosures relating to the content of the non-financial statement, with the exception of those relating to "Business model," are not part of the statutory audit as other information. This applies to the non-financial statement contained in the section "Corporate governance and responsibility" including the related disclosures integrated in the group management report; these disclosures are segregated accordingly in the table.

TABLE 039

CONSOLIDATED FINANCIAL STATEMENTS

03

STATEMENT OF COMPREHENSIVE INCOME

1 March 2022 to 28 February 2023

€ million	Notes	2022/23	2021/22	+/– in %
Income statement				
Revenues	(06)	**9,497.9**	**7,598.9**	**25.0**
Change in work in progress and finished goods inventories and internal costs capitalized	(07)	544.2	148.9	> 100
Other operating income	(08)	175.5	124.9	40.5
Cost of materials	(09)	–6,950.8	–5,299.6	31.2
Personnel expenses	(10)	–1,061.1	–971.9	9.2
Depreciation	(11)	–342.4	–361.1	–5.2
Goodwill impairment	(11)	–47.0	–29.4	59.9
Other operating expenses	(12)	–1,115.2	–920.7	21.1
Result from companies consolidated at equity	(13)	30.3	–49.0	–
Result from operations	**(14)**	**731.4**	**241.0**	**> 100**
Financial income	(15)	74.5	41.8	78.2
Financial expense	(15)	–125.9	–78.8	59.8
Earnings before income taxes		**680.0**	**204.0**	**> 100**
Taxes on income	(16)	–151.3	–80.8	87.3
Net earnings	**(18)**	**528.7**	**123.2**	**> 100**
of which attributable to Südzucker AG shareholders		394.9	65.6	> 100
of which attributable to hybrid capital		16.8	12.1	38.8
of which attributable to other non-controlling interests		117.0	45.5	> 100
Earnings per share (€) – undiluted	**(18)**	**1.93**	**0.32**	**> 100**
Earnings per share (€) – diluted	**(18)**	**1.93**	**0.32**	**> 100**
Statement of other comprehensive income				
Net earnings		**528.7**	**123.2**	**> 100**
Market value of hedging instruments (cash flow hedge) after deferred taxes[1]		14.5	138.2	–89.5
Revaluation not affecting income[1]		109.8	90.5	21.3
Realization resulting in a profit or loss[1]		–75.5	63.8	–
Deferred taxes[1]		–19.8	–16.1	23.0
Market value of debt instruments (securities) after deferred taxes		–3.1	–6.5	–52.3
Revaluation not affecting income		–7.1	–6.5	9.2
Deferred taxes		4.0	0.0	–
Exchange differences on net investments in foreign operations after deferred taxes		9.5	13.5	–29.6
Revaluation not affecting income		12.8	18.2	–29.7
Deferred taxes		–3.3	–4.7	–29.8
Foreign currency translation differences / hyperinflation		23.7	21.8	8.7
Share from companies consolidated at equity		–18.7	0.8	–
Income and expenses to be recognized in the income statement in the future[1]	**(19)**	**25.9**	**167.8**	**–84.6**
Market value of equity instruments (securities) after deferred taxes		–0.2	0.0	–
Revaluation not affecting income		–0.3	–0.1	> 100
Deferred taxes		0.1	0.1	–
Remeasurement of defined benefit pension plans and similar obligations after deferred taxes	(27)	193.1	10.5	> 100
Revaluation not affecting income		214.8	13.9	> 100
Deferred taxes		–21.7	–3.4	> 100
Share from companies consolidated at equity		–3.0	2.9	–
Income and expenses not to be recognized in the income statement in the future	**(19)**	**189.9**	**13.4**	**> 100**
Other comprehensive result[1]	**(19)**	**215.8**	**181.2**	**19.1**
Comprehensive income[1]		**744.5**	**304.4**	**> 100**
of which attributable to Südzucker AG shareholders[1]		604.4	201.0	> 100
of which attributable to hybrid capital		16.8	12.1	38.8
of which attributable to other non-controlling interests[1]		123.3	91.3	35.0

[1] The prior-year amount has been adjusted. Further information is provided in Note (01) to the consolidated financial statements.

TABLE 040

Further disclosures regarding the statement of comprehensive income are outlined in notes (06) to (19) and (27) of the notes to the group consolidated financial statements.

CASH FLOW STATEMENT

1 March 2022 to 28 February 2023

€ million	Notes	2022/23	2021/22	+/– in %
Net earnings		528.7	123.2	> 100
Goodwill impairment (+)		47.0	29.4	59.9
Depreciation and amortization of intangible assets, fixed assets and other investments (+)		344.7	364.3	–5.4
Decrease (–) / Increase (+) in non-current provisions and (deferred) tax liabilities and increase (–) / decrease (+) in deferred tax assets		33.4	–16.8	–
Other income (–) / expenses (+) not affecting cash		–26.5	59.7	–
Cash flow		**927.3**	**559.8**	**65.6**
Decrease (–) / Increase (+) in current provisions		–16.3	–24.9	–34.5
Increase (–) / Decrease (+) in inventories, receivables and other assets		–1,200.5	–381.3	> 100
Decrease (–) / Increase (+) in liabilities (excluding financial liabilities)		537.1	343.9	56.2
Increase (–) / Decrease (+) in working capital		**–679.7**	**–62.3**	**> 100**
Gain (–) / Loss (+) on disposal of items included in non-current assets and of securities		–4.1	–20.0	–79.5
I. Cash flow from operating activities		**243.5**	**477.5**	**–49.0**
Investments in fixed assets and intangible assets (–)		–399.6	–331.7	20.5
Investments in financial assets / acquisitions (–)		–66.6	–3.6	> 100
Total investments		**–466.2**	**–335.3**	**39.0**
Cash received on disinvestments (+)		0.0	0.0	–
Cash received on disposal of non-current assets (+)		20.6	32.7	–37.0
Cash paid (–) / received (+) for the purchase / sale of other securities		–77.3	95.0	–
II. Cash flow from investing activities		**–522.9**	**–207.6**	**> 100**
Issuance of the 2022/2027 bond (+)		395.7	0.0	–
Repayment (–) / issuance (+) of commercial papers		–150.0	–180.0	–16.7
Repayment (–) / issuance (+) of promissory note loans		228.0	0.0	–
Repayment (–) of lease liabilities		–33.7	–32.8	2.7
Other repayment (–) / refund (+) of financial liabilities		–86.1	166.0	–
Repayment (–) / refund (+) of financial liabilities		**353.9**	**–46.8**	**–**
Increases in stakes held in subsidiaries / capital buyback (–)		–1.0	–4.7	–78.7
Decrease in stakes held in subsidiaries / capital increase (+)		0.0	1.8	–100.0
Dividends paid (–)		–144.0	–101.0	42.6
III. Cash flow from financing activities		**208.9**	**–150.7**	**–**
Change in cash and cash equivalent (total of I., II. und III.)		**–70.5**	**119.2**	**–**
Change in cash and cash equivalents				
due to exchange rate changes		1.1	–1.9	–
due to changes in entities included in consolidation / other		1.1	0.8	37.5
Decrease (–) / Increase (+) in cash and cash equivalents		**–68.3**	**118.1**	**–**
Cash and cash equivalents at the beginning of the period		315.6	197.5	59.8
Cash and cash equivalents at the end of the period		**247.3**	**315.6**	**–21.6**
Dividends received from companies consolidated at equity / other participations	(20)	13.6	14.4	–5.6
Interest receipts	(20)	12.4	4.2	> 100
Interest payments	(20)	–29.6	–22.3	32.7
Income taxes paid	(20)	–114.8	–81.0	41.7

TABLE 041

Further disclosures on the cash flow statement are included in note (20) of the notes to the group consolidated financial statements.

BALANCE SHEET

28 February 2023

€ million	Notes	28 February 2023	28 February 2022	+/– in %
Assets				
Intangible assets	(21)	942.1	933.5	0.9
Fixed assets	(22)	3,108.9	2,987.6	4.1
Shares in companies consolidated at equity	(23)	78.4	77.4	1.3
Other investments	(23)	14.5	7.1	> 100
Securities	(30)	17.4	18.8	– 7.4
Other assets	(25)	33.1	6.1	> 100
Deferred tax assets	(16)	51.0	63.0	– 19.0
Non-current assets		**4,245.4**	**4,093.5**	**3.7**
Inventories	(24)	3,161.1	2,316.6	36.5
Trade receivables	(25)	1,409.0	1,139.9	23.6
Other assets	(25)	430.8	460.6	– 6.5
Current tax receivables	(16)	50.5	31.5	60.3
Securities	(30)	153.9	83.7	83.9
Cash and cash equivalents	(30)	247.3	315.6	– 21.6
Current assets		**5,452.6**	**4,347.9**	**25.4**
Total assets		**9,698.0**	**8,441.4**	**14.9**

€ million	Notes	28 February 2023	28 February 2022	+/– in %
Liabilities and equity				
Equity attributable to shareholders of Südzucker AG		2,571.6	2,127.4	20.9
Hybrid capital		653.7	653.7	–
Other non-controlling interests		973.7	918.2	6.0
Total equity	(26)	**4,199.0**	**3,699.3**	**13.5**
Provisions for pensions and similar obligations	(27)	682.2	865.4	– 21.2
Other provisions	(28)	202.3	212.9	– 5.0
Financial liabilities	(30)	1,622.9	1,321.7	22.8
Other liabilities	(29)	7.5	8.0	– 6.3
Tax liabilities	(16)	4.4	4.0	10.0
Deferred tax liabilities	(16)	164.1	139.8	17.4
Non-current liabilities		**2,683.4**	**2,551.8**	**5.2**
Other provisions	(28)	76.1	92.5	– 17.7
Financial liabilities	(30)	659.9	562.2	17.4
Trade payables	(29)	1,608.9	1,115.8	44.2
Other liabilities	(29)	402.4	385.5	4.4
Current tax liabilities	(16)	68.3	34.3	99.1
Current liabilities		**2,815.6**	**2,190.3**	**28.5**
Total liabilities and equity		**9,698.0**	**8,441.4**	**14.9**
Net financial debt		1,864.2	1,465.8	27.2
Equity ratio in %		43.3	43.8	
Net financial debt as % of equity (gearing)		44.4	39.6	

TABLE 042

Further disclosures regarding the balance sheet are outlined in notes (16) and (21) to (30) of the notes to the group consolidated financial statements.

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

1 March 2022 to 28 February 2023

€ million	Issued subscribed capital	Nominal value own shares	Capital reserve	Other reserves	Other equity accounts: Market value of hedging instruments (cash flow hedge)	Other equity accounts: Market value of debt instruments (securities)	Other equity accounts: Exchange differences on net investments in foreign operations	Other equity accounts: Accumulated exchange differences/ hyperinflation	Other equity accounts: Share from companies consolidated at equity	Equity of Südzucker shareholders	Hybrid capital	Other non-controlling interests	Total equity
1 March 2021	**204.2**	**0.0**	**1,614.9**	**340.6**	**−5.8**	**0.0**	**−15.5**	**−131.9**	**−6.6**	**1,999.9**	**653.7**	**881.9**	**3,535.5**
Net earnings				65.6						65.6	12.1	45.5	123.2
Other comprehensive result [1]				8.2	103.1	−6.5	13.5	12.5	4.6	135.4	0.0	45.8	181.2
Comprehensive income [1]				**73.8**	**103.1**	**−6.5**	**13.5**	**12.5**	**4.6**	**201.0**	**12.1**	**91.3**	**304.4**
Distributions				−40.8						−40.8	−12.1	−43.0	−95.9
Basis Adjustment [1]					−31.3					−31.3		−14.2	−45.5
Other changes [1]	0.0	0.0	0.0	−1.4						−1.4	0.0	2.2	0.8
28 February 2022	**204.2**	**0.0**	**1,614.9**	**372.2**	**66.0**	**−6.5**	**−2.0**	**−119.4**	**−2.0**	**2,127.4**	**653.7**	**918.2**	**3,699.3**
1 March 2022	**204.2**	**0.0**	**1,614.9**	**372.2**	**66.0**	**−6.5**	**−2.0**	**−119.4**	**−2.0**	**2,127.4**	**653.7**	**918.2**	**3,699.3**
Net earnings				394.9						394.9	16.8	117.0	528.7
Other comprehensive result				188.9	16.6	−3.1	9.5	14.1	−16.5	209.5	0.0	6.3	215.8
Comprehensive income				**583.8**	**16.6**	**−3.1**	**9.5**	**14.1**	**−16.5**	**604.4**	**16.8**	**123.3**	**744.5**
Distributions				−81.7						−81.7	−16.8	−41.7	−140.2
Basis Adjustment					−82.9					−82.9		−29.6	−112.5
Other changes	0.0	−0.1	0.0	4.5						4.4	0.0	3.5	7.9
28 February 2023	**204.2**	**−0.1**	**1,614.9**	**878.8**	**−0.3**	**−9.6**	**7.5**	**−105.3**	**−18.5**	**2,571.6**	**653.7**	**973.7**	**4,199.0**

[1] Further information on the adjustment is provided in Note (01) to the consolidated financial statements.

TABLE 043

Further disclosures on shareholders' equity are included in note (26) of the notes to the group consolidated financial statements.

SEGMENT REPORT

€ million	2022/23	2021/22	+/– in %
Südzucker Group			
Gross revenues	**9,948.9**	**7,915.7**	**25.7**
Consolidation	−451.0	−316.8	42.4
Revenues	**9,497.9**	**7,598.9**	**25.0**
EBITDA	**1,069.7**	**691.8**	**54.6**
EBITDA margin	11.3 %	9.1 %	
Depreciation	−365.8	−359.5	1.8
Operating result	**703.9**	**332.3**	**> 100**
Operating margin	7.4 %	4.4 %	
Result from restructuring / special items	−2.8	−42.3	−93.4
Result from companies consolidated at equity	30.3	−49.0	–
Result from operations	**731.4**	**241.0**	**> 100**
Investments in fixed assets including intangible assets	399.6	331.7	20.5
Investments in financial assets / acquisitions	66.6	3.6	> 100
Total investments	**466.2**	**335.3**	**39.0**
Shares in companies consolidated at equity	78.4	77.4	1.3
Capital employed	7,095.2	6,325.4	12.2
Return on capital employed	9.9 %	5.3 %	
Employees	**18,341**	**18,019**	**1.8**

€ million	2022/23	2021/22	+/– in %
Sugar segment			
Gross revenues	**3,439.1**	**2,774.3**	**24.0**
Consolidation	−223.0	−150.9	47.8
Revenues	**3,216.1**	**2,623.4**	**22.6**
EBITDA	**380.8**	**134.1**	**> 100**
EBITDA margin	11.8 %	5.1 %	
Depreciation	−151.3	−154.4	−2.0
Operating result	**229.5**	**−20.3**	**–**
Operating margin	7.1 %	−0.8 %	
Result from restructuring / special items	56.1	−0.3	–
Result from companies consolidated at equity	18.8	−63.0	–
Result from operations	**304.4**	**−83.6**	**–**
Investments in fixed assets including intangible assets	144.7	114.2	26.7
Investments in financial assets / acquisitions	3.1	0.0	–
Total investments	**147.8**	**114.2**	**29.4**
Shares in companies consolidated at equity	29.0	21.4	35.5
Capital employed	3,201.8	2,740.4	16.8
Return on capital employed	7.2 %	−0.7 %	
Employees	**6,206**	**6,105**	**1.7**

€ million	2022/23	2021/22	+/– in %
Special products segment			
Gross revenues	**2,232.0**	**1,793.9**	**24.4**
Consolidation	−15.4	−13.4	14.9
Revenues	**2,216.6**	**1,780.5**	**24.5**
EBITDA	**182.7**	**190.1**	**−3.9**
EBITDA margin	8.2 %	10.7 %	
Depreciation	−80.7	−73.3	10.1
Operating result	**102.0**	**116.8**	**−12.7**
Operating margin	4.6 %	6.6 %	
Result from restructuring / special items	−10.3	−0.1	> 100
Result from companies consolidated at equity	0.0	0.0	–
Result from operations	**91.7**	**116.7**	**−21.4**
Investments in fixed assets including intangible assets	144.9	123.5	17.3
Investments in financial assets / acquisitions	59.9	0.0	–
Total investments	**204.8**	**123.5**	**65.8**
Shares in companies consolidated at equity	0.0	0.0	–
Capital employed	1,978.6	1,740.4	13.7
Return on capital employed	5.2 %	6.7 %	
Employees	**5,262**	**4,990**	**5.5**

€ million	2022/23	2021/22	+/− in %
CropEnergies segment			
Gross revenues	**1,488.3**	**1,075.3**	**38.4**
Consolidation	−98.0	−71.1	37.8
Revenues	**1,390.3**	**1,004.2**	**38.4**
EBITDA	**294.0**	**168.8**	**74.2**
EBITDA margin	21.1 %	16.8 %	
Depreciation	−43.0	−41.8	2.9
Operating result	**251.0**	**127.0**	**97.6**
Operating margin	18.1 %	12.6 %	
Result from restructuring / special items	−0.2	0.0	–
Result from companies consolidated at equity	0.5	0.2	> 100
Result from operations	**251.3**	**127.2**	**97.6**
Investments in fixed assets including intangible assets	46.8	35.8	30.7
Investments in financial assets / acquisitions	3.6	0.0	–
Total investments	**50.4**	**35.8**	**40.8**
Shares in companies consolidated at equity	5.4	2.8	92.9
Capital employed	534.8	486.3	10.0
Return on capital employed	46.9 %	26.1 %	
Employees	**480**	**455**	**5.5**

€ million	2022/23	2021/22	+/− in %
Starch segment			
Gross revenues	**1,306.6**	**1,020.4**	**28.0**
Consolidation	−113.2	−80.3	41.0
Revenues	**1,193.4**	**940.1**	**26.9**
EBITDA	**117.8**	**105.4**	**11.8**
EBITDA margin	9.9 %	11.2 %	
Depreciation	−47.6	−48.5	−1.9
Operating result	**70.2**	**56.9**	**23.4**
Operating margin	5.9 %	6.1 %	
Result from restructuring / special items	0.0	0.0	−100.0
Result from companies consolidated at equity	11.0	13.8	−20.3
Result from operations	**81.2**	**70.7**	**14.9**
Investments in fixed assets including intangible assets	27.6	24.0	15.0
Investments in financial assets / acquisitions	0.0	0.0	–
Total investments	**27.6**	**24.0**	**15.0**
Shares in companies consolidated at equity	44.0	53.2	−17.3
Capital employed	551.8	488.2	13.0
Return on capital employed	12.7 %	11.7 %	
Employees	**1,148**	**1,128**	**1.8**

€ million	2022/23	2021/22	+/− in %
Fruit segment			
Gross revenues	**1,482.9**	**1,251.8**	**18.5**
Consolidation	−1.4	−1.1	27.3
Revenues	**1,481.5**	**1,250.7**	**18.5**
EBITDA	**94.4**	**93.4**	**1.1**
EBITDA margin	6.4 %	7.5 %	
Depreciation	−43.2	−41.5	4.1
Operating result	**51.2**	**51.9**	**−1.3**
Operating margin	3.5 %	4.1 %	
Result from restructuring / special items	−48.4	−41.9	15.5
Result from companies consolidated at equity	0.0	0.0	–
Result from operations	**2.8**	**10.0**	**−72.0**
Investments in fixed assets including intangible assets	35.6	34.2	4.1
Investments in financial assets / acquisitions	0.0	3.6	−100.0
Total investments	**35.6**	**37.8**	**−5.8**
Shares in companies consolidated at equity	0.0	0.0	–
Capital employed	828.2	870.1	−4.8
Return on capital employed	6.2 %	6.0 %	
Employees	**5,245**	**5,341**	**−1.8**

TABLE 044

Since the beginning of fiscal 2021/22, Südzucker has reported on the five segments sugar, special products, CropEnergies, starch and fruit. As outlined in IFRS 8 (Operating Segments), the reporting segments of Südzucker Group are aligned with the internal reporting structure in direction to the group executive board. For further details, please refer to the section on group management in the management report.

Sugar segment

The sugar segment produces and markets sugar, sugar specialties, starch-based products such as glucose syrup, and animal feed. The segment comprises the sugar division activities (Südzucker) including the five production locations in Belgium (Raffinerie Tirlemontoise S.A., Tienen), Germany (Südzucker AG, Mannheim), France (Saint Louis Sucre S.A.S., Paris), Moldova (Südzucker Moldova S.R.L., Chişinău) and Poland (Südzucker Polska S.A., Wrocław), the wheat starch plant of Südzucker AG in Zeitz, Germany as well as distributors in Greece, Italy, Spain and UK. The sugar division activities (AGRANA) comprise sugar production in Austria, Romania, Slovakia, Czech Republic and Hungary as well as the Austrian sales company. Furthermore, the agricultural division consists of Südzucker AG's agricultural business unit, Loberaue Agrar GmbH, Rackwitz, with its subsidiaries, and Terra Sömmerda GmbH, based in Sömmerda. AGRANA Studen Group (including sugar production in Bosnia-Herzegovina), betaine producing Austrian joint venture Beta Pura GmbH based in Tulln, Austria and the Italian joint venture Maxi S.r.l. based in Bozen are consolidated at equity.

Special products segment

The special products segment includes the three divisions BENEO, Freiberger and PortionPack. BENEO produces and sells ingredients made from various raw materials for food products and animal feed with nutritional and technological benefits. Freiberger Group is a producer of chilled and frozen pizzas, frozen pasta dishes and snacks with a clear focus on private label business in Europe and the USA. PortionPack Group specializes in developing, packaging and marketing portion packs.

CropEnergies segment

The CropEnergies segment bundles the ethanol activities of Südzucker Group at the four production sites in Germany, Belgium, France and the UK, and conducts business as a publicly held company (Aktiengesellschaft). CropEnergies is a leading manufacturer of sustainably produced ethanol for the European fuel sector and a producer of food and animal feed. CropEnergies also holds a 50 % stake in CT Biocarbonic GmbH, which operates a plant in Zeitz, Germany, for the production of food-grade liquid CO_2; this company is consolidated at equity.

Starch segment

The starch segment includes the AGRANA Group's starch and ethanol business with the Austrian potato, corn and wheat starch production, the corn starch factory in Romania and the ethanol production in Austria. The starch and ethanol activities of Hungrana Group in Hungary are consolidated at equity.

Fruit segment

The fruit segment comprises the fruit preparations (AGRANA Fruit) and fruit juice concentrates divisions (AUSTRIA JUICE). Companies in the fruit segment are active across the globe and serve international food companies from the dairy, baked goods, ice cream and beverage industry.

Result from operations

The result from operations reported in the statement of comprehensive income breaks down into the operating result, the result from restructuring and special items and the result from companies consolidated at equity. Result from operations is a key ratio that represents a benchmark for entities with different financial structures and tax systems by which the net earnings are adjusted for the financial result and the tax expense.

Operating result

Operating result is the result from operations adjusted for special items and effects from at equity consolidation. Special items do not regularly recur within business operations and also include items that influence earnings but are not attributable to the reporting period. Operating result serves as a basis for internal group management.

EBITDA

EBITDA is the operating result adjusted for depreciation and amortization.

Capital employed

Capital employed reflects operating capital tied up in the segments and in the group. It consists of fixed assets, including intangible assets, and working capital (inventories, trade receivables and other assets less trade accounts payable, other liabilities and current provisions). In order to uniformly present the actual capital employed from a group perspective, the carrying amounts of goodwill items from the fruit segment are fully disclosed as at the level of the immediate parent company, AGRANA Beteiligungs-AG. The allowance of € 88.3 million for goodwill in the fruit segment was fully recognized in capital employed. The effect on net profit/loss in Südzucker AG's consolidated financial statements is only proportionate in the amount of € 47.0 million and is recognized in the results of restructuring and special items. Working capital includes only inherently non-interest bearing receivables and payables.

Transactions between segments – with revenues of € 451.0 (316.8) million – were conducted at market conditions.

ROCE – Return on capital employed

ROCE (return on capital employed) represents the ratio of operating result to capital employed.

Capital employed

€ million	2022/23	2021/22
Operating result	**703.9**	**332.3**
Goodwill	742.0	793.3
Concessions, industrial and similar rights	245.5	226.9
Fixed assets	3,108.9	2,987.6
Non-interest bearing receivables	1,795.9	1,488.5
Inventories	3,161.1	2,316.6
./. Current provisions	−76.1	−92.5
./. Non-interest bearing liabilities	−1,882.1	−1,395.0
Working capital	2,998.8	2,317.6
Capital employed	**7,095.2**	**6,325.4**
Return on capital employed	**9.9 %**	**5.3 %**

TABLE 045

Segmentation by country and region

Information about the segmentation by country or region is provided below:

Carrying amount fixed and intangible assets by region (excluding goodwill)

€ million	2022/23	2021/22
Germany	**1,006.6**	**973.9**
Belgium	537.2	503.2
France	256.8	273.4
Austria	472.6	486.1
Poland	119.6	116.3
Remaining EU	181.9	147.9
Other EU	**1,568.1**	**1,526.9**
UK	129.4	119.0
USA	297.5	290.9
Remaining countries	352.8	303.8
Other countries	**779.7**	**713.7**
Total	**3,354.4**	**3,214.5**

TABLE 046

The carrying amount on fixed and intangible assets (excluding goodwill) is allocated by country and the carrying amount of employees by region in which the subsidiaries of Südzucker Group are headquartered. As a general rule, information on the number of employees in the group by segment is presented under note (10) “Personnel expenses”. The breakdown of third-party revenues by segment and delivery destination is reported under note (06) “Revenues”.

Employees by region (full-time equivalents)

Number of employees	28 February 2023	28 February 2022
Germany	4,260	4,028
Other EU	7,421	7,248
Other countries	6,660	6,743
Total	**18,341**	**18,019**

TABLE 047

GENERAL EXPLANATORY NOTES

(01) Principles of preparation of the consolidated financial statements

Südzucker AG is headquartered at Maximilianstrasse 10 in 68165 Mannheim, Germany. The company, which has the legal form of a stock corporation under German stock corporation law, is registered as a corporation in the commercial register under HRB No. 42 at the district court of Mannheim. According to article 2 of the Articles of Incorporation of the company dated 16 July 2020, the corporate purpose of the company is the production of sugar, its sales, the utilization of its byproducts and conducting agricultural operations. The company is also authorized to participate in other undertakings in any permissible form, to acquire such undertakings and to enter into any transactions that appear directly or indirectly beneficial to achieving or promoting the corporate purpose.

The consolidated financial statements present the operations of Südzucker AG and its subsidiaries. Südzucker has prepared the consolidated financial statements in accordance with International Financial Reporting Standards (IFRSs) issued by the International Accounting Standards Board (IASB), London, United Kingdom, based on the interpretations of the IFRS Interpretations Committee (IFRS IC) as to be applied in the EU. The statutory commercial requirements as set out in section 315e, paragraph 1 of the German Commercial Code (HGB) have also been considered. All IFRSs issued by the IASB that were effective and applied by Südzucker AG at the time these consolidated financial statements were prepared have been adopted by the European Commission for application in the EU.

The consolidated financial statements for the period ended 28 February 2023 were prepared on 28 April 2023 by the executive board and received an unqualified audit opinion by PricewaterhouseCoopers GmbH Wirtschaftsprüfungsgesellschaft, Frankfurt am Main, Germany. The audit committee will audit the consolidated financial statements on 15 May 2023, which are subsequently audited and approved by the supervisory board on 24 May 2023. The publication date of the consolidated financial statements including the management report (annual report) is 25 May 2023.

Südzucker prepares and presents the consolidated financial statements in euros; unless otherwise indicated, all amounts are disclosed in millions of euros (€ million). The previous year's numbers are generally shown in parentheses. Numbers and percentages are subject to differences due to rounding.

In addition to a statement of comprehensive income, which comprises the income statement, a statement of income and expense recognized directly in equity, the cash flow statement and the balance sheet, the consolidated financial statements also provide a statement of changes in shareholders' equity. The disclosures in the notes also include segment reporting.

Certain items on the balance sheet and in the statement of comprehensive income have been combined and subtotals included in order to improve the clarity of presentation. These items are shown separately and described in the notes to the financial statements. The income statement is part of the statement of comprehensive income and has been prepared using the nature of expense method. The consolidated financial statements are prepared based on historical cost, provided no other method is reported under note (5) "Accounting policies".

First-time adoption of IFRSs and IFRIC

The following standards were mandatory for the first time in the 2022/23 financial year:

Accounting standards applied for the first time

Standard		Passed by IASB	Adopted by the EU
IAS 16	Fixed assets (amendment)	5/14/2020	6/28/2021
IAS 37	Provisions, Contingent Liabilities and Contingent Assets (amendment)	5/14/2020	6/28/2021
IFRS 3	Business Combinations (amendment)	5/14/2020	6/28/2021
Diverse	Annual Improvements of IFRS (2018 –2020 cycle)	5/14/2020	6/28/2021

TABLE 048

The amendments listed above, which were applicable for the first time, were not relevant in the 2022/23 fiscal year or had no effect on the presentation of the financial position and performance.

Future application of IFRSs and IFRIC

The following is a summary of the standards and interpretations that must be applied as of the 2023/24 financial year or later, because they have already been accepted by the EU or that were published by the IASB, but have yet to be recognized by the EU. The expected effective date is provided for standards that have not yet been recognized by the EU. Südzucker has not opted for the early adoption of any of the new or amended requirements below. The information on the content is based on whether and in what form the provisions are relevant to Südzucker; if future requirements do not apply to Südzucker, no information on content is provided.

Future application standards

Standard / Interpretation	Passed by IASB	Adopted by the EU	Mandatory application for Südzucker as of financial year	Content and, if relevant, expected impact on Südzucker
IAS 1 Presentation of Financial Statements (amendment)	1/23/2020 and 7/15/2020	No	2024/25	The amendments clarify that the classification of liabilities as current or non-current should be based on rights to defer settlement by at least twelve months. Classification depends on the reporting entity's right and expectation. Postponement of first-time adoption means that the amendments may become relevant from the 2023/24 financial year.
IAS 1 Presentation of Financial Statements (amendment)	2/12/2021	3/2/2022	2023/24	The amendment requires that only material accounting policies be presented in the notes in future. To be material, an accounting policy must relate to material transactions or other events and there must be grounds for the presentation. The aim is that company-specific statements should be paramount in future in place of standardized statements. Südzucker expects accounting policy disclosures to be reduced.
IAS 1 Presentation of Financial Statements (amendment)	10/31/2022	No	2024/25	The amendments relate to requirements introduced with the classification of liabilities with ancillary conditions as current or non-current and determine under which conditions entities must classify financial liabilities as current or non-current. Only ancillary conditions that an entity must fulfill on or before the reporting date affect the maturity of a liability. However, an entity must report in the notes to the financial statements that there is a risk of non-current liabilities with ancillary conditions becoming repayable within twelve months. Südzucker currently assumes that the regulations may not be relevant.
IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors (amendment)	2/12/2021	3/2/2022	2023/24	The amendment clarifies how companies can differentiate accounting policies more clearly from changes to estimates. To this end, it defines that an accounting-related estimate always refers to uncertainty in the measurement of a financial parameter in the financial statements. The amendments may become relevant from the 2023/24 financial year.
IAS 12 Income Taxes (amendment)	5/7/2021	No	2023/24	The initial recognition exemption (IAS 12.15) applied, under certain conditions, to assets and liabilities recognized for the first time, which meant that, exceptionally, no deferred taxes had to be recognized in these cases. As it was uncertain, in practice, whether this exemption also applied to leases and disposal and restoration obligations, a limited-scope amendment to IAS 12 has been made. Owing to the amendment to IAS 12, the initial recognition exemption no longer applies to such transactions in which both deductible and taxable temporary differences of equal amounts arise on first-time recognition even if the other conditions that were previously valid are met. The amendments lead to deferred taxes having to be recognized for leases accounted for by the lessee and for disposal and restoration obligations. Südzucker is examining whether the amendment is relevant.

Future application standards

Standard / Interpretation	Passed by IASB	Adopted by the EU	Mandatory application for Südzucker as of financial year	Content and, if relevant, expected impact on Südzucker
IAS 16 Leasing (amendment)	9/22/2022	No	2024/25	This statement clarifies how a seller-lessee makes subsequent measurements of sale and leaseback transactions accounted for as set out in IFRS 15. In the absence of any corresponding transactions, these regulations are not relevant within Südzucker Group.
IFRS 17 Insurance Contracts	5/18/2017 and 6/25/2020	11/19/2021	2023/24	The standard is not relevant to Südzucker.
IFRS 17 Insurance Contracts (amendment)	12/9/2021	No	2023/24	The standard is not relevant to Südzucker.

TABLE 049

Prior-year adjustments according to IAS 8

In the statement of changes in equity, the adjustment to the net carrying amounts of the hedged item (basis adjustment) required under IFRS 9 in connection with the price hedging of raw materials purchases is now presented separately from other changes in the current year and the previous year. The basis adjustment must be made outside the market valuation of the hedging instruments after deferred taxes (recycling). The previous year's statement of the basis adjustment in the statement of changes in equity and, consequently, the other comprehensive income and thus the total comprehensive income in the statement of comprehensive income and the statement of changes in equity had to be adjusted by € 91 million, of which € 28.4 million relates to the minority interest. This has no effect on the income statement, balance sheet and cash flow statement, nor on the opening and closing balances of shareholders' equity.

(02) Companies included in consolidation

Fully consolidated subsidiaries

In addition to Südzucker AG, all material domestic and foreign subsidiaries in which Südzucker AG has direct or indirect control are fully consolidated in the consolidated financial statements. 142 (134) companies in addition to Südzucker AG were included in the consolidated financial statements at the balance sheet date.

Changes in the scope of consolidation

	2022/23	2021/22
1 March	**134**	**140**
First-time consolidations		
Investments previously carried at cost	2	1
Acquisitions	10	0
Companies established	2	0
Total	**14**	**1**
Deconsolidations		
Mergers	−3	−5
Liquidations	−3	−2
Divestments / Other	0	0
Total	**−6**	**−7**
28 February	**142**	**134**

TABLE 050

The newly established companies include CE Biobased Chemicals GmbH, Elsteraue, Germany, which has been included in the scope of consolidation since the second quarter of 2022/23. The company manufactures and sells chemicals and similar products made from biogenic raw materials as well as residual and waste materials. Beneo ProtiGreen GmbH, Mannheim, Germany, which has been fully consolidated since the third quarter of 2022/23, was also newly established. This is for the construction of a new protein concentrate plant, which is scheduled to start operation at the end of 2024.

The addition of ten companies acquired as part of acquisitions – four of the Meatless Group and six of the Crème de la Cream Group – and the full consolidation of Felix Koch Offenbach Couleur und Karamel GmbH, previously amortized at cost, as a result of the increase in shareholdings are explained below.

First-time consolidation of acquired companies

Effective 18 May 2022, the BENEO division acquired 100 % of the shares in Meatless Holding B.V., Goes, Netherlands. The acquisition of the shareholding with the goodwill paid is intended to further expand activity in the market for plant-based proteins as part of the 2026 PLUS group strategy.

Meatless Holding B.V. and its three subsidiaries have been fully consolidated since 31 May 2022. The Meatless Group is still in the process of building up its product portfolio and accordingly did not yet make a significant contribution to revenues and earnings in the period of inclusion in the consolidated financial statements.

Purchase price allocation Meatless Holding B.V.

€ million	Fair values at acquisition date
Non-current assets	31.6
Inventories	*0.9*
Receivables and other assets	*0.8*
Cash and cash equivalents and securities	*0.0*
Current assets	1.7
Total assets	**33.3**
./. Non-current liabilities	–11.3
./. Current liabilities	–0.8
Net assets (shareholders' equity)	**21.2**
Goodwill	22.1
Purchase Price	**43.3**
Financial liabilities to be repaid	4.4
Total investments	**47.7**

TABLE 051

The two other acquisitions in fiscal 2022/23 were of minor importance for Südzucker Group overall.

On 8 July 2022, the PortionPack division acquired 100 % of the shares in Orange Nutritionals Group B.V., Zaandam, Netherlands, the parent company of Dutch portioning product manufacturer Crème de la Cream Group. Crème de la Cream has a strong distribution and sales network in Europe and a wide range of production options with packaging facilities. The purchase of fixed assets and inventories accounted for a purchase price of € 2.2 million, of which € 1.4 million was paid immediately after completion. The acquisition also involved the repayment of existing debt in the amount of € 5.6 million. The acquisition resulted in goodwill of € 3.9 million. Orange Nutritionals Group B.V. and its five subsidiaries have been fully consolidated since 1 July 2022. Two of the six acquired companies in the Group were already liquidated in the year of acquisition to simplify structures.

On 22 December 2022, the sugar division increased its existing proportionate interest in Felix Koch Offenbach Couleur und Karamel GmbH, Offenbach, Germany, from 25.1 % to 51.0 % and thus fully consolidated the company. The company sells and refines sugar specialties. The purchase price of € 3.0 million paid directly resulted in goodwill of € 1.0 million. Due to the company's trading activities, the acquired assets are predominantly inventories and trade receivables.

The allocation of acquisitions to the above divisions also corresponds to the allocation of goodwill to the CGUs. All newly generated goodwill is non-deductible.

Companies consolidated at equity

15 (16) companies were accounted for using the equity method. This applies to the joint ventures of Hungrana and AGRANA Studen Group, Beta Pura GmbH, CT Biocarbonic GmbH and Maxi S.r.l. For the at-equity method the prorated earnings are recognized in profit or loss; the effects of market value measurements and exchange rate differences attributable to Südzucker are shown in equity under other comprehensive income.

Following the prorated recognition of changes in equity from the associated company ED&F Man Holdings Limited, London, UK, the carrying amount was already fully exhausted by the period ended on 28 February 2022. Since the first quarter 2022/23, this stake has been carried as other investments, as the criteria for the at-equity method are no longer met.

(03) Consolidation methods

Consolidation based on the purchase method

Under IFRS all business combinations are to be accounted for using the purchase method. The purchase price for the acquired subsidiary is allocated to the assets acquired and liabilities and contingent liabilities assumed. The value ratios at the date the possibility of control of the subsidiary is obtained are considered to be significant. Assets and assumed liabilities and contingent liabilities that qualify for recognition are recognized – independent of the investment amount – in full at their fair value. Intangible assets are recognized separately from goodwill if they are separable from the entity or if they result from contractual or other legal rights. Remaining differences are capitalized as goodwill and tested for impairment at least annually. Negative goodwill arising from initial consolidation is recognized directly in profit or loss. Costs related to an acquisition are recognized as an expense when they are incurred.

Transactions involving non-controlling interests are treated the same as transactions with shareholders. The difference between the amount paid for a non-controlling interest and the corresponding share of the carrying amount of the net assets of the subsidiary is recognized in equity. Costs arising from reductions in non-controlling interests without loss of control are also recognized in equity.

Equity method measurement

Investments in important joint ventures and associates are included in the consolidated financial statements using the equity method as from their date of acquisition or when the application requirements of IFRS 11 (Joint Arrangements) or IAS 28 (Investments in Associates) have been met. Associates are companies over which significant influence over management can be exercised and that are not subsidiaries, joint ventures or joint operations. This is typically demonstrated by a share of voting rights between 20 and 50 %.

Business combinations achieved in stages

In the case of business combinations achieved in stages, the shares of the entity being sold are purchased in stages. In other words, the control of the entity is gained in several steps. IFRS 3 is to be applied to the combination as soon as the acquirer gains control. Before control is gained, the interest is reported as investments in associates, as joint arrangements or as financial instruments – depending on which rules are relevant. The fair value of assets and liabilities including the purchased entity's goodwill is remeasured until the point control is gained with the fundamental option in the case of business combinations of recognizing either the entire goodwill (full goodwill method) or only the goodwill inferred based on the proportionate revalued net assets and corresponding effects on the minority interest in equity (purchased goodwill method). Obtaining control triggers a complete revaluation of all assets and liabilities. Any adjustments to a previously held equity interest are recognized in profit or loss once control is obtained.

Elimination of intragroup transactions

Intragroup revenues, expenses and income and all receivables, liabilities and provisions between consolidated entities are eliminated. Intercompany results included in non-current assets and inventories and arising from intragroup deliveries are eliminated.

(04) Foreign currency translation

Transactions in foreign currencies are translated into the functional currency using the exchange rates on the date of the transaction.

The annual financial statements are prepared in the functional currency of the respective entity. With the exception of the distributor BENEO Asia Pacific Pte. Ltd. in Singapore, which uses euros, the subsidiaries' functional currency corresponds with the country currency in which the respective subsidiary has its headquarters.

When the financial statements of foreign group companies are prepared in a functional currency other than euros – Südzucker's reporting currency – translation of assets and liabilities takes place at ECB reference rates or other published reference rates at the balance sheet date (closing rate). As a general rule, the overall result is translated at the average annual rates. However, if the application of the average annual rates leads to incorrect results, translation of the affected items takes place at an adjusted average rate. The remaining income and expense items have been translated unchanged at the average annual rate. In the case of subsidiaries in hyperinflationary economies, all expenses and income are translated at the closing rate.

Movements in exchange rates of the significant currencies

1 € = Local Currency

Country	Currency code	Year-end rate 2/28/2023	Average rate 2022/23	Year-end rate 2/28/2022	Average rate 2021/22	Year-end rate 2/28/2021
Egypt	EGP	32.40	22.45	17.54	18.35	19.13
Argentina	ARS	209.10	–	120.81	–	108.45
Australia	AUD	1.58	1.51	1.55	1.58	1.56
Brazil	BRL	5.53	5.36	5.78	6.31	6.66
Chile	CLP	879.86	909.40	894.23	905.12	869.67
China	CNY	7.37	7.10	7.07	7.53	7.84
Mexico	MXN	19.45	20.71	22.90	23.79	25.29
Moldova	MDL	19.94	19.90	20.34	20.80	21.34
Poland	PLN	4.72	4.71	4.69	4.57	4.52
Romania	RON	4.92	4.93	4.95	4.93	4.88
Russia	RUB	79.62	70.29	115.48	86.81	90.67
Czech Republic	CZK	23.50	24.46	25.00	25.39	26.19
UK	GBP	0.88	0.86	0.84	0.85	0.87
Ukraine	UAH	38.61	35.18	33.17	31.96	34.15
Hungary	HUF	377.68	396.39	369.72	358.32	361.43
USA	USD	1.06	1.04	1.12	1.17	1.21

TABLE 052

Intragroup loans for long-term financing of subsidiaries primarily represent a part of the net investment in these foreign operations; exchange rate fluctuations resulting from the year-end valuation are recognized directly in equity and reported in comprehensive income as a component of income and expense recognized directly in equity in the item "Exchange differences on net investments in foreign operations."

Hyperinflationary countries Argentina and Turkey

Argentina has been considered hyperinflationary since 2018 and Turkey since 2022; the financial statements of subsidiaries located in Argentina and Turkey have been adjusted accordingly as outlined in IAS 29 (Financial Reporting in Hyperinflationary Economies).

The financial statements of subsidiaries in hyperinflationary economies were prepared based on the concept of historical cost. They are adjusted to reflect changes in the general purchasing power of the functional currency (Argentine peso or Turkish lira) and were therefore disclosed in the measuring unit current at the balance sheet date. For this purpose, consumer prices published by the Instituto Nacional de Estadistica y Censos (National Institute of Statistics and Censuses) in Argentina and by the Türkiye Istatistik Kurumu (Turkish statistical institute; TUIK) in Turkey were used as a basis.

Change in % of index

	Argentina 2022/23	Argentina 2021/22	Turkey 2022/23
March	6.7	4.8	5.5
April	6.0	4.1	7.3
May	5.1	3.3	3.0
June	5.3	3.2	5.0
July	7.4	3.0	2.4
August	7.0	2.5	1.5
September	6.2	3.5	3.1
October	6.3	3.5	3.5
November	4.9	2.5	2.9
December	5.1	3.8	1.2
January	6.0	3.9	6.7
February	5.8	3.9	3.2

TABLE 053

The application of IAS 29 negatively impacted the currency translation result as a component of the other financial result of € 1.8 (1.0) million.

(05) Accounting policies

The relevant accounting policies under IFRS are to be applied uniformly for similar transactions and other events in similar circumstances when preparing the consolidated financial statements of group companies. An explanation of the accounting policies is given only if the relevant standards provide accounting and measurement options or when the principles are specified in greater detail. In particular, the text of the respective standards is not repeated nor are the basic rules restated.

Intangible assets

Acquired goodwill is recognized on the balance sheet as part of intangible assets. Goodwill and intangible assets with indefinite useful lives are not amortized, but are subject to an impairment test (impairment-only approach) at least annually or when there is an indication of impairment (triggering events). The procedure adopted in carrying out this impairment test is described more fully in the notes on balance sheet items below. Acquired intangible assets (without goodwill) with finite useful lives are generally stated at acquisition cost less straight-line depreciation. The respective useful life is determined based on the term of the underlying contract or the estimated consumption of the intangible asset's utilization potential. Intangible assets with indefinite useful lives include brand names acquired as part of acquisitions. They are measured at acquisition cost; an impairment test is carried out annually or when there is an indication of impairment. Lease accounting is not applied to intangible assets.

Fixed assets

Fixed assets are stated at acquisition or production cost less straight-line or campaign related depreciation and impairment. Items of fixed assets are depreciated pro rata temporis in the year of their acquisition. Government subsidies and grants are deducted from acquisition cost.

Depreciation of fixed assets and of intangible assets with limited useful lives is charged based on the following useful lives:

Useful lives

	Years
Intangible Assets	2 to 15
Buildings	10 to 50
Technical equipment and machinery	5 to 25
Other equipment, factory and office equipment	3 to 15

TABLE 054

Leasing of fixed assets

In accordance with IFRS 16, the lessee capitalizes all leases by recognizing the present value of the lease payments and showing them as lease assets (right-of-use assets) on the balance sheet. The present value is determined based on the current incremental borrowing rate of interest with appropriate terms unless the underlying interest rate for the lease payments is available. The right of use is regularly depreciated over the term of the lease. Unaccrued interest is added to the lease liability using the effective interest method and paid off through lease payments; the resulting interest expense is reported in the financial result. The right of use is subject to the impairment test in accordance with IAS 36 (Impairment of Assets).

Südzucker avails itself of the non-capitalization option for low-value assets and short-term leases. Intragroup leasing transactions are presented as operating leasing in the segment reporting.

Securities

Initial measurement of securities takes place at market value plus transaction costs at the settlement date. Debt instruments are primarily assigned to the measurement category "At fair value through equity in comprehensive income (including recycling)," but also to the measurement category "at amortized cost". Shares in investment funds and loan-stock rights (cooperative shares) in the balance sheet item securities are allocated to the category "at fair value through profit or loss" and are recognized at fair value upon initial recognition. Equity instruments intended to be held on a long-term basis are allocated to the category "at fair value through other comprehensive income (excluding recycling)". Securities are generally classified as current assets since these also serve as a liquidity reserve and are thus sold when required.

Other investments

Due to lack of materiality, other investments comprise non-consolidated affiliated companies or associates and joint ventures not accounted for using the equity method. These fall within the scope of IFRS 10 (Consolidated Financial Statements) or IAS 28 (Investments in Associates and Joint Ventures). The remaining other investments are classified as "recognized at fair value through profit or loss in the income statement" ("held for trading").

Inventories

Inventories are stated at acquisition or production cost using average cost or the first-in, first-out method for raw materials, as this represents actual usage. Production cost includes all production related costs determined assuming normal levels of production capacity. In detail, it includes directly attributable costs, fixed and variable production overheads as well as depreciation of production machinery. Finance charges are not considered here. Where necessary, the lower net realizable value less costs to complete is used. Sugar is primarily produced from September to January. This is why depreciation on systems used for the campaign is predominantly applied in the third and fourth quarter of the Südzucker financial year. Any material, personnel and other operating expenses incurred in preparation for production prior to the next sugar campaign are capitalized during the financial year via changes in inventories and recognized on the balance sheet under inventories as work in progress. In the subsequent sugar production these are then taken into account when determining production costs of the sugar produced and thus recognized under inventories as part of finished goods.

Trade receivables and other financial assets

The recognized trade receivables are measured at their transaction price at the time of initial recognition and other financial assets are recognized at the market price plus transaction costs at the time of initial recognition; subsequent measurement takes place at amortized cost using the effective interest method. Adequate individual allowances are made in separate accounts for bad debts and other risks in receivables; portfolio-based allowances are also made in separate accounts for bad debts based on historical loss rates depending on how overdue the receivables are in the division concerned. The expected future loss development is also considered as far as it is relevant. The nominal value less any necessary impairment corresponds to the fair value. In the case of receivables more than 90 days overdue, retention of the valuation approach is always based on a case-by-case analysis excluding portfolio-based value adjustments. Attention is also directed to the individual case when writing off uncollectible receivables.

CO_2 emissions rights

The accounting of CO_2 emission rights includes the emission rights issued in the EU trading system (EU Allowances – EUA) as well as emission certificates issued by individual EU countries and traded locally, such as Green Certificates in Belgium.

EUA are recognized in accordance with IAS 38 (Intangible Assets), IAS 20 (Government Grants) and IAS 37 (Provisions). EUA issued or granted at no charge for each calendar year are intangible assets, which are classified as other current assets. They are measured at cost, which, in the case of emissions rights issued at no charge, is zero.

If actual emissions exceed the EUA allocated, a provision for CO_2 emissions is recognized. The provision is measured reflecting the acquisition cost of additional certificates or the market value of emissions certificates at the balance sheet date.

“Green Certificates” issued by the government based on real-world energy generation from renewable raw materials are recognized in the amount of their recovery proceeds as a reduction in the cost of materials. This applies to energy generation for ethanol production at the Belgian location in Wanze, for instance.

Cash and cash equivalents

Cash and cash equivalents include cash on hand and cash balances with financial institutions that have a remaining term of one to three months. Cash and cash equivalents in foreign currencies are assessed using closing rates at the balance sheet date.

Hybrid capital

Pursuant to IAS 32 (Financial Instruments: Presentation) the terms and conditions of the hybrid capital issued in summer 2005 call for the reporting of this as shareholders’ equity of Südzucker Group. Interest payment is dependent on the capital markets. The tax-deductible interest is not reported as interest expense but rather is treated the same as dividend payments to Südzucker AG shareholders.

Provisions for pensions and similar obligations

Provisions for pensions and similar obligations for defined benefit plans are determined as set out in IAS 19 (Employee Benefits) using the projected unit credit method. With the projected unit credit method, not only the pensions known at the effective date and acquired benefits are considered but also future adjustments to salaries and pensions. The calculation relies on actuarial reports taking biometric data into account.

Payments for defined contribution plans are recognized as an expense when due and reported under personnel expenses. Payments for state benefit plans are treated the same as those for defined contribution plans. The group does not have any other obligations beyond the payment contributions.

Other provisions

Other provisions cover risks arising from legal disputes and proceedings (litigation), provided there is a more than 50 % likelihood of occurrence and a reliable estimate can be made. The rules of IAS 37.92 are applied regarding the information on changes in provisions to be disclosed in the notes to the consolidated financial statements in order to prevent the company from being adversely affected by these ongoing proceedings. Assessment and estimation of the provision amount takes place through factual assessment of the situation, by considering the level of the claims – including the results of comparable procedures – and by getting independent legal opinions.

Income tax

Reported income tax comprises taxes on taxable income plus changes to deferred tax assets and liabilities as applicable in the individual countries.

Current income tax

Current income tax is reported as the amount of tax expected to be payable based on the applicable or enacted legislation as of the balance sheet date.

Tax assets and liabilities

Income tax liabilities from the fiscal year just ended are reported on the balance sheet under current tax liabilities, and receivables from prepayments under current tax assets. Non-current tax liabilities primarily comprise income tax for prior year periods that have not yet been conclusively audited and the corresponding tax risks. Tax risks are balanced under the assumption that the tax authorities will investigate the matter in question and that they have all the relevant information available to them.

Deferred tax

Deferred tax is recognized on temporary differences between the values of assets and liabilities in the IFRS balance sheet and the tax balance sheet, as well as on tax loss carryforwards, to the extent they can be offset against future taxable income. Deferred tax assets and deferred tax liabilities are recognized separately on the face of the balance sheet. Deferred tax assets have been offset against deferred tax liabilities to the extent the related taxes on income are imposed by the same tax authorities and there is a legally enforceable right to set-off. A resulting excess of deferred tax assets is only recognized to the extent that it is likely that taxable income will be available against which deferred taxes can be offset. Individual companies forecast the recoverability of deferred tax assets, among other things, based on the future earnings situation at the respective group company.

Deferred tax liabilities that arise as a result of temporary differences in connection with investments in subsidiaries and companies consolidated at equity are recognized unless the timing of the reversal of the temporary differences can be controlled by the group and it is likely that the temporary differences will not reverse as a result of this controlling influence within the near future.

Deferred tax is calculated according to IAS 12 (Income Taxes), taking into consideration the respective applicable national income tax rates or those that have been substantively enacted as of the balance sheet date and that are expected to apply when the related deferred income tax asset is recognized or the deferred tax liability is settled. Deferred tax assets and liabilities associated with earnings and expenses directly recognized in shareholders' equity are treated identically.

Trade payables and other financial liabilities

Non-current and current financial liabilities are initially measured at market value less transaction costs and subsequently measured at amortized cost.

Financial liabilities

Financial liabilities comprising especially bonds issued are shown net of their issue discount and transaction costs. Unwinding of the discount takes place using the effective interest method.

Derivative financial instruments

Derivative financial instruments are recognized as assets or liabilities and measured – independent of their purpose – at fair value. Changes to this value are recognized in profit or loss unless the derivatives are in a hedging relationship with a hedged item. In this case, recognition of the changes in fair value is based on the nature of the hedge. Initial recognition is on the trading day.

Fair value hedges are used to hedge the exposure of recognized assets or liabilities to changes in the fair value. Here, changes in the fair values of both the hedges and the associated hedged items are recognized in the income statement. If the hedged items and hedges are already measured as primary instruments at their fair values, the application of the special rules for fair value hedge accounting can be waived to achieve the fair value hedge.

Cash flow hedges are used to hedge the exposure to variability in future cash flows that is either attributable to a particular risk associated with a recognized asset or liability or a highly probable forecast transaction. When there is a cash flow hedge, the unrealized gains and losses of the hedge transaction – if effective – are initially recognized in other comprehensive income. They are not transferred to the income statement until the hedged item is recognized in profit or loss. If the transactions lead at a balance sheet date to the recognition of non-financial assets or liabilities, e.g. for the acquisition of inventories, the amounts recognized directly in equity are offset with the initial recognition of the carrying amount of the asset or liability (base adjustment).

Revenues

Revenues are recognized in the amount of the consideration expected to be received for the sale of goods in the ordinary course of business. Revenues are reported less discounts and price reductions, without sales tax, and after eliminating intragroup sales. Revenues are recognized when control over the products and goods has been transferred to the customer. The timing of this transfer is usually determined in accordance with INCOTERMS (International Commercial Terms). Therefore, revenues are generally recognized on a time basis. The costs of sales initiation are largely short-term with regard to their relation to sales and are recognized immediately as an expense. As part of the industry-standard payment terms, revenue recognition does not include any financing components. In addition to contracts for spot sales there are also customer agreements, particularly as annual and campaign contracts, which also means that the disclosure of performance obligations remaining only for the short term can be omitted.

Judgments, assumptions and estimates

The preparation of the consolidated financial statements under IFRS requires that judgments, assumptions and estimates be made. These management assessments can impact the valuation of the assets and liabilities recognized, the income and expenses, and the disclosure of contingent liabilities.

The recoverability of goodwill is assessed based on forecasts for the cash flows of cash generating units for the next five years using a discount rate adjusted for the business risks and – where necessary due to the existing uncertainties – on the basis of various occurrence scenarios. Further details on this are reported under note (21) "Intangible assets"

The determination of the useful life of the depreciable fixed asset, the net selling price of the inventories and the fair value of intangible assets, fixed assets and liabilities acquired in business combinations is also based on estimates.

Deferred tax assets are recognized to the extent that the recoverability of future tax benefits is probable. The actual tax result situation of subsequent periods and therefore the actual utility of deferred tax assets can vary from the assessment at the time of recognition of the deferred taxes. Income tax can be subject to uncertainties with regard to the probability and amount of the expected tax payment or refund. This requires the company to make an estimate.

Certain contracts require an assessment whether they should be treated as derivatives or as so-called own-use contracts and be accounted for as executory contracts. For sales contracts with variable price agreements, an estimate of the expected final prices for revenue recognition must also be made for each individual contract.

With regard to provisions for pensions and similar obligations, the discount rate is one of the important factors. The discount rate for pension obligations is determined by reference to market yields observable at the balance sheet date on high-quality, fixed-rate corporate bonds, making analytically derived assumptions about the age at entry into the pension benefits, life expectancy, staff turnover rates and future wage and pension increases. Please see the sensitivity analysis disclosures under note (27) "Provisions for pensions and similar obligations" for information on the impact of changes to individual actuarial assumptions on the amount of the defined benefit pension obligations.

Assumptions and estimates are also related to the accounting and measurement of other provisions. Uncertainties may arise in the accounting of other provisions or the disclosure of contingent liabilities because it is necessary – especially in connection with pending or potential legal disputes – to make estimates and assumptions, e.g. about the probability of the outcome of proceedings as well as the use of provisions and thus the determination of maturity. In the recognition of liabilities and based on the measurement of manufacturing costs – to a lesser extent, however, than in the accounting of provisions – there can be uncertainties with respect to the reason and amount of the payment obligation, e.g. for the estimation of beet purchases.

Further explanatory notes on the underlying assumptions and estimates made for these consolidated financial statements are given in the disclosures on individual items in the financial statements.

All assumptions and estimates are based on the circumstances and assessments at the balance sheet date. In assessing the expected business development, the future economic environments in which the group will operate, and which are assumed to be realistic at the balance sheet date were also considered. The actual amounts may vary from the estimates should the conditions develop counter to our assumptions. If this is the case, the assumptions are adjusted and, where necessary, the carrying amounts of the affected assets and liabilities as well.

NOTES TO THE STATEMENT OF COMPREHENSIVE INCOME

(06) Revenues

Third-party revenues from contracts with customers are broken down below – recognized based on date – according to segments and delivery destinations:

Revenues according to segments and delivery destinations

€ million	Sugar	Special products	CropEnergies	Starch	Fruit	Group
2022/23						
Germany	999.2	368.7	271.6	323.0	138.9	2,101.4
Belgium	228.9	71.2	161.3	7.0	44.3	512.7
France	367.2	88.9	115.1	23.9	125.3	720.4
Austria	331.7	24.1	0.5	306.0	49.5	711.8
Poland	169.4	55.4	11.7	15.7	40.1	292.3
Other EU	967.8	270.9	399.2	412.8	143.0	2,193.7
EU	**3,064.2**	**879.2**	**959.4**	**1,088.4**	**541.1**	**6,532.3**
UK	34.7	460.8	389.9	14.2	41.4	941.0
USA	1.1	595.6	0.0	34.6	326.7	958.0
Other countries	116.1	281.0	41.0	56.2	572.3	1,066.6
Total	**3,216.1**	**2,216.6**	**1,390.3**	**1,193.4**	**1,481.5**	**9,497.9**
2021/22						
Germany	791.4	260.1	233.2	216.9	126.9	1,628.5
Belgium	212.2	62.1	142.0	6.8	45.8	468.9
France	309.4	63.9	94.0	20.6	110.5	598.4
Austria	202.0	20.1	0.4	267.1	32.4	522.0
Poland	164.0	37.8	5.4	13.4	33.1	253.7
Other EU	771.5	209.0	200.9	310.8	125.8	1,618.0
EU	**2,450.5**	**653.0**	**675.9**	**835.6**	**474.5**	**5,089.5**
UK	38.6	380.8	298.3	14.6	29.3	761.6
USA	1.1	476.9	0.0	32.5	246.8	757.3
Other countries	133.2	269.8	30.0	57.4	500.1	990.5
Total	**2,623.4**	**1,780.5**	**1,004.2**	**940.1**	**1,250.7**	**7,598.9**

TABLE 055

(07) Change in work in progress and finished goods inventories and internal costs capitalized

€ million	2022/23	2021/22
Change in work in progress and finished goods inventories		
Sugar segment	418.0	117.2
Special products segment	43.7	−7.7
CropEnergies segment	12.9	24.6
Starch segment	40.6	−11.1
Fruit segment	22.7	19.9
Total segments	**537.9**	**142.9**
Internal costs capitalized	6.3	6.0
Total	**544.2**	**148.9**

TABLE 056

Change in work in progress and finished goods also includes write-downs of inventories to net disposal proceeds and reversals of impairment losses; see note (24) “Inventories” for explanations.

(08) Other operating income

€ million	2022/23	2021/22
Foreign exchange and currency translation gains	42.2	24.2
Gain on sales of current and non-current assets	8.8	23.5
Income from derivatives	25.3	11.3
Income from special items	30.3	4.7
Other income	68.9	61.2
Total	**175.5**	**124.9**

TABLE 057

Income from the disposal of non-current and current assets in fiscal 2022/23 mainly related to the disposal of non-operating real estate assets in Poland and France as well as in Belgium, Germany, France and Austria in the previous year.

Given the extremely high volatility on the raw material and energy markets and the corresponding adjustment of capacity utilization to market conditions, some hedging relationships were canceled in the CropEnergies segment in the reporting year (as at the end of the previous year) due to the discontinuation of the underlying hedged item. In this case, the derivative result was reclassified from the hedge reserve to income from derivatives within other operating income.

In the sugar segment, the final decision of the Vienna Supreme Court in a fine proceeding initiated by the Austrian competition authority in 2010 resulted in a significant reduction in the amount of the fine. As a result, the amount of the threatened fine has also been reduced accordingly and a significant share of the provision recognized when the proceedings were initiated could be reversed in fiscal 2022/23. This reversal is reported under income from special items.

Other income includes, among others, insurance settlements and other compensation, agricultural compensation payments and grants, income from services performed and from rents and leases, income from prior periods (without taxes and interest) and income from the reversal of provisions.

(09) Cost of materials

€ million	2022/23	2021/22
Cost of raw materials, consumables and supplies and of purchased merchandise	6,566.5	4,970.3
Cost of purchased services	384.3	329.3
Total	**6,950.8**	**5,299.6**

TABLE 058

In the CropEnergies segment, the biomass boilers installed in Wanze produce green electricity. In line with the regulations currently in force in Wallonia until 2039 to promote sustainably generated energy, it is sold on the Belgian electricity market or consumed by the company itself. The Green Certificates issued by the government for the generation of this green electricity are recognized in the amount of their recovery proceeds as a reduction in the item “Cost of raw materials, consumables and supplies, purchased goods and services” within material expenditure.

Comparable provisions involving the credit of Green Certificates apply to other production facilities that generate their own energy in Belgium, Poland and Romania. During the reporting period the corresponding recovery of proceeds from Green Certificates was € 23.5 (25.0) million in total; the majority of these were for the Belgian location in Wanze.

(10) Personnel expenses

€ million	2022/23	2021/22
Wages and salaries	848.7	766.4
Contributions to statutory old-age insurance	53.5	51.6
Social security, pension and welfare expenses	158.9	153.9
Total	**1,061.1**	**971.9**

TABLE 059

Of the total personnel expenses of € 1,061.1 (971.9) million, € 1.8 million is included in the result from restructuring and special items and in the current year related primarily to personnel provisions in conjunction with the optimization of the Freiberger division's plant structures in the USA. Last year, the result from restructuring and special items of € 0.3 million was largely attributable to reversals of social benefit plan provisions in the sugar segment as well as personnel expenses related to regional restructuring from ongoing cost reduction programs in the fruit segment.

Number of employees at balance sheet date and quarterly average (full-time equivalents)

	28 February 2023	2022/23 quarterly average	28 February 2022	2021/22 quarterly average
Sugar segment	6,206	6,398	6,105	6,416
Special products segment	5,262	5,207	4,990	4,931
CropEnergies segment	480	470	455	452
Starch segment	1,148	1,152	1,128	1,139
Fruit segment	5,245	5,575	5,341	5,614
Group	**18,341**	**18,802**	**18,019**	**18,552**

TABLE 060

The number of employees in the Group as of 28 February 2023 was stable year-on-year at a total of 18,341 (18,019) full-time equivalents. The higher average number of employees throughout the quarterly reporting dates of the financial year (31 May, 31 August, 30 November and 28 February) is mainly due to the seasonal increase in employment as part of the individual harvesting and processing campaigns.

(11) Amortization (including impairment losses and reversal of impairment losses)

€ million	2022/23	2021/22
Intangible assets	26.6	24.2
Fixed assets	338.0	336.1
Depreciation and amortization	**364.6**	**360.3**
Intangible assets	47.0	29.4
Fixed assets	12.3	1.7
Impairment losses including special items	**59.3**	**31.1**
Income from reversal of impairment losses	**−34.5**	**−0.9**
Net depreciation	**389.4**	**390.5**
thereof operating result	365.8	359.6
thereof result from restructuring/special items	23.6	30.9
Net depreciation	**389.4**	**390.5**
Impairment according to segments		
Sugar	6.0	0.2
Special products	2.4	0.0
CropEnergies	0.0	0.0
Starch	0.1	0.0
Fruit	50.8	30.9
Total	**59.3**	**31.1**

TABLE 061

An impairment loss of € 47.0 million was recognized on the fruit CGU's goodwill during the 2022/23 fiscal year; this is explained in note (21) "Intangible assets". An impairment loss of € 29.4 million was already recognized on the fruit CGU's goodwill in the previous year as a consequence of the Ukraine conflict.

Impairment losses on fixed assets in the 2022/23 fiscal year were mainly related to the closure of the production site for sauces and dressings in Grundy Center, Iowa, USA, which belongs to Richelieu Foods, Inc. a US pizza manufacturer of the Freiberger division. In addition, impairment losses were recognized at the French sugar production sites in Cagny and Eppeville and on fixed assets at the fruit segment's locations in South Africa and India. Impairment losses on fixed assets relate to assets that are not subject to any further operational use.

Due to the war in Ukraine, impairment losses totaling € 1.5 million were charged in the previous year for fixed assets at the AGRANA Fruit Luka TOV farm operations site in Vinnitsa, Ukraine and containers for finished goods (Totes) located at customer sites in war zones.

These impairment losses were recognized in special income in the reporting year and in the previous year.

Due to the improvement in results at Südzucker AG's wheat starch plant in Zeitz (Asset CGU) in fiscal 2022/23 and the resulting positive outlook on earnings, the impairment of fixed assets in fiscal 2018/19 was reversed based on the determined value in use at a pre-tax cost of capital of 10.1 %. This resulted in a reversal of impairment losses in the amount of € 34.2 million – which is fully recognized in the special result of the sugar segment – and thus a carrying amount of assets of € 146.0 million.

(12) Other operating expenses

€ million	2022/23	2021/22
Selling and advertising expenses	539.1	459.0
Operating and administrative expenses	348.7	281.7
Advertising expenses	35.8	27.7
Expenses due to restructuring / special items	5.8	14.8
Expenses from lease and service agreements	49.3	41.9
Losses on disposals of current and non-current assets	5.5	4.8
Bad debt allowances	1.7	2.2
Foreign exchange and currency translation losses	44.2	16.4
Expense from derivatives	11.5	4.7
Other taxes	33.7	26.1
Other expenses	39.9	41.4
Total	**1,115.2**	**920.7**

TABLE 062

The marked increase in selling and logistics costs mainly reflects higher freight and external storage expenses.

Operating and administrative expenses comprise items such as office, communication and travel expenses, consulting fees, fees and contributions, insurance premiums, employee training, employee benefits and outsourced maintenance and repair services.

Expenses from restructuring and special items mainly related to the optimization of the Freiberger division's plant locations in the USA and the resulting necessary compensation payments to customers for the suspension of existing supply contracts. Last year's expenses in the fruit segment were attributable to impairment losses on receivables from customers in war zones or war-affected areas in Ukraine, currency exchange losses due to the devaluation of the Russian ruble, and a loss event in North America. In the sugar segment, the prior year's expenses related in particular to impairment losses on trade receivables with respect to the joint venture Beta Pura GmbH, which experienced financial difficulties as a result of the war in Ukraine.

Other taxes comprise taxes on income and property, excise tax and transport taxes.

Other operating expenses include items such as research and development costs, market research fees, license fees and other services.

(13) Result from companies consolidated at equity

The result from companies consolidated at equity of € 30.3 (–49.0) million includes the share of earnings from the joint ventures of Hungrana Group, AGRANA Studen Group, Beta Pura GmbH, CT Biocarbonic GmbH and Maxi S.r.l.; both the prior year and the current year also included impairment losses on Beta Pura GmbH.

In the previous year, ED&F Man Holdings Limited, London, UK, was also consolidated at equity for the full year. Since the first quarter of the 2022/23 financial year, this has been classified as other investments, as Südzucker no longer has significant influence on financial and business policy decisions following the implementation of the bank restructuring plan. This discontinuation of at-equity consolidation resulted in changes recognized in profit or loss of the currency gains previously recognized directly in equity in the amount of € 9.7 million, which is also reported in the result from companies consolidated at equity.

The positive results were also driven by a significant increase in sugar sales by the Studen Group. Last year's result was particularly affected by the negative result contribution of ED&F Man Holdings Limited in the sugar segment. Further information on the development of income from companies consolidated at equity is found under note (23) "Shares in companies consolidated at equity, other investments".

(14) Result from operations

€ million	2022/23	2021/22
Result from operations	**731.4**	**241.0**
thereof operating result	703.9	332.3
thereof result from restructuring / special items	−2.8	−42.3
thereof result from companies consolidated at equity	30.3	−49.0

TABLE 063

The breakdown of the result from operations and its components is found in the chart segment reporting.

(15) Financial income and expense

€ million	2022/23	2021/22
Interest income	13.0	4.2
Interest expense	− 54.7	−34.6
Interest income and expense, net	**−41.7**	**−30.4**
Other financial income	61.4	37.6
Other financial expense	−71.1	−44.2
Other financial income and expense, net	**−9.7**	**−6.6**
Financial expense, net	**−51.4**	**−37.0**
thereof financial income	74.5	41.8
thereof financial expense	−125.9	−78.8

TABLE 064

The interest expense totaled € −41.7 (−30.4) million. Interest expense rose with a significant increase in net financial debt and a simultaneous rise in interest rates. Interest income on investments also increased against the backdrop of the rising interest rate environment. The net interest expense also contains the net expense from compounding the provisions for pensions and similar obligations of € 16.4 (12.1) million, the expense from compounding other non-current provisions and liabilities of € 0.5 (0.3) million as well as the expense from the accrual of interest on leasing liabilities of € 2.9 (3.2) million.

The other financial result amounted to € −9.7 (−6.6) million. It includes a lower negative currency result of € −4.6 (−5.6) million, which marked in particular the development of the US dollar, the Chilean peso and the Moldovan leu. Argentina has been considered hyperinflationary since 2018, the Turkey since 2022 and thus requirements of IAS 29 (Financial Reporting in Hyperinflationary Economies) have applied accordingly. This had a negative impact on the above-mentioned foreign exchange loss of € 1.8 (1.0) million.

(16) Taxes on income

€ million	2022/23	2021/22
Current taxes	137.1	86.2
Deferred taxes	14.2	−5.4
Taxes in income	**151.3**	**80.8**

TABLE 065

The unchanged projected theoretical tax expense of 29.1 % was calculated by applying the German corporate income tax rate comprising the solidarity surcharge of 15.8 % and the trade tax on income of 13.3 %.

Tax rate reconciliation

€ million	2022/23	2021/22
Earnings before taxes on income	**680.0**	**204.0**
Theoretical tax rate	29.1 %	29.1 %
Theoretical tax expense (+)	**198.1**	**59.4**
Change in theoretical tax expense as a result of:		
Different tax rates	−26.8	−14.4
Tax reduction for tax-free income	−20.5	0.8
Tax increase for non-deductible expenses	26.8	21.3
Tax effects from prior periods	2.8	−5.1
Tax effects from the recognition and measurement of capitalized losses carried forward and temporary differences	−33.9	11.9
Other	4.9	6.9
Taxes on income (+)	**151.3**	**80.8**
Effective tax rate	**22.3 %**	**39.6 %**

TABLE 066

The tax relief arising from the item tax reduction for tax-free income in the current financial year of € −20.5 (0.8) million resulted mainly from the year-on-year improvement in the result from companies consolidated at equity.

In the current and previous financial year, the item tax increase for non-deductible expenses includes mainly effects from the impairment of goodwill in the fruit segment that are non-deductible.

The sugar segment's continued improvement in earnings, as well as the option to the partially subsequent recognition of loss carryforwards for the surplus of deferred tax liabilities, is reflected in the item tax effects from the recognition and measurement of capitalized losses carried forward and temporary differences.

Deferred tax is the result from temporary differences between tax accounting measures and the assets and liabilities recognized as set out in IFRS as well as from tax loss carryforwards. Active deferred taxes are being recognized in cases where realization of respective tax benefits is probable. This value assessment is based on internal company forecasts relating to the future earnings development of the respective entity. Deferred tax assets of € 80.9 (52.7) million were recognized for tax loss carryforwards that are expected to be used against future taxable income. This applies primarily to cases in which the capitalization is offset by sufficient deferred tax liabilities. Deferred tax assets totaling € 244.2 (333.9) million were not recognized as it is unlikely that the tax assets will be realizable in the near future. Of these unrecognized deferred tax assets € 242.3 (332.3) million do not expire; of the remaining amount totaling € 1.9 (1.5) million, a large share will expire within a period of up to eight years. An impairment loss of € 4.6 (1.7) million was recognized on deferred tax assets for tax loss carryforwards and deductible temporary differences recognized in previous years.

No deferred tax liabilities of € 63.8 (57.7) million were recognized for temporary differences on investments in subsidiaries, since these gains are intended to be reinvested indefinitely and a reversal of these differences is thus not foreseeable.

During the reporting year, deferred tax assets reduced income and expenses recognized directly in equity by a total of € 40.7 (24.2) million.

In addition, € 35.9 (11.5) million in income taxes were recognized directly in equity.

Deferred tax assets and liabilities by balance sheet and tax loss carryforwards

€ million	Deferred tax assets		Deferred tax liabilities	
28 February	2023	2022	2023	2022
Fixed assets and intangible assets (incl. special tax items)	15.2	12.2	248.8	231.6
Inventories	22.2	11.7	66.2	26.1
Other assets	17.0	3.0	32.1	24.1
Provisions	74.3	105.6	8.0	12.5
Liabilities	41.4	38.3	8.9	6.0
Tax loss carry forwards	80.9	52.7	0.0	0.0
Total	**251.0**	**223.5**	**364.1**	**300.3**
Offsets	−200.0	−160.5	−200.0	−160.5
Balance sheet	**51.0**	**63.0**	**164.1**	**139.8**
thereof non-current	**18.3**	**30.8**	**148.4**	**108.2**

TABLE 067

The current tax assets of € 50.5 (31.5) million reported include tax prepayments and recoveries following well advanced settlement negotiations in connection with a tax audit in Belgium.

Non-current tax liabilities in the amount of € 4.4 (4.0) million primarily comprise income taxes for prior year periods that have not yet been conclusively audited.

Current tax liabilities of € 68.3 (34.3) million relate to income tax liabilities from the financial year just ended and back duties still expected from previous years.

(17) Research and development costs

Research and development activities are carried out by 534 (522) employees. Research and development costs amounted to € 58.2 (51.6) million and were fully recognized as an expense.

(18) Earnings per share

€ million	2022/23	2021/22
Net earnings of the year	**528.7**	**123.2**
of which attributable to shareholders of Südzucker AG	394.9	65.6
Time-weighted average number of shares outstanding	204,132,407	204,180,619
Earnings in € per share [1]	**1.93**	**0.32**

[1] Undiluted / diluted.

TABLE 068

The earnings per share calculation (IAS 33) was based on the time-weighted average shares outstanding. This includes a pro rata temporis reduction of the 76,033 (24,391) shares reacquired as of the current fiscal year for share-based executive board compensation. There was no dilution of earnings per share.

(19) Other comprehensive income

Other comprehensive income totaling € 215.8 (181.2) million includes income and expenses recognized directly in equity of Südzucker shareholders and other non-controlling interests.

The income and expenses of € 25.9 (167.8) million to be recognized in the income statement in the future include the market value measurement of securities (cash flow hedge) and the market value measurement of debt instruments as well as foreign currency translation from net investments in foreign subsidiaries, effects of consolidation-related foreign currency translation and the share from companies consolidated at equity.

Foreign currency differences from consolidation of € 23.7 (21.8) million are largely attributable to the strengthening of the US dollar, the Russian ruble and the Mexican peso, compared to a weaker British pound and Polish zloty. Last year, the currency differences were mainly the result of the strengthening of the US dollar and the British pound, which was offset by a weakening of the Chilean peso and the Polish zloty.

The amounts not to be recognized in the income statement in the future primarily relate to the remeasurement of defined benefit pension plans and similar obligations in the amount of € 193.1 (10.5) million. The alignment of the discount rate to 4.35 (1.95) % as of 28 February 2023 compared to an alignment of the trends in salaries and pensions to 2.75 (2.50) % and 2.50 (1.80) %, respectively, for material pension plans, resulted in total in a positive impact on equity. In the previous year, equity was also relieved in total by the adjustment of the discount rate and the salary and pension trends.

In the minority interest the other comprehensive income in the current year relates in particular to the market value measurement of securities and the foreign currency differences from consolidation.

NOTES TO THE CASH FLOW STATEMENT

(20) Cash flow statement

Increase (+) / Decrease (–) in operating activities

The cash inflow (+) / outflow (–) from operating activities is divided into two key blocks for reasons of transparency. The main purpose of this is to ensure sustainable cash flow from operating activities for the medium term and to isolate the strong seasonal fluctuations of working capital throughout the quarters. The latter is a special feature of the Südzucker business model with seasonal campaign operations existing in different segments (e. g. sugar).

Cash flow

Cash flow reached € 927.3 million compared to € 559.8 million the year prior.

The recognized cash flow comprises net earnings, depreciation of non-current assets, the change in accounting for non-current provisions including financial assets, (deferred) tax liabilities and deferred tax assets as well as other non-cash income and expenses which primarily comprise the non-cash results of investments accounted for using the equity method. Cash flow is used to determine the key ratio “debt factor” (ratio of net financial debt to cash flow). The conditions of the hybrid bond stipulate that a coupon suspension is triggered if consolidated cash flow falls below 5 % of the group’s consolidated revenues. Cash flow in the 2022/23 financial year corresponded to 9.8 (7.4) % of the group’s consolidated revenues.

Change in working capital

The cash outflow from the increase in working capital was € 679.7 million following a cash outflow of € 62.3 million resulting from working capital increase in the previous year – and arose chiefly due to an increase in inventories in the sugar segment as well as a rise in trade receivables.

The change in working capital consists of the change in current provisions, inventories, (trade) receivables and other assets and liabilities; the latter also comprise long-term positions of minor importance. Items affected primarily by seasonal fluctuations are recognized separately as a result.

Decrease (–) / Increase (+) in investment activities

Investments in fixed assets

Investments in fixed assets and intangible assets totaled € 399.6 (331.7) million. In the sugar segment, investments totaling € 144.7 (114.2) million were again mainly allocated toward replacement spending and compliance with legal and regulatory requirements, improvements in logistics and individual process optimizations. In the special products segment, investments totaling € 144.9 (123.5) million were mainly allocated to expanding and optimizing production capacity at BENEO and Freiberger. The CropEnergies segment invested € 46.8 (35.8) million to replace production facilities or to improve their efficiency. In the starch segment as well, new production capacities and plant expansions were mainly implemented, amounting to € 27.6 (24.0) million. Investments of € 35.6 (34.2) million in the fruit segment were primarily for replacement expenditures and occasional capacity expansion in the fruit preparations division. In all segments, there is an increasing share of legal requirements and rising market demands.

Investments in financial assets

Investments in financial assets amounting to € 66.6 (3.6) million mainly related to the special products segment with the complete acquisition of Meatless Holding B.V., Goes, Netherlands by the BENEO division in May 2022 and the complete acquisition of Orange Nutritionals Group B.V., Zaandam, Netherlands – the parent company of the Dutch portion product manufacturer Créme de la Cream Group – by the PortionPack division in July 2022. The CropEnergies segment also invested in the acquisition of 25 % of the share capital of East Energy GmbH, Rostock, Germany and in a 50 % stake in Syclus B.V., Maastricht, Netherlands.

In the prior year, financial investments in the fruit segment related to AGRANA Fruit Japan Ltd., Yokkaichi, Japan, which has been fully consolidated since the second quarter.

Decrease (–) / Increase (+) from financing activities

Increases / decreases in stakes and capital increase / redemption

In the current year, only the share repurchases for the share-based executive board compensation system are reported in the item “Increases in stakes held in subsidiaries / capital buyback”. In the previous year, as part of several transaction steps, there was an overall increase in the stake in the subsidiary SPAAGRANA Fruit Algeria, Akbou, Algeria during the 2022/23 financial year, the individual cash flows of which are included as the most significant element in the item “Increases / decreases in stakes in subsidiaries and capital increase / redemption” in the cash flow statement.

Dividends paid

Südzucker AG's annual general meeting on 14 July 2022 approved the distribution of a dividend of € 0.40 (0.20) per share or € 81.7 (40.8) million. Together with the dividend to shareholders of the hybrid equity capital and the non-controlling shareholders of AGRANA Beteiligungs-AG and CropEnergies AG, dividends paid totaled € 144.0 (101.0) million.

Financing and repayment of financing

In the 2022/23 financial year, a bond in the amount of € 395.7 million and a promissory note loan in the amount of € 228.0 million were recognized in the cash flow statement. In addition, there was a cash outflow of € 150.0 million in the current year due to the repayment of commercial papers, while in the previous year there was a cash outflow of € 180.0 million due to repayment. Commercial papers are used to finance seasonal fluctuations in working capital and therefore generally have a maximum term of three months.

The repayment from leasing liabilities amounted to € 33.7 (32.8) million.

General financial liabilities from the utilization of bank lines for daily disposition were repaid in the current year in the amount of € 86.1 million; in the previous year, the receipt of financial liabilities amounted to € 166.0 million.

Cash and cash equivalents at the end of the period

Cash and cash equivalents, which comprise cash assets and bank balances, correspond to the balance sheet item "Cash and cash equivalents". Due to foreign exchange regulations, access to cash and cash equivalents at subsidiaries is restricted in Ukraine and Argentina with regard to certain financial transactions (e.g. loan repayments).

Income taxes paid, interest payments and dividends received

Income taxes paid

The balance of income taxes paid amounted to € 114.8 (81.0) million. Cash outflows from income taxes paid are generally allocated to operating activities.

Interest payments and dividends received

Interest paid and interest and dividends received are allocated to the increase / decrease from operating activities.

NOTES TO THE BALANCE SHEET

(21) Intangible assets

€ million	Goodwill	Concessions, industrial and similar rights	Total
2022/23			
Acquisition costs			
1 March 2022	1,998.0	495.5	2,493.5
Change in companies incl. in the consolidation and other changes	26.9	27.3	54.2
Changes due to currency translation	10.0	15.2	25.2
Additions	0.0	6.8	6.8
Transfers	0.0	1.7	1.7
Disposals	0.0	−4.5	−4.5
28 February 2023	2,034.9	542.0	2,576.9
Amortization and impairment losses			
1 March 2022	−1,291.4	−268.6	−1,560.0
Change in companies incl. in the consolidation and other changes	0.1	−0.6	−0.5
Changes due to currency translation	0.0	−4.4	−4.4
Amortization for the year	0.0	−26.6	−26.6
Impairment losses	−47.0	0.0	−47.0
Transfers	0.0	0.0	0.0
Disposals	0.0	3.7	3.7
Reversals of impairment losses	0.0	0.0	0.0
28 February 2023	−1,338.3	−296.5	−1,634.8
Net carrying amount 28 February 2023	**696.6**	**245.5**	**942.1**

€ million	Goodwill	Concessions, industrial and similar rights	Total
2021/22			
Acquisition costs			
1 March 2021	1,983.4	474.1	2,457.5
Change in companies incl. in the consolidation and other changes	0.6	3.7	4.3
Changes due to currency translation	14.0	21.4	35.4
Additions	0.0	4.5	4.5
Transfers	0.0	1.2	1.2
Disposals	0.0	−9.4	−9.4
28 February 2022	1,998.0	495.5	2,493.5
Amortization and impairment losses			
1 March 2021	−1,261.9	−248.4	−1,510.3
Change in companies incl. in the consolidation and other changes	−0.1	0.0	−0.1
Changes due to currency translation	0.0	−5.3	−5.3
Amortization for the year	0.0	−24.2	−24.2
Impairment losses	−29.4	0.0	−29.4
Transfers	0.0	0.0	0.0
Disposals	0.0	9.3	9.3
Reversals of impairment losses	0.0	0.0	0.0
28 February 2022	−1,291.4	−268.6	−1,560.0
Net carrying amount 28 February 2022	**706.6**	**226.9**	**933.5**

TABLE 069

Goodwill

When carrying out impairment tests, goodwill in Südzucker Group is allocated to the sugar and fruit segments and the BENEO, Freiberger and PortionPack divisions as relevant cash generating units (CGUs). Impairment tests are used on a regular basis to compare the respective carrying amounts of the CGUs to the value in use (leading value concept at Südzucker) in order to identify possible impairment.

Südzucker has adjusted the regular valuation date for the carrying amounts of goodwill to reflect the revised medium-term planning process and has therefore moved it from the half-year to the end of the financial year. As part of this transition, the corresponding valuation was performed in the current fiscal year as of both reporting dates.

The recoverable amount is the present value of future cash flows a CGU is expected to generate. The value in use is determined based on a business valuation model (discounted cash flow). Future cash flows are determined based on the five-year plan valid at the time of carrying out the impairment test. These budgets are based on experience and expectations of future market developments as well as on key macroeconomic data.

The cost of capital is calculated as a weighted average of the costs of equity and debt (borrowing costs) for each CGU. The cost of equity is derived from the returns expected by Südzucker shareholders; the borrowing costs recognized are derived from the long-term refinancing conditions of Südzucker's capital market environment.

The cost of equity is calculated based on a risk-free basic interest rate a business risk premium and a country risk premium. The 30-year yield on German Government Bonds was used as the risk-free interest rate. Business risk is a product of the general market risk premium of up to 7.0 % and the applicable business risk for Südzucker derived from capital market data. The cost of equity derived in this way is individualized for each CGU by considering the respective country risks and business risks derived from a separate peer group in each case.

The current imputed refinancing costs for bonds and hybrid capital as well as the interest rate for pension obligations are used in the calculation of borrowing costs. The risk premium (credit spread) takes into account Südzucker's long-term rating of currently Baa3 (Moody's) and BBB– (S&P).

Südzucker used a constant growth rate in the current year of 1.3 to 2.0 (previous year: at least 0.8) % for extrapolating cash flows beyond the planning period in the CGUs at the two measurement dates. This growth rate for discounting the perpetual annuity essentially serves to compensate for a general and recent increase in the rate of inflation. Capital expenditure in the planning period is based on the adopted investment plans and takes into account replacement investment requirements.

The following table presents an overview of the tested goodwill carrying amounts and the cost of capital before tax used for the respective impairment tests at the new regular measurement date 28 February 2023 (previous year: 31 August 2021). The significant increase in the pre-tax cost of capital as of 28 February 2023 compared to 31 August 2021 reflects the general rise in interest rates for German Government Bonds (prime rate) and borrowing costs; the cost of capital as of 31 August 2022 was roughly in the middle of the other two measurement dates.

Goodwill

€ million	Goodwill		Weighted average cost of capital	
28 February	2023	2022	2022/23	2021/22
CGU Sugar	107.7	106.7	10.0 %	6.7 %
CGU Freiberger	382.5	372.4	7.4 %	4.8 %
CGU BENEO	107.0	84.9	9.4 %	5.0 %
CGU PortionPack	47.7	43.9	7.6 %	5.2 %
CGU Fruit	51.7	98.7	9.5 %	6.5 %
Total	**696.6**	**706.6**	–	–

TABLE 070

The goodwill impairment test is based on future assumptions that determine the value in use of the CGUs. The amount of the respective value in use depends on the expected future cash flows in the corporate planning and the underlying cost of capital.

At the measurement dates of 31 August 2022 and 28 February 2023, the values in use were significantly higher than the carrying amounts of goodwill in all CGUs apart from the fruit CGU, which meant that no impairment had to be recognized in these CGUs. As a result of these surpluses, the 10 % reduction of the planned sustainable cash flows expected in a sensitivity analysis or a one percentage point increase in the cost of capital after tax resulting on the capital market – for example due to rising interest rates – does not create a need for impairment at any of these CGUs.

Estimates regarding the development of EU beet cultivation, sugar production and sugar consumption are the most important planning assumptions for the sugar CGU, which after a pronounced loss-making phase achieved improvements in operating results in the reporting year. The sugar price trend and strengthening of the cost structure determine the CGU's competitiveness and profitability.

With regard to the ban on neonicotinoids and climate change, there is an increased risk of lower yields per hectare and lower sugar production volumes. A significant reduction in beet cultivation areas, especially in Austria, could make AGRANA Zucker's fixed assets (Asset CGU) subject to impairment.

Due to the war between Russia and Ukraine that started on 24 February 2022, commodity prices affecting all CGUs, for example in the energy and grain sectors, are still highly volatile. Our planning is based on the assumption that the physical supply of energy and raw materials remains assured and that increased raw material prices can be passed on in customer contracts. In addition, for the fruit CGU and its Russian and Ukrainian subsidiaries, there is also a direct impact of the war on the production facilities in Russia and Ukraine and the related business activities.

As a result of the high level of uncertainty regarding future developments, two additional possible scenarios for were formulated for the fruit CGU based on the basic assumptions presented regarding the effects of the Ukraine conflict and on the most recent planning calculations approved by management (basic planning). Both the basic planning and the two scenarios incorporate the lessons learned from the war, which has gone on for over a year now, such as a stable market in Russia and 50 % capacity utilization at the sites in Ukraine. The two pessimistic scenarios also take into account possible risks affecting the basic planning. In this context, we assess the commercial risks associated with two scenarios, each with varying degrees of sales slowdown and profit margin reduction. Additionally, one scenario takes into account potential war damage at sites in Ukraine and a stronger market slump in Russia. Climate risks in the fruit segment were considered by making assumptions about adverse weather conditions and crop failures caused by plant diseases with lower raw material availability or rising raw material costs. The basic planning developed by management and the two risk scenarios that were formulated were combined into a value in use on the basis of probability weighting, with the basic scenario being weighted at 60 %.

The probability-weighted planning scenarios led to an impairment requirement of € 47.0 million for the goodwill of the fruit CGU effective 31 August 2022. The carrying amount of the goodwill of the fruit CGU was thus reduced to € 51.7 million. The value in use as of 28 February 2023, based on the most recent planning approved by management, did not show any further need for impairment.

Depending on further acts of war or sanctions, there may be negative effects on the 2023/24 financial year or subsequent financial years and thus further effects in the impairment of goodwill and fixed assets of the fruit CGU. In this context, even an increase in the WACC of 0.5 percentage points would result in an additional impairment loss of about € 12.9 million, which could increase by a further € 5.2 million if the weighting between the two risk scenarios were shifted by 5 %.

(22) Fixed assets including leasing

Acquired fixed assets 2022/23

€ million	Land, land rights and buildings including buildings on leased land	Technical equipment and machinery	Other equipment, factory and office equipment	Assets under construction	Total
Acquisition costs					
1 March 2022	2,211.1	5,753.2	486.7	199.9	8,650.9
Change in companies incl. in the consolidation and other changes	6.1	2.6	3.4	0.4	12.5
Changes due to currency translation	11.2	9.5	3.2	1.0	24.9
Additions	61.5	113.2	25.2	192.9	392.8
Transfers	31.2	60.8	2.7	−96.4	−1.7
Disposals	−20.6	−126.9	−12.8	−7.7	−168.0
28 February 2023	2,300.5	5,812.4	508.4	290.1	8,911.4
Depreciation and impairment losses					
1 March 2022	−1,166.8	−4,227.7	−376.0	−0.4	−5,770.9
Change in companies incl. in the consolidation and other changes	−2.8	−4.9	−2.1	0.0	−9.8
Changes due to currency translation	−4.8	−5.4	−2.8	0.0	−13.0
Depreciation for the year	−53.4	−219.8	−31.9	0.0	−305.1
Impairment losses including special items	−4.5	−7.2	−0.2	0.0	−11.9
Transfers	−0.2	0.2	0.0	0.0	0.0
Disposals	18.5	125.9	12.3	0.0	156.7
Reversals of impairment losses	14.3	19.9	0.3	0.0	34.5
28 February 2023	−1,199.7	−4,319.0	−400.4	−0.4	−5,919.5
Net carrying amount 28 February 2023	**1,100.8**	**1,493.4**	**108.0**	**289.7**	**2,991.9**

Leased fixed assets 2022/23

€ million	Land, land rights and buildings including buildings on leased land	Technical equipment and machinery	Other equipment, factory and office equipment	Assets under construction	Total
1 March 2022	82.9	15.3	9.4	0.0	107.6
Additions	20.4	17.8	3.4	0.0	41.6
Depreciation for the year	−21.0	−7.4	−4.5	0.0	−32.9
Changes due to currency translation	0.0	0.1	0.1	0.0	0.2
Disposals	0.0	0.0	0.0	0.0	0.0
Impairment losses including special items	−0.4	0.0	0.0	0.0	−0.4
Disposals	0.0	0.0	0.1	0.0	0.1
Change in companies incl. in the consolidation and other changes	0.9	−0.1	0.0	0.0	0.8
Net carrying amount 28 February 2023	**82.8**	**25.7**	**8.5**	**0.0**	**117.0**
Total net carrying amount of fixed assets	**1,183.6**	**1,519.1**	**116.5**	**289.7**	**3,108.9**

TABLE 071

The investments are reduced by government grants totaling € 4.2 (1.9) million. As in the previous year, no borrowing costs were recognized.

The application of IAS 29 (Financial Reporting in Hyperinflationary Economies) is explained under note (4) “Foreign currency translation”.

Impairments including special items are shown under note (11) “Amortization and impairment losses”.

Südzucker uses leasing in storage and logistics and agricultural operations when leasing agricultural land. There are frequently annual renewable options for leases on agricultural land. There are also long-term lease contracts for buildings in administration and production. The total lease payments were € 41.5 (38.8) million, € 33.7 (32.8) million of which come from fixed and € 0.1 (0.0) million of which result from variable payments, as well as € 7.7 (6.0) million from the costs of short-term and low value leases.

The weighted average incremental borrowing rate as of 28 February 2023 for the recognition of leasing liabilities was 2.6 (2.8) %.

Acquired fixed assets 2021/22

€ million	Land, land rights and buildings including buildings on leased land	Technical equipment and machinery	Other equipment, factory and office equipment	Assets under construction	Total
Acquisition costs					
1 March 2021	2,177.1	5,667.3	488.8	143.7	8,476.9
Change in companies incl. in the consolidation and other changes	−2.4	−2.9	−0.0	0.6	−4.7
Changes due to currency translation	5.6	10.0	0.7	0.6	16.9
Additions	35.8	122.9	26.7	141.8	327.2
Transfers	23.6	58.6	3.0	−86.5	−1.3
Disposals	−28.6	−102.7	−32.5	−0.3	−164.1
28 February 2022	2,211.1	5,753.2	486.7	199.9	8,650.9
Depreciation and impairment losses					
1 March 2021	−1,137.0	−4,104.5	−374.4	−0.3	−5,616.2
Change in companies incl. in the consolidation and other changes	0.0	1.0	0.1	−0.0	1.1
Changes due to currency translation	0.5	−4.4	−0.6	0.0	−4.5
Depreciation for the year	−51.4	−219.8	−32.4	0.0	−303.6
Impairment losses including special items	−1.4	0.0	−0.2	−0.1	−1.7
Transfers	−2.4	2.4	0.0	0.0	0.0
Disposals	24.3	97.4	31.4	0.0	153.1
Reversals of impairment losses	0.6	0.2	0.1	0.0	0.9
28 February 2022	−1,166.8	−4,227.7	−376.0	−0.4	−5,770.9
Net carrying amount 28 February 2022	**1,044.3**	**1,525.5**	**110.7**	**199.5**	**2,880.0**

Leased fixed assets 2021/22

€ million	Land, land rights and buildings including buildings on leased land	Technical equipment and machinery	Other equipment, factory and office equipment	Assets under construction	Total
1 March 2021	92.5	16.5	11.2	2.3	122.5
Additions	13.1	3.2	2.6	0.0	18.9
Depreciation for the year	−21.0	−6.8	−4.7	0.0	−32.5
Changes due to currency translation	1.0	0.0	0.1	0.0	1.1
Disposals	0.0	2.4	0.0	−2.3	0.1
Impairment losses including special items	0.0	0.0	0.0	0.0	0.0
Disposals	−4.3	0.0	0.2	0.0	−4.1
Change in companies incl. in the consolidation and other changes	1.6	0.0	0.0	0.0	1.6
Net carrying amount 28 February 2022	**82.9**	**15.3**	**9.4**	**0.0**	**107.6**
Total net carrying amount of fixed assets	**1,127.2**	**1,540.8**	**120.1**	**199.5**	**2,987.6**

TABLE 072

(23) Shares in companies consolidated at equity, other investments

Shares in companies consolidated at equity

€ million	2022/23	2021/22
1 March	**77.4**	**136.2**
Change in companies incl. in the consolidation and other changes	−7.9	5.0
Changes due to currency translation	−1.1	−1.4
Additions	2.3	0.0
Share of profits	22.9	−45.8
Transfers	0.0	0.0
Disposals / dividends	−12.9	−13.4
Impairment losses including special items	−2.3	−3.2
Reversals of impairment losses	0.0	0.0
28 February	**78.4**	**77.4**

TABLE 073

The companies consolidated at equity comprise the stakes in AGRANA Studen Group, Vienna, Austria, Beta Pura GmbH, Vienna, Austria and the sales joint venture Maxi S.r.l., Bolzano, Italy in the sugar segment, the stake in Hungrana Group, Szabadegyháza, Hungary in the special products segment, and the stake in CT Biocarbonic GmbH, Zeitz, Germany, in the CropEnergies segment. In the current financial year, the conditions for including the stake in ED&F Man Holdings Limited, London, UK, using the equity method no longer applied, so that there is now no associated company consolidated using the equity method. Total assets of the ED&F Man Group amounted to € 16,470.0 million in the previous year, reporting a net loss for the year of € –197.1 million and an overall result of € –179.1 million.

Financial position and performance of joint ventures

28 February	2023			2022		
€ million	Total	Hungrana Group	Other	Total	Hungrana Group	Other
Non-current assets	187.7	120.3	67.4	178.0	105.2	72.8
Inventories	199.6	68.4	131.2	143.9	71.2	72.7
Receivables and other assets	121.6	47.3	74.3	125.5	54.9	70.6
Cash, cash equivalents and securities	47.1	35.6	11.5	18.1	7.7	10.4
Current assets	368.3	151.3	217.0	287.5	133.8	153.7
Total assets	**556.0**	**271.6**	**284.4**	**465.5**	**239.0**	**226.5**
Equity	143.7	86.9	56.8	147.7	105.3	42.4
External financial liabilities	23.1	1.0	22.1	19.0	0.1	18.9
Other liabilities	7.3	1.8	5.5	29.5	1.8	27.7
Non-current liabilities	30.4	2.8	27.6	48.5	1.9	46.6
External financial liabilities	162.7	112.6	50.1	136.4	88.6	47.8
Other liabilities	219.2	69.3	149.9	132.9	43.2	89.7
Current liabilities	381.9	181.9	200.0	269.3	131.8	137.5
Total liabilities and equity	**556.0**	**271.6**	**284.4**	**465.5**	**239.0**	**226.5**
Revenues	920.8	457.6	463.2	728.7	356.2	372.5
Depreciation	−19.5	−13.2	−6.3	−20.0	−13.7	−6.3
Other expenses	−836.7	−402.9	−433.8	−671.9	−308.4	−363.5
Result from operations	**64.6**	**41.5**	**23.1**	**36.8**	**34.1**	**2.7**
Interest income	0.1	0.0	0.1	0.1	0.0	0.1
Interest expense	−3.2	−1.7	−1.5	−1.9	−0.9	−1.0
Other financial expense	−3.4	−3.1	−0.3	−2.2	−1.6	−0.6
Earnings before income taxes	**58.1**	**36.7**	**21.4**	**32.8**	**31.6**	**1.2**
Taxes on income	−18.5	−14.7	−3.8	−7.1	−4.1	−3.0
Net earnings	**39.6**	**22.0**	**17.6**	**25.7**	**27.5**	**−1.8**
Income and expenses recognized in other comprehensive income	−17.8	−17.4	−0.4	−3.4	−2.0	−1.4
Comprehensive income	**21.8**	**4.6**	**17.2**	**22.3**	**25.5**	**−3.2**

TABLE 074

The carrying amount for Hungrana Group, as a significant joint venture, is derived below:

€ million 28 February	2023	2022
Equity	**86.9**	**105.3**
+/– Adjustments (in substance other minority interests)	0.00	0.00
= Equity attributable to shareholders	**86.9**	**105.3**
thereof Südzucker-share in equity	*43.5*	*52.7*
+ Goodwill	0.4	0.4
= Shares in companies consolidated at equity (carrying amount)	**43.9**	**53.1**
Dividends paid to Südzucker	11.5	12.5

TABLE 075

Other investments

Other investments of € 14.5 (7.1) million also comprise subsidiaries, joint ventures and associated companies that are not included in consolidation due to their relative insignificance.

(24) Inventories

€ million 28 February	2023	2022
Raw materials and supplies	747.6	544.4
Work in progress and finished goods		
Sugar segment	1,607.2	1,193.8
Special products segment	272.3	212.9
CropEnergies segment	79.5	69.7
Starch segment	116.8	72.7
Fruit segment	193.8	169.4
Total of work in progress and finished goods	2,269.6	1,718.5
Merchandise	143.9	53.7
Total	**3,161.1**	**2,316.6**

TABLE 076

The increase in inventories was mainly due to higher sugar production costs combined with lower inventories as a result of reduced sugar production.

Write-downs on inventories of finished goods and work in progress in the sugar segment amounted to € 9.2 million as of 28 February 2023. Write-downs as of 28 February 2022 had the opposite effect on lower net disposal proceeds of € 2.2 million, which were realized from sales in the 2022/23 financial year.

In addition, write-downs totaling € 2.5 (1.9) million were necessary in the special products segment, € 0.3 (2.5) in the starch segment and € 3.2 (1.5) million in the fruit segment.

Write-downs of net disposal proceeds in the sugar segment totaling € 0.1 (0.0) million were also necessary on merchandise inventories.

In the CropEnergies segment, write-downs of € 2.5 (0.0) million and in the starch segment, write-downs of € 0.2 (0.0) million were necessary.

(25) Trade receivables and other assets

Trade receivables and other assets by remaining term

		Remaining term			Remaining term	
€ million 28 February	2023	to 1 year	over 1 year	2022	to 1 year	over 1 year
Trade receivables	**1,409.0**	**1,409.0**	**0.0**	**1,139.9**	**1,139.9**	**0.0**
Positive market value derivatives	45.0	45.0	0.0	113.7	113.7	0.0
Remaining financial assets	95.2	88.9	6.3	91.4	85.4	6.0
Other financial assets	**140.2**	**133.9**	**6.3**	**205.1**	**199.1**	**6.0**
Other taxes recoverable	189.8	189.7	0.1	163.9	163.8	0.1
Assets from overfunded pension plans	26.7	0.0	26.7	0.0	0.0	0.0
Remaining non-financial assets	107.2	107.2	0.0	97.7	97.7	0.0
Non-financial assets	**323.7**	**296.9**	**26.8**	**261.6**	**261.5**	**0.1**
Other assets	**463.9**	**430.8**	**33.1**	**466.7**	**460.6**	**6.1**

TABLE 077

Trade receivables of € 1,409.0 (1,139.9) million were significantly higher than last year reflecting the increase in sales revenues.

Remaining financial mainly include financial receivables from non-consolidated companies, investments, employees and other third parties, as well as securities provided in connection with hedging transactions. The latter recorded a significant increase – in line with the negative fair values of derivatives.

Remaining non-financial assets are related to advances made, accruals/deferrals and mainly the acquisition costs of CO_2 emissions certificates totaling € 61.7 (62.7) million.

Carrying amount of trade receivables after allowances

€ million	28 February 2023	2022
Total trade receivables	1,421.3	1,156.3
Value adjusted	−12.3	−16.4
Net carrying amount	**1,409.0**	**1,139.9**

TABLE 078

Bad debt allowances on trade receivables do not just comprise individual allowances for actual credit risk but now also include an impairment provision for expected future credit losses (e. g. in the event of customer insolvency or being more than 90 days overdue without reliable information on value security).

Impairments recognized for expected future credit losses are calculated based on historical loss rates depending on how overdue the trade receivables are, by affected division (Portfolio-based impairment). Where relevant, the expected future loss development is also considered.

Development of bad debt allowances on trade receivables

€ million	2022/23	2021/22
1 March	**16.4**	**12.2**
Change in companies incl. in the consolidation / currency translation / other changes	−0.4	0.0
Additions	1.5	6.6
Use	−2.7	−0.9
Reversal	−2.5	−1.5
28 February	**12.3**	**16.4**

TABLE 079

The following table shows information related to the credit risk associated with the trade receivables. Trade receivables that were not subject to individual allowances totaled € 1,409.0 (1,139.9) million; € 1,312.7 (1,051.4) million of this amount was not yet due.

Past-due receivables and loss rates used for determining portfolio-based impairment

28 February	2023		2022	
	€ million	Default rate	€ million	Default rate
Receivables not past due before allowances	1,312.7	< 0.1 %	1,051.4	< 0.1 %
Past-due receivables without specific-debt allowances	96.3		88.5	
of which up to 30 days	65.0	0.2 %	67.0	0.3 %
of which 31 to 90 days	17.5	0.9 %	10.6	1.9 %
of which over 90 days	13.8	–	10.9	–
Net carrying amount	**1,409.0**		**1,139.9**	
Portfolio-based value adjustments	0.6		0.9	
Receivables including specific-debt allowances	11.7		15.5	
Total trade receivables (gross)	**1,421.3**		**1,156.3**	

TABLE 080

Südzucker mitigates default risks on accounts receivables by constantly monitoring the creditworthiness and payment history of debtors and granting commensurate lines of credit. In addition, risks are predominantly capped using credit insurances and bank guarantees. We expect payment to be received for past due trade receivables that have not been impaired; these receivables are also included in Südzucker Group's trade credit insurance program.

(26) Shareholders' equity

Subscribed capital

As of 28 February 2023, the issued subscribed capital amounts unchanged to € 204,183,292 and consists of 204,183,292 bearer shares; this exclusively concerns no-par value ordinary shares, each of which represents a notional holding of € 1 per share. Südzucker AG held 76,033 (24,391) treasury shares as of the balance sheet date corresponding to an outstanding subscribed capital of € 204,107,259 (204,158,901). 51,642 (24,391) treasury shares were acquired in fiscal 2022/23 by the company to service the share-based executive board compensation system. The acquisition costs of € 0.8 (0.3) million attributable to this were deducted from the subscribed capital in the amount of € 51,642 (24,391) and offset against other reserves in the amount of the excess.

Capital reserve

The capital reserve applies to Südzucker AG. It includes the inflows of external funds required to be included as per section 272 HGB, which resulted from the share premium from capital increases or the agreement on option premiums taking into account the mandatory IFRS reduction of associated costs including applicable taxes.

See "Disclosures on takeovers" in the group management report in the "Corporate governance and responsibility" section for more information.

Other reserves and other comprehensive income

Other reserves include undistributed profit for the period, dividends, and the effects resulting from the remeasurement of defined benefit pension commitments and from transactions with non-controlling shareholders. The share premium is directly deducted from other reserves if treasury shares are purchased, or added directly to other reserves again if there is a later issue.

Other comprehensive income includes the income and expenses recognized directly in equity of Südzucker AG shareholders to be recognized in the income statement in the future. Other changes mainly include the amount of reclassification adjustments for hedge transactions on acquired raw material. Other non-controlling interests in the current financial year include the addition of minority interests from the increase to 51 % in Felix Koch Offenbach Couleur und Karamel GmbH.

Hybrid capital

Hybrid capital of € 653.7 (653.7) million comprises the hybrid bond issued in the summer of 2005 with a nominal value of € 700 million.

Additional information regarding the hybrid bond is available under note (30) "Financial liabilities, securities and cash and cash equivalents (net financial debt)" and on the Südzucker corporate website.

Other non-controlling interests

Other non-controlling interests of € 973.8 (918.2) million are attributable to the minority interest in the subgroup AGRANA in the amount of € 719.4 (695.1) million and mainly to the minority interest in the subgroup CropEnergies in the amount of € 254.4 (223.1) million.

Name of parent company from subgroup	Country	SZ share in %	Minority share in %	Business area
AGRANA Beteiligungs-AG	Vienna, Austria	41.9	58.1	Fruit, starch, sugar
CropEnergies AG	Mannheim, Germany	69.2	30.8	Ethanol

TABLE 081

Südzucker holds a 41.9 % stake in AGRANA Beteiligungs-AG; 39.2 % indirectly via AGRANA Zucker, Stärke und Frucht Holding AG as well as 2.7 % directly. In addition to Südzucker, Zucker-Beteiligungsgesellschaft m.b.H. holds a 50 % stake minus one share in AGRANA Zucker, Stärke und Frucht Holding AG. The Austrian AGRANA co-owners (among others, Raiffeisen-Holding Niederösterreich-Wien and representatives of Austrian beet producers) have consolidated interests in Zucker-Beteiligungs-gesellschaft m.b.H. The details of the collaboration between Südzucker and Zucker-Beteiligungsgesellschaft m.b.H. are governed by a syndicate agreement, which grants Südzucker a right at any time to a majority of the voting rights in AGRANA Zucker, Stärke und Frucht Holding AG and thus to a controlling influence over subgroup AGRANA. Upon exercising the voting majority by Südzucker, Zucker-Beteiligungsgesellschafts m.b.H. is granted property rights defined by contract; in this case, the company is also entitled – subject to a minimum one-year period – to establish an equality of votes among the syndicate partners.

Financial position and performance of the two subgroups AGRANA and CropEnergies

28 February	2023		2022	
€ million	AGRANA	CropEnergies	AGRANA	CropEnergies
Non-current assets	1,041.0	393.8	1,135.0	377.9
Current assets	1,962.1	653.1	1,508.6	604.8
Total assets	**3,003.1**	**1,046.9**	**2,643.6**	**982.7**
Non-current liabilities	658.3	56.1	477.5	70.1
Current liabilities	1,088.2	207.0	884.6	216.2
Total liabilities	**1,746.5**	**263.1**	**1,362.1**	**286.3**
Net assets	**1,256.6**	**783.8**	**1,281.5**	**696.4**
Revenues	3,637.4	1,488.3	2,901.5	1,075.3
Result from operations	88.3	251.3	24.7	127.2
Earnings before income taxes	61.7	255.4	8.6	124.2
Taxes on income	–37.0	–58.8	–20.8	–34.8
Net earnings	**24.7**	**196.6**	**–12.2**	**89.4**
Income and expenses recognized in other comprehensive income	–1.6	21.8	16.6	103.3
Comprehensive income	**23.1**	**218.4**	**4.4**	**192.7**
Dividend payment in fiscal year	48.1	39.2	53.4	30.5
thereof attributable to other minority interest outside the Südzucker Group	28.4	12.1	31.0	9.4

TABLE 082

The data correspond to the published consolidated financial statements of the respective subgroups. More detailed information is available in the current 2022/23 annual reports of AGRANA Beteiligungs-AG, Vienna, Austria, and CropEnergies AG, Mannheim, Germany.

(27) Provisions for pensions and similar obligations

Defined contribution plans

As part of defined contribution retirement benefit plans, Südzucker Group companies pay contributions, either based on statutory or contractual requirements or on a voluntary basis, to state or private insurers. Current contributions are recognized as personnel expenses. The largest share by far of the payments related to state pension plans treated as defined contribution plans and amounted to € 53.5 (51.6) million for the group.

Defined benefit plans

Pension plans within Südzucker Group mainly consist of defined benefit obligations. Pension benefits are normally granted based on years of service with the company and benefit-related remuneration. There are also similar obligations, particularly relating to foreign group companies. They are calculated actuarially taking into account estimates of future cost trends.

Südzucker Group's recognized net liability is derived from both the pension-funded defined benefit obligation and from the defined benefit obligation funded by a separate fund less the fair value of plan assets. Assets from overfunded pension plans are reported under other assets and defined benefit obligations from the current financial year onwards, extending the balance sheet.

Provisions for pensions

€ million	28 February 2023	2022
Defined benefit obligation for direct pension benefits	790.2	998.7
Fair value of plan assets	−134.7	−133.3
Net defined benefit obligation	**655.5**	**865.4**
thereof assets from overfunded pension plans	−26.7	–
thereof provision for pensions and similar obligations	682.2	865.4
Discount rate (significant pension plans)	4.35 %	1.95 %

TABLE 083

Retirement and severance plans

€ million	Südzucker AG	Germany remaining	Belgium	France	Austria	Other foreign countries	Worldwide	Total
	Defined benefit plans						Severance plans	
28 February 2022								
Defined benefit obligation for direct pension benefits	748.2	72.1	59.9	23.5	41.0	8.4	45.6	998.7
Fair value of plan assets	−1.8	−0.9	−72.1	−32.0	−16.4	−7.8	−2.3	−133.3
Provision for pensions and similar obligations (net defined benefit obligation)	**746.4**	**71.2**	**−12.2**	**−8.5**	**24.6**	**0.6**	**43.3**	**865.4**
28 February 2023								
Defined benefit obligation for direct pension benefits	566.7	52.8	61.1	25.4	40.8	6.6	36.8	790.2
Fair value of plan assets	−1.4	−0.9	−77.7	−31.6	−15.1	−5.9	−2.1	−134.7
Provision for pensions and similar obligations (net defined benefit obligation)	**565.3**	**51.9**	**−16.6**	**−6.2**	**25.7**	**0.7**	**34.7**	**655.5**
thereof assets from overfunded pension plans	–	–	–	–	–	–	–	−26.7
thereof provision for pensions and similar obligations	–	–	–	–	–	–	–	682.2

TABLE 084

Germany
Südzucker AG employees in Germany have access to employer-funded commitments for company pensions based on the employee's basic salary and years of service. Südzucker AG pension obligations are funded by provisions and thus represent the largest pension plan in place at Südzucker Group. The remaining German pension plans at CropEnergies, BENEO, and other companies are in their structure comparable with the rules of Südzucker AG for active employees and are likewise nearly exclusively provision funded.

Belgium
Employees at the Belgian companies Raffinerie Tirlemontoise S.A., BENEO-Orafti S.A. and Biowanze S.A. have access to funded pension plans. The company pension commitments are determined based on the basic salary and years of service at the company; the payouts include both periodic pension payments and one-time payments.

France
The pension plan for employees of Saint Louis Sucre S.A.S. in France is likewise funded by a separate fund. Benefits from the plan are calculated as a percentage of the average salary paid prior to retirement from which the state pension and other company pensions are deducted.

Austria
The primary pension plans in Austria are the closed plans of AGRANA Zucker GmbH and AGRANA Stärke GmbH, which are provision funded. Plan assets are largely associated with the pension commitments of AGRANA Beteiligungs-AG for active and former executive board members; these are outsourced to a pension fund.

Severance plans
Provisions for similar obligations are largely related to pension plans for settlements. The largest severance plans are in place in Austria and France, but there are also corresponding commitments in Mexico, Poland, Romania, Russia, South Korea and Ukraine. The commitments in Austria and France relate to statutory benefit obligations with regard to one-time payments for the termination of employment upon entering retirement or in case of death of the employee, but not in the event the employment relationship is terminated by the employee.

Development of net financial debt

Development of pension obligations and plan assets

€ million	Defined benefit obligation	Fair value of plan assets	Provision for pensions and similar obligations
1 March 2021	**1,010.4**	**−129.5**	**880.9**
Current service costs	25.1		25.1
Past service costs	−0.9		−0.9
Gains and losses on curtailments or settlements	0.0		0.0
Interest expense (+) / income (–)	13.5	−1.4	12.1
Expenses for company pension plans (Income Statement)	**37.7**	**−1.4**	**36.3**
Gains (–) and losses (+) on actual return on plan assets		−3.4	−3.4
Gains (–) and losses (+) from change of demographic assumptions	0.0		0.0
Gains (–) and losses (+) from changes in financial assumptions	−19.9		−19.9
Gains (–) and losses (+) on experience adjustments	9.4		9.4
Remeasurements (other comprehensive income)	**−10.5**	**−3.4**	**−13.9**
Change in consolidated companies (and other)	0.0	0.0	0.0
Effect of exchange rate differences	0.2	−0.1	0.1
Employer contributions to plan assets	0.0	−3.9	−3.9
Plan participants contributions	0.3	−0.3	0.0
Benefit payments	−39.4	5.3	−34.1
Benefit payments, contributions, change in consolidated companies (and other)	**−38.9**	**1.0**	**−37.9**
28 February 2022	**998.7**	**−133.3**	**865.4**

Development of pension obligations and plan assets

€ million	Defined benefit obligation	Fair value of plan assets	Provision for pensions and similar obligations
1 March 2022	**998.7**	**−133.3**	**865.4**
Current service costs	22.4		22.4
Past service costs	−0.7		−0.7
Gains and losses on curtailments or settlements	0.0		0.0
Interest expense (+) / income (–)	18.4	−2.0	16.4
Expenses for company pension plans (Income Statement)	**40.1**	**−2.0**	**38.1**
Gains (–) and losses (+) on actual return on plan assets		−3.4	−3.4
Gains (–) and losses (+) from change of demographic assumptions	0.0		0.0
Gains (–) and losses (+) from changes in financial assumptions	−246.9		−246.9
Gains (–) and losses (+) on experience adjustments	35.5		35.5
Remeasurements (other comprehensive income)	**−211.4**	**−3.4**	**−214.8**
Change in consolidated companies (and other)	2.8	0.0	2.8
Effect of exchange rate differences	0.0	0.2	0.2
Employer contributions to plan assets	0.0	−3.5	−3.5
Plan participants contributions	0.2	−0.2	0.0
Benefit payments	−40.2	7.5	−32.7
Benefit payments, contributions, change in consolidated companies (and other)	**−37.2**	**4.0**	**−33.2**
28 February 2023	**790.2**	**−134.7**	**655.5**

TABLE 085

Expenses for company pension plans

Expenses from the unwinding of the discount for claims acquired in prior years less the return on plan assets are reported in the financial result. Costs representing additional entitlements acquired in the financial year, past service cost and the effects of curtailments or settlements are included under personnel expense.

Revaluation recognized directly in equity

The revaluation of the pension obligations amounted to € −214.8 (−13.9) million and resulted from the adjustment of the discount rate to 4.35 (1.95) %, the trend in salaries and pensions to 2.75 (2.50) % and 2.50 (1.80) %, respectively, for material pension plans as well as from experience adjustments. The revaluation was recognized directly in equity. Last year the change was due to the reduction of the discount rate, salary and pension trends and experience adjustments.

The experience adjustments reflect the effects on the existing pension obligations arising from the discrepancy between the actual portfolio growth and the assumptions made at the beginning of the fiscal year. In the assessment of the pension obligations, this includes in particular wage and salary increases, pension adjustments, staff turnover and biometric data such as invalidity and mortality rates.

Assumptions

Provisions for pensions and similar obligations are calculated actuarially using the projected unit credit method and estimated future trends in accordance with IAS 19 (Employee Benefits).

Assumptions for material pension plans

28 February	2023	2022
Interest rate	4.35 %	1.95 %
Salary growth	2.75 %	2.50 %
Pension growth	2.50 %	1.80 %

TABLE 086

These discount rates are based on yields of high-quality corporate bonds with durations that correspond to the weighted average duration of the obligations. The use of different interest rates takes into account the different durations of plans. The following interest rates were used when determining pension and severance provisions in the euro zone.

Duration and discount rates

Plan composition euro zone	Actual duration in years	2/28/2023	2/28/2022
Plans primarily comprising pensioners	9	4.25 %	1.62 %
Plans with a mixed portfolio of active employees and pensioners	11	4.30 %	1.80 %
Main plans (Südzucker AG) – Mixed portfolio with surplus of pensioners	15	4.35 %	1.95 %
Plans predominantly comprising active employees	23	4.45 %	2.10 %

TABLE 087

The biometric calculations were based on recognized current country-specific life expectancy tables, such as the Heubeck 2018 G actuarial tables in Germany.

Sensitivity analysis

The sensitivity analysis presented below considers each change to an assumption with the other assumptions remaining unchanged compared to the original calculation. Possible correlation effects between individual assumptions are not taken into account.

Sensitivity – pensions

28 February		2023		2022	
€ million	Change in actuarial assumption	Defined benefit obligation	Change	Defined benefit obligation	Change
Present value of the obligation		790.2	–	998.7	–
Discount rate	Increase by 0.5 percentage points	741.4	−6.2 %	921.3	−7.8 %
	Decrease by 0.5 percentage points	844.7	6.9 %	1,087.7	8.9 %
Salary growth	Increase by 0.25 percentage points	797.2	0.9 %	1,008.5	1.0 %
	Decrease by 0.25 percentage points	784.0	−0.8 %	984.6	−1.4 %
Pension growth	Increase by 0.25 percentage points	808.3	2.3 %	1,026.4	2.8 %
	Decrease by 0.25 percentage points	772.8	−2.2 %	972.4	−2.6 %
Life expectancy	Increase by one year	818.6	3.6 %	1,040.1	4.1 %
	Decrease by one year	761.0	−3.7 %	957.3	−4.2 %

TABLE 088

If the discount rate had been increased or decreased by one percentage point, the defined benefit obligation would have been reduced by about 12 % or increased by about 14 % respectively.

Plan assets

The primary investment objective for the pension plan assets is to provide full coverage of benefit obligations associated with the respective pension commitments. The plan assets thus consist mainly of debt securities (bonds) with an associated risk structure that guarantees long-term fulfillment of the obligations. Plan assets also include equity securities and insurance contracts, and, to a limited extent, property. The fixed-interest bonds are guided by the returns expected from government bonds. A guaranteed minimum interest rate is assumed for the insurance contracts. Plan assets do not comprise own financial instruments or owner-occupied property.

The plan assets were invested under the following categories as of the period end. Market prices in active markets were used to the specified extent as a basis to determine the fair value of plan assets for the following asset categories:

Plan assets by asset categories at fair value and thereof quoted market prices in active markets

28 February	2023		2022	
€ million	Fair value	thereof market prices in active markets	Fair value	thereof market prices in active markets
Debt instruments	16.4	15.7	18.7	18.2
Equity instruments	18.1	18.1	20.3	20.2
Real estate funds	1.3	0.5	1.2	0.4
Assets held by assurance company	92.4	0.0	88.0	0.3
Other	6.5	4.1	5.1	3.4
Total	**134.7**	**38.4**	**133.3**	**42.5**

TABLE 089

Risks

Südzucker Group is exposed to various risks associated with defined benefit pension plans. Besides general actuarial risks such as actuarial interest rate change risk and longevity risk, there are also other risks in the deviation from actuarial assumptions including those related to wage and salary trends, pension trends, retirement age and employee turnover. Further risks associated with plan assets include capital market risk, credit risk and investment risk. There are also other risks due to currency fluctuations and inflation rate changes.

The return on plan assets is assumed to be the same as the discount rate. If the actual return on plan assets is below the discount rate applied, the net obligation from pension plans increases accordingly. The amount of the net obligation is largely influenced by the discount rate; however, the current low interest rate level contributes to the relatively high obligation. A decline in returns on corporate bonds would lead to a further increase in defined benefit obligations; the positive market value development of the corporate bonds included in the plan assets can only compensate for this to a limited extent.

The possible risk of inflation, which could lead to an increase in defined benefit obligations, exists indirectly if salaries rise due to inflation during the active phase or if inflation-related pension adjustments are made.

Weighted duration, employer contributions and future payments

The weighted average duration of the present value of all defined benefit obligations is approximately 13.7 (16.6) years. Employer contributions to plan assets are expected to total € 10.3 (4.3) million in the 2023/24 financial year.

Future pension and severance payments

Period	€ million
2023/24	41.3
2024/25	44.3
2025/26	43.7
2026/27	44.2
2027/28	44.2
2028/29 to 2032/33	244.5
Total	**462.2**

TABLE 090

(28) Other provisions

€ million 28 February	2023	Short-term	Long-term	2022	Short-term	Long-term
Personnel-related provisions	60.1	13.0	47.1	69.9	13.3	56.6
Provisions for litigation risks and risk precautions	127.0	26.4	100.6	150.9	47.8	103.1
Other provisions	91.3	36.7	54.6	84.6	31.4	53.2
Total	**278.4**	**76.1**	**202.3**	**305.4**	**92.5**	**212.9**

TABLE 091

The recognition of other provisions as current or non-current as presented in the table above gives an indication whether use is expected in fiscal 2023/24 or in subsequent years.

Development of other provisions

€ million	Personnel-related provisions	Provisions for litigation risks and risk precautions	Other provisions	Total
1 March 2022	**69.9**	**150.9**	**84.6**	**305.4**
Change in companies incl. in the consolidation and other changes	−0.0	−0.0	−0.0	−0.0
Changes due to currency translation	0.0	0.0	0.1	0.1
Additions and unwindings	15.4	5.9	41.8	63.1
Use	−20.9	−0.8	−29.2	−50.9
Reversal	−4.3	−29.0	−6.0	−39.3
28 February 2023	**60.1**	**127.0**	**91.3**	**278.4**

TABLE 092

Personnel-related provisions

Personnel-related provisions are primarily made up of largely non-current provisions for long-service awards, provisions for part-time early retirement and provisions for termination benefit plans.

Provisions for litigation risks and risk precautions

Provisions for litigation risks and risk precautions include provisions for market regulation proceedings, proceedings from operational contractual relationships and antitrust risks (fines and claims for damages). In the sugar segment, the final decision of the Vienna Supreme Court in a fine proceeding initiated by the Austrian competition authority in 2010 resulted in a significant reduction of the charges. As a result, the amount of the impending fine was also reduced accordingly and a significant portion of the provision recognized when the proceedings were initiated could be reversed.

Other provisions

Other provisions primarily concern non-current provisions for restoration obligations, risk provisions for long-term logistics contracts in the sugar segment against the backdrop of the planned capacity reduction, as well as current and non-current provisions for recultivation and environmental obligations largely related to sugar production as well as current provisions for fees for the acquisition of CO_2 emissions certificates.

Additions and compoundings

Additions comprise the creation of new and the adjustment of existing provisions, which are recognized in profit or loss in the relevant types of operating expense. Also included in this item is the unwinding of the discount for non-current provisions that mainly affect personnel-related provisions. Compoundings are recognized in the interest expense as part of the financial result and amounted to € 0.5 (0.3) million.

(29) Trade payables and other liabilities

€ million 28 February	2023	Remaining term to 1 year	Remaining term over 1 year	2022	Remaining term to 1 year	Remaining term over 1 year
Liabilities to beet growers	707.7	707.7	0.0	315.6	315.6	0.0
Liabilities from other trade payables	901.2	901.2	0.0	800.2	800.2	0.0
Trade payables	**1,608.9**	**1,608.9**	**0.0**	**1,115.8**	**1,115.8**	**0.0**
Negative market value derivatives	72.3	72.3	0.0	61.5	61.5	0.0
Remaining financial liabilities	113.6	106.5	7.1	136.8	129.2	7.6
Other financial liabilities	**185.9**	**178.8**	**7.1**	**198.3**	**190.7**	**7.6**
Liabilities for personnel expenses	155.5	155.1	0.4	128.4	128.0	0.4
Liabilities for other taxes and social security contributions	55.9	55.9	0.0	52.4	52.4	0.0
Remaining non-financial liabilities	12.6	12.6	0.0	14.4	14.4	0.0
Non-financial liabilities	**224.0**	**223.6**	**0.4**	**195.2**	**194.8**	**0.4**
Other liabilities	**409.9**	**402.4**	**7.5**	**393.5**	**385.5**	**8.0**

TABLE 093

Liabilities to beet growers accounted for € 707.7 (315.6) million of the higher trade payables of € 1,608.9 (1,115.8) million.

Other financial liabilities dropped to € 113.6 (136.8) million due to the reduction of included security deposits in connection with hedging transactions. Interest liabilities are also included.

The liabilities for personnel expenses of € 155.5 (128.4) million reported under non-financial liabilities mainly include obligations from bonuses, premiums, vacation and overtime pay.

Remaining non-financial liabilities totaling € 12.6 (14.4) million primarily include on-account payments received on orders as well as accrued and deferred items of € 4.5 (5.4) million.

(30) Financial liabilities, securities and cash and cash equivalents (net financial debt)

€ million 28 February	2023	Remaining term to 1 year	Remaining term over 1 year	2022	Remaining term to 1 year	Remaining term over 1 year
Bonds	1,193.9	299.7	894.2	947.0	150.0	797.0
Promissory note loans	409.0	0.0	409.0	181.0	7.0	174.0
Liabilities to banks	565.3	328.2	237.1	650.2	377.3	272.9
Leasing liabilities	114.6	32.0	82.6	105.7	27.9	77.8
Financial liabilities	**2,282.8**	**659.9**	**1,622.9**	**1,883.9**	**562.2**	**1,321.7**
Securities (non-current assets)	−17.4			−18.8		
Securities (current assets)	−153.9			−83.7		
Cash and cash equivalents	−247.3			−315.6		
Securities and cash and cash equivalents	**−418.6**			**−418.1**		
Net financial debt	**1,864.2**			**1,465.8**		

TABLE 094

Of the financial liabilities totaling € 2,282.8 million, € 1,622.9 million, or about 71 %, is available to Südzucker Group in the long-term.

Development of financial liabilities

€ million	2022/23 Bonds/ Commercial Paper	Promissory note loans	Liabilities to banks	Leasing liabilities	Total	2021/22 Bonds/ Commercial Paper	Promissory note loans	Liabilities to banks	Leasing liabilities	Total
1 March	**947.0**	**181.0**	**650.2**	**105.7**	**1,883.9**	**1,126.0**	**181.0**	**482.9**	**123.6**	**1,913.5**
Cash changes	245.7	228.0	−86.1	−33.7	353.9	−180.0	0.0	166.0	−32.8	−46.8
Non-cash changes	1.2	0.0	1.2	42.6	45.0	1.0	0.0	1.3	14.9	17.2
28 February	**1,193.9**	**409.0**	**565.3**	**114.6**	**2,282.8**	**947.0**	**181.0**	**650.2**	**105.7**	**1,883.9**

TABLE 095

Non-cash changes of € 45.0 (17.2) million mainly include lease additions and currency changes.

Financial management

The financing of Südzucker Group is based on sustainable cash flows, strong relationships with the shareholder groups behind the company, access to international capital markets and reliable banking relationships. Südzucker clearly aims to confirm its investment grade rating.

Südzucker uses an optimal mix of financial instruments, taking into consideration terms to maturity and interest rates. These include hybrid bonds, bonds, commercial paper, promissory notes and syndicated or bilateral bank credit lines. The bonds are generally issued by the Dutch financing company Südzucker International Finance B.V. and used throughout the group. Acquisitions and investments are financed in consideration of the financial ratios that must be maintained to keep the company's investment grade rating.

The unique financing requirements during the fiscal year due to the seasonality of the sugar sector (financing beet purchases and inventories) means that securing short-term cash is an important aspect of our financing structure. Short-term financing requirements are covered by a Euro commercial paper program of € 600 million or a syndicated credit line of € 600 million for Südzucker and syndicated credit lines of € 400 million for subgroup AGRANA.

At present, Südzucker is primarily financed through the following financial instruments:

Hybrid bond

Südzucker International Finance B.V. issued an infinite, subordinated hybrid bond with a volume of € 700 million in July and August 2005. Since 30 June 2015, Südzucker is supposed to call the bond and repay it early at the nominal value (issuer call option). The bond can only be called in full and not in installments. The call option is subject to the condition that Südzucker has issued securities of equal rank and / or subordinated securities with similar features within 12 months of the effective date of the call with proceeds from the issue equaling the amount to be paid for calling the hybrid bond (as per section 6 (5) and (6) of the terms and conditions of the issued bond). The requirements for termination and repayment of the bond by Südzucker are currently not met.

Since 30 June 2015, the hybrid bond has a floating rate coupon based on the three month Euribor plus 3.10 % p.a. The rate was set at 5.302 % for the period 31 December 2022 to 31 March 2023 (exclusively). The quarterly coupon interest payments are payable in the subsequent quarter.

Furthermore, the conditions of issue of the bond provide Südzucker, in the event of a dividend event, with the option to defer the interest coupon payments. An optional (voluntary) interest coupon payment suspension may occur if no dividend was approved for shares of Südzucker AG at the last annual general meeting. In the event of a cash flow event, Südzucker is obliged to cancel the interest coupon payment. A mandatory coupon suspension is being triggered when consolidated cash flow falls below 5 % of the group's consolidated revenues. Measurement is based on the consolidated financial statements of Südzucker AG. On 28 February 2023, cash flow amounted to € 927.3 (559.8) million, which corresponds to 9.8 (7.4) % of the consolidated revenues of € 9,497.9 (7,598.9) million.

The rating agency Moody's has classified the equity share of the subordinated bond at 75 % and Standard & Poor's at 50 %, which improves the group's rating-related debt ratios. The subordinated bond is recognized as equity in accordance with IFRS – see also explanatory notes in note (26) "Shareholders' equity".

Bonds and commercial paper program

Bonds and commercial papers

€ million	Due date	Coupon	Carrying amount	Fair value	Nominal value
28 February 2023					
Bond 2016/2023	11/29/2023	1.250 %	299.7	294.9	300.0
Bond 2017/2025	11/28/2025	1.000 %	498.2	467.5	500.0
Bond 2022/2027	10/31/2027	5.125 %	396.0	408.7	400.0
Commercial paper			0.0	0.0	0.0
Bonds and Commercial paper			**1,193.9**	**1,171.1**	**1,200.0**
28 February 2022					
Bond 2016/2023	11/29/2023	1.250 %	299.4	304.1	300.0
Bond 2017/2025	11/28/2025	1.000 %	497.6	501.3	500.0
Commercial paper			150.0	150.0	150.0
Bonds and Commercial paper			**947.0**	**955.4**	**950.0**

TABLE 096

All bonds were fixed-interest bearing and had a combined carrying amount of € 1,193.9 (947.0) million.

2016/2023 bond

On 22 November 2016, Südzucker International Finance B.V. issued a bond with a nominal value of € 300 million and a 1.25 % coupon. The bond is guaranteed by Südzucker AG and has a term of seven years, maturing on 29 November 2023.

2017/2025 bond

On 21 November 2017, Südzucker International Finance B.V. issued a bond with a nominal value of € 500 million and a 1.00 % coupon. The bond is guaranteed by Südzucker AG and has a term of eight years, maturing on 28 November 2025.

Sustainability bond 2022/2027

Südzucker AG successfully placed the first issue under the new "Sustainability-Linked Financing Framework" on 24 October 2022 through Südzucker International Finance B.V. With the sustainability linked bond format, Südzucker is committing to the sustainability target anchored in its 2026 PLUS strategy.

The non-subordinated bond, which is guaranteed by Südzucker AG, has a volume of € 400 million, a coupon of 5.125 % and a term of five years with maturity on 31 October 2027. The proceeds of the issue will be used for general corporate purposes, including the refinancing of the 2016/2023 bond, which matures in November 2023.

With this sustainability linked bond, Südzucker has committed to pay investors a redemption premium of 0.50 % of the nominal value. This premium will be paid if the sustainability target of reducing Südzucker Group's carbon dioxide emissions (scope 1+ 2) (performance indicator) by −32 % compared to the historical reference date of 31 December 2018 is not met as of the observation date as of 31 December 2026.

Additional information regarding these bonds is available on the Südzucker corporate website.

Commercial paper program

The Euro commercial paper program (CP program) serves short-term financing in the capital markets. Investors in CPs are mainly institutional investors. The CP program has a total line of € 600 million and enables Südzucker to issue short-term debt securities based on requirements and the market situation. There were no CPs outstanding as of 28 February 2023 and € 150 million at the previous year's reporting date.

Rating

On 17 January 2022, Moody's confirmed the company's corporate and bond rating of Baa3 and improved the outlook from negative to stable.

Standard & Poor's (S&P) confirmed its long-term corporate rating of BBB– on 21 October 2021 and improved the outlook from negative to stable.

Promissory notes and liabilities to banks

€ million	28 February	2023	Remaining term to 1 year	Remaining term over 1 year	2022	Remaining term to 1 year	Remaining term over 1 year	Average effective rate of interest in % 2022/23	Average effective rate of interest in % 2021/22
Promissory note									
fixed coupon		207.5	0.0	207.5	163.5	7.0	156.5	2.03	1.44
variable coupon		201.5	0.0	201.5	17.5	0.0	17.5	4.20	1.23
Promissory note total		**409.0**	**0.0**	**409.0**	**181.0**	**7.0**	**174.0**	**3.10**	**1.42**
Liabilities to banks									
Fixed coupon									
EUR		157.3	68.6	88.7	297.3	150.8	146.5	1.19	1.04
CNY		0.7	0.7	0.0	4.1	3.4	0.7	4.53	4.69
DZD		4.7	3.7	1.0	3.3	3.0	0.3	6.99	7.18
HUF		5.7	0.0	5.7	0.0	0.0	0.0	4.86	–
USD		88.5	30.4	58.1	42.0	0.2	41.8	4.56	2.93
Total		**256.9**	**103.4**	**153.5**	**346.7**	**157.4**	**189.3**	**2.55**	**1.27**
Variable interest rate									
EUR		267.6	184.0	83.6	276.4	192.8	83.6	3.09	0.46
CNY		2.0	2.0	0.0	5.1	5.1	0.0	3.60	4.59
EGP		1.0	1.0	0.0	0.8	0.8	0.0	19.46	7.50
KRW		3.8	3.8	0.0	3.0	3.0	0.0	4.99	2.83
TRY		0.7	0.7	0.0	0.2	0.2	0.0	26.00	23.13
USD		33.0	33.0	0.0	18.0	18.0	0.0	6.49	1.99
ZAR		0.3	0.3	0.0	0.0	0.0	0.0	1.08	–
Total		**308.4**	**224.8**	**83.6**	**303.5**	**219.9**	**83.6**	**3.58**	**0.67**
Liabilities to banks		**565.3**	**328.2**	**237.1**	**650.2**	**377.3**	**272.9**	**3.11**	**1.03**

TABLE 097

Promissory notes and liabilities to banks

The AGRANA Group's promissory notes of € 409.0 (181.0) million mature in 2024, 2025, 2026, 2027 and in 2029.

Liabilities to banks decreased to € 565.3 (650.2) million. The table 097 shows the breakdown by currency of issue, maturity and interest rate terms. As of the balance sheet date, liabilities to banks of € 10.8 (8.3) million were secured by mortgage rights and € 7.8 (7.8) million by other liens.

Revolving and syndicated credit facilities

Südzucker has a revolving credit line of € 600 million for the purpose of general corporate financing and to use as a backup credit line to the CP program. The syndicated credit line has a term until July 2026. The line of credit is with a consortium of twelve banks, which form Südzucker Group's key banking group. In addition to Südzucker AG, CropEnergies AG can draw on this credit line for an amount up to € 100 million as an alternate borrower. As in the previous year, no funds had been drawn against the credit line as of 28 February 2023.

AGRANA can utilize syndicated credit facilities of € 250 million and € 150 million, respectively, for the purpose of general corporate financing. The syndicated credit lines have terms until December 2025 and August 2023, the latter with an extension option of one year. The credit facility is made available by four key banks. These credit lines had been accessed as of 28 February 2023 in the amount of € 140 (0.0) million.

Securities and cash and cash equivalents

Investments in securities totaling € 171.3 (102.5) million were mainly in fixed-interest securities. The investments in securities related in particular to a subordinated callable fixed-income bond 2021/2031, in commercial paper and a time deposit in Polish zloty.

OTHER NOTES

(31) Risk management within Südzucker Group

The group is exposed to credit risk (default and credit risks) and liquidity risk. The Südzucker Group is also exposed in many ways to market price risk. In operations, this primarily relates to commodity price risk from sugar and ethanol sales, energy, grain and corn purchases as well as currency risk associated with sales and procurement. Similar price risk exists in the financial area from interest rate and exchange rate risks. The following credit risk management, liquidity management and price risk management strategies have been implemented throughout the group to manage these risks.

Credit risk management

The receivables of Südzucker Group are primarily due from companies in the food industry, the chemical industry and in retail.

Overdue or uncollectible receivables can have a negative impact on the success of Südzucker Group. Südzucker has early warning systems in place to monitor potential bad debts.

The principles of credit risk management in Südzucker Group are:

- Creditworthiness checks for potential new customers and continuous monitoring of the credit rating of existing customers
- Taking out commercial credit insurance policies for each customer as part of an international credit insurance program that can be supplemented as needed with additional securities such as bank guarantees or letters of credit
- System-based credit limit checks for each order in the operational systems
- Standardized dunning

Each operational unit is responsible for implementing and monitoring the corresponding processes.

The operational units also compile a credit risk report on a monthly basis and the information is consolidated at the group level. This permits the tracking of the development of key indicators such as day sales outstanding (DSO), age structure of the receivables or type of credit enhancements within the scope of credit risk monitoring.

Individual allowances are created to cover residual risk from trade receivables as credit risk becomes apparent. In addition, portfolio-based allowances are made based on historical loss rates depending on the overdue of the receivables and the relevant divisions. Where relevant, expected future default trends are also taken into account. In accordance with internal group policies, all amounts recognized for receivables are regularly adjusted via allowances as a separate item. The credit risk from the respective total trade receivables outstanding is largely limited to the retention (excess) amount, which is usually 5 % for the concluded commercial credit insurance. The carrying amounts of past due trade receivables and receivables for which specific debt allowances have been recognized are disclosed in note (25) of the notes to the group financial statements.

The maximum credit risk from other assets corresponds to the carrying amounts of these instruments; in the opinion of Südzucker Group, this risk is not material. There are no significant concentrations of risk. Counterparty risk in the financial area primarily exists when there is excess liquidity. The main criterion for the selection of a bank as a business partner is particularly its short-term deposit rating in conjunction with its long-term rating, which is reviewed regularly.

Liquidity management

The main objectives of liquidity management are to ensure solvency at all times, guarantee the ability to meet contractual payment obligations on time, and optimize costs within Südzucker Group.

Within the scope of cash and liquidity management, Südzucker International Finance B.V., Oud-Beijerland, Netherlands makes the borrowed funds available to the group companies. In addition, there are cash pools in shared treasury centers.

Liquidity planning is integrated into corporate planning and takes the special seasonal funding requirements associated with the sugar campaigns into account. Throughout the year, the plan is updated through three plan forecasts. The strategic financing plan is prepared on the basis of the five-year plan.

Seasonal liquidity requirements are financed on short notice in the form of overnight or term loans or through the issuance of commercial papers. In order to guarantee financial flexibility of Südzucker Group and to ensure that it is able to meet its payment obligations at any time, a liquidity reserve is maintained in the form of syndicated and bilateral credit lines, securities and, if necessary, in the form of cash funds.

Long-term debt financing is primarily carried out by issuing bonds, promissory notes and bank loans.

See note (30) "Financial liabilities, securities and cash and cash equivalents (net financial debt)" for details on group financial instruments used by Südzucker.

Maturity of financial liabilities

€ million	Carrying amount	Contractually agreed cash outflows Total	to 1 year	1 to 2 years	2 to 3 years	3 to 4 years	4 to 5 years	over 5 years
28 February 2023								
Bonds	1,193.9	1,321.3	329.3	25.5	525.5	20.5	420.5	0.0
Promissory note	409.0	460.0	12.8	97.2	102.5	89.6	121.4	36.5
Liabilities to banks	565.3	588.4	333.5	41.4	59.1	102.9	18.5	33.0
Liabilities from finance leasing	114.6	161.2	35.3	26.6	20.0	11.1	8.9	59.3
Financial liabilities	**2,282.8**	**2,530.9**	**710.9**	**190.7**	**707.1**	**224.1**	**569.3**	**128.8**
Liabilities to beet growers	707.7	707.7	707.7	0.0	0.0	0.0	0.0	0.0
Trade payables	901.2	901.2	901.2	0.0	0.0	0.0	0.0	0.0
Remaining financial liabilities	113.6	113.6	106.5	7.1	0.0	0.0	0.0	0.0
Forex futures – cash out	12.4	795.2	795.2	0.0	0.0	0.0	0.0	0.0
Forex futures – cash in	–	−782.8	−782.8	0.0	0.0	0.0	0.0	0.0
Interest rate swaps – cash out	0.0	13.4	2.7	2.7	2.8	2.8	2.4	0.0
Interest rate swaps – cash in	–	−13.5	−3.2	−2.9	−2.6	−2.6	−2.2	0.0
Commodity derivatives	59.9	59.9	59.9	0.0	0.0	0.0	0.0	0.0
Other financial liabilities	**1,794.8**	**2,591.0**	**2,573.2**	**9.8**	**2.8**	**2.8**	**2.4**	**0.0**
Total financial liabilities	**4,077.6**	**5,121.9**	**3,284.1**	**200.5**	**709.9**	**226.9**	**571.7**	**128.8**

All outgoing payment flows are undiscounted and comprise interest and principal payments.

The undiscounted payment outflows are subject to the assumption that the settlement of the liability takes place at the earliest possible due date. The interest payments on variable-rate financial instruments are calculated on the basis of the most recent applicable interest rates.

Price risk management

Price risk management encompasses currencies, interest rates and commodity prices. The following information provides details about risks and risk management concerning these three areas.

Currency risk

Currency risk arises from the global orientation of Südzucker Group, and such risks from exchange rate fluctuations are inherent in the operating activities as well as the financial result and cash flows.

Currency risk arises in operating activities when revenues are realized or the cost of materials and / or merchandise used is incurred in a currency other than the local currency (functional currency). The currency risk associated with the financial result primarily results from group-internal financing of subsidiaries using a different local currency.

Currency risk management

The aim of currency risk management is to reduce exchange rate risks. The divisions make decisions on the type and scope of operational currency hedging in coordination with the Corporate Finance department. Derivatives in the form of forward exchange transactions are used to hedge operational exchange rate risks.

€ million	Carrying amount	Contractually agreed cash outflows						
		Total	to 1 year	1 to 2 years	2 to 3 years	3 to 4 years	4 to 5 years	over 5 years
28 February 2022								
Bonds	947.0	977.6	158.8	308.8	5.0	505.0	0.0	0.0
Promissory note	181.0	189.5	9.3	2.3	86.7	1.3	83.1	6.8
Liabilities to banks	650.2	665.5	380.5	64.5	45.3	98.1	15.4	61.7
Liabilities from finance leasing	105.7	148.0	32.9	23.9	16.9	13.0	9.3	52.0
Financial liabilities	**1,883.9**	**1,980.6**	**581.5**	**399.5**	**153.9**	**617.4**	**107.8**	**120.5**
Liabilities to beet growers	315.6	315.6	315.6	0.0	0.0	0.0	0.0	0.0
Trade payables	800.2	800.2	800.2	0.0	0.0	0.0	0.0	0.0
Remaining financial liabilities	136.8	136.8	129.2	7.6	0.0	0.0	0.0	0.0
Forex futures – cash out	13.4	733.9	733.9	0.0	0.0	0.0	0.0	0.0
Forex futures – cash in	–	−721.2	−721.2	0.0	0.0	0.0	0.0	0.0
Interest rate swaps – cash out	0.3	0.3	0.3	0.0	0.0	0.0	0.0	0.0
Interest rate swaps – cash in	–	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Commodity derivatives	47.8	47.8	47.8	0.0	0.0	0.0	0.0	0.0
Other financial liabilities	**1,314.1**	**2,034.6**	**2,027.0**	**7.6**	**0.0**	**0.0**	**0.0**	**0.0**
Total financial liabilities	**3,198.0**	**4,015.2**	**2,608.5**	**407.1**	**153.9**	**617.4**	**107.8**	**120.5**

TABLE 098

Sensitivity analysis

The sensitivity analysis presented below shows what effects there would have been on the net result or shareholder's equity before tax had existing foreign currency receivables and liabilities required translation using different exchange rates at the balance sheet date.

The currency exposure is equivalent to the net amount of the financial receivables and liabilities exposed to currency risk. These primarily consist of trade receivables and trade payables as well as receivables and liabilities from financing activities and include intragroup balances. Existing currency hedges are not considered in the analysis if they are not precisely allocated to a receivable or payable. A negative amount means there is a surplus of liabilities.

The sensitivity analysis assumes a 10 % gain or 10 % drop in the exchange rates for the currencies against the respective functional currency as of 28 February 2023.

The following shows the currency exposure and the hypothetical impact on the net result before tax as gain (+) or loss (–).

Currency sensitivity

€ million		Exposure		Sensitivity (+)		Sensitivity (–)	
	28 February	2023	2022	2023	2022	2023	2022
USD		−0.6	35.2	0.1	−3.2	−0.1	3.9
GBP		96.1	15.4	−8.7	−1.4	10.7	1.7
PLN		1.6	3.1	−0.1	−0.3	0.2	0.3
CAD		4.0	3.1	−0.4	−0.3	0.4	0.3
CNY		0.7	0.8	−0.1	−0.1	0.1	0.1
RON		0.0	4.8	0.0	−0.4	0.0	0.5
CZK		−33.3	−2.4	3.0	0.2	−3.7	−0.3
Other currencies		−91.5	−122.7	8.3	11.2	−10.2	−13.6

TABLE 099

Currency exposure from the remaining currencies concerns euro receivables or payables of group companies in countries with other functional currencies. A long-term intragroup euro loan in the amount of € 226.0 (220.0) million has been granted in the USA. The loan qualifies as a net investment in a foreign operation, which is why the resulting currency fluctuations are recognized directly in equity. If the value of the euro against the US-dollar or last year the Polish zloty had dropped, or climbed by 10 %, shareholders' equity before tax would have increased by € 20.5 (20.0) million, or decreased by € 25.1 (24.4) million, respectively.

Interest rate risk

Südzucker is exposed to interest rate risk from floating rate financial liabilities, or financial investments. This interest rate risk mainly results from typical fluctuations in liquidity levels during the campaign season, or existing or planned floating rate debt.

Interest rate risk management

Südzucker utilizes a financing structure that is optimized to meet liquidity requirements, and which also includes fixed-rate financial instruments to minimize interest rate risk. See note (30) "Financial liabilities, securities and cash and cash equivalents (net financial debt)" for details. Derivative instruments such as interest rate swaps are also used to a limited extent as part of interest rate risk management.

Sensitivity analysis

Most bonds and long-term bank debt are agreed with fixed interest rates. Had market interest rates increased by one percentage point applied to floating rate liabilities to banks as of 28 February 2023 without considering concluded interest rate swaps, interest expense would have increased as shown in table 100.

A decline of one percentage point in market interest rates would have resulted in a similar decline in interest expense. Explanations regarding the fixed-interest debt instrument reported under securities are included in note (32). Other securities investments that are subject to price risk are immaterial within Südzucker Group.

Commodity price risk

Südzucker is exposed to material price risks in its operations on the supply and demand side arising from price volatility in the commodity markets, which relate in particular to changes in world sugar market prices and energy, grain, ethanol and fruit prices.

Management of commodity price risk

Appropriate risk management requires continuous, standardized monitoring of risk exposure and risk change based on the respective products. This provides the foundation for risk committees in the different divisions to make decisions on risk hedging at their regular meetings.

The material risk carriers that have been identified in Südzucker Group are sugar sales and imports (including the possibly associated currency risk), the sale of ethanol, and the procurement of energy and grain. The following section provides more information on derivative financial instruments.

Derivative instruments to hedge price risk

Südzucker Group uses derivative instruments to a limited extent to hedge currency exchange rate, interest rate and commodity price risks arising from its operating and financial activities. Sugar, wheat and ethanol futures, derivatives in the form of gas certificates, and forex futures are mainly used as commodity derivatives in operations. Only normal market instruments are used for financial hedging purposes, such as interest rate swaps and forex futures. These instruments are used within the framework of Südzucker's risk management system as laid down in group guidelines, which set limits based on underlying business volumes, define

Interest rate sensitivity

€ million	2022/23 Total	2022/23 thereof with floating rate	2022/23 Effect from interest rate sensitivity	2021/22 Total	2021/22 thereof with floating rate	2021/22 Effect from interest rate sensitivity
Promissory notes	**409.0**	201.5	−2.0	**181.0**	17.5	−0.2
Liabilities to banks	**565.3**	308.4	−3.1	**650.2**	303.5	−3.0

TABLE 100

Nominal volumes and market values of derivative instruments

€ million 28 February	Nominal value 2023	Nominal value 2022	Positive market values 2023	Positive market values 2022	Negative market values 2023	Negative market values 2022
Forex futures	795.2	733.9	6.9	5.6	−12.4	−13.4
Interest rate swaps	128.5	76.0	4.6	0.4	0.0	−0.3
Commodity derivatives	823.7	704.4	33.5	107.7	−59.9	−47.8
Total	**1,747.4**	**1,514.3**	**45.0**	**113.7**	**−72.3**	**−61.5**

TABLE 101

Sensitivity of derivatives

€ million 28 February	Net market values 2023	Net market values 2022	Sensitivity (+) 2023	Sensitivity (+) 2022	Sensitivity (–) 2023	Sensitivity (–) 2022
Forex futures	−5.5	−7.8	31.5	25.0	−37.0	−32.1
Interest rate swaps	4.6	0.1	3.3	0.5	−2.3	−0.5
Commodity derivatives	−26.4	59.9	37.8	20.2	−37.8	−17.1
Total	**−27.3**	**52.2**	**72.6**	**45.7**	**−77.1**	**−49.7**
thereof changes in OCI			48.7	28.2	−50.1	−31.5
thereof changes in earnings before income taxes			23.9	17.5	−27.0	−18.2

TABLE 102

authorization procedures, prohibit the use of derivative instruments for speculative purposes, minimize credit risks, and determine the content of internal reporting and segregation of duties. Reviews are carried out regularly to ensure compliance with these guidelines as well as the correct processing and valuation of transactions and adherence to segregation of duties.

In the case of OTC derivatives (interest and currency derivatives and derivatives on gas certificates), Südzucker is exposed to credit risk when market values are positive. Credit risk is limited by only concluding derivatives with banks and partners with a good credit rating. Derivatives contracted at futures exchanges (sugar, wheat, corn and ethanol derivates) are generally not exposed to credit risk.

In response to a decrease, or an increase by half a percentage point in the market interest rate as well as an increase, i. e. decrease in the respective currencies against the euro by 10 %, a decrease, i. e. an increase in prices for wheat, corn and oil, sugar and ethanol or a decrease, i. e. an increase in prices for sugar, ethanol, wheat, corn and gas certificates, by 10 % (respectively), the market value of the derivatives concluded as of 28 February 2023 would change as shown in table 102 (sensitivity analysis). Depending on the inclusion in a hedge (cash flow hedge), a change would have changed equity and, without a hedge (fair value hedge), earnings before income taxes as shown in table 102.

In particular, forex futures and commodity derivatives are also accounted for as hedges using cash flow hedge accounting, with the main features of the hedged item and hedge matching and thus offsetting each other in terms of value. Changes in the values of these hedging instruments are initially recognized in shareholders' equity and not in revenues (for sales transactions) or in cost of materials (for purchasing transactions) until the time the hedged item has an impact on earnings. The nominal values and the market values of derivatives accounted for in such a hedging relationship are given below:

	Nominal volume		Positive market values		Negative market values	
€ million 28 February	2023	2022	2023	2022	2023	2022
Forex futures	114.9	317.3	1.2	3.5	−2.3	−8.3
Interest rate swaps	128.5	76.0	4.6	0.4	0.0	−0.3
Commodity derivatives	782.8	671.4	32.7	107.7	−57.3	−47.1
Total	**1,026.2**	**1,064.7**	**38.5**	**111.6**	**−59.6**	**−55.7**

TABLE 103

The corresponding hedges mainly comprise risk component hedges for wheat purchases in the CropEnergies, starch and sugar segments. The nominal volume attributable to this as of the balance sheet date with regard to wheat price hedging through futures amounts to € 457.2 (357.3) million at a hedging rate of 285 (238) €/t. Transactions still hedged at the end of the financial year will be mainly realized in the next fiscal year.

Ineffectiveness due to differing maturities of basic and hedging business, for example, had to be recognized in fiscal year 2022/23 at € −2.5 (0.0) million. The volume of derivatives not included in a hedging transaction is evaluated in the income statement. All derivatives are shown on the balance sheet in the items other assets or other liabilities.

For more details on the market values by measurement category and measurement level, see note (32) "Additional disclosures on financial instruments".

(32) Additional disclosures on financial instruments

Carrying amount and fair value of financial instruments

The following tables show the carrying amount and fair value of financial assets and liabilities for each of the measurement categories.

28 February		2023		2022	
€ million	Measurement categories	Carrying amount	Fair value	Carrying amount	Fair value
Securities	At fair value through profit or loss	11.5	11.5	12.6	12.6
Securities	Fair value recognized directly in equity in other comprehensive income (excluding recycling)	5.9	5.9	6.2	6.2
Long term securities		*17.4*	*17.4*	*18.8*	*18.8*
Other investments	At fair value through profit or loss	10.2	10.2	3.0	3.0
Trade receivables	At amortized cost	1,409.0	1,409.0	1,139.9	1,139.9
Remaining financial assets	At amortized cost	95.2	95.2	91.4	91.4
Positive market value derivatives	At fair value through profit or loss	6.5	6.5	2.1	2.1
Positive market value derivatives – hedge accounting	n/a	38.5	38.5	111.6	111.6
Securities	Fair value recognized directly in equity in other comprehensive income (including recycling)	61.4	61.4	68.5	68.5
Securities	At fair value through profit or loss	0.3	0.3	0.3	0.3
Securities	At amortized cost	92.2	92.2	14.9	14.9
Short term securities		*153.9*	*153.9*	*83.7*	*83.7*
Cash and cash equivalents	At amortized cost	247.3	247.3	315.6	315.6
Total financial assets		**1,978.0**	**1,978.0**	**1,766.1**	**1,766.1**
Bonds	At amortized cost	1,193.9	1,171.1	947.0	955.4
Promissory notes	At amortized cost	409.0	393.5	181.0	181.0
Liabilities to banks	At amortized cost	565.3	550.2	650.2	648.8
Leasing liabilities	n/a	114.6	–	105.7	–
Trade liabilities	At amortized cost	1,608.9	1,608.9	1,115.8	1,115.8
Negative market value derivatives	At fair value through profit or loss	12.9	12.9	5.8	5.8
Negative market value derivatives – hedge accounting	n/a	59.4	59.4	55.7	55.7
Remaining financial liabilities	At amortized cost	113.6	113.6	136.8	136.8
Total financial liabilities		**4,077.6**	**3,909.6**	**3,198.0**	**3,099.3**

TABLE 104

The totals by measurement category and the net result by measurement category are given below.

€ million	28 February 2023		2022/23		28 February 2022		2021/22	
Measurement category	Carrying amount	Fair value	Net result	thereof interest income (+) / interest expense (–)	Carrying amount	Fair value	Net result	thereof interest income (+) / interest expense (–)
Financial assets at fair value through profit and loss	28.5	28.5	43.2	–	18.0	18.0	22.8	–
Financial assets at fair value recognized directly in equity in other comprehensive income (excluding recycling)	5.9	5.9	–	–	6.2	6.2	–	–
Financial assets at fair value recognized directly in equity in other comprehensive income (including recycling)	61.4	0.3	2.5	2.5	68.5	68.5	2.5	2.6
Financial assets at amortized cost	1,843.7	1,843.7	44.6	10.1	1,561.8	1,561.8	28.7	1.4
Financial liabilities at fair value through profit and loss	12.9	12.9	–50.1	–	5.8	5.8	–28.5	–
Financial liabilities at amortized cost	3,890.7	3,837.3	–54.2	–35.3	3,030.8	3,037.8	–31.6	–18.4
Total	**–**	**–**	**–14.0**	**–22.7**	**–**	**–**	**–6.1**	**–14.4**

TABLE 105

Net result by measurement category included interest, dividends and gains or losses on the measurement of financial instruments and currency results.

Measurement levels

For financial instruments measured at fair value, a distinction is made between three measurement levels with regard to the determination of the fair values. At Level 1, the measurement is based on unadjusted prices of identical financial instruments on active markets. Level 2 measurement takes place using prices derived from prices on active markets. Level 3 measurement is based on valuation techniques that include at least one significant non-observable factor.

Due to the short maturities of trade receivables, receivables from the EU, remaining financial assets and cash funds, it is assumed that their fair values are equal to their carrying amounts.

The fair values of liabilities to banks are calculated as the present value of the payments associated with the liabilities, using the relevant current yield curve as the basis. This corresponds to Level 2. The credit risk can be reliably determined.

For trade payables and remaining current financial liabilities, the assumption given their short maturity is that their fair values are equal to their reported carrying amounts.

The fair values of the listed 2016/2023, 2017/2025 and 2022/2027 bonds in the amount of € 1,171.1 (805.4) million are based on the quoted price on the last trading day of the fiscal year. This corresponds to Level 1.

The following financial instruments were recognized at fair value:

			Fair value hierarchy					
€ millon 28 February	2023	Evaluation level 1	Evaluation level 2	Evaluation level 3	2022	Evaluation level 1	Evaluation level 2	Evaluation level 3
Securities	79.1	10.9	61.4	6.8	87.6	12.1	68.5	7.0
Other investments	10.2	0.0	0.0	10.2	3.0	0.0	0.0	3.0
Positive market values – derivatives without hedge accounting	6.5	0.8	5.7	0.0	2.1	0.0	2.1	0.0
Positive market values – hedge accounting derivatives	38.5	9.6	28.9	0.0	111.6	49.9	61.7	0.0
Positive market values	45.0	10.4	34.6	0.0	113.7	49.9	63.8	0.0
Financial assets	134.3	21.3	96.0	17.0	204.3	62.0	132.3	10.0
Negative market values – derivatives without hedge accounting	12.9	2.8	10.1	0.0	5.8	0.7	5.1	0.0
Negative market values – hedge accounting derivatives	59.4	27.3	32.1	0.0	55.7	45.1	10.6	0.0
Negative market values / financial liabilities	72.3	30.1	42.2	0.0	61.5	45.8	15.7	0.0

TABLE 106

Non-current and current securities include equity instruments recognized at fair value through profit or loss or at fair value as part of other comprehensive income. These are measured at market values equal to prices quoted on an exchange as at the balance sheet date (Level 1).

If no listings on active markets are available, measurement takes place using prices derived from prices on active markets (Level 2). In the current year this includes, in particular, a fixed-rate debt instrument recognized under securities and measured at fair value through equity (with recycling). The key valuation factor here is the credit risk of the issuer. Assuming a change in the credit risk by 100 basis points, a valuation effect of approximately € +/–2 million would result.

Fair values are determined in the remaining cases on the basis of valuation techniques whose influencing factors are not exclusively based on observable market data (Level 3).

The positive and negative market values of currency, interest and commodity derivatives are related in part to derivatives that are the effective portion of a hedge. These are used to hedge future cash flows from firm commitments or from highly probable future transactions against fluctuations.

There are also currency, interest and commodity derivatives in the form of fair value hedges or without formally designated hedges against changes in the fair value of an asset or liability that are recognized in the income statement.

The market values of commodity derivatives such as sugar, wheat or ethanol futures traded on liquid markets are determined on the basis of prices quoted as at the reference date (Level 1).

For the fair values of the other commodity derivatives such as gas swaps, the counterparty valuation is based on prices derived from market prices used in active gas markets (Level 2).

Forex futures are measured on the basis of reference rates, taking forward premiums or discounts into consideration (Level 2).

The concluded interest rate derivatives exclusively concern interest rate swaps. The market values of these interest rate hedging transactions were determined on the basis of discounted expected future cash flows (Level 2).

(33) Contingent liabilities and other financial commitments

Contingent liabilities and other financial commitments explained below are not recognized as liabilities on the consolidated balance sheet.

Guarantees and warranty commitments

€ million	28 February	2022/23	2021/22
Guarantees		46.6	44.0
thereof for joint ventures		44.1	41.7
Warranty commitments		1.4	1.4

TABLE 107

Guarantees, warranty commitments and contingent liabilities

The guarantees relate primarily to bank loans of jointly controlled investments in the sugar segment at AGRANA as well as to liabilities to third parties. In some cases, the shares held in the joint ventures serve as collateral. We do not expect to have to make any performance payments from guarantees or warranty commitments.

Purchase orders for investments in fixed assets

Purchase orders for investments in fixed assets in the amount of € 156.6 (96.7) million are related mainly to investments in sugar factories in preparation for the next campaign as well as in the BENEO and Freiberger divisions and in the CropEnergies and starch segments.

(34) Fees for services by the group's external auditors

Expenses in 2022/23 for services provided by the group's external auditors, PricewaterhouseCoopers GmbH Wirtschaftsprüfungsgesellschaft, were made up of fees for the following services:

€ thousand	2022/23	2021/22
Auditing services	833	792
Other assurance services	205	115
Tax consulting fees	–	8
Other services	–	70
Total	**1,038**	**985**

TABLE 108

The auditing services include expenses for auditing the annual consolidated financial statements of Südzucker AG consolidated and financial statements of German subsidiaries. The fees for other assurance services relate to statutory or contractual assurance services, such as the issuance of a comfort letter in connection with the issue of the 2022/2027 sustainability bond with a nominal volume of € 400 million, the business audit of the non-financial statement, the European Market Infrastructure Regulation (EMIR) audits in accordance with § 20 of the German Securities Trading Act (WpHG), audits in accordance with the German Packaging Act (VerpackG) and other contractually agreed assurance services. Prior year's fees for other services primarily comprise general IT support services.

(35) Declarations of compliance per section 161 AktG

Südzucker AG

The executive board and supervisory board of Südzucker AG issued the declaration of compliance relating to the German Corporate Governance Code in accordance with section 161 of the German Stock Corporation Act (AktG) on 10 November 2022 and made it permanently available to shareholders of Südzucker AG at www.suedzuckergroup.com/en/investor-relations/corporate-governance.

CropEnergies AG

The executive board and supervisory board of CropEnergies AG issued the declaration of compliance relating to the German Corporate Governance Code in accordance with section 161 of the German Stock Corporation Act (AktG) on 7 November 2022 and made it permanently available to shareholders on the CropEnergies corporate website at www.cropenergies.com/en/investor-relations/corporate-governance.

(36) Related parties

Related companies and persons

The following companies are considered related parties:

- Süddeutsche Zuckerrübenverwertungs-Genossenschaft eG (SZVG), Ochsenfurt, Germany, which has a majority interest in Südzucker AG by means of its own holding of Südzucker shares, and those shares held by it on trust for its cooperative members. The list of shareholdings as of 28 February 2023 was 60.7 (60.3) %.
- Raiffeisen-Holding Niederösterreich-Wien reg. Gen.m.b.H. (Raiffeisen-Holding), Vienna, Austria, including its subsidiaries, which holds share capital via Zucker Invest GmbH, Vienna,

Austria. The list of shareholdings as of 28 February 2023 was 10.3 (10.3) %.

- Südzucker Unterstützungswerk (SUW), Frankenthal, Germany, whose assets are used to support Südzucker employees and pensioners in instances of particular hardship as well as for social activities. Some of the trustees are also members of Südzucker AG's executive board.
- The joint venture companies and associates subject to joint control or significant influence by Südzucker Group.

The members of the Südzucker AG executive and supervisory boards and their dependents are related parties.

Items recorded in the reporting year on the accounts held for SZVG and SUW at Südzucker AG comprised payments received from dividends and interest from business transactions. As of the balance sheet date, Südzucker AG's liabilities to SZVG amounted to € 0.7 (0.1) million with an annual average interest rate of 2.38 (0.13) % and to SUW € 2.8 (3.0) million with an annual average interest rate of 0.85 (0.50) %. In addition, there were financial receivables of € 90.8 (91.6) million from, and financial liabilities of € 68.0 (40.0) million to Raiffeisen Group; financial receivables with a nominal volume of € 75.0 (75.0) million related to a subordinated callable bond 2021/2031 with a fixed interest rate of 3.37 % through February 2026. At the reporting date, there were credit balances with Südzucker AG of € 25.2 (25.4) million, hedged by this subordinated bond and comprising not only employee accounts but also accounts for active and former members of the executive board and their surviving dependents in the amount of € 10.0 (9.8) million bearing interest at market rates.

Südzucker AG and its subsidiaries have extensive business relationships with joint ventures and one associate in the ordinary course of business. Transactions are carried out with these companies the same as with unrelated parties.

Related companies – Services performed and received[1]

€ million	2022/23	2021/22
Joint ventures	290.5	234.5
Associated companies	0.0	25.5
Services performed for related parties	**290.5**	**260.0**
Joint ventures	114.0	76.4
Associated companies	0.0	1.2
Services received from related parties	**114.0**	**77.6**

[1] Only relationships to fully consolidated subsidiaries.

TABLE 109

The exchange of goods and services occurs as part of the company's ordinary course of business.

Related companies – Receivables and liabilities[1]

€ million	28 February	2022/23	2021/22
Joint ventures		117.8	67.7
Associated companies		0.0	1.0
Receivables from related parties		**117.8**	**68.7**
Joint ventures		13.1	13.8
Associated companies		0.0	0.0
Liabilities to related parties		**13.1**	**13.8**

[1] Only relationships to fully consolidated subsidiaries.

TABLE 110

Executive board compensation

The table below shows the total compensation paid to members of Südzucker AG's executive board (IFRS). They represent the compensation expense for the respective financial year. The outstanding balances comprise the performance-related short-term compensation due.

Disclosures on total compensation of the executive board in accordance with IFRS

€ million	2022/23	2021/22
Fixed salary	3.0	3.4
Remuneration in kind and other fringe benefits	0.1	0.1
Total of non-performance related remuneration due in the short term	**3.1**	**3.5**
One year variable remuneration (basis: dividend of the past fiscal year)	0.9	0.5
Multi-year variable remuneration (basis: average dividend of the past three fiscal years)	1.4	1.1
One year variable remuneration (basis: EBITDA of the past fiscal year)	0.4	0.2
Total short-term remuneration due in the short term	**5.8**	**5.3**
Multi-year variable share-based remuneration (basis: average ROCE of the past three fiscal years)	0.8	0.3
Total of remuneration due in the long and short term	**6.6**	**5.6**
Service cost for in the current year earned pension commitments (defined benefit plan)	0.4	0.7
Payments related to termination benefits	1.3	2.7
Total remuneration for the executive board	**8.3**	**9.0**

TABLE 111

The members of Südzucker AG's executive board receive a fixed monthly compensation, benefits (company car, etc.) and, for defined contribution pension plans, an annually defined contribution. Depending on the structure of the executive board members' contracts, variable, performance-oriented compensation is based on the dividend for the past financial year, an average of the dividend over several financial years and – under the new executive board compensation system – a target agreement for EBITDA or an average ROCE over several financial years. The dividend-based variable compensation is linked to the dividend still to be approved by the annual general meeting; payment is made following the respective annual general meeting.

Under the new executive board compensation system approved by the 2021 annual general meeting that currently applies to two members of the executive board, compensation is share-based. Under this system, share-based executive board compensation was awarded for the three-year vesting period from the 2022/23 to 2024/25 or 2021/22 to the 2023/24 financial year depending on the average return on capital employed (ROCE) achieved. For this purpose, the corresponding number of shares is acquired at the beginning of the financial year in the amount of the share commitment in the event of a target achievement level of 100 % and held until the actual target achievement is determined in the fourth year. Once the target achievement has been determined, the number of shares acquired must be adjusted, taking into account the dividends paid in the meantime along with the existing compensation limits, and transferred to the executive board. Over the vesting period, the number of shares earned pro rata temporis, taking into account the expected target achievement based on the share price at the time of the commitment, must be recognized in the personnel expenses.

Pension obligations (IFRS) of € 36.8 (36.3) million relate to former members of Südzucker AG's executive board and their dependents. Pension obligations (IFRS) for active executive board members amounted to € 7.2 (18.5) million.

According to the German Commercial Code (HGB), total executive board compensation totaled € 5.8 (5.7) million. Of this amount, € 0.5 (0.3) million is attributable to the share-based compensation system, which is based on 51,642 (24,391) Südzucker AG shares. Payments to former members of Südzucker AG's executive board and their surviving dependents accounted for € 4.1 (5.4) million.

Supervisory board compensation

Total compensation paid to Südzucker AG's supervisory board members for all activities is presented in the following table and is paid out in the following year.

Supervisory board compensation in accordance with IFRS

€ million	2022/23	2021/22
Fixed compensation	2.2	1.9
Variable compensation	0.3	0.0
Total compensation	**2.5**	**1.9**

TABLE 112

The supervisory board is compensated in accordance with article 12 of Südzucker AG's articles of incorporation. Every member of Südzucker AG's supervisory board receives a fixed base compensation. Compensation of the chairman of the supervisory board is three times the basic compensation, and that of his deputy and other members of the executive committee is one and a half times the basic compensation. Committee members' remuneration increases by 25 % for each committee of which they are a member and committee chairs' by 50 %, assuming the committee actually met during the financial year. The latter does not apply to members of the executive and mediation committees. In addition, some supervisory board members receive compensation for group appointments. Variable compensation is granted if the dividend distributed exceeds € 0.50.

The total supervisory board compensation in accordance with the German Commercial Code (HGB) totaled € 2.2 (1.9) million.

In addition, supervisory board representatives who are also Südzucker Group employees also receive their normal contractually agreed wages, which are not related to their supervisory board activities.

The description of the executive and supervisory board compensation systems, including the resolutions on their approval by the annual general meeting on 15 July 2021, are made available on Südzucker's website.

The compensation report for the 2022/23 financial year with the disclosure of individual remuneration of the executive board and advisory board members, including the auditor's report on the formal audit of the compensation report, will be made available on Südzucker's website as part of the announcement of the invitation and all other information pertaining to the annual general meeting on 13 July 2023. Following the annual general meeting, the compensation report for the 2022/23 financial year, including the resolution on its approval, will be made available on Südzucker's website for a period of ten years.

(37) Supervisory board and executive board

Supervisory board

Dr. Stefan Streng, Uffenheim, Germany
Chairman
Born 1968, member since 20 July 2017,
Chairman since 14 July 2022
Chairman of the executive board of Verband Süddeutscher Zuckerrübenanbauer e. V.
Board memberships[1]
- Süddeutsche Zuckerrübenverwertungs-Genossenschaft eG, Ochsenfurt, Germany (chairman)

Rolf Wiederhold[2], Wabern, Germany
1st deputy chairman
Born 1969, member since 1 March 2013,
1st deputy chairman since 14 July 2022
Chairman of the central works council of Südzucker AG

Erwin Hameseder, Mühldorf, Austria
2nd deputy chairman
Born 1956, member since 31 July 2003,
2nd deputy chairman since 17 July 2014
Chairman of Raiffeisen-Holding Niederösterreich-Wien reg. Gen.m. b.H
Board memberships[1]
- Austrian National Bank AG, Vienna, Austria
- RWA Raiffeisen Ware Austria AG, Korneuburg, Austria
- RWA Raiffeisen Ware Austria Handel und Vermögensverwaltung eGen, Korneuburg, Austria

Fred Adjan[2], Hamburg, Germany
Born 1968, member since 1 September 2020
Deputy chairman of Gewerkschaft Nahrung-Genuss-Gaststätten

Helmut Friedl, Egling a. d. Paar, Germany
Born 1965, member since 16 July 2015
Chairman of the executive board of Verband bayerischer Zuckerrübenanbauer e. V.
Board memberships[1]
- BMG Donau-Lech eG, Mering, Germany

Dr. Hans-Jörg Gebhard, Eppingen, Germany
Born 1955, member from 3 January 1995 to 14 July 2022
Chairman from 24 August 2000 to 14 July 2022
Former chairman of the executive board of Verband Süddeutscher Zuckerrübenanbauer e. V.

Ulrich Gruber[2], Plattling, Germany
Born 1972, member since 1 May 2018
Deputy chairman of the central works council of Südzucker AG

Veronika Haslinger, Vienna, Austria
Born 1972, member since 17 July 2014
Managing director of Raiffeisen-Holding Niederösterreich-Wien reg. Gen.m. b.H.
Board memberships[1]
- Süddeutsche Zuckerrübenverwertungs-Genossenschaft eG, Ochsenfurt, Germany

Georg Koch, Wabern, Germany
Born 1963, member since 21 July 2009
Chairman of the executive board of Verband der Zuckerrübenanbauer Kassel e. V.
Deputy chairman of the executive board of Süddeutsche Zuckerrübenverwertungs-Genossenschaft eG

Susanne Kunschert, Stuttgart, Germany
Born 1970, member since 17 July 2014
Managing partner of Pilz GmbH & Co. KG
Board memberships
- Karlsruhe Institute of Technology, Karlsruhe, Germany
- Süddeutsche Zuckerrübenverwertungs-Genossenschaft eG, Ochsenfurt, Germany

Ulrike Maiweg[2], Bellheim, Germany
Born 1970, member since 20 July 2017
Member of the central works council of Südzucker AG, Mannheim, Germany

Walter Manz, Dexheim, Germany
Born 1964, member since 12 April 2019
Chairman of the executive board of Verband Hessisch-Pfälzischer Zuckerrübenanbauer e. V.

Julia Merkel, Wiesbaden, Germany
Born 1965, member since 20 July 2017
Member of the executive board of R+V Versicherung AG
Board memberships[3]
- Süddeutsche Zuckerrübenverwertungs-Genossenschaft eG, Ochsenfurt, Germany

Franz-Josef Möllenberg[2], Rellingen, Germany
Born 1953, member since 14 May 1992 to 14 July 2022
1st deputy chairman since 26 August 1992 to 14 July 2022
Former chairman of Gewerkschaft Nahrung-Genuss-Gaststätten

Sabine Möller[2], Hamburg, Germany
Born 1964, member since 31 October 2018
Divisional officer of Gewerkschaft Nahrung-Genuss-Gaststätten

[1] Memberships in addition to Südzucker Group and/or Raiffeisen-Holding Niederösterreich-Wien Group functions.
[2] Employee representative.
[3] Memberships in addition to R+V Versicherung Group functions.

Angela Nguyen[1], Biederitz, Germany
Born 1969, member since 20 July 2017
Chairwoman of the works council of Freiberger Osterweddingen GmbH

Mustafa Öz[1], Altdorf, Germany
Born 1972, member since 14 July 2022
Regional chairman Bavaria of Gewerkschaft Nahrung-Genuss-Gaststätten
Board memberships
- Paulaner Brauerei Gruppe GmbH & Co. KGaA, Munich, Germany

Joachim Rukwied, Eberstadt, Germany
Born 1961, member since 24 July 2007
President of Deutscher Bauernverband e. V.
Board memberships
- BAYWA AG, Munich, Germany
- Cost center Landesbauernverband Baden-Württemberg GmbH, Stuttgart, Germany (chairman)
- Kreditanstalt für Wiederaufbau, Frankfurt am Main, Germany
- LAND-DATA GmbH, Visselhövede, Germany (chairman)
- Landwirtschaftliche Rentenbank, Frankfurt am Main, Germany (chairman)
- LBV-Unternehmensberatungsdienste GmbH, Stuttgart, Germany (chairman)
- Messe Berlin GmbH, Berlin, Germany
- R+V Versicherung AG, Wiesbaden, Germany

Bernd Frank Sachse[1], Zeitz, Germany
Born 1965, member since 1 January 2019
Chairman of the works council at the Zeitz plant of Südzucker AG

Clemens Schaaf, Landsberg (Saalekreis), Germany
Born 1963, member since 14 July 2022
Chairman of the executive board of Verband Sächsisch-Thüringischer Zuckerrübenanbauer e. V.
Board memberships
- Süddeutsche Zuckerrübenverwertungs-Genossenschaft eG, Ochsenfurt, Germany

Nadine Seidemann[1], Donauwörth, Germany
Born 1982, member since 1 September 2013
Deputy chairwoman of the works council at the Rain plant of Südzucker AG

Wolfgang Vogl[1], Bernried, Germany
Born 1962, member since 1 March 2011
Regional manager South, Offenau, Plattling and Rain plants of Südzucker AG
Board memberships
- BGD Bodengesundheitsdienst GmbH, Mannheim, Germany

Committees of the supervisory board

General Committee
Dr. Stefan Streng (since 14 July 2022 / chairman)
Dr. Hans-Jörg Gebhard (until 14 July 2022 / chairman)
Fred Adjan (since 14 July 2022)
Erwin Hameseder
Franz-Josef Möllenberg (until 14 July 2022)
Rolf Wiederhold

Audit Committee
Susanne Kunschert (since 14 July 2022 / chairwoman)
Helmut Friedl (chairman until 14 July 2022; deputy chairman since 14 July 2022)
Dr. Hans-Jörg Gebhard (until 14 July 2022)
Ulrich Gruber
Veronika Haslinger
Franz-Josef Möllenberg (until 14 July 2022)
Mustafa Öz (since 14 July 2022)
Rolf Wiederhold

Strategy and sustainability committee (since 14 July 2022)
Helmut Friedl (chairman)
Fred Adjan
Ulrich Gruber
Erwin Hameseder
Angela Nguyen
Joachim Rukwied
Dr. Stefan Streng
Rolf Wiederhold

[1] Employee representative.

Agriculture and raw material markets committee (former Agriculture committee)
Georg Koch (chairman since 14 July 2022)
Dr. Hans-Jörg Gebhard (until 14 July 2022/chairman)
Helmut Friedl
Ulrich Gruber (until 14 July 2022)
Ulrike Maiweg (since 14 July 2022)
Walter Manz (since 14 July 2022)
Frank Sachse (since 14 July 2022)
Nadine Seidemann
Dr. Stefan Streng (since 14 July 2022)
Wolfgang Vogl

Nomination committee
Dr. Stefan Streng (since 14 July 2022/chairman)
Dr. Hans-Jörg Gebhard (until 14 July 2022/chairman)
Helmut Friedl
Erwin Hameseder
Julia Merkel

Social welfare committee
Dr. Stefan Streng (since 14 July 2022/chairman)
Dr. Hans-Jörg Gebhard (until 14 July 2022/chairman)
Fred Adjan
Helmut Friedl
Erwin Hameseder
Franz-Josef Möllenberg (until 14 July 2022)
Sabine Möller (since 14 July 2022)
Rolf Wiederhold

Arbitration committee
Dr. Stefan Streng (since 14 July 2022/chairman)
Dr. Hans-Jörg Gebhard (until 14 July 2022/chairman)
Fred Adjan (since 14 July 2022)
Erwin Hameseder
Franz-Josef Möllenberg (until 14 July 2022)
Rolf Wiederhold

Executive board

Dr. Niels Pörksen, CEO
Limburgerhof, Germany
Chairman
Since 1 March 2020; appointed until 29 February 2028
Board memberships[1]
- AGCO, Duluth, USA

Ingrid-Helen Arnold, CDO
Walldorf, Germany
Since 1 May 2021, appointed until 30 April 2024
Board memberships[1]
- Heineken N.V., Amsterdam, Netherlands
- TUI AG, Hannover, Germany

Hans-Peter Gai, COO
Weinheim, Germany
Since 1 November 2022; appointed until 31 October 2025

Dr. Thomas Kirchberg
Würzburg, Germany
1 September 2007 to 31 August 2022

Thomas Kölbl, CFO
Speyer, Germany
Since 1 June 2004; appointed until 31 May 2024
Board memberships[1]
- K+S Aktiengesellschaft, Kassel, Germany

Markus Mühleisen
Vienna, Austria
Since 1 June 2021, appointed until 31 May 2024
Board memberships[1]
- OfficePod Ltd, Weston, UK

[1] Mandates in addition to supervisory board memberships in group companies in whose parent company the mandated person is a member of the executive board or management.

(38) List of shareholdings in accordance with section 313 (2) HGB

The list of shareholdings in accordance with section 313 (2) HGB as of 28 February 2023 is attached to these notes to the consolidated financial statements and will be published together with the consolidated financial statements as of 28 February 2023 in the electronic Federal Gazette and separately on the Südzucker website.

(39) Proposed appropriation of earnings

Retained earnings of Südzucker AG amount to € 157,061,157 (89,696,020). The executive board proposes that a dividend of € 0.70 (0.40) per share be distributed and be appropriated as follows:

		2022/23
Issued subscribed capital	Number	204,183,292
Own shares	Number	−76,033
Outstanding no-par shares	Number	204,107,259
Dividends	€	0.70
Dividend amount	€	142,875,081.30
Earnings carried forward	€	14,186,075.53
Retained earnings	€	**157,061,156.83**

TABLE 113

In the above proposal for the appropriation of earnings, the issued shares of 204,183,292 have already been reduced by treasury shares in the amount of 76,033, resulting in a distribution amount of € 142,875,081. To the extent that further treasury shares are available on the day of the general meeting, the proposed resolution will be amended such that the distribution of € 0.70 per dividend-bearing share is maintained and the corresponding higher remainder carried forward. The annual general meeting is expected to take place virtually on 13 July 2023; the dividend will be paid on 18 July 2023.

(40) Events after the balance sheet date

Since 28 February 2023, no events of material significance have occurred that are expected to have a significant impact on the financial position and performance of the group.

Mannheim, 28 April 2023

Südzucker AG

EXECUTIVE BOARD

RESPONSIBILITY STATEMENT

To the best of our knowledge, and in accordance with the applicable reporting principles for financial reporting, the consolidated financial statements give a true and fair view of the financial position and performance of the group, and the group management report includes a fair review of the development and performance of the business and the position of the group, together with a description of the principal opportunities and risks associated with the expected development of the group.

Mannheim, 28 April 2023

EXECUTIVE BOARD

DR. NIELS PÖRKSEN (CHAIRMAN)	INGRID-HELEN ARNOLD	HANS-PETER GAI	THOMAS KÖLBL	MARKUS MÜHLEISEN

The financial statements and the management report of Südzucker AG, prepared in accordance with German accounting principles and upon which PricewaterhouseCoopers GmbH Wirtschaftsprüfungsgesellschaft, Frankfurt am Main, has issued an unqualified auditors' report, will be submitted to the operator of the Federal Gazette (Bundesanzeiger Verlagsgesellschaft mbH, Cologne) and published in the Federal Gazette. The financial statements and the management report can be obtained from the company on request.

INDEPENDENT AUDITOR'S REPORT

To Südzucker AG, Mannheim

REPORT ON THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS AND OF THE GROUP MANAGEMENT REPORT

Audit Opinions

We have audited the consolidated financial statements of Südzucker AG, Mannheim, and its subsidiaries (the Group), which comprise the consolidated statement of financial position as at 28 February 2023, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the financial year from 1 March 2022 to 28 February 2023, and notes to the consolidated financial statements, including a summary of significant accounting policies. In addition, we have audited the group management report of Südzucker AG for the financial year from 1 March 2022 to 28 February 2023. In accordance with the German legal requirements, we have not audited the content of those parts of the group management report listed in the "Other Information" section of our auditor's report.

In our opinion, on the basis of the knowledge obtained in the audit,

- the accompanying consolidated financial statements comply, in all material respects, with the IFRSs as adopted by the EU and the additional requirements of German commercial law pursuant to § [Article] 315e Abs. [paragraph] 1 HGB [Handelsgesetzbuch: German Commercial Code] and, in compliance with these requirements, give a true and fair view of the assets, liabilities, and financial position of the Group as at 28 February 2023, and of its financial performance for the financial year from 1 March 2022 to 28 February 2023, and
- the accompanying group management report as a whole provides an appropriate view of the Group's position. In all material respects, this group management report is consistent with the consolidated financial statements, complies with German legal requirements and appropriately presents the opportunities and risks of future development. Our audit opinion on the group management report does not cover the content of those parts of the group management report listed in the "Other Information" section of our auditor's report.

Pursuant to § 322 Abs. 3 Satz [sentence] 1 HGB, we declare that our audit has not led to any reservations relating to the legal compliance of the consolidated financial statements and of the group management report.

Basis for the Audit Opinions

We conducted our audit of the consolidated financial statements and of the group management report in accordance with § 317 HGB and the EU Audit Regulation (No. 537/2014, referred to subsequently as "EU Audit Regulation") in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer [Institute of Public Auditors in Germany] (IDW). We performed the audit of the consolidated financial statements in supplementary compliance with the International Standards on Auditing (ISAs). Our responsibilities under those requirements, principles and standards are further described in the "Auditor's Responsibilities for the Audit of the Consolidated Financial Statements and of the Group Management Report" section of our auditor's report. We are independent of the group entities in accordance with the requirements of European law and German commercial and professional law, and we have fulfilled our other German professional responsibilities in accordance with these requirements. In addition, in accordance with Article 10 (2) point (f) of the EU Audit Regulation, we declare that we have not provided non-audit services prohibited under Article 5 (1) of the EU Audit Regulation. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions on the consolidated financial statements and on the group management report.

Key Audit Matters in the Audit of the Consolidated Financial Statements

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the financial year from 1 March 2022 to 28 February 2023. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our audit opinion thereon; we do not provide a separate audit opinion on these matters.

In our view, the matters of most significance in our audit were as follows:

❶ Recoverability of goodwill
❷ Provisions for litigation and risk provisioning

Our presentation of these key audit matters has been structured in each case as follows:

① Matter and issue
② Audit approach and findings
③ Reference to further information

Hereinafter we present the key audit matters:

❶ Recoverability of goodwill

① In the consolidated financial statements of Südzucker AG goodwill amounting in total to € 696.6 million (7.2% of total assets or 16.6% of equity) is reported under the "Intangible assets" balance sheet item. The impairment test is carried out at the level of the groups of cash-generating units to which the relevant goodwill is allocated. On this basis, the Company car-ries out impairment tests once a year or if there are indications that goodwill may be impaired. The carrying amount of the relevant cash-generating units, including goodwill, is compared with the corresponding recoverable amount in the context of the impairment test. The recoverable amount is generally determined using the value in use. The present value of the future cash flows from the respective group of cash-generating units normally serves as the basis of valuation. Present values are calculated using discounted cash flow models. For this purpose, the five-year plan for the group adopted by the executive directors and approved by the supervisory board forms the starting point which is extrapolated based on assumptions about long-term rates of growth. Expectations about future market developments and assumptions about the development of macroeconomic factors as well as the expected effects of the Ukraine war on the business activities of the Group are also taken into account. Due to the high level of uncertainty in the group of cash-generating units in the fruit segment, several expected probability-weighted cash flows were taken into account here as part of the planning assumptions. The discount rate used is the weighted average cost of capital for the respective group of cash-generating units. The impairment test determined that even after taking into account the fair value less costs of disposal, it was necessary to recognize write-downs amounting to a total of € 47.0 million with respect to the group of cash-generating units fruit.

The outcome of this valuation is dependent to a large extent on the estimates made by the executive directors with respect to the future cash inflows from the respective group of cash-generating units, the discount rate used, the rate of growth and other assumptions about macroeconomic conditions, and is therefore, also against the background of the effects of the Ukraine war, subject to considerable uncertainty. Against this background and due to the complex nature of the valuation models, this matter was of particular significance in the context of our audit.

② As part of our audit, we assessed the methodology used for the purpose of performing the impairment tests and examined the calculation of the weighted cost of capital, among other things. We evaluated the appropriateness of the future cash inflows used in the measurement, including by matching these against the current budget projections derived from the five-year plan adopted by the executive directors and approved by the supervisory board, as well as by reconciliation with general and sector-specific market expectations. In this connection, we also evaluated the executive directors' assessment regarding the effects of the Ukraine war on the Group's business activities and examined how they were taken into account in determining the future cash flows. We discussed and examined supplementary adjustments to the medium-term planning for impairment testing purposes with the responsible employees of the Company. In the knowledge that even relatively small changes in the discount rate applied can have material effects on the goodwill calculated in this way, we focused our testing in particular on the parameters used to determine the discount rate applied, including the average cost of capital, and assessed the calculation model. Due to the material significance of goodwill and the fact that its measurement also depends on economic conditions that are outside of the Company's sphere of influence, we evaluated the Company's additional sensitivity analyses and found that the goodwill in all groups of cash-generating units was adequately covered by discounted future cash flows. For groups of cash-generating units for which a reasonably possible change in an assumption would result in a recoverable amount falling below the carrying amount of the cash-generating units, including allocated goodwill, we verified that the necessary disclosures were made in the notes.

Overall, the measurement parameters and assumptions used by the executive directors are comprehensible and are also within the ranges considered by us to be reasonable.

③ The Company's disclosures on goodwill are contained in section 21 of the notes to the consolidated financial statements.

❷ Provisions for litigation and risk provisioning

① In the consolidated financial statements of Südzucker AG provisions for litigations and risk provisioning amounting to EUR 127.0 million are reported under the "Other provisions" balance sheet item. These concern litigation under market regulation proceedings, proceedings relating to operational contractual relationships and antitrust law risks, including fines and damages. With respect to the pending court proceedings, the executive directors now assume that legally binding rulings will mostly not be made until after several years and therefore an outflow of resources is not expected within the next twelve months. The risk assessment to be carried out on developments in litigation and the appraisal of whether or not an existing legal dispute requires a provision to be recognized to cover the risk, and if so, in what amount the current obligation must be measured, is influenced to a high extent by estimates and assumptions on the part of the executive directors. Against this background, this matter is of particular significance from our point of view.

② As part of our audit we assessed the process established by the Company for ensuring that a legal dispute is reported, its outcome is assessed, and the dispute is accounted for. This assessment also included a substantive evaluation of the material legal risks. With the knowledge that estimated values result in an increased risk of accounting misstatements and that the executive directors' recognition and measurement decisions have a direct effect on consolidated net profit, we evaluated the appropriateness of the carrying amounts, including by comparing these with historical data, examining the consistent application of the calculation model and inspecting the underlying documents. Furthermore, we also hold regular meetings with the Company's legal department in order to receive updates on current developments and the reasons for the corresponding estimates. The development of material legal disputes, including the executive directors' estimates on their potential outcomes, is provided to us by the Company in writing. As at the balance sheet date, we also obtained external legal confirmations that support the executive directors' assessments. We were able to examine the estimates made by the executive directors in respect of recognizing and measuring the provisions for litigation and the associated risk provisioning in the consolidated financial statements. We consider the estimates made by the executive directors to be appropriate.

③ The Company's disclosures relating to provisions for litigation and risk provisioning are contained in section 28 of the notes to the consolidated financial statements.

Other Information

The executive directors are responsible for the other information. The other information comprises the following non-audited parts of the group management report:

- the statement on corporate governance pursuant to § 289f HGB and § 315d HGB included in section "Corporate governance and responsibility / Corporate Governance" of the group management report
- the non-financial group statement to comply with §§ 315b till 315c HGB integrated in different parts of the group management report

The other information comprises further all remaining parts of the annual report – excluding cross-references to external information – with the exception of the audited consolidated financial statements, the audited group management report and our auditor's report.

Our audit opinions on the consolidated financial statements and on the group management report do not cover the other information, and consequently we do not express an audit opinion or any other form of assurance conclusion thereon.

In connection with our audit, our responsibility is to read the other information mentioned above and, in so doing, to consider whether the other information

- is materially inconsistent with the consolidated financial statements, with the group management report disclosures audited in terms of content or with our knowledge obtained in the audit, or
- otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Executive Directors and the Supervisory Board for the Consolidated Financial Statements and the Group Management Report

The executive directors are responsible for the preparation of the consolidated financial statements that comply, in all material respects, with IFRSs as adopted by the EU and the additional requirements of German commercial law pursuant to § 315e Abs. 1 HGB and that the consolidated financial statements, in compliance with these requirements, give a true and fair view of the assets, liabilities, financial position, and financial performance of the Group. In addition, the executive directors are responsible for such internal control as they have determined necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud (i. e. fraudulent financial reporting and misappropriation of assets) or error.

In preparing the consolidated financial statements, the executive directors are responsible for assessing the Group's ability to continue as a going concern. They also have the responsibility for disclosing, as applicable, matters related to going concern. In addition, they are responsible for financial reporting based on the going concern basis of accounting unless there is an intention to liquidate the Group or to cease operations, or there is no realistic alternative but to do so.

Furthermore, the executive directors are responsible for the preparation of the group management report that, as a whole, provides an appropriate view of the Group's position and is, in all material respects, consistent with the consolidated financial statements, complies with German legal requirements, and appropriately presents the opportunities and risks of future development. In addition, the executive directors are responsible for such arrangements and measures (systems) as they have considered necessary to enable the preparation of a group management report that is in accordance with the applicable German legal requirements, and to be able to provide sufficient appropriate evidence for the assertions in the group management report.

The supervisory board is responsible for overseeing the Group's financial reporting process for the preparation of the consolidated financial statements and of the group management report.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements and of the Group Management Report

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and whether the group management report as a whole provides an appropriate view of the Group's position and, in all material respects, is consistent with the consolidated financial statements and the knowledge obtained in the audit, complies with the German legal requirements and appropriately presents the opportunities and risks of future development, as well as to issue an auditor's report that includes our audit opinions on the consolidated financial statements and on the group management report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with § 317 HGB and the EU Audit Regulation and in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer (IDW) and supplementary compliance with the ISAs will always detect a material misstatement. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements and this group management report.

We exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements and of the group management report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our audit opinions. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.
- Obtain an understanding of internal control relevant to the audit of the consolidated financial statements and of arrangements and measures (systems) relevant to the audit of the group management report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an audit opinion on the effectiveness of these systems.
- Evaluate the appropriateness of accounting policies used by the executive directors and the reasonableness of estimates made by the executive directors and related disclosures.
- Conclude on the appropriateness of the executive directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in the auditor's report to the related disclosures in the consolidated financial statements and in the group management report or, if such disclosures are inadequate, to modify our respective audit opinions. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to be able to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements present the underlying transactions and events in a manner that the consolidated financial statements give a true and fair view of the assets, liabilities, financial position and financial performance of the Group in compliance with IFRSs as adopted by the EU and the additional requirements of German commercial law pursuant to § 315e Abs. 1 HGB.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express audit opinions on the consolidated financial statements and on the group management report. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinions.
- Evaluate the consistency of the group management report with the consolidated financial statements, its conformity with German law, and the view of the Group's position it provides.
- Perform audit procedures on the prospective information presented by the executive directors in the group management report. On the basis of sufficient appropriate audit evidence we evaluate, in particular, the significant assumptions used by the executive directors as a basis for the prospective information, and evaluate the proper derivation of the prospective information from these assumptions. We do not express a separate audit opinion on the prospective information and on the assumptions used as a basis. There is a substantial unavoidable risk that future events will differ materially from the prospective information.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with the relevant independence requirements, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter.

OTHER LEGAL AND REGULATORY REQUIREMENTS

Report on the Assurance on the Electronic Rendering of the Consolidated Financial Statements and the Group Management Report Prepared for Publication Purposes in Accordance with § 317 Abs. 3a HGB

Assurance Opinion

We have performed assurance work in accordance with § 317 Abs. 3a HGB to obtain reasonable assurance as to whether the rendering of the consolidated financial statements and the group management report (hereinafter the "ESEF documents") contained in the electronic file "Suedzucker_AG_KA_KLB-2023-02-28.zip" and prepared for publication purposes complies in all material respects with the requirements of § 328 Abs. 1 HGB for the electronic reporting format ("ESEF format"). In accordance with German legal requirements, this assurance work extends only to the conversion of the information contained in the consolidated financial statements and the group management report into the ESEF format and therefore relates neither to the information contained within these renderings nor to any other information contained in the electronic file identified above.

In our opinion, the rendering of the consolidated financial statements and the group management report contained in the electronic file identified above and prepared for publication purposes complies in all material respects with the requirements of § 328 Abs. 1 HGB for the electronic reporting format. Beyond this assurance opinion and our audit opinion on the accompanying consolidated financial statements and the accompanying group management report for the financial year from 1 March 2022 to 28 February 2023 contained in the "Report on the Audit of the Consolidated Financial Statements and on the Group Management Report" above, we do not express any assurance opinion on the information contained within these renderings or on the other information contained in the electronic file identified above.

Basis for the Assurance Opinion

We conducted our assurance work on the rendering of the consolidated financial statements and the group management report contained in the electronic file identified above in accordance with § 317 Abs. 3a HGB and the IDW Assurance Standard: Assurance Work on the Electronic Rendering, of Financial Statements and Management Reports, Prepared for Publication Purposes in Accordance with § 317 Abs. 3a HGB (IDW AsS 410 (06.2022)) and the International Standard on Assurance Engagements 3000 (Revised). Our responsibility in accordance therewith is further described in the "Group Auditor's Responsibilities for the Assurance Work on the ESEF Documents" section. Our audit firm applies the IDW Standard on Quality Management 1: Requirements for Quality Management in the Audit Firm (IDW QS 1).

Responsibilities of the Executive Directors and the Supervisory Board for the ESEF Documents

The executive directors of the Company are responsible for the preparation of the ESEF documents including the electronic renderings of the consolidated financial statements and the group management report in accordance with § 328 Abs. 1 Satz 4 Nr. [number] 1 HGB and for the tagging of the consolidated financial statements in accordance with § 328 Abs. 1 Satz 4 Nr. 2 HGB.

In addition, the executive directors of the Company are responsible for such internal control as they have considered necessary to enable the preparation of ESEF documents that are free from material non-compliance with the requirements of § 328 Abs. 1 HGB for the electronic reporting format, whether due to fraud or error.

The supervisory board is responsible for overseeing the process for preparing the ESEF documents as part of the financial reporting process.

Group Auditor's Responsibilities for the Assurance Work on the ESEF Documents

Our objective is to obtain reasonable assurance about whether the ESEF documents are free from material non-compliance with the requirements of § 328 Abs. 1 HGB, whether due to fraud or error. We exercise professional judgment and maintain professional skepticism throughout the assurance work. We also:

- Identify and assess the risks of material non-compliance with the requirements of § 328 Abs. 1 HGB, whether due to fraud or error, design and perform assurance procedures responsive to those risks, and obtain assurance evidence that is sufficient and appropriate to provide a basis for our assurance opinion.

- Obtain an understanding of internal control relevant to the assurance work on the ESEF documents in order to design assurance procedures that are appropriate in the circumstances, but not for the purpose of expressing an assurance opinion on the effectiveness of these controls.
- Evaluate the technical validity of the ESEF documents, i.e., whether the electronic file containing the ESEF documents meets the requirements of the Delegated Regulation (EU) 2019/815 in the version in force at the date of the consolidated financial statements on the technical specification for this electronic file.
- Evaluate whether the ESEF documents provide an XHTML rendering with content equivalent to the audited consolidated financial statements and to the audited group management report.
- Evaluate whether the tagging of the ESEF documents with Inline XBRL technology (iXBRL) in accordance with the requirements of Articles 4 and 6 of the Delegated Regulation (EU) 2019/815, in the version in force at the date of the consolidated financial statements, enables an appropriate and complete machine-readable XBRL copy of the XHTML rendering.

Further Information pursuant to Article 10 of the EU Audit Regulation

We were elected as group auditor by the annual general meeting on 14 July 2022. We were engaged by the supervisory board on 14 July 2022. We have been the group auditor of the Südzucker AG, Mannheim, without interruption since the financial year 2003/2004.

We declare that the audit opinions expressed in this auditor's report are consistent with the additional report to the audit committee pursuant to Article 11 of the EU Audit Regulation (long-form audit report).

Reference to an other matter – use of the auditor's report

Our auditor's report must always be read together with the audited consolidated financial statements and the audited group management report as well as the assured ESEF documents. The consolidated financial statements and the group management report converted to the ESEF format – including the versions to be filed in the company register – are merely electronic renderings of the audited consolidated financial statements and the audited group management report and do not take their place. In particular, the "Report on the Assurance on the Electronic Rendering of the Consolidated Financial Statements and the Group Management Report Prepared for Publication Purposes in Accordance with § 317 Abs. 3a HGB" and our assurance opinion contained therein are to be used solely together with the assured ESEF documents made available in electronic form.

German Public Auditor responsible for the engagement

The German Public Auditor responsible for the engagement is Stefan Hartwig.

Frankfurt am Main, 28 April 2023

PricewaterhouseCoopers GmbH
Wirtschaftsprüfungsgesellschaft

MICHAEL BURKHARDT	**STEFAN HARTWIG**
WIRTSCHAFTSPRÜFER	WIRTSCHAFTSPRÜFER
(GERMAN PUBLIC AUDITOR)	(GERMAN PUBLIC AUDITOR)

ADDITIONAL INFORMATION

04

GLOBAL REPORTING INITIATIVE

In this annual report, Südzucker reports on group sustainability issues. Südzucker refers to the Global Reporting Initiative standards (2021) when collecting and presenting data relevant to the company's business activities.

Organizational and content related reporting boundaries

The Südzucker Group's fiscal year begins on 1 March of each year and ends on 28/29 February of the following year. Consequently, sustainability reporting always refers to the previous fiscal year. However, occupational safety and environmental performance are reported by calendar year (1 January to 31 December). This is because data collection for regulatory purposes is based on existing accounting that relates to the calendar year. One example is the European emissions trading system, under which emissions are monitored, reported and verified on a calendar-year basis.

To the extent appropriate, the tables and diagrams include data from three previous years. Otherwise, the information in texts and tables relates to the fiscal year just ended or the calendar year and the previous period.

Organizational reporting boundaries

The sustainability information presented in this annual report applies principally to all fully consolidated Südzucker Group companies.

The information on energy, emissions, water and waste applies exclusively to production locations. In the sugar segment, these are the sugar factories in Europe, the wheat starch plant in Zeitz and INSTANTINA Nahrungsmittel- und Produktionsgesellschaft m.b.H., Vienna, Austria. For the special products segment, the report covers the production locations of the BENEO and Freiberger divisions. All production locations are included in the CropEnergies, starch and fruit segments.

New locations wholly owned by Südzucker (either new via an acquisition or established by Südzucker) are recognized as of the fiscal year in which they are recognized in the companies included in consolidation for the full year. For locations that are decommissioned, data is recognized up to the date of decommissioning; for locations that are sold, data is recognized up to the fiscal year prior to the sale.

Content related reporting boundaries

(1) Assessment of suppliers regarding human rights aspects, work practices and environmental factors

Because of the importance of agricultural raw materials for production, Südzucker restricts the report to agricultural raw material suppliers (sugar beets, chicory, grain, potatoes, fruits) and to subsuppliers from the food industry (for example, dairies, vegetable growers and meat processing companies for pizza production).

(2) Energy consumption and emissions

Südzucker processes agricultural raw materials such as sugar beets, chicory, grain, potatoes and fruits of which quantity, sugar and starch contents as well as quality are subject to annual fluctuations due to various influencing factors during the growing and harvesting periods. As a result, information related to total energy consumption and/or emissions between individual reporting periods can fluctuate considerably.

The reports on energy consumption and emissions according to GRI relate to production and are restricted to direct and indirect energy related emissions classified as Scope 1 and Scope 2 as defined by the Greenhouse Gas Protocol. Direct energy related emissions (Scope 1) comprise the direct use of fossil fuels (gas, oil and coal) and renewable energy fuels (biomass) to generate electricity and process heat in the company's own power stations. Indirect energy related emissions (Scope 2) relate to the consumption of purchased energy such as electricity or steam, that contribute to indirect energy related emissions.

(3) Water withdrawal and water discharge

No data is provided on water use related to producing the agricultural raw materials in the upstream segments of the value chain.

(4) Waste

Südzucker applies a consistent definition of products and waste throughout the group, which may deviate from heterogeneous local waste regulations. Accordingly, products such as press pellets, carbokalk and grape pulp are categorized as a product, not waste, if they are subsequently refined to produce feed or fertilizer.

[1] Exception: The environmental data collected by AGRANA refer to the fiscal year.

Index of the standard GRI information presented in the report

GRI	Description	Chapter / section
GRI 2 – General disclosures (2021)		
1. Organization and its reporting practices		
2-1	Organizational details	About the group / Group structure; Business report / Segments – entry pages (operating sites); To our shareholders / Südzucker shares and capital market / shareholder structure
2-2	Entities included in the organization's sustainability reporting	Additional information / Gobal reporting initiative
2-3	Reporting period, frequency and contact point	3/01 – 2/28 or 29; annually; cover flap
2-4	Restatements of information	–
2-5	External assurance	Additional information / Assurance about the non-financial statement
2. Activities and workers		
2-6	Activities, value chain and other business relationships	Overview: cover flap; Business report / Segments – entry pages, markets; About the group / sustainability / value chain; Environment, energy and climate / climate protection, protection of biodiversity and ecosystems; Significant changes in the organization and its supply chain: None
2-7	Employees	Employees
3. Governance		
2-9	Governance structure and composition	Executive board; Supervisory board; About the Group / Group structure; Corporate governance and responsibility
2-10	Nomination and selection of the highest governance body	Corporate Governance and responsibility
2-11	Chair of the highest governance body	Corporate Governance and responsibility; (37) Supervisory board and executive board
2-12	Role of the highest governance body in overseeing the management of impacts	About the group / Sustainability / Sustainability management organisation
2-13	Delegation of responsibility for managing impacts	About the group / Sustainability / Sustainability management organisation
2-14	Role of the highest governance body in sustainability reporting	Report of the supervisory board
2-15	Conflicts of interest	Report of the supervisory board
2-16	Communication of critical concerns	Corporate governance and responsibility / Compliance
2-17	Collective knowledge of the highest governance body	Corporate governance and responsibility / Corporate Governance
2-18	Evaluation of the performance of the highest governance body	Corporate Governance and responsibility; report of the supervisory board
2-19	Remuneration policies	Corporate Governance and responsibility
2-20	Process for determining remuneration	Corporate Governance and responsibility
4. Strategy, policies and practices		
2-22	Statement on sustainable development strategy	Letter from the executive board
2-23	Policy commitments	Society / Respect for human rights
2-24	Embedding policy commitments	Society / Respect for human rights
2-25	Processes to remediate negative impacts	Society / Respect for human rights
2-26	Mechanisms for seeking advice and raising concerns	Society / Respect for human rights
2-27	Compliance with laws and regulations	No significant fines were imposed on Südzucker AG during the past financial year.
2-28	Membership of associations	Society / Dialogue with various stakeholder groups
5. Stakeholder engagement		
2-29	Approach to stakeholder engagement	Sustainability / Stakeholders
2-30	Collective bargaining agreements	Employees / Dialogue with employee representatives and unions
GRI 3 – Material topics (2021)		
3-1	Process to determine material topics	About the group / Sustainability / Materiality analysis
3-2	List of material topics	About the group / Sustainability / Materiality analysis
3-3	Management of material topics	Environment, energy and climate; Employees; Society

GRI	Description	Chapter / section
GRI 300 – Topic-specific standards: environmental		
Materials (2016)		
301-1	Materials used by weight or volume	Environment, energy and climate / Climate protection
Energy (2016)		
302-1	Energy consumption within the organization	Environment, energy and climate / Climate protection
Water and Effluents (2018)		
303-1	Interactions with water as a shared resource	Environment, energy and climate / Sustainable use and protection of water resources
303-2	Management of water discharge-related impacts	Environment, energy and climate / Sustainable use and protection of water resources
303-5	Water consumption	Environment, energy and climate / Sustainable use and protection of water resources
Emissions (2016)		
305-1	Direct (Scope 1) GHG emissions	Environment, energy and climate / Climate protection / Energy use and emissions from our production plants in the 2022/23 financial year
305-2	Energy indirect (Scope 2) GHG emissions	Environment, energy and climate / Climate protection / Energy use and emissions from our production plants in the 2022/23 financial year
Waste (2020)		
306-3	Waste generated	Environment, energy and climate / Avoiding and reducing environmental pollution
Supplier environmental assessment (2016)		
308-1	New suppliers that were screened using environmental criteria	Environment, energy and climate / Protection of biodiversity and ecosystems
308-2	Negative environmental impacts in the supply chain and actions taken	Environment, energy and climate / Climate protection / Supply chain emissions in the 2022/23 financial year, Supply chains decarbonization; Environment, energy and climate / Protection of biodiversity and ecosystems

GRI	Description	Chapter / section
GRI 400 – Material topics – social		
Employment (2016)		
401-1	New employee hires and employee turnover Omissions: Data on employee turnover is not categorized by age and region as this information is considered confidential.	Employees / New hires and employee turnover
Occupational health and safety (2018)		
403-1	Occupational health and safety management system	Employees / Südzucker – a reliable employer
403-2	Hazard identification, risk assessment, and incident investigation	Employees / Südzucker – a reliable employer
403-3	Occupational health services	Employees / Südzucker – a reliable employer
403-4	Worker participation, consultation, and communication on occupational health and safety	Employees / Südzucker – a reliable employer
403-5	Worker training on occupational health and safety	Employees / Südzucker – a reliable employer
403-6	Promotion of worker health	Employees / Südzucker – a reliable employer
403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	–
403-9	Work-related injuries; Omissions: without workers who are not employees of the Südzucker Group	Employees / Südzucker – a reliable employer
Diversity and Equal Opportunity (2016)		
405-1	Diversity of governance bodies and employees Omissions: No employee data according to department is collected. Management statistics are not categorized by region as such information is considered confidential.	Executive board; Employees; Corporate Governance; (37) Supervisory board and executive board
Supplier social assessment (2016)		
414-1	New suppliers that were screened using social criteria	Society / Respect for human rights
Customer health and safety (2016)		
416-1	Assessment of the health and safety impacts of product and service categories	Society / Product responsibility and quality
416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	Society / Product responsibility and quality / Certification
Marketing and labeling (2016)		
417-2	Incidents of non-compliance concerning product and service information and labeling	2022/23: none

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TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES

The recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) on the reporting of climate-related information of the Financial Stability Board have become the standard in reporting on the risks and opportunities of climate change. Südzucker Group adopted these recommendations and disclosures recommended by the TCFD are presented in a number of places throughout this report. The table shows the sections and subsections in which the relevant information can be found. It is divided into four key areas in line with the TCFD recommendations: governance, strategy, risk management, and metrics and targets.

Topic	Recommended disclosures	Chapter	Explanation
Governance			
Disclose the organization's governance around climate-related risks and opportunities	Supervisory board's oversight of climate-related risks and opportunities	Corporate governance and responsibility	Supervisory board and executive board operating procedures
		Report of the supervisory board	Supervisory board meetings
	Executive board's role in assessing and managing climate-related risks and opportunities	Business model	Sustainable action at the heart of the business model
		Group strategy	Sustainability as one of the five key strategic directions and focus initiative of Group Strategy 2026 PLUS focusing on climate strategy
		Sustainability	Sustainability management organization
Strategy			
Disclose the actual and potential impacts of climate-related risks and opportunities on the organization's businesses, strategy, and financial planning	Climate-related risks and opportunities the organization has identified over the short, medium, and long term	Risk and opportunity report	Summary of short-term risks and opportunities → Raw materials, production und investments → Risks arising from extreme weather events, persistent periods of rain or drought, flooding
			Summary of medium to long-term risks and opportunities → Climate change
	Impact of climate-related risks and opportunities on the organization's businesses, strategy, and financial planning	About the group	Business model, group strategy
	Resilience of the organization's strategy, taking into consideration different climate-related scenarios, including a 2 °C or more ambitious scenario	Environment, energy and climate	Climate change adaptation

Topic	Recommended disclosures	Chapter	Explanation
Risk management			
Disclose how the organization identifies, assesses, and manages climate-related risks	Processes for identifying and assessing climate-related risks [1]	Risk management	Risk management
	Processes for managing climate-related risks	Risk and opportunity report	Risk management
	Integration of processes for identifying, assessing, and managing climate-related risks into the overall risk management	Risk and opportunity report	Risk management
Metrics and targets			
Disclose the metrics and targets used to assess and manage climate-related risks and opportunities	Metrics used to assess climate-related risks and opportunities in line with the strategy and risk management process	Environment, energy and climate	Climate protection → Climate strategy by 2050
	Scope 1, Scope 2, and, if appropriate, Scope 3 greenhouse gas (GHG) emissions, and the related risks	Environment, energy and climate	Climate protection → Scope-1- and Scope-2-Greenhouse gas emissions, Scope-3-Greenhouse gas emissions
	Targets used to manage climate-related risks and opportunities and performance against targets	Environment, energy and climate	Climate protection → Climate strategy by 2050

[1] Climate-related risks are identified, assessed and managed as part of the general risk management process.

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ASSURANCE ABOUT THE NON-FINANCIAL STATEMENT

Independent Practitioner's Report on a Limited Assurance Engagement on Non-financial Reporting[1]

To Südzucker AG, Mannheim

We have performed a limited assurance engagement on the Non-financial Group Statement of Südzucker AG, Mannheim, (hereinafter the "Company") for the period from 1 March 2022 to 28 February 2023 (hereinafter the "Non-financial Group Statement") included in section "Non-financial Statement" of the group management report.

Not subject to our assurance engagement are the external sources of documentation or expert opinions mentioned in the Non-financial Group Statement.

Responsibility of the Executive Directors

The executive directors of the Company are responsible for the preparation of the Non-financial Group Statement in accordance with §§ (Articles) 315c in conjunction with 289c to 289e HGB ("Handelsgesetzbuch": "German Commercial Code") and Article 8 of REGULATION (EU) 2020/852 OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL of 18. June 2020 on establishing a framework to facilitate sustainable investment and amending Regulation (EU) 2019/2088 (hereinafter the "EU Taxonomy Regulation") and the Delegated Acts adopted thereunder, as well as for making their own interpretation of the wording and terms contained in the EU Taxonomy Regulation and the Delegated Acts adopted thereunder, as set out in section "EU taxonomy disclosure" of the Non-financial Group Statement.

This responsibility includes the selection and application of appropriate non-financial reporting methods and making assumptions and estimates about individual non-financial disclosures of the Group that are reasonable in the circumstances. Furthermore, the executive directors are responsible for such internal controls as the executive directors consider necessary to enable the preparation of a Non-financial Group Statement that is free from material misstatement whether due to fraud or error.

The EU Taxonomy Regulation and the Delegated Acts issued thereunder contain wording and terms that are still subject to considerable interpretation uncertainties and for which clarifications have not yet been published in every case. Therefore, the executive directors have disclosed their interpretation of the EU Taxonomy Regulation and the Delegated Acts adopted thereunder in section "EU taxonomy disclosures" of the Non-financial Group Statement. They are responsible for the defensibility of this interpretation. Due to the immanent risk that indeterminate legal terms may be interpreted differently, the legal conformity of the interpretation is subject to uncertainties.

Independence and Quality Control of the Audit Firm

We have complied with the German professional provisions regarding independence as well as other ethical requirements.

Our audit firm applies the national legal requirements and professional standards – in particular the Professional Code for German Public Auditors and German Chartered Auditors ("Berufssatzung für Wirtschaftsprüfer und vereidigte Buchprüfer": "BS WP/vBP") as well as the Standard on Quality Control 1 published by the Institut der Wirtschaftsprüfer (Institute of Public Auditors in Germany; IDW): Requirements to quality control for audit firms (IDW Qualitätssicherungsstandard 1: Anforderungen an die Qualitätssicherung in der Wirtschaftsprüferpraxis – IDW QS 1) – and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Responsibility of the Assurance Practitioner

Our responsibility is to express a conclusion with limited assurance on the Non-financial Group Statement based on our assurance engagement.

[1] PricewaterhouseCoopers GmbH has performed a limited assurance engagement on the German version of the Non-financial Group Statement and issued an independent practitioner's report in German language, which is authoritative. The following text is a translation of the independent practitioner's report.

We conducted our assurance engagement in accordance with International Standard on Assurance Engagements (ISAE) 3000 (Revised): Assurance Engagements other than Audits or Reviews of Historical Financial Information, issued by the IAASB. This Standard requires that we plan and perform the assurance engagement to obtain limited assurance about whether any matters have come to our attention that cause us to believe that the Company's Non-financial Group Statement, other than the external sources of documentation or expert opinions mentioned in the Non-financial Group Statement, are not prepared, in all material respects, in accordance with §§ 315c in conjunction with 289c to 289e HGB and the EU Taxonomy Regulation and the Delegated Acts issued thereunder as well as the interpretation by the executive directors disclosed in section "EU taxonomy disclosures" of the Non-financial Group Statement.

In a limited assurance engagement, the procedures performed are less extensive than in a reasonable assurance engagement, and accordingly a substantially lower level of assurance is obtained. The selection of the assurance procedures is subject to the professional judgement of the assurance practitioner.

In the course of our assurance engagement, we have, amongst other things, performed the following assurance procedures and other activities:

- Gain an understanding of the structure of the Group's sustainability organisation and stakeholder engagement
- Inquiries of the executive directors and relevant employees involved in the preparation of the Non-financial Group Statement about the preparation process, about the internal control system relating to this process and about disclosures in the Non-financial Group Statement
- Identification of likely risks of material misstatement in the Non-financial Group Statement
- Analytical procedures on selected disclosures in the Non-financial Group Statement
- Reconciliation of selected disclosures with the corresponding data in the consolidated financial statements and group management report
- Evaluation of the presentation of the Non-financial Group Statement
- Evaluation of the process to identify taxonomy-eligible and taxonomy-aligned economic activities and the corresponding disclosures in the Non-financial Group Statement
- Inquiries on the relevance of climate-risks
- Evaluation of the presentation of greenhouse gas emissions (Scope 1 and 2) taking into account the requirements of the Greenhouse Gas Protocol (GHG Protocol)

In determining the disclosures in accordance with Article 8 of the EU Taxonomy Regulation, the executive directors are required to interpret undefined legal terms. Due to the immanent risk that undefined legal terms may be interpreted differently, the legal conformity of their interpretation and, accordingly, our assurance engagement thereon are subject to uncertainties.

Assurance Opinion

Based on the assurance procedures performed and evidence obtained, nothing has come to our attention that causes us to believe that the Non-financial Group Statement of the Company for the period from 1 March 2022 to 28 February 2023 is not prepared, in all material respects, in accordance with §§ 315c in conjunction with 289c to 289e HGB and the EU Taxonomy Regulation and the Delegated Acts issued thereunder as well as the interpretation by the executive directors disclosed in section "EU taxonomy disclosure" of the Non-financial Group Statement.

We do not express an assurance opinion on the external sources of documentation or expert opinions mentioned in the Non-financial Group Statement.

Restriction of Use

We draw attention to the fact that the assurance engagement was conducted for the Company's purposes and that the report is intended solely to inform the Company about the result of the assurance engagement. Consequently, it may not be suitable for any other purpose than the aforementioned. Accordingly, the report is not intended to be used by third parties for making (financial) decisions based on it. Our responsibility is to the Company. We do not accept any responsibility to third parties. Our assurance opinion is not modified in this respect.

Frankfurt am Main, 28 April 2023
PricewaterhouseCoopers GmbH
Wirtschaftsprüfungsgesellschaft

NICOLETTE BEHNCKE
WIRTSCHAFTSPRÜFERIN
[GERMAN PUBLIC AUDITOR]

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Südzucker on the Internet
For more information about Südzucker Group please visit our website: www.suedzuckergroup.com

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Südzucker AG's fiscal year is not aligned with the calendar year. It covers the period from 1 March to 28/29 February. The numbers in parentheses in the report represent the corresponding prior year's figures or item. At the Südzucker Group level, the CropEnergies and starch segments' third party sales revenues may differ from the revenues reported directly externally by CropEnergies and AGRANA due to eliminated revenues within the group. Percentages represent the mathematical change based on the prior-year figure indicated. Numbers and percentages stated are subject to differences due to rounding. Typing and printing errors reserved.

Forward looking statements / forecasts

This report contains forward looking statements. The statements are based on current estimates and financial projections made by the executive board and information currently available to its members. The forward looking statements are not to be viewed as guarantees of the future developments and results presented therein. Future developments and results are in fact dependent on a variety of factors and are subject to various risks and imponderables. They are based on assumptions that could in fact prove to be invalid. The Risks and Opportunities section of this annual report provides a summary of potential risks. We assume no obligation to update the forward-looking statements made in this report.

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