Südzucker AG

2021/22

Annual Report

Südzucker Group 2021/22

€ **7,599** [6,679] million
Consolidated group revenues

€ **332** [236] million
Group consolidated operating result

€ **692** [597] million
Group EBITDA

€ **560** [475] million
Cash flow

€ **336** [300] million
Investments, thereof

€ **332** [285] million
Investments in fixed assets

5.3 [3.8] %
ROCE

€ **6.4** [6.2] billion
Capital employed

€ **1,466** [1,511] million
Net financial debt

18,019 [17,876]
Employees

Sugar segment

→ p. 60

€ **2,623** [2,255] million
Revenues

€ **−21** [−128] million
Operating result

Special products segment

→ p. 67

€ **1,781** [1,710] million
Revenues

€ **117** [159] million
Operating result

CropEnergies segment

→ p. 72

€ **1,004** [774] million
Revenues

€ **127** [107] million
Operating result

Starch segment

→ p. 76

€ **940** [774] million
Revenues

€ **57** [45] million
Operating result

Fruit segment

→ p. 79

€ **1,251** [1,166] million
Revenues

€ **52** [53] million
Operating result

Outlook
2022/23

→ p.85

€ **8.7** to **9.1** billion
Consolidated group revenues expected.

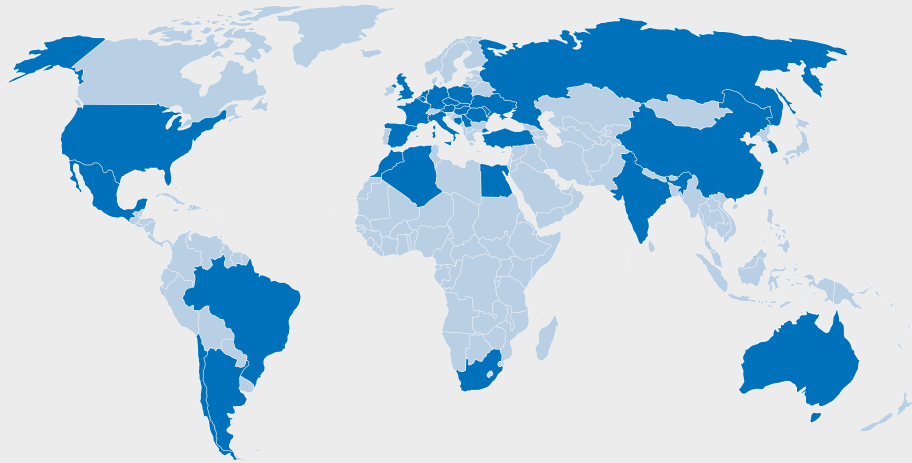
€ **300** to **400** million
Group consolidated operating result expected.

€ **660** to **760** million
Group EBITDA expected.

Slight increase in capital employed and ROCE expected.

www.suedzucker.de

Over 100 production locations in 32 countries



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Q1 – Quarterly statement 1st quarter 2023/24	6 July 2023
Annual general meeting Fiscal 2022/23	13 July 2023

Annual Report 2021/22

1 March 2021 – 28 February 2022
published on 19 May 2022

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 2021/22 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.suedzucker.de.

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

		2021/22	2020/21	2019/20	2018/19	2017/18
Revenues and earnings						
Revenues	€ million	7,599	6,679	6,671	6,754	6,983
EBITDA	€ million	692	597	478	353	758
EBITDA margin	%	9.1	8.9	7.1	5.2	10.8
Operating result	€ million	332	236	116	27	445
Operating margin	%	4.4	3.5	1.7	0.4	6.4
Net earnings	€ million	123	−36	−55	−805	318
Cash flow and investments						
Cash flow	€ million	560	475	372	377	693
Investments in fixed assets [1]	€ million	332	285	335	379	361
Investments in financial assets / acquisitions	€ million	4	15	13	15	432
Total investments	€ million	336	300	348	394	793
Performance						
Fixed assets [1]	€ million	3,215	3,209	3,322	3,221	3,260
Goodwill	€ million	707	722	740	730	1,390
Working capital	€ million	2,318	2,179	2,213	2,008	1,888
Capital employed	€ million	6,325	6,222	6,388	6,072	6,650
Return on capital employed	%	5.3	3.8	1.8	0.4	6.7
Capital structure						
Total assets	€ million	8,441	7,973	8,415	8,188	9,334
Shareholders' equity	€ million	3,699	3,536	3,673	4,018	5,024
Net financial debt	€ million	1,466	1,511	1,570	1,129	843
Net financial debt to cash flow ratio		2.6	3.2	4.2	3.0	1.2
Equity ratio	%	43.8	44.3	43.6	49.1	53.8
Net financial debt as % of equity (gearing)	%	39.6	42.7	42.7	28.1	16.8
Shares						
Market capitalization	€ million	2,493	2,661	2,873	2,625	3,014
Closing price on 28/29 February	€	12.21	13.03	14.07	12.86	14.76
Earnings per share	€	0.32	−0.52	−0.60	−4.14	1.00
Dividend per share [2]	€	0.40	0.20	0.20	0.20	0.45
Employees		**18,019**	**17,876**	**19,188**	**19,219**	**18,515**

[1] Including intangible assets.
[2] 2021/22: Proposal.

TABLE 001

Revenues by segment

€ million	2021/22	2020/21	+/− in %
Sugar [1]	2,623	2,255	16.4
Special products [1]	1,781	1,710	4.1
CropEnergies	1,004	774	29.8
Starch [2]	940	774	21.4
Fruit	1,251	1,166	7.2
Group total	**7,599**	**6,679**	**13.8**

[1] Prior-year figures adjusted.
[2] First-time reporting of the starch segment in the 2021/22 financial year.

TABLE 002

Operating result by segment

€ million	2021/22	2020/21	+/− in %
Sugar [1]	−21	−128	−84.1
Special products [1]	117	159	−26.4
CropEnergies	127	107	18.7
Starch [2]	57	45	25.3
Fruit	52	53	−1.9
Group total	**332**	**236**	**40.6**

[1] Prior-year figures adjusted.
[2] First-time reporting of the starch segment in the 2021/22 financial year.

TABLE 003

TO OUR SHAREHOLDERS

01

MANNHEIM, 25 APRIL 2022

Dear Shareholders,

Just a few days before the end of our fiscal year, something happened that for most of us had become unimaginable: war in the middle of Europe. The totally unjustifiable attack on Ukraine has caused suffering and destruction for its people. Südzucker condemns this aggression in the strongest possible terms and is doing its utmost to support the Ukrainian people with donations to aid organizations, provisions of food and shelter and paid leave for active employees. We are doing our best to help the company's employees at our Ukrainian locations in situ.

In addition to the great suffering that this war in Ukraine brings with it, the military campaigns along with sanctions and their consequences impact our group of companies' business results. It starts with supplies and the rising prices of energy and raw materials, but also affects the future perspective of the fruit segment locations in Ukraine and Russia. Our centralized crisis management team together with task forces in the divisions are managing the risk and working on solutions with a view to the future.

However, at this juncture we would first like to take a look at the fiscal year 2021/22 just ended, during which the Corona pandemic was still the dominant challenge. We were again able to continue to reliably supply customers with our products in the second year of the pandemic and thereby remain true to our role as part of the critical infrastructure. This was made possible by multi-faceted health safety measures in our factories, comprehensive Corona tests and vaccination campaigns, but especially thanks to the continued tremendous commitment of our employees, for which we once again wish to thank them. In recognition of their performance, all employees again were paid a bonus at the beginning of 2022.

Nevertheless, last fiscal year the economic impact of the pandemic became significantly more noticeable than previously: supply bottlenecks, and above all sharply higher costs for raw materials and energy, as well as logistics and packaging, presented our businesses with added challenges. Still, with revenues of € 7.6 (6.7) billion and an operating result of € 332 (236) million, we were able to once again report substantial improvements and thus achieve our targets for the fiscal year.

Group strategy 2026 PLUS refined

In addition to achievement of our near-term targets, the corporate executive management team focuses on the sustainable future growth of Südzucker Group. The 2026 PLUS strategy is making our company fit for the future as we evolve from being a major processor of agricultural raw materials to a leading partner for plant-based solutions. To achieve this we have developed nine high priority initiatives and four lighthouse projects on which to focus. We now summarize them briefly.

Lighthouse project 1: Proteins

Two of the lighthouse projects are tightly integrated into existing activities. The first is the proteins category: Our subsidiary BENEO has been active in this market for quite some time, offering products such as rice and textured wheat proteins. Here we have decided to invest further and want to rapidly expand our proteins portfolio throughout the group, building on the existing expertise. To produce the necessary raw materials; for example, broad beans, we are counting on regional, sustainable cultivation using our existing network of farmers.

Lighthouse project 2: Organic chemicals

Defossilization does not just apply to developing new energy concepts. This is another reason our second lighthouse project is organic chemicals, which are seen as sustainable renewable alternatives to fossil-based raw materials, especially in the chemical industry. Our production processes and products such as sugar, starch and ethanol are the perfect carbon source for many applications. The organic carbon dioxide (CO_2) produced during the making of renewable ethanol, such as at our multipurpose site in Zeitz, can be used to make polyurethane, a foam product. Renewable ethanol itself can also be used to make sustainable ethyl acetate, a solvent, to name only two possible applications that we are considering in the field of organic chemicals.

Lighthouse project 3: Sustainability

Our company requires a lot of energy. Since converting to other sources of energies and reducing energy consumption can only be achieved with a wide variety of investments and cannot happen overnight, we have set clear objectives in our long-term climate strategy. I invite you to review the details starting on page 31. But to conduct our business sustainably, we also need to deal with our employees responsibly and treat them as partners. A comprehensive HR strategy is on our agenda. Some of the topics addressed are further improving occupational health and safety and promoting diversity.

Lighthouse project 4: Digitalization

The fourth lighthouse project – digitalization – is a prerequisite for almost all of our business plans, opens the door to new opportunities, facilitates teamwork and optimizes and simplifies our business processes. Our digitalization strategy is wide-ranging and targets a variety of business areas. Our aim is to provide tailored instruments and measures to support the development of future growth sectors in our company as well as to promote cross-divisional collaboration and agile work. We plan to use strategic partnerships to expand our scope of action wherever it makes sense. Of course an engineering foundation is essential to all of this and we want to systematically enhance and expand this capability. Digitalization also contributes significantly to our commitment to sustainability and enables the provision of intelligent supply chains and efficient production processes.

Overall satisfactory business growth in a sometimes difficult market environment

Our 2026 PLUS strategy is ambitious and our work is laser-focused on its objectives. The solid business performance in fiscal 2021/22 provides us with a stable financial base. Market growth and the results improvement initiatives we have launched are having a positive impact. However, some of this good news is offset by shifts in demand caused by the Corona pandemic and sharply higher costs for raw materials and energy; we will have to contend with both factors, further aggravated by the effects of the war in Ukraine, we will have to contend with for the foreseeable future.

Segment growth uneven in second Corona year

Details of the various segments' growth can be found starting on page 81, so the following is only a brief summary. We have started to turn the sugar segment around and once again improved the operating result significantly, but unfortunately still had to report a loss for the fiscal year. We are diligently continuing with the initiatives we have launched in order to achieve long-term positive operating results, but are also pursuing additional options. This starts with a reorganization of the sugar division, right through to developing new concepts for beet-based solutions, the full impact of which is expected to unfold in the coming fiscal years.

The special products segment's performance was mixed. BENEO's results were stable, above all because of the steady demand from customers and consumers for nutrition enhancing and immune system strengthening products. In contrast, Freiberger had to contend with the anticipated weakening demand in the British and American frozen pizza markets, aggravated by the fact that volume in the German market did not quite match last year's numbers. During the first few months of the Corona pandemic in 2020, pizza sales had been unusually strong due to hoarding. PortionPack Europe's business continued to be affected by Corona-related restrictions in the hotel and restaurant industries.

Fiscal 2021/22 was another record year for CropEnergies, driven especially by the price of ethanol, which reached historic highs. CropEnergies was able to more than offset the adverse impact of higher raw material and energy costs thanks to higher sales revenues for protein-based food and animal feed.

Last fiscal year marked the first time we reported the starch business in a separate segment, which benefited among other things from rising demand in various markets – not least the packaging industry – for starch-based products. Overall growth was better than expected and the new segment was still able to offset rising raw material and energy costs.

The fruit segment's growth was mixed, with the fruit concentrates division reporting positive results while the fruit preparations division's numbers were rather flat or down slightly.

Overall, last fiscal year Südzucker Group took positive steps for the future. It is gratifying that both rating agencies Standard & Poor's and Moody's agreed and boosted our ratings.

Dividend payout recommendation doubled

In view of the renewed substantially improved result situation last fiscal year, the executive and supervisory boards will recommend a doubling of the dividend to € 0.40 (previous year: 0.20) per share at the annual general meeting.

We continue to act responsibly and are investing in a sustainable future

At this juncture, allow us to take a short step back and offer a broader perspective of the political and societal environment in which Südzucker Group operates. Topics such as the demands of the EU Taxonomy, the European Green Deal and the Farm to Fork strategy directly impact many of our company's divisions and present us with myriad challenges. In consideration of Südzucker Group's ecological and financial long-term growth, we accept these initiatives and are determined to transform them into opportunities for the company. Our 2026 PLUS strategy and above all the lighthouse projects described above serve as a base for these endeavors. We are investing in the successful economic future of the company and are contributing to maintaining an environment worth living in.

After several difficult years we are back on the track to success and with our 2026 PLUS strategy, have prepared a road map path for Südzucker Group's future success. Still, we are only just starting down this road. Even if not all of the changes immediately have a direct impact on improving the financial results, execution of the strategic initiatives will contribute to achieving sustainable positive results in the medium term. Our forecast for fiscal 2022/23 faces the current extremely challenging environment, marked by the uncertainties surrounding the Ukraine war, Russian sanctions, general cost increases and persistently high volatility.

We would be more than happy to present all of the topics I have just mentioned at a live annual general meeting and engage with you personally; however, in view of the continued difficult situation for large gatherings we must again forgo this opportunity and thus invite you to a virtual annual general meeting. We will provide all relevant information in a timely and comprehensive manner on our website at www.suedzucker.de/en.

In closing, we would like once more to expressly thank our employees for their untiring commitment and you, honored shareholders, for your support during the fiscal year 2021/22 just ended.

We wish every one of you health and optimism and hope for a positive, peaceful future,

Yours truly,
Südzucker AG
Executive board

DR. NIELS PÖRKSEN
(CEO)

INGRID-HELEN ARNOLD

DR. THOMAS KIRCHBERG

THOMAS KÖLBL

MARKUS MÜHLEISEN

EXECUTIVE BOARD

From left

Dr. Thomas Kirchberg
Würzburg / Germany
Chief Operating Officer (COO)

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

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

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

Thomas Kölbl
Speyer / Germany
Chief Financial Officer (CFO)

EXECUTIVE BOARD [1]

Dr. Niels Pörksen

Limburgerhof / Germany
Chairman / Chief Executive Officer (CEO)

Portfolios

- Business excellence
- Change management
- Data protection
- Internal communication
- External communication
- Internal audit, compliance
- Strategy / Corporate development
- Top management

Initial appointment: 1 March 2020
Term ends: 28 February 2023

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
- BENEO
- Freiberger
- PortionPack Europe

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.

Dr. Thomas Kirchberg

Würzburg / Germany
Chief Operating Officer (COO)

Portfolios

- Research & Development, Services
- New business development
- Sustainability
- Human resources
- CropEnergies
- Sugar (Südzucker)
- Agriculture

Initial appointment: 1 September 2007
Term ends: 31 August 2022

Born in 1960. Enrolled in agricultural studies in Göttingen, Germany. Doctorate degree in 1988. Joined Südzucker AG in Ochsenfurt, Germany in 1989. Appointed manager of the central region in 1995. Appointed chairman of Südzucker International in 1997 and a year later, also took responsibility for Moldova. Named speaker of the executive board of Südzucker Polska in 2004. Member of Südzucker AG's executive board since September 2007.

Thomas Kölbl

Speyer / Germany
Chief Financial Officer (CFO)

Portfolios

- Controlling
- Finance
- Investor relations
- Legal
- Procurement / Investments
- 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 enrolled in business administration at the University of Mannheim, Germany, 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
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. CEO of AGRANA Beteiligungs-AG since June 2021. Also a member of the executive board of Südzucker AG since June 2021.

[1] Other board memberships are listed on page 175.

SUPERVISORY BOARD [1]

Dr. Hans-Jörg Gebhard
Chairman
Eppingen, Germany
Former Chairman of the Association of Süddeutsche Zuckerrübenanbauer e. V.

Franz-Josef Möllenberg [2]
First Deputy Chairman
Rellingen, Germany
Former Trade Union Chairman of the Food and Catering Union

Erwin Hameseder
Second Deputy Chairman
Mühldorf, Austria
Chairman of Raiffeisen-Holding Lower Austria – Vienna reg. Gen. m.g.H.

Fred Adjan [2]
Hamburg, Germany
Deputy Trade Union Chairman of the Food and Catering Union

Helmut Friedl
Egling a. d. Paar, Germany
Chairman of the Association of Bayerische Zuckerrübenanbauer e. V.

Ulrich Gruber [2]
Plattling, Germany
Deputy chairman of the central works council of Südzucker AG

Veronika Haslinger
Vienna, Austria
Managing director of Raiffeisen-Holding Lower Austria – Vienna reg. Gen. m.g.H.

Georg Koch
Wabern, Germany
Chairman of the Association of Zuckerrübenanbauer Kassel e. V.

Susanne Kunschert
Stuttgart, Germany
Managing director of Pilz GmbH & Co. KG

Ulrike Maiweg [2]
Bellheim, Germany
Deputy chairwoman of the works council at the Mannheim headquarters of Südzucker AG

Walter Manz
Dexheim, Germany
Chairman of the Association of Hessisch-Pfälzische 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 the Food and Catering Union

Angela Nguyen [2]
Biederitz, Germany
Deputy chairwoman of the works council of Freiberger Osterweddingen GmbH & Co. KG

Joachim Rukwied
Eberstadt, Germany
Chairman of the German Farmers' Association

Bernd Frank Sachse [2]
Zeitz, Germany
Chairman of the works council at the Zeitz factory of Südzucker AG

Nadine Seidemann [2]
Donauwörth, Germany
Deputy chairwoman of the works council at the Rain factory of Südzucker AG

Dr. Stefan Streng
Uffenheim, Germany
Chairman of the Association of Süddeutsche Zuckerrübenanbauer e. V.

Wolfgang Vogl [2]
Bernried, Germany
Regional manager South Offenau, Plattling and Rain factories of Südzucker AG

Rolf Wiederhold [2]
Wabern, Germany
Chairman of the central works council of Südzucker AG

[1] Other board memberships are listed starting on page 173.
[2] Employee representative.

REPORT OF THE SUPERVISORY BOARD

Dr. Hans-Jörg Gebhard
Chairman

Ladies and Gentlemen,

Before reviewing the supervisory board's activities in the financial year just ended, I would like to express – on behalf of all members of the supervisory board – our deep sympathy for all those affected by the war in Ukraine and our condemnation of the attack by Russia on its sovereign neighboring state. The concern for the well-being of its own employees and other people affected by the humanitarian crisis has led the company to initiate a variety of relief measures and to take immediate action – socially responsible conduct that is expressly welcomed by the supervisory board.

The supervisory board will discuss the economic impact of this war on Südzucker Group's business activities and the measures the executive board will be deriving from it with the necessary due diligence and the interests of the company in mind.

The coronavirus pandemic in particular shaped much of our work on the supervisory board in the 2021/22 financial year just ended. Communication within the supervisory board and with the executive board via hybrid meetings or conference calls became increasingly routine during the second year of the pandemic. However, it is no substitute for in-person meetings over the long term.

This is all the more true when it comes to discussing serious issues such as the aforementioned consequences arising from the war in Ukraine or measures for further implementation of the group's 2026 PLUS strategy. As the supervisory board, it is particularly important for us to confront these challenges responsibly and with foresight. But now that we have presented a brief outlook on future challenges, let us return our attention to the 2021/22 financial year.

The supervisory board continued to work on the basis of mutual trust and in the spirit of a results-oriented team with the executive board in fiscal 2021/22. 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 risk situation, as well as risk management and compliance.

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 start of the Corona pandemic outbreak, the executive board regularly updated the supervisory board on developments, actions taken and the situation of the company.

Supervisory board meetings and decisions

The supervisory board met with the executive board at four ordinary meetings and two extraordinary meetings in fiscal 2021/22. The executive board took part in the ordinary meetings – except when discussing internal matters of the supervisory board. Because of the Corona pandemic, all meetings were held as hybrid events – the supervisory board members were partly present on site and partly connected virtually. In addition to the meetings, the supervisory board made four decision by written procedure. The supervisory board approved all of the executive board's decisions after a thorough review and discussions.

The supervisory board approved a real estate matter by written procedure on **23 March 2021**.

At an extraordinary meeting on **7 April 2021**, the proposal for a new executive board compensation system was discussed in depth.

The new executive board compensation system was approved in principle and personnel decisions were made at the extraordinary meeting on **26 April 2021**.

The main focus of the **19 May 2021** meeting was the review and approval of Südzucker AG's financial statements and the consolidated financial statements dated 28 February 2021. The CFO presented the 2020/21 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, which included the accounting-system-related internal control systems. 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 2021 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. The concept for the sugar and starch segments was also presented and intensively discussed. The supervisory board dealt with the regular agenda item of compliance. Furthermore, the supervisory board approved a supplement to the investment plan of BENEO and Freiberger. In addition, personnel matters were discussed. The new executive board compensation system was also discussed again and finally resolved.

On **9 June 2021**, the supervisory board approved by written procedure an adjustment to the executive board's compensation and retirement benefits.

At its meeting on **14 July 2021** – the day before the ordinary annual general meeting – the CFO presented the mid-term plan. The supervisory board approved the investment plans for 2022/2023, the long-term investment programs of Südzucker Group as well as investment amendments. In addition, a real estate matter was approved. Personnel matters were also dealt with and targets were set for the 2021/22 fiscal year relating to the executive board compensation system.

The supervisory board approved at its meeting on **23 September 2021** a real estate matter by written procedure.

The meeting on **11 November 2021** focused on the investments in ED&F Man, Freiberger-Richelieu Foods and AGRANA Zucker. The CFO provided an update of the result projections for 2021/22. 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 2021 declaration of compliance and the amendment of the standard rules of procedure for the audit committee. In addition, the board approved CropEnergies investment supplements and a real estate matter. Finally, internal supervisory board matters were dealt with as a separate agenda item.

The supervisory board approved an adjustment to the executive board's compensation by written procedure on **25 November 2021**.

At the **23 February 2022** meeting, the CFO presented the updated results projection for 2021/22. The supervisory board approved investment supplements for the sugar (Südzucker), BENEO and PortionPack Europe divisions. It also discussed the current status of the 2026 PLUS strategy project. The supervisory board decided to reorganize its committees, amend its rules of procedure and the rules of procedure for the audit committee, and revise the diversity concepts for the supervisory board and executive board. A resolution was also passed on the invitation to tender for the audit of the 2023/24 financial statements. Personnel matters were also discussed and the targets were set for 2022/2023 the fiscal year relating to the executive board compensation system.

Supervisory board committees

The supervisory board to date set up six committees to enable its efficient fulfillment of duties (executive committee, mediation committee, audit committee, agricultural committee, nomination committee and economic and social committee), each of which 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".

In its meeting on **23 February 2022**, the supervisory board decided on a reorganization of its committees. With a new supervisory board to be elected at the 2022 Annual General Meeting, the reorganization and composition of the committees will be implemented when the newly elected supervisory board is constituted. A new strategy and sustainability committee will subsequently be formed, with equal numbers of four representatives each from the shareholder and employee sides. The agricultural committee will also address increasingly important raw material issues, so it will be renamed the "agriculture and raw material markets committee" and will have four representatives each from the stockholders' and employees' sides instead of three.

The supervisory board **executive committee** convened eleven times in fiscal 2021/22: on 18 March 2021, on 7, 14, 19, 23, and 26 April 2021, on 19 May 2021, 14 July 2021, 11 November 2021 as well as on 15 and 23 February 2022. In particular, the strategic alignment of the company, but also corporate governance issues and the introduction and implementation of the new executive board compensation system as well as personnel matters were discussed in advance.

The **audit committee** convened four times during the year, in two telephone conferences and two hybrid meetings:

At its **6 May 2021** 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 2021. 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 and as auditor of the non-financial statement (limited assurance) 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 **6 July 2021**, the audit committee discussed with the executive board the quarterly statement Q1 of the 2021/22 financial year. It dealt with the auditor's quotation for the audit assignment and awarded the audit assignment for the annual audit of the financial statements and the audit of the non-financial declaration (Limited Assurance) to PwC – subject to its election as auditor by the Annual General Meeting.

In the **12 October 2021** 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. This included discussions on expanding risk reporting to include sustainability, climate change-related risks, and consideration of the disclosures recommended by the Task Force on Climate-related Financial Disclosures (TCFD). Another agenda item was the discussion of the 2021/22 half-year financial report.

In the telephone conference on **11 January 2022**, the audit committee discussed the Q3 2021/22 quarterly statement with the executive board.

All members attended at the audit committee meetings and telephone conferences.

The **agricultural committee** convened on **11 November 2021**. Südzucker AG's agricultural division presented its report and information was provided and discussed on Carbon Farming.

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

The **mediation committee** had no reason to convene in fiscal year 2021/22. Neither did the **social committee** and the **nomination committee** meet.

Attendance

Mr. Erwin Hameseder and Dr. Stefan Streng were absent from the extraordinary supervisory board meetings on 7 and 26 April 2021, respectively. Mr. Fred Adjan and Ms. Julia Merkel did not attend the supervisory board meetings on 14 July and 11 November 2021, respectively. Mr. Erwin Hameseder was absent from the meetings of the executive committee held on 18 March and 7 April. Otherwise, all supervisory board and/or committee members physically or virtually attended the meetings. Nonparticipation was excused in each case.

Supervisory board self-assessment

In accordance with recommendation D.13 of the German Corporate Governance Code (Code), the supervisory board again assessed how effectively it works overall and how its committees fulfill their work. 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 11 November 2021, 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 20 January 2022, 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 wording of the supervisory board's diversity goals for its future composition and the declaration of compliance for 2021 issued by the executive and supervisory boards, can be reviewed in the corporate governance report. In addition, all relevant information is available on the Internet at www.suedzucker.de/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. It discussed these subjects in detail with the auditors. The same applies to the effectiveness of

Südzucker Group's risk management 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 2021/22 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 15 July 2021 at the recommendation of the supervisory board. PwC has reviewed the financial statements and management report of Südzucker AG for fiscal 2021/22, the recommendation of the executive board for appropriation of retained earnings and the consolidated financial statements and management report for 2021/22 and issued a qualified audit opinion on each of them. The auditor also confirmed that the executive board suitably complied with its duties as outlined in article 91, paragraph 2 of the German Stock Corporation Act (AktG). In particular, it established an appropriate information and monitoring system that meets the needs of the company and that is suitable for early detection of developments that may threaten the company's survival. PwC has audited the group and individual financial statements since the 2003/04 fiscal year. Christina Pöpperl has been the responsible auditor at PwC for Südzucker AG since 2020/21.

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, that the contractual transactions itemized in the report are not unreasonably high and that there are no grounds for the measures referred to in the report or a significantly different assessment than that of the executive board.

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 virtually in the audit committee's 10 May 2022 meeting and in the supervisory board's financial review meeting of 18 May 2022 and provided a detailed report on the proceedings and result of the audit of the financial statements and the non-financial 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 18 May 2022, 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 4 April 2022 regarding the distribution of a dividend in the amount of € 0.40 per share.

Personnel matters

There were no personnel changes on the **supervisory board** in the 2021/22 fiscal year.

Ms. Ingrid-Helen Arnold was appointed to the **executive board** as an additional member (Chief Digital Officer, CDO) with effect from 1 May 2021. As successor to Mr. Johann Marihart, whose appointment expired on 31 May 2021, Mr. Markus Mühleisen, CEO of AGRANA Beteiligungs-AG, Vienna, Austria, was appointed as an additional executive board member with effect from 1 June 2021.

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, 18 May 2022
On behalf of the supervisory board

DR. HANS-JÖRG GEBHARD
CHAIRMAN

SÜDZUCKER SHARES AND CAPITAL MARKET

Capital market environment

Stock market performance in fiscal 2021/22 continued to be dominated by the Corona pandemic. Despite considerable real economy problems and increased volatility, stock markets continued to set records. The Dow Jones and NASDAQ as well as the DAX®, MDAX® and SDAX® saw new record highs in November 2021.

Due to significant regional differences in lockdowns and the corresponding differences in the affected industrial sectors, corporate profit and profit forecasts continued to show very mixed development across the globe in the reporting period. Companies that were already unable to issue any profit forecasts at all in 2020 continued to do so in many cases in 2021. The election in the USA overshadowed the trade conflict between the USA and China. It was replaced by geopolitical conflicts (e. g. Ukraine crisis) and the sharp rise in inflation. In this context, the substantial increase in energy and raw material prices, in particular gas prices, played an important role.

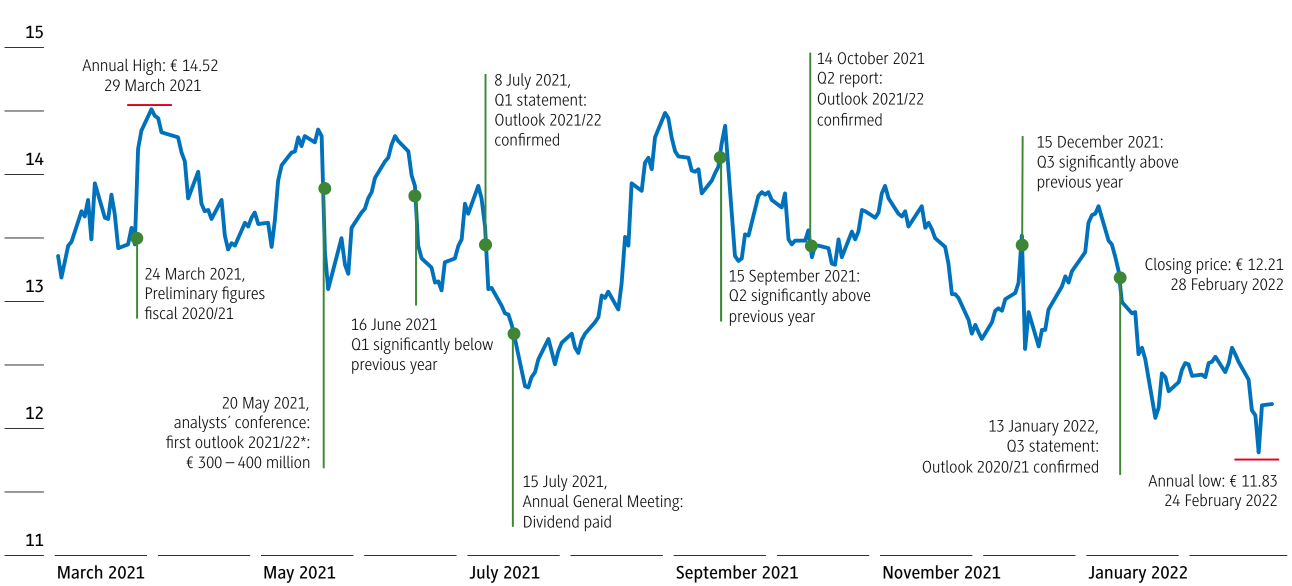
The fact that the DAX® rose significantly despite this was due to the continued massive available liquidity as central banks maintained their policy of low interest rates and initial improvements in results against the backdrop of interim easing measures within the pandemic. The American elections and inauguration of a new president in January 2021 also had a positive impact on markets. After the U.S. Federal Reserve had already reversed its monetary policy already in 2019 with three key interest rate cuts, a further significant reduction to just 0.00 to 0.25 % followed in March 2020 ahead of the looming pandemic-related economic crisis. In January 2022, the US Federal Reserve announced a possible increase in the key interest rate for March 2022. The European Central Bank cut the deposit rate by ten basis points to – 0.5 % on 12 September 2019 and confirmed this rate throughout calendar years 2020 and 2021.

The yield on ten-year government bonds, which had already become negative in 2019, remained at a similarly low negative interest level of about – 0.5 % in 2021. Since the beginning of calendar year 2022, the negative interest rate declined and was temporarily quoted with a positive yield. At the end of February 2022, the negative interest rate was +0.19 %. The difference in yields between ten-year government bonds and the dividend yield of the DAX® thus continued.

Following the aforementioned all-time highs in November 2021, DAX®, MDAX® and SDAX® ended February 2022 at 14,461 and 31,873 and 14,475 points respectively.

Südzucker's share price performance

1 March 2021 to 28 February 2022
Share price in €



* The forecast relates to the expected consolidated group operating result during the respective fiscal year.

DIAGRAM 001

Südzucker share data

		2021/22	2020/21
Market capitalization [1]	€ million	2,493	2,661
Freefloat – market capitalization [1]	€ million	723	790
Number of shares outstanding at € 1 [1]	million shares	204,158,901	204,183,292
Xetra® closing price [1]	€	12.21	13.03
High for the year (Xetra®)	€	14.52	17.54
Low for the year (Xetra®)	€	11.83	10.77
Average trading volume / day [2]	thousands of shares	523	737
Cumulative trading turnover	€ million	1,793	2,457
Closing rate SDAX® [1]	points	14,475	15,110
Performance Südzucker share (1 March to 28 February) [3]	%	−4.8	−6.2
Performance SDAX® (1 March to 28 February)	%	−4.2	33.4
Dividend [4]	€/share	0.40	0.20
Dividend yield	%	3.3	1.5
Earnings per share	€	0.32	−0.52

[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] 2021/22: Proposal.

TABLE 004

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

(1 March 2017 to 28 February 2022)
Index in %

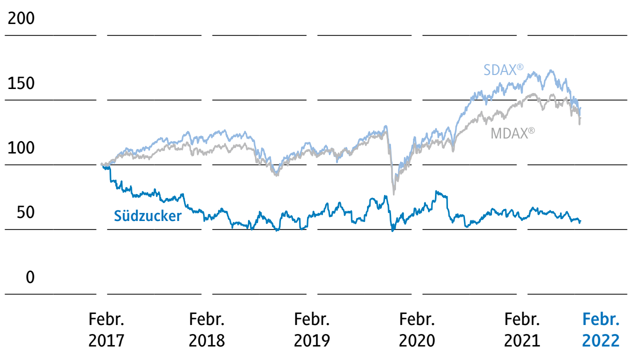


DIAGRAM 002

Südzucker's share price performance

Starting from an opening price of € 13.37 on 1 March 2021, the share price reached its high for the year of € 14.52 as early as 29 March 2021 following the presentation of the preliminary figures for the previous 2020/21 financial year. In line with the market as a whole, the share price moved sideways for the most part, reaching a low for the year of € 11.83 on 24 February 2022. Südzucker's share price closed at € 12.21 at the end of the fiscal year. The decline of −4.82 % roughly corresponded to the SDAX®'s decline of −4.21 %.

Shareholder structure stable

Südzucker AG continued to have two major long-term shareholders. As of 28 February 2022, SZVG held 60.3 % 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, 29.4 %, is held by private investors, investment funds, pension funds and insurance companies 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)

[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 17 January 2022, Moody's confirmed the company's corporate and bond rating of Baa3 and raised the outlook from negative to stable. Moody's left the subordinated hybrid bond equity credit rating unchanged at 75 %.

S&P confirmed its long-term corporate rating of BBB- on 21 October 2021 and increased the outlook from negative to stable. The subordinated hybrid bond was recognized at 50 % equity.

Communications with the capital markets

Communication with investors, analysts and other market participants continued to take place virtually given the Corona pandemic. The executive board and Investor Relations presented and explained the Group's performance in numerous online road shows 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 GY (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 134 (140) other entities, of which Südzucker AG is directly or indirectly the majority shareholder. A total of 16 (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 2022 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

Agriculture

Joint venture/investment
- AGRANA-STUDEN, Bosnia-Herzegovina (1 refinery, 50 % joint venture)
- ED&F MAN, Great Britain (35 % share)

SPECIAL PRODUCTS SEGMENT

3 Divisions

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

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

PortionPack Europe
- Portion packs
- 7 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 Operating Officer (COO) and the Chief Executive Officer of AGRANA Beteiligungs-AG (CEO AGRANA) jointly manage the sugar segment. As part of this joint segment governance, the COO has regional responsibility for the country subsidiaries – Germany, Belgium, France, Poland, Moldova and distributors – of the sugar division (Südzucker). 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 COO is also assigned the CropEnergies segment and the CEO of AGRANA the starch and fruit segments. The Chief Digital Officer (CDO) heads the special products segment with the BENEO, Freiberger and PortionPack Europe 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 monitoring and management 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 focus 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 group-wide reporting and planning system together with centrally defined key figures. Key performance indicators at group and segment level are operating result and exclusively at group level EBITDA[1] 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 property, plant and equipment 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 € 1.4 (1.4) billion as of the balance sheet date.

[1] EBITDA: Earnings Before Interest, Taxes, Depreciation and Amortization

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 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 food 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 situation

Current social developments and far-reaching changes in some of our markets are presenting us with new challenges. 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 all these trends as an opportunity to even better meet these needs and those of society as a whole.

Group Strategy 2026 PLUS

Südzucker Group has set ambitious goals and launched a pioneering change process with its Group Strategy 2026 PLUS. We are transforming from a major processor of agricultural raw materials to a leading partner of plant-based solutions for a livable, healthy and sustainable world.

Get the Power of Plants

GROUP STRATEGY 2026 PLUS

Our group of companies aims to be even more innovative, customer-focused and consistently aligned with sustainability and profitable growth.

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 & globally.

Five strategic directions are key elements of our Group Strategy 2026 PLUS

Our key directions demonstrate how we intend to achieve our vision.

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

Sustainability
Committed to sustainable business

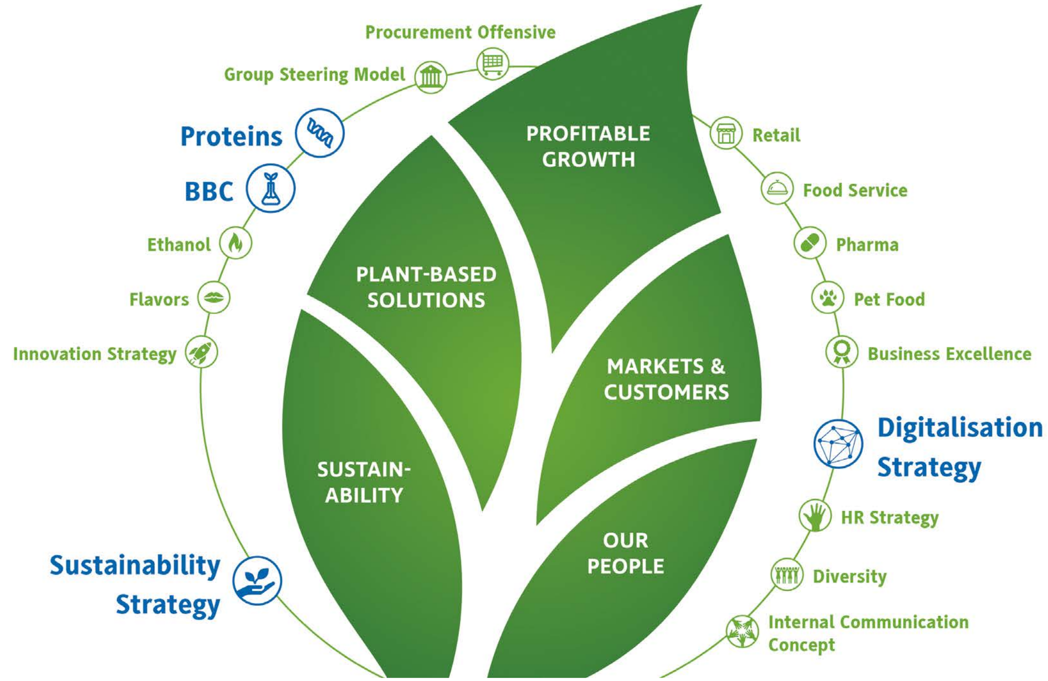
Markets and customers
Market and customer access improvement

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

Get the Power of Plants

GROUP STRATEGY 2026 PLUS



A number of focus initiatives have been launched to address the strategic directions. We have now defined four areas that will be driven forward primarily by the strength of the entire group of companies.

The focus is on expanding the proteins business area and establishing the new bio-based chemicals business, as well as developing and implementing the digitalization and sustainability strategy.

Proteins
Changing dietary habits, climate protection and animal welfare are driving the demand for alternative protein products. The focus is on markets for plant-based meat and fish substitutes. We rely on a sustainable raw material base, which for us primarily means procuring raw materials locally or regionally.

Prioritizing the use of legumes helps us support evolving agricultural and climate policy measures on extended crop rotation. Our roots and connection to agriculture are key elements of this strategy. For instance, we partner with a network of beet growers and use our own acreage – particularly in the test and startup phase. We implement our strategy in myriad ways: by deliberately investing in our own production and through cooperative alliances.

Bio-based chemicals
The Südzucker Group's development work in the field of bio-based chemicals is aimed at decarbonization, defossilization of chemical production, recyclability and the biodegradability of plastics, among other objectives. This is how we strike a balance between economy and ecology.

Our bio-based chemicals enable us to offer sustainable alternatives to fossil-based products. Producing consumable and packaging materials from starch is one example of this.

Digitalization
For the Südzucker Group digitalization means ensuring and advancing an adequate, efficient IT infrastructure that connects as many areas of the company as possible digitally supporting new business models. We involve our customers and agricultural partners in the process and develop new digital service solutions.

More effective integration of digital solutions in the production environment – for instance using applications for daily work along the entire value chain – helps us improve transparency and contributes to increased efficiency and quality.

The introduction of a groupwide solution to support distribution enables us to design our sales processes even more efficiently. We also take a systems-oriented approach that focuses on customers more than ever before.

In addition, based on new technologies and the systematic use of data from our own agriculture, we are implementing an integrated concept that creates the basis for new options for digital business models in a changing agricultural environment.

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

Divisions' strategies
Südzucker Group Strategy 2026 PLUS and the divisional strategies are designed to complement and reinforce each other. In addition to organic growth, we also have acquisition opportunities as a group and innovations achieved through cooperative ventures. We also take into account the requirements and trends in the respective markets. Details of the respective divisional strategies are provided directly in the corresponding segments.

Sustainability

Sustainability strategy

Sustainability is one of five strategic directions firmly embedded in the 2026 PLUS group strategy and is thus directly linked to the purpose of the company, which is to contribute to an enjoyable, healthy, and sustainable world based on the power of plants. Implementation of the sustainability strategy has been given a high priority as one of the group four lighthouse projects.

In fiscal 2021/22, the focus was on a strategic repositioning of the corporate sustainability function, firm embedding of sustainability in the organization and developing of a groupwide sustainability strategy. At its core is our sustainability target picture, which encompasses all sustainability topics identified as being material to the group and its divisions.

We have identified eight sustainability topics as groupwide priorities. Besides climate protection, they include water, circular economy, sustainable procurement, work safety, employee satisfaction, diversity and customers' and consumers' health. For each of these topics, we are setting groupwide targets and concrete action plans to achieve them.

In last fiscal year, we established groupwide targets for climate protection, work safety and gender diversity and have set concrete plans for achieving each of them (→ Environment and Employees). We linked the achievement of these targets to the executive remuneration.

Last year we joined the Science Based Target Initiative (SBTi) to support the key priority climate protection, thereby committing ourselves to measurably reducing our CO_2 emissions in a verified way.

We will continue to formulate the content of the remaining priority topics and execute the defined sustainability action plans in fiscal 2022/23. We will also focus on the new requirements of the German Due Diligence Act, which calls for responsible supply chain management.

Since commitment from all of our employees is key to implementing of the sustainability program, we have intensified our internal communications under the heading "Mission Sustainability".

Sustainability management organization

To ensure the proper execution of sustainability throughout the group, we have established a targeted 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 new sustainability board established in fiscal 2021/2022 is responsible for implementing the groupwide sustainability strategy and overseeing the sustainability activities of Südzucker Group on behalf of the executive board. The sustainability board also supports the executive board in further development of the group's sustainability strategy. 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

Sustainability management organization

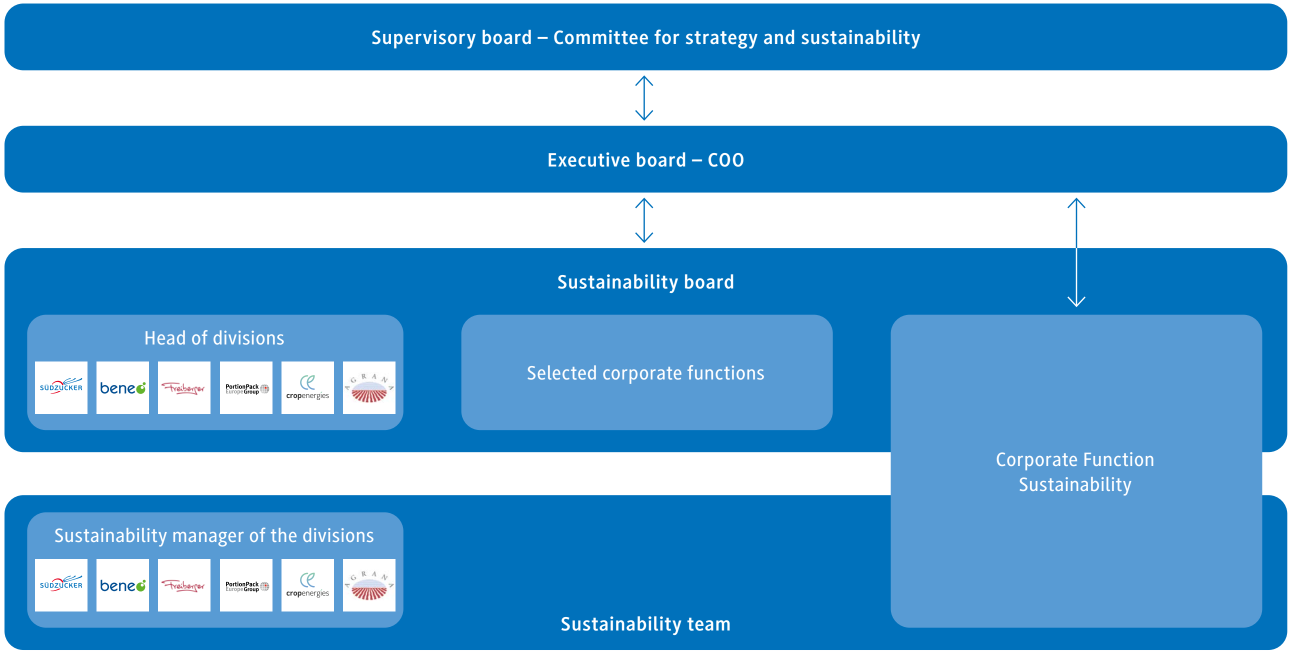


DIAGRAM 004

program, including the sustainability targets and reporting. The corporate function sustainability also defines the strategic direction within Südzucker Group and coordinates the sustainability activities at the divisional level.

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

The corporate function sustainability and the divisional sustainability managers form the sustainability team, which is a platform for cooperation, knowledge exchange and alignment. The team meets every month as well as ad hoc.

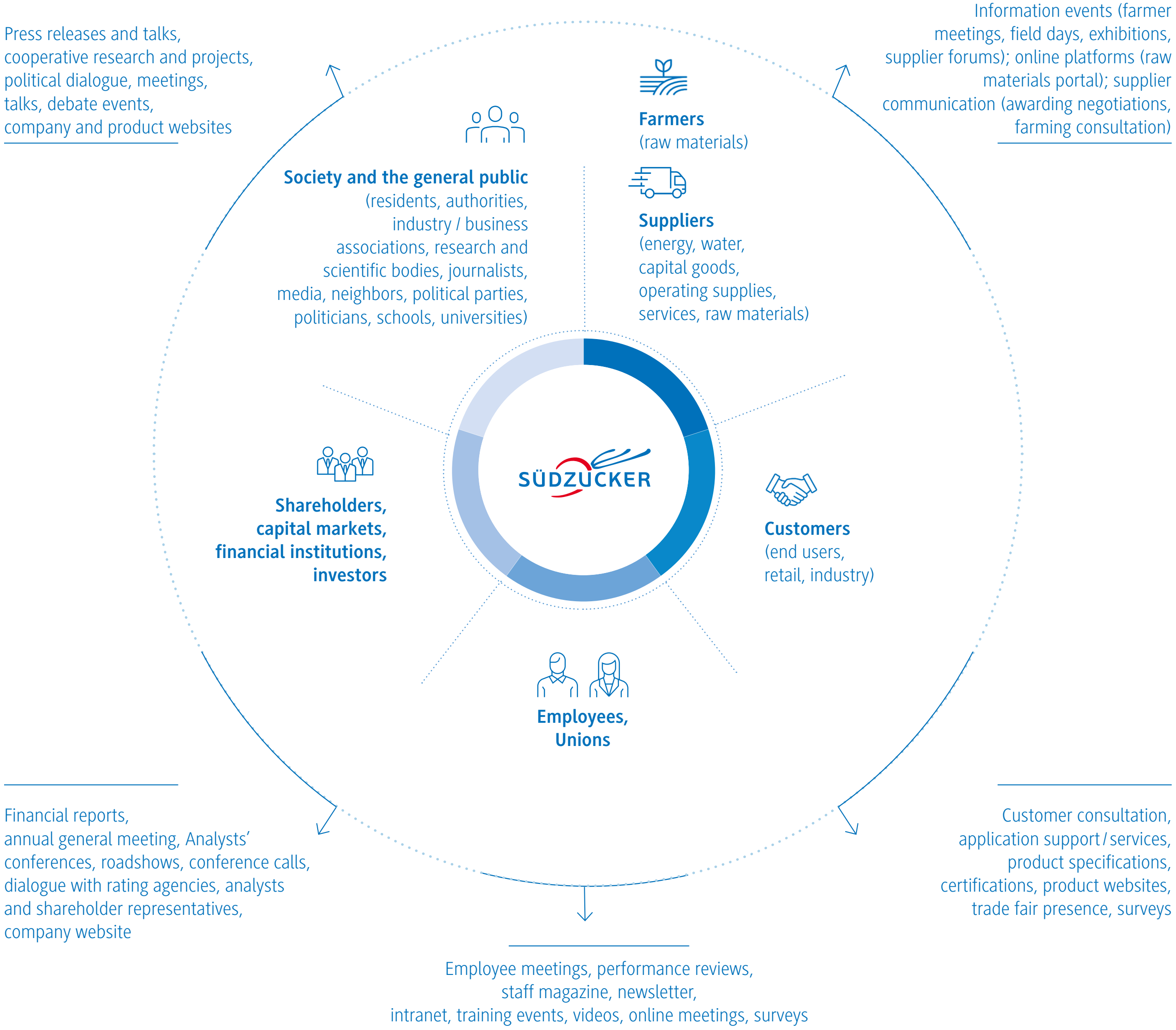
The committee for strategy and sustainability was newly established at the supervisory board level. With regard to sustainability, this committee deals in particular with issues of corporate governance based on the principles of environmental and social sustainability and the key projects associated with this.

At the interface between sustainability management and risk management, the committee for climate-related risks and opportunities was established, whose main task is to evaluate climate-related risks and opportunities. It consists of the corporate function sustainability and the risk management committee members.

Stakeholder

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 continues to define the framework conditions for the types of dialogue. Further information on stakeholder groups and forms of dialog can be found in the corresponding chapters of this report (→ Share, Environment, Employees, Society, Research and Development).

Stakeholder groups and communications methods[1]



[1] Events, discussions and meetings generally took place online.

DIAGRAM 005

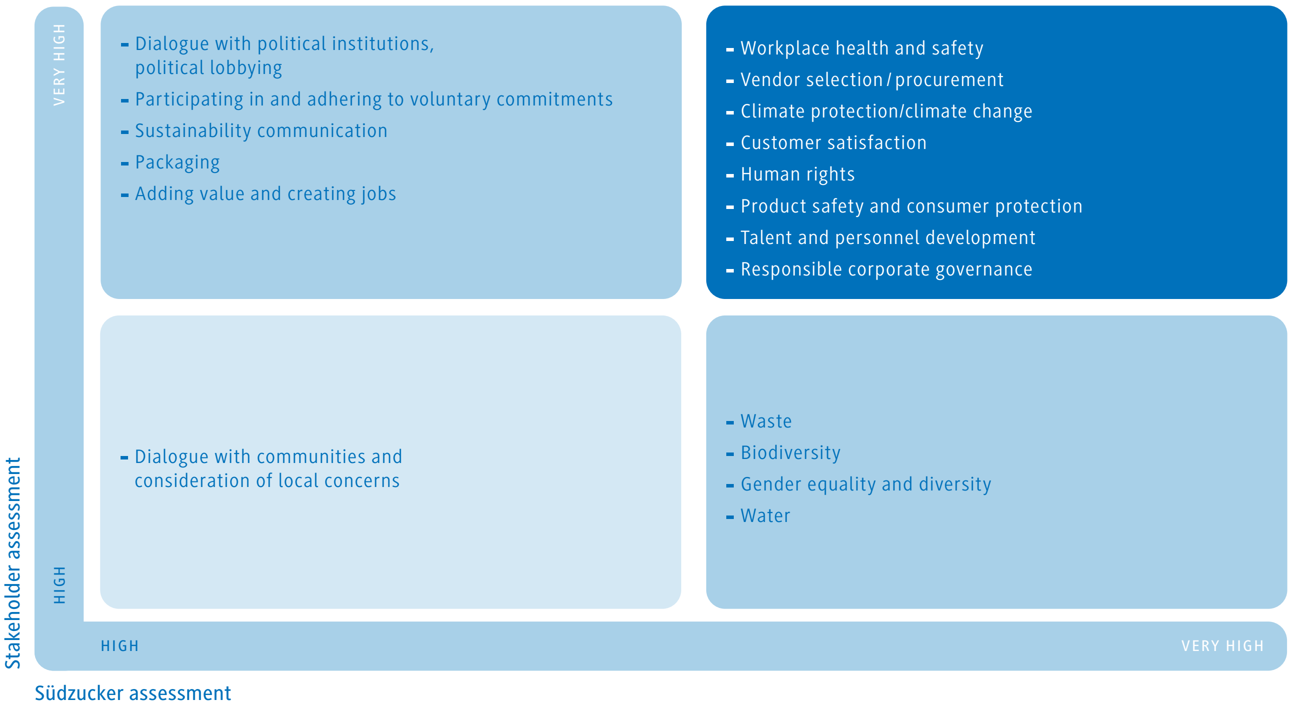
Materiality analysis

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, of which almost 1,350 ultimately participated in the survey in fiscal 2020/21. Prior to that, beet suppliers, customers, financial institutions and representatives of the major shareholders were also asked. The results of all surveys have been incorporated into the following materiality matrix.

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[1]



[1] Adjustments have been made to the wording and groupings compared with the previous year.

DIAGRAM 006

Summary of aspects subject to mandatory reporting

Sustainability aspects (content of the non-financial declaration)	Management report chapter/section
Environmental issues	Environment
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 of the following key sustainability-oriented initiatives and organizations (→ Table 008).

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

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. Südzucker regularly provides EcoVadis with extensive information regarding various aspects related to the environment, business ethics, employee and human rights as well as procurement. The current rating score was upgraded from bronze status to silver in the reporting year. Improvements were achieved in particular in the areas of compliance and environment. The results underpin the purchasing decisions of numerous customers from the food industry.

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 integrate the universal sustainability principles into our daily activities and to promote the Sustainable Development Goals.

ENVIRONMENT

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 and energy policy was adapted during the past financial year and specifically expanded to cover the climate topic. The company is thus committed to reducing the resource requirements and environmental impact of its business activities and to continuously improving the energy efficiency of its 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 Group companies utilize the following certified management systems when executing their environmental management programs:

- Quality management as per ISO 9001: Raffinerie Tirlemontoise S.A., Saint Louis Sucre S.A.S, Südzucker AG, Südzucker Polska S.A., CropEnergies and BENEO production locations
- 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

The leading management system is ISO 9001. Processes and responsibilities are defined by the central department for environment and occupational safety, documented in the management system and their effectiveness regularly reviewed internally and externally at the Raffinerie Tirlemontoise, Saint Louis Sucre, Südzucker, Südzucker Polska, CropEnergies and BENEO production locations. The necessary activities for other Südzucker Group companies are also managed in this way.

The environmental officers and the respective plant managers regularly monitor compliance with legal requirements.

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

Climate protection is a key concern for us. We accordingly continued to develop and specify the groupwide climate strategy as an integral part of our long-term business strategy. As part of this, the climate targets set in fiscal 2020/21 have been tightened up.

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.

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 preparing climate friendly biomass-based products for the non-food sector (→ Table 009).

Our climate strategy to achieve climate neutrality includes the following action items:

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 **bio-based plastics and / or bio-based chemicals** production • Conduct **research and development** to further enhance technologies for producing bio-based products • Produce **bio-based chemicals**

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

TABLE 009

Science Based Target Initiative (SBTi)

In February 2022, we joined the Science Based Target Initiative (SBTi) in order to underline our commitment in the field of climate protection.

The initiative provides an internationally recognized standard for corporate climate targets that defines emissions reduction targets consistent with the level of decarbonization that, according to climate science, is required to achieve global objectives of the Paris Agreement.

Since joining the SBTi, Südzucker has raised its previous group direct CO_2 emissions reduction targets from its own business activities (Scope 1 and 2) for the year 2030 from 30 % to 50 % (based on 3.7 million tonnes of CO_2 in the base year 2018). By halving our emissions in only twelve years, we are contributing to limiting global warming to 1.5 °C.

Südzucker has also set a group reduction target for indirect CO_2 emissions in its value chain (Scope 3). In line with SBTi criteria, by 2030 we aim to reduce these emissions by at least 30 % compared to the base year 2018.

Ultimately, we want to adapt the net zero target for emissions Scope 1, 2 and 3 previously planned for 2050 so that it matches the requirements of the new FLAG (Forest, Land and Agriculture) directive of SBTi for land-intensive sectors. The directive is still under development.

We are thereby committed to further reduce the carbon footprint of our company in accordance with the latest findings of climate scientists. We plan to have the targets validated by SBTi in fiscal 2022/23.

Climate-neutral production

We are tackling three areas in order to achieve our goal of climate-neutral production. 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 replacing our coal-fired equipment step-by-step and gradually converting to renewable fuels. In addition, we prepared a group-wide roadmap to obtain electrical energy from renewable sources.

A comprehensive analysis was conducted of the individual segments' and divisions' production sites. It identified successive production plants in which pioneering technologies will be implemented to significantly reduce CO_2 emissions. 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. In the end, 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 will be sequentially included in the company's investment plans.

As we move forward, we will build on the experience gained from completed projects as well as projects in progress. For example, we are building an additional biomass power station required to achieve climate neutral production at the Wanze location in Belgium. With the exception of the lime kiln, fossil fuels will no longer be required for production at the Pemuco site in Chile from as early as 2023. We operate biogas plants at various sugar segment sites.

According to current projections, by 2030 we will have invested around € 600 million to achieve our climate targets for Scope 1 and 2 emissions.

Supply chains decarbonization

A further lever to implement our climate target consists 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 same.

Last fiscal year, we calculated our Scope 3 emissions for the base year 2018 for the first time, in a structured manner and according to the Greenhouse Gas Protocol. Emissions calculations in the upstream and downstream parts of the value-added chain are ubject to significant uncertainty, particularly when it comes to agricultural activities. This is due to the methodology on the one hand and on the other, due to the limited availability of emission data from cultivation. Subject to these limitations, we determined that our Scope 3 emissions in 2018 amounted to nearly 10 million tonnes of CO_2. In other words, almost three quarters of Südzucker Group's total emissions are emissions in the upstream and downstream parts of the value chain, over which Südzucker has no direct control. Figure 08 shows the composition of Scope 1, 2, and 3 emissions over the total 13.6 million tonnes of CO_2.

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

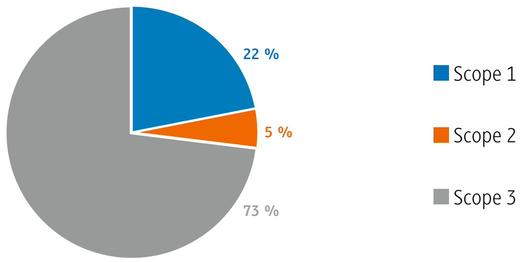


DIAGRAM 007

The Greenhouse Gas Protocol subdivides Scope 3 emissions into 15 categories. We analyzed our Scope 3 emissions accordingly and identified four categories that comprise the major share of emissions.

Category		Share of the total Scope 3 emissions
Category 1	Purchased goods	78 %
Category 3	Fuel and energy-related emissions not covered by either Scope 1 or 2	4 %
Category 4	Raw material transportation	6 %
Category 9	Products transportation	6 %

TABLE 010

The remaining categories, each comprising about 2 % or less, are of minor importance and will therefore not be included in our regular reporting.

As a food producer, Südzucker Group's focus is necessarily on the procurement of agricultural raw materials. In 2018, about sixty percent of all Scope 3 emissions in Category 1 related to the following agricultural raw materials: sugar beets, wheat, corn and dairy products. In order to achieve our Scope 3 target, it will therefore be essential for us to work hand-in-hand with our raw material suppliers. We are already testing initial methods in the sugar beet cultivation (→ Carbon Farming Project).

Now that we have presented our Scope 3 emissions, our emission reporting is complete. From fiscal 2022/23 onwards, we will report the emissions associated with the relevant aspects of our value chains on a yearly basis. Südzucker advocates for harmonization of methodological approaches to calculate Scope 3 emissions of

Carbon Farming Project

The agricultural sector will also have to cut its emissions to comply with the climate policy directives. We are currently developing meadures for our key agricultural raw materials that will enable us to reach the CO_2 reduction target of – 30 % by 2030. In addition to reducing CO_2, it is necessary to increasingly keep CO_2 in the soil and to avoid releasing the CO_2 stored there.

In 2021, we started a project with twenty-seven pilot farms in Germany and twenty in Belgium. Additional ones will follow in France and Poland in 2022. The objective is to determine which agricultural practices are valued by common carbon accounting, and to what extent, and which are most effective and feasible for sequestering carbon or reducing CO_2 emissions when growing sugar beets and chicory. This will enable us to establish a good basis for best practices, which we can then make available to other agricultural suppliers in the framework of our cultivation advisory services.

A key element of this initiative is a collaborative project with the Cool Farm Alliance. This company has developed an IT solution called the Cool Farm Tool, which is largely recognized by our customers as a way to collect all relevant emission data. The tool also gives us the ability to uniformly capture data from the pilot projects in various countries. The data collected can also be used when developing our Scope 3 emissions reduction roadmap.

processed agricultural commodities in the food sector and actively collaborates on an appropriate methodology.

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 2021/22 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 2021/22, Südzucker underscored again its intent to further reduce emissions when it participated in the CDP (formerly Carbon Disclosure Project).

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 2021/22, energy use remained unchanged at 49.8 million GJ despite slightly higher raw material volumes processed. Absolute scope 1 and 2 emissions decreased by 5 % to 2.9 million tonnes of CO_2. In addition to the change in the fuel mix, this was due in particular to the higher share of renewable energies in energy consumption which increased by 15 % compared with the previous year.

Energy use (direct and indirect) at Südzucker Group

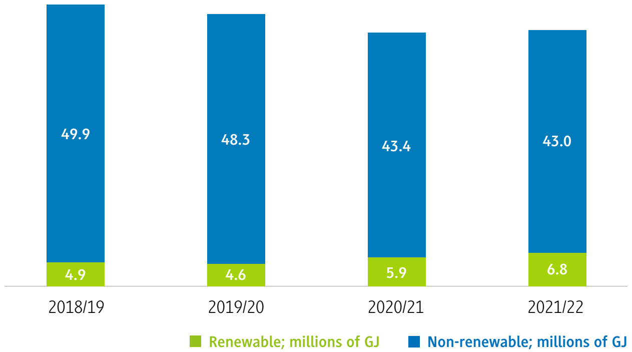


DIAGRAM 008

CO_2 emissions (scope 1 and 2) at Südzucker Group

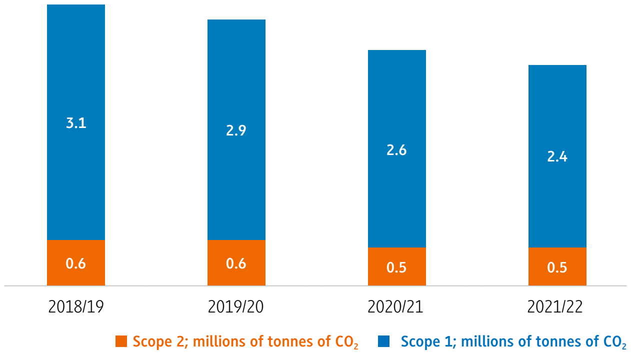


DIAGRAM 009

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 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.
- A biomass power plant in Wanze, Belgium generates thermal and electrical process energy from the husks of the grain delivered to the ethanol plant.
- 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.
- Generation of electrical energy from hydropower at the Offenau location.
- Switch to electric power from renewable sources at additional locations.
- Replacement of existing equipment with highly energy-efficient units, e. g., new evaporation station at BENEO's Offstein location.

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 2021/22 financial year

In fiscal 2021/22, we have started to systematically measure the emissions of the supply chain (scope 3 emissions) (→ Climate strategy). From fiscal 2022/23, scope 3 emissions will be recorded and disclosed throughout the Group on an annual basis in the same way as scope 1 and 2 emissions.

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

While climate protection as described above involves activities that are not tied to a specific location, in particular through the gradual reduction of greenhouse gas emissions, adaptation to climate change also has a spatial dimension. The question is how can we meaningfully contribute to adapting to climate change directly in the regions. For example, this includes effective programs in the regions that are increasingly affected by floods or drought. Here Südzucker is not only concerned about the security of its production locations, but also being able to reliably supply the factories with agricultural raw materials. Activities that enable or promote adaptation (e. g., research and marketing or use of heat resistant varieties) are of key importance. The same applies to adapting to climate change induced mutations of pest infestations. Our research and development activities already contribute substantially to these efforts (→ Research and development).

Südzucker adopted the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) for the first time in fiscal 2021/22. The potential impact of climate change on Südzucker was incorporated into risk management through physical and transitory climate risks (outside-in perspective) (→ Risk management) and the governance structure of climate management was tightened up (→ Sustainability).

As part of Südzucker's further enhancement of its business strategy, the company wants to conduct a comprehensive climate change scenario analysis in accordance with TCFD provisions in fiscal 2022/23. A project team will analyze the risks of global warming and its consequences for Südzucker Group; i. e., risks with a time horizon of from five to a maximum of thirty years. It will collect and evaluate data on the effects of acute and chronic physical and transitory risks on Südzucker's production activities and the upstream and downstream value added chains, based upon three different climate change scenarios and their associated potential regional consequences as developed by international experts. Appropriate adaptation to climate change measures that ensure the long-term viability of the company are to be developed based on the results. But it is also expected to reveal opportunities for enhancing the existing business model and / or to penetrate new markets.

Sustainable use and protection of water resources

Water in the upstream value added chain

The sugar beets and wheat Südzucker processes are planted in temperate climates and most fields do not require watering. Furthermore, the corn that we process is similar to sugar beets and has a very low water requirement during cultivation. Because of their limited relevance and the lack of available data, as well as poor reliability in the international procurement area, we are not yet reporting key indicators on water use related to the production of agricultural raw materials.

Südzucker is aware of the increasing importance of water availability and quality specifications in view of climate change and the necessity to adapt to climate change and will therefore conduct a climate change scenario analysis in fiscal 2022/23 (→ 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 that use surface water. More than 50 % of the surface 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 to the atmosphere; for example, by cooling or drying processes, or is contained in the final product itself. The following table out-lines the water balance at Südzucker Group's production plants:

Difference between water withdrawal and water discharge in the Group

Million m³	2018/19	2019/20	2020/21	2021/22
Surface water	26.4	27.8	27.2	28.2
Groundwater	12.4	12.8	12.7	12.1
Water supplier	3.8	3.7	3.6	3.8
Water withdrawal	**42.6**	**44.3**	**43.5**	**44.1**
Water discharge	**54.0**	**54.8**	**54.5**	**54.5**
Water balance	**–11.4**	**–10.5**	**–11.0**	**–10.4**

TABLE 011

In the water balance, the figure of –10.4 million m³ indicates that at company level our water recycling is much higher than our water withdrawal, as a large volume of water is supplied at the plants processing raw materials such as sugar beets, chicory roots and apples.

The absolute volumes of water withdrawn and water discharge remained virtually unchanged.

Water balance in regions with water stress

According to the definition of the Aqueduct Water Risk Atlas and, in part, the WWF Water Risk Filter, a total of 23 production locations (GRI reporting boundaries) were located in areas with high or very high water stress in fiscal 2021/22 – the majority of these in the globally active fruit segment. Water balance in the areas with water stress was similarly high compared to the previous year at 4.46 million m³. We therefore also discharged significantly more water than we withdrew in the areas with water stress.

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.

Circular economy

Use of raw materials

Every year, we buy and almost entirely convert about 33 million tonnes of agricultural raw materials such as sugar beets, grains, chicory and fruit into high-quality products for the food and non-food sectors.

For example, we not only make sugar, but also sugar beet pellets, molasses and Carbokalk (carbolic lime) from sugar beets. The sugar beet pellets are used as animal feed or as raw material to produce energy from renewable sources, the molasses both as animal feed and a raw material for the fermentation industry to produce products such as yeast, ethanol and citric acid, while Carbokalk serves as an agricultural lime fertilizer. The biogas plants at the Strzelin, Poland, Kaposvár, Hungary and Drochia, Moldova sugar factories feed part of the renewable energy they generate into the public grid.

From grain, we make starch products and ethanol, which replaces fuels and ethanol from fossil sources respectively. We produce protein-rich food and animal feed from the non-fermentable ingredients, which also contain valuable dietary fibers, fats, minerals and vitamins. These products have a high nutritional value and make an important contribution toward reducing Europe's import requirements for plant-based proteins, especially soya from North and South America.

The carbon dioxide generated at the ethanol production plants in Germany, Austria and the UK during fermentation is captured, purified and liquefied. A purpose-built plant that will produce biogenic CO_2 of the highest purity for use in the food, health and environmental sectors is un-der construction in Belgium. The gas will be used as a substitute for CO_2 from fossil sources, for instance in the beverage industry.

We make inulin, animal feed and fertilizer from chicory.

The press cakes that remain after producing apple juice concentrate, called pomace, are used as a source of dietary fiber; for example, in muesli and snack products. Other products include aromas and apple flour. Stems and leaves are returned to farmers, who use them as organic fertilizer.

Our Rackwitz biogas plant utilizes renewable raw materials to produce methane year-round, which is then fed into the public distribution network.

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).

Soil adhesion

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

During the 2021 campaign, 93 % of the sugar beets delivered were prewashed. Depending on weather conditions and soil composition, the volume of soil that remains on the beets after cleaning is between around 5 and 11 %.

Avoiding and reducing environmental pollution

Waste

The input raw materials Südzucker Group purchases are almost entirely converted to high-value products. The total volume of waste is thus very low in comparison to the volume of raw materials processed. Most of the waste is recycled, composted or used as a source of energy. Of the volume of raw materials we processed in fiscal 2021/22, we generated and disposed of just under two kilograms of waste per tonne of raw material (0.2 %), the same as last year; material that was not recycled, composted, or used for energy generation. The waste defined as hazardous by the EU Waste Framework Directive is extremely low at 0.08 kg/t of raw material, or 0.008 %.

The total volume of waste was about 15,000 tonnes higher than last year. The increase over last year is within the range of annual fluctuations of waste volumes. The recovery rate is approximately 80 %. We recycle around 55 % of the waste volume. The hazardous wastes volume is almost unchanged from last year.

Waste by disposal type in the Group

Thousands of tonnes	2018/19	2019/20	2020/21	2021/22
Recycling	302.3	276.3	236.8	251.9
Landfill	65.9	46.6	53.7	48.8
Composting	91.2	82.0	94.4	92.2
Incineration	25.8	32.5	32.9	28.2
Other	16.8	10.1	9.7	21.1
thereof dangerous waste [1]	*1.6*	*1.5*	*2.4*	*2.5*
Total	**501.9**	**447.5**	**427.5**	**442.2**

[1] Mainly used lubricants from production.

TABLE 012

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.

If packages are necessary; for example, when selling smaller quantities or to end-users, we make sure to use sustainable materials: By the end of 2020, all paper and cardboard packaging used in the sugar segment in Germany, France, Poland and Belgium will be made of FSC-certified material. Projects to switch to appropriately certified materials are also underway in other Group divisions.

The sugar segment shipped about 58 % 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. It is also testing alternative packaging and further optimizing the packaging process, and has launched various research projects in cooperation with research institutes in an effort to reduce the volume of plastic required to the greatest extent possible in the medium and long term. Freiberger is especially intent on analyzing to what extent it can use packaging films made from renewable raw materials. Long-term tests are currently being conducted on the first plastic film samples.

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. We have already succeeded in switching to paper-based material for large parts of our product portfolio or to monomaterial flexibles 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 76 % of its products in reusable packaging while the fruit segment's total was around 77 %.

Protection of biodiversity and ecosystems

Our policy is to use sustainable agricultural methods for cultivating our raw materials; furthermore, they are not to be planted on land worth protecting or at the expense of biodiversity.

The purchasing departments are subject to various annual audits which are suitable for the respective procurement area and are certified in compliance with standards such as ISO 9001, IFS Food, GMP+ or SAI.

Südzucker uses agricultural raw materials and primary products, which are sourced mainly from European production and comply with the EU's cross compliance principles. 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.

Südzucker purchases sugar beets throughout Europe exclusively from farming operations close to the regional sugar factories. Südzucker complies with all European and national regulations; for example, with respect to greening and cross compliance. As part of contract farming, annual beet supply contracts are concluded that regulate cultivation, delivery and payment conditions. Farmers produce and maintain plot records in order to ensure crops are documented and traceable.

The beet farmers commit to complying with cultivation measures that adhere to the principles of sustainable agricultural management. For example, to keep the soil healthy, sugar beets may only be planted in the same field once every three years at most. Plant protection programs comply with the guidelines of integrated pest management. Farmers use only GMO-free seed.

Organic beets are cultivated in accordance with the EU Organic Farming Directive and the guidelines of the organic farming associations, Bioland, Naturland, Biokreis, Gäa and Demeter.

Palm oil used is 100% certified by the RSPO, 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.

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 the sugar, special products and fruit segments.

Südzucker and its sugar beet growers were again able to demonstrate adherence to the SAI sustainability criteria in 2021 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 2021/22, FSA Gold status – the highest FSA rating for sustainability – was achieved in Germany and Belgium, and for the first time in France and Poland. As a result, we achieved our goal of having gold status in each of these countries by 2022 at the latest, ahead of schedule.

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.

Südzucker 2021 also became 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 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. The main focus is on trials of modern cultivation methods, environmentally friendly crop protection, diverse crop rotations, biodiversity, climate protection and digitalization.

The results of this in-house research are directly implemented in practice. Thanks to the tight cooperation between 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. Südzucker has also developed its own app, which digitizes the information offered during consultation.

Südzucker also implements the high requirements for fertilization in sugar beet cultivation, which are precisely tailored to the arable crop and the respective location, by means of soil samples and EUF analyses performed by its own subsidiary Bodengesundheitsdienst GmbH. This ensures optimal use of soil nutrients and at the same time reduces nutrient input to a minimum.

Promoting biodiversity

Südzucker Group has launched and supports numerous projects to promote diversity.

We have been offering beet growers free seed mixtures for flower strips since 2014. About 1,800 flower strips were planted in sugar beet fields in Germany, France and Poland in 2021.

We promote diversity in a targeted way on a section of every one of our own agricultural operations; 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 ten percent of the land is farmed organically.

We have been planting flower strips inside sugar beet fields at the Kirschgartshausen experimental farm since 2018 in order to determine the benefits and influence of biodiversity. Scientists at the Institute of Agroecology and Biodiversity in Mannheim (IFAB) support this project. Initial 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.

In addition to monitoring flower strips in the reporting year, we have now begun to map vegetation. We evaluated flower strips from different years and examined their respective influence on the biodiversity of the sugar beet fields. In addition to mapping the diversity of the species, we compared agronomic measures such as spring and fall planting dates.

We planted 2.5 kilometers of hedges at the Étrépagny experimental farm in order to upgrade the fields ecologically and promote biodiversity. These and other programs aim to test indicators that improve the ecological footprint of beet cultivation.

The results of the research are being used as a base to develop a biodiversity standard. Südzucker would like to introduce more biodiversity into beet cultivation in cooperation with farmers and develop a workable evaluation system that can be used to transparently communicate with society, customers and end-users.

AGRANA has had a project to protect bees since 2016: Ten beehives were installed at each Austrian location, which are sometimes also offered to primary schools for teaching workshops on interrelationships in nature.

Disclosures according to the EU Taxonomy

In the following we report taxonomy-eligible sales revenues, investments and operating expenses (maintenance, research and development) according to the EU Taxonomy. This first-time application of EU Taxonomy focuses on the two environmental targets climate protection and adapting to climate change. We have calculated the taxonomy-eligible shares of sales revenues, investments (CapEx) and operating expenses (OpEx) applicable to these targets. The reported numerators and denominators apply exclusively to all fully consolidated group companies as per IFRS.

The individual Südzucker Group divisions worked with the corporate departments to identify the relevant taxonomy-eligible business activities and determine the taxonomy-eligible shares. The analyses were carried out in accordance with central guidelines. The individual revenues, investments and operating expenses each correspond to a business activity to avoid double counting. Where necessary, keys were used to derive taxonomy-eligible revenues, investments, and operating expenses.

Share of sustainable sales revenues

The reference values for the share of taxonomy-eligible sales revenues are the external sales revenues reported in the consolidated group income statement.

The share of taxonomy-eligible sales revenues of € 844.5 million or 11.1 % applies mainly to the sales revenues from fuel-grade ethanol produced in-house by the CropEnergies and starch segments under business activity 4.13. Also included to a minor extent are revenues from the sale of biogas and hydroelectrically generated power (business activities 3.5 and 3.8).

Share of sustainable investments in fixed assets

The reference value for the share of sustainable investments in fixed assets in accordance with the EU Taxonomy is comprised of

- investments in fixed assets including intangible assets of € 331.7 million reported in the cash flow statement in accordance with the segment report at group level, in which Südzucker Group has directly acquired title
- investments in leased fixed assets reported in the consolidated financial statements notes under item (22) fixed assets (including leases) under additions in the table "leased fixed assets" in the amount of € 18.9 million.

The total reference amount is thus € 350.6 million.

On the one hand, the share of taxonomy-eligible investments in fixed assets of 11.3 % is attributable to the production locations at which taxonomy-eligible revenues are already being generated. These include mainly investments by the CropEnergies segment in conjunction with the production of fuel-grade ethanol (business activity 4.13). On the other, Südzucker Group is investing in particular on wastewater treatment at other production locations (business activities 5.1 to 5.4).

Taxonomy-eligible share of revenues, investments and operating expenses

	Revenues		Investments (CapEx)[1]		Operating expenses (OpEx)[2]	
Economic activities	€ million	in %	€ million	in %	€ million	in %
EU taxonomy eligible activities	844.5	11.1	39.7	11.3	25.7	8.6
Activities not subject to EU taxonomy	6,754.4	88.9	310.9	88.7	272.5	91.4
Total economic activities	7,598.9	100.0	350.6	100.0	298.2	100.0

[1] I Investments in property, plant and equipment, intangible assets and leases.
[2] Operating expenses comprise maintenance, research and development, and short-term leasing.

TABLE 013

Share of sustainable operating expenses

The reference value for the share of sustainable operating expenses is the sum of all maintenance expenses including current maintenance of € 242.7 million, research and development costs (→ Research and development) of € 51.6 million and costs of short term leases (e.g., bucket wheel loader leasing for the sugar campaign) of € 3.9 million (→ Consolidated financial statements notes (22) fixed assets including 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-related research and development costs is attributable primarily to process optimization projects to cut energy consumption. All research projects contributing to the reduction of CO_2 emissions were covered.

EMPLOYEES

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.

We want to continue to successfully follow this path together with our employees and social partners and create conditions that allow these principles to be lived day-to-day. A new group-wide comprehensive HR plan was developed to implement the 2026 PLUS strategy in a precise, forward-looking manner. It covers topics such as leadership, digitalization, diversity, internationalization, talent management, incentive systems, teamwork and work environment and forms the basis for numerous new measures and programs.

Number of employees[1]

The total number of Südzucker Group employees as of 28 February 2022 remained with 18,019 (17,876) at the previous year's level.

[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.

Employees by segment at balance sheet date

28 February	2022	2021	+/– in %
Sugar[1]	6,105	6,243	–2.2
Special products[1]	4,990	4,886	2.1
CropEnergies	455	450	1.1
Starch[2]	1,128	1,143	–1.3
Fruit	5,341	5,154	3.6
Group	**18,019**	**17,876**	**0.8**

[1] Prior-year figures adjusted.
[2] First-time reporting of the Starch segment in the 2021/22 financial year.

TABLE 014

Corporate responsibility

Südzucker's code of conduct is the basis for Südzucker's interaction with employees and for the employees' behavior towards each other and towards external persons.

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.

Strict adherence to applicable human rights protection regulations is an integrative 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. We do not accept child, slavery or compulsory labor in any form. (→ Society / Respect for human rights).

Open communications

Südzucker fosters open communication with its employees. We use a group-wide magazine, regular newsletters and video messages to provide information about key developments at the company. In fiscal 2021/22, the focus continued to be on topics related to the Corona pandemic and the realignment of corporate strategy, as well as working conditions and compensation policy.

Promoting diversity

Südzucker has signed the employer initiative Diversity Charter, thus clearly committing to promoting diversity. Working in heterogeneous teams with employees of different nationalities, cultures or different ages and genders promotes innovation and leads to greater success.

Südzucker Group has set a 2027 target of 25 % for the share of women at its first and second management levels. We currently have task forces working throughout the company to detail the steps required to achieve this goal.

The internationally active fruit preparations division is leading the way in implementing measures to promote diversity and inclusion and already has a wide network of delegates charged with rolling out local and divisional initiatives, ensuring compliance with the core principles and respective policy, and supporting local employees. The company achieved a further important milestone in fiscal 2001/22 by holding seminars across the globe to sharpen the recognition of subconscious biases.

Employees by region, relationship and gender

In fiscal 2021/22, the number of the company's workers permanently employed totaled to 88 (89) %. Only 12 (11) % of the employees were part-time. The majority of these were hired seasonally, mainly to help with harvesting and / or during processing campaigns.

Germany had 4,363 (4,305) employees, as the country's share of the total increased slightly. The share of permanent employees was 3,850 (3,711), an increase of 2 % to 88 %. The remaining EU countries account for 7,385 (7,604) employees or about 40 % of the total, while the other foreign countries account for 6,819 (6,448) or 37 %. About 7,064 (7,330) or about 96 (96) % of the employees in the rest of the EU remain permanently employed, and 5,515 (5,319) or about 81 (82) % in other countries. The number of part-time workers employed by the company remained unchanged at about 4 %.

Employees by region at balance sheet date (headcount)

28 February	2022	2021	+/– in %
Germany	4,363	4,305	1.3
Other EU	7,385	7,604	–2.9
Other countries	6,819	6,448	5.8
Total	**18,567**	**18,357**	**1.1**

TABLE 015

As of 28 February 2022, the number of employees according to employment relationship and gender for the group overall were as follows:

Employees by contract type and gender

28 February 2022		Total	Permanent	Non-permanent
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**
28 February 2021				
Full-time	Male	12,711	11,587	1,124
	Female	4,905	4,081	824
Part-time	Male	110	99	11
	Female	631	593	38
Total		**18,357**	**16,360**	**1,997**

TABLE 016

Equality

Südzucker adheres to legal requirements regarding the general equal treatment law that prohibits discrimination. 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 Group-wide trainee programs has developed encouragingly. It amounts to 62.5 %. In the international on-boarding programs, the proportion of women is now around 42 %.

Management

28 February 2022	Total	Male		Female	
1st management level	130	121	93 %	9	7 %
2nd management level	337	255	76 %	82	24 %
Total	**467**	**376**	**81 %**	**91**	**19 %**
28 February 2021					
1st management level	131	122	93 %	9	7 %
2nd management level	360	279	78 %	81	23 %
Total	**491**	**401**	**82 %**	**90**	**18 %**

TABLE 017

The proportion of women in Südzucker Group's total workforce was 31(30) %. The share of women working at management level remained almost unchanged at 19 (18) %.

Age structure and length of service, new hires and fluctuation

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.

The chart of new hires and employee fluctuation for employment relationships of indefinite du-ration shows the number of outgoing stuff to be slightly greater. The number of staff fluctuation, which includes employer and employee terminations and retirements, exceeds that of new hires by more than 72.

Südzucker – an attractive employer

Career training

In 2021, Südzucker launched an apprenticeship initiative to better promote apprenticeships while at the same time boosting the company's reputation as an attractive operation in which to serve as an apprentice. The apprenticeship labs at all locations will be modernized. We are implementing a mentorship program and networking our locations to help apprentices.

We have taken targeted steps to optimize our vacancy advertisements, as well as our Internet and social media presence, in order to boost Südzucker's reputation as an apprenticeship company. We are offering internships and expanding our presence at schools to establish relationships with potential apprentices while they are still studying. All German Südzucker sugar segment locations will also participate in Girls & Boys Day in April 2022.

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 dropped slightly to 348 (354) as of 28 February 2022. In total, 198 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 2022. Here too, the focus is on sustainability. Last fiscal year marked the first time we offered an international business course focusing on sustainable business. In Algeria, France and Austria, 122 people are trained according to a system comparable to one in Germany. The remaining apprentices are enrolled in the various local programs provided in Brazil, Mexico and the United Kingdom.

Continuing education

Our digital learning platform, the Südzucker Group Campus, plays an important role in teaching soft and methodical skills and IT tool competence. Other courses such as foreign languages, product training and functional processes are to be transferred to this platform. 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, environment protection etc.).

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. Among other things, we are offering broad access to working remotely, new digital collaboration tools and opportunities to work in international project groups. In this connection, we launched the Catalyst program, among others. It offers project managers intensive courses in applying agile working methods.

A new group-wide on-boarding concept aims to rapidly orient new employees and at the same time provide a basis for personnel development and establish networks throughout the divisions and departments. A pilot project is currently in progress to test a suitable standard.

Employees according to age group in %

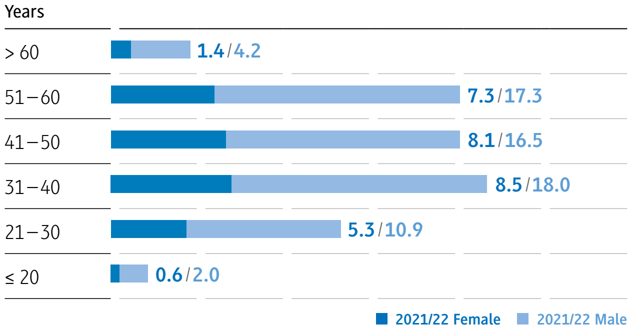


DIAGRAM 010

Length of service in years in %

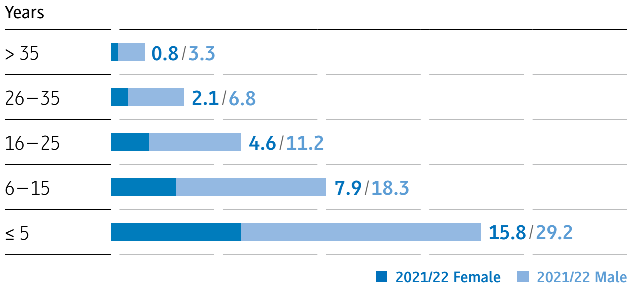


DIAGRAM 011

New hires and fluctuation

2021/22	Total	Male	Female
New hires	2,942	1,942	1,000
Fluctuation	3,014	2,115	899
2020/21			
New hires	2,268	1,557	711
Fluctuation	2,903	2,088	815

TABLE 018

To continuously support employees in their personal and professional development, Südzucker regularly offers feedback sessions at least once a year where employees work with their super-visors to develop ideas for their further training and individual development. In addition, Südzucker conducts trainee programs and junior management development programs at regular intervals to support employees in their personal and career development.

Vacancies are advertised internally throughout the group and, if appropriate, preference is given to employees from within. This allows employees to advance inside the company, which develops expertise and expands experience within the company.

Executive development

In fiscal 2021/22 we launched our manager development program, which includes the modules fundamentals of contemporary leadership, employee motivation and feedback. For example, the production sites now offer specific training for foremen. We also pressed ahead with the Empowering Women program launched in 2020, which aims to foster and better network women in management positions. Guidelines for managers are being further developed in accordance with the new HR strategy.

Work-life balance

Our working conditions and the associated agreements offer a basis for work-life balance; for example, 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. They comprise 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, 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. As a member of the sugar industry association "Verein der Zuckerindustrie", Südzucker actively supports the "VISION ZERO. Zero Accidents – Healthy at Work!" cooperation agreement between this employers' association and the professional association "Rohstoffe und chemische Industrie". Südzucker Group is committed to reducing the accident rate by more than half from 11.1 in 2021 to 5.0 by 2026.

Management policy

Our occupational health and safety management system describes processes and responsibilities and provides ways to evaluate and improve them. The defined processes ensure compliance with occupational health and safety standards. Specifically these include the national implementation rules of the European general directive on occupational health and safety (Directive 89/391/EEC), the directive on minimum specifications for safety and health protection with the use of tools and equipment on the job (2009/104/EC), the directive on minimum requirements for improving the safety and health protection of workers potentially at risk from explosive atmospheres (1999/92/EC).

Those responsible 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.

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 analyze hazards 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. It is important to systematically prevent unsafe work practices, to convert subconscious faulty work practices into conscious safe ones, and to create a common understanding of the values of occupational health and safety at all levels and in every division throughout the company. We launched a process that aims to further develop the safety culture with this in mind.

The following production locations were already accident-free during the past year: In the sugar segment, the factories in Cerekiew, Poland; Oostkamp, Belgium; Roman, Romania; Ropczyce, Poland; Roye, France; Świdnica, Poland; and Wijchen, Netherlands. In the special products segment, the factories in Pemuco, Chile and Wijgmaal, Belgium. The starch factory Tandarei, Romania and in the CropEnergies segment the locations in Loon-Plage, France; Wanze, Belgium; and Wilton, UK and 16 locations in the fruit segment. As part of the annual occupational safety competition, accident-free plants were awarded.

The number of accidents across the group increased to 377 (324). Unfortunately, there were two fatal occupational accidents at the plant in Buzău / Romania. Overall, the accident rate increased from 9.4 to 11.1 compared to the previous year. Likewise, the number of accident-related days lost increased from 161 to 187. In the reporting year, the number of hours worked was 33.9 million.

The most frequent work-related injuries that occurred were contusions, bruises and fractures, followed by cuts, lacerations, punctures, abrasions, sprains, strains, scalds and burns. The main hazards contributing to injuries during the reporting period were: mechanical equipment operation, manual assembly, powered vehicle operation, lifting and carrying loads, and insufficient awareness of hazards (due to inadequate attention and concentration), as well as trips and falls. We conduct risk assessments to identify and evaluate possible risk of injury and determine ways to reduce these risks (→ Management policy).

Occupational safety indicators [1]

	2018	2019	2020	2021
Injury rate	12.1	10.8	9.4	11.1
Lost working day rate	188.9	173.5	161	187
Number of injuries [2]	–	383	324	377
Occupational fatalities	0	0	0	2

[1] Accident rate and lot 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] Disclosure as of fiscal year 2019/20.

TABLE 019

Health protection

We strive to protect the health of our employees to the best of our ability. In the past fiscal year, the focus was on measures associated with the Corona pandemic (→ Covid-19).

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.

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. We actively practice the ways of co-determination described by law in a spirit of partnership. Employees also have access to systems such as the company suggestion scheme, which pro-vides 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. We also report accidents that occur in other areas of the company.

COVID-19

We continued to coordinate all measures to control the Corona pandemic through the Corona task force, in which all divisions and relevant central functions of Südzucker Group are represented. Regular virtual meetings were held weekly to define basic steps and procedures. Protective measures were consistently implemented based on technical recommendations from the Robert Koch Institute and/or the World Health Organization (WHO), as well as Corona restrictions in force in the respective countries.

We offered our employees vaccinations against Corona – from initial immunization right through to booster shots – as soon as vaccines became available and the legal framework had been established.

We use notice boards, handouts, posters, the intranet, newsletters and videos as well as online discussions to update the workforce on applicable measures and regulations.

Over the past two years, 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 such difficult conditions thanks to our employees' commitment.

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 66 (67) % of its employees worldwide who are covered by collective bargaining agreements; in Germany, the ratio remains unchanged at 75 (75) %, and in the rest of the EU, 84 (84) %. Broken down by segment, the share in the starch segment is 99 %, followed by the sugar 94 (96) %, CropEnergies 64 (63) %, fruit 56 (56) % and special products 35 (46) % segments. The special products segment's drop is attributable to the reclassification of the starch division into a separate segment.

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, high value creation in rural areas, social commitment, and dialogue with our stakeholder groups.

Respect for human rights

Respect for human rights together with appropriate working are a natural matter of course to the entire Südzucker Group. Our business conduct conforms with laws governing working conditions in every country in which it is active and rejects child, forced and compulsory labor. We also respect and promote international standards such as the United Nations Universal Declaration of Human Rights (UDHR), the conventions of the International Labor Organization (ILO), and the regulations of the Supplier Ethical Data Exchange (SEDEX).

Management policy

Südzucker Group's own code of conduct has been in force since 2018. It applies throughout the company. As per the terms of this code, Südzucker undertakes to conduct business ethically, legally and responsibly. It was prepared in accordance with the international standards mentioned previously, and also makes reference to the European Sugar Industry's Code of Conduct on Corporate Social Responsibility. The latter has defined voluntary minimum standards on social issues since as early as 2004.

Südzucker's code of conduct 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).

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).

SEDEX

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 2021/22 financial year, a total of 58 (51) locations in the sugar, special products, starch and fruit segments 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

Quality management and product safety

Südzucker represents safety and high quality for all of the food, animal feed and ethanol it produces and markets.

Management policy

All Südzucker divisions have implemented quality management systems. Their scope extends from product development, through purchasing of the resource and production up to marketing. They are based on the obligations and requirements of the food and animal feed laws of the respective countries as well as international standards such as the Codex Alimentarius. The system is supplemented by numerous certifications for product safety.

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.

Customer relationships

Precise raw material and 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.

Complaint management

Complaint analysis is embedded in our quality management systems. The results are used as an additional source of information for continuous improvement of products and processes.

Supplier management

The Südzucker Group is committed to ensuring the quality and safety of its 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 the safety and legal compliance of our 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, such as IFS Food, BRC Global Standard Food Safety and FSSC 22000. Today, almost all Südzucker production plants that produce food have equivalent certificates. Various production locations have specific additional certificates for certain product groups, according to special customer requirements; for example, bio, kosher, halal or free of genetic modifications.

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

In fiscal 2021/22, two recalls affecting end consumers of products manufactured in Südzucker Group had to be carried out.

Value added in rural areas

Südzucker group generates gross value added worldwide of up to € 4.5 billion[1] per annum. The company's production sites generate above average growth and employment. Furthermore, the company's positive impact on upstream sectors, especially agriculture, is above average compared to other industries (gross value added multiplier: 4.4). Südzucker Group's business activities create about 90,000 direct, indirect and induced jobs, of which over two-thirds are generated by the sugar segment. The remaining 30,000 jobs are provided by the special products, CropEnergies, starch and fruit segments.

Social commitment

As a globally operating company, the Südzucker Group is responding rapidly to the Ukraine conflict – including in neighboring regions with large numbers of refugees – with a wide range of initiatives and measures to help the people affected by the crisis. This includes donating food and funds and providing employees with paid time off.

The situation is exacerbated by the coronavirus pandemic, which continues to have a profound effect on society and our company. The measures taken at the company's sites have been effective at protecting the health of our employees thanks to their commitment and understanding, enabling us to ensure a reliable supply of food and ethanol to the population as part of the critical infrastructure.

Südzucker Group's social commitments include, in particular, 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.

For instance, Südzucker donates to organizations suggested and presented by employees at the company's sites such as the "Grant 5000" (Poland) and "Südzucker für Kids" (Germany) programs that we have supported for years. Donations to "Grant 5000" were distributed across selected projects as in past years, while "Südzucker für Kids" was earmarked for the "Deutsches Kinderhilfswerk" children's fund to help children affected by the flooding in the Ahr region of Germany.

[1] 2017, WifOR Research Institute and Thinktank, Darmstadt, Germany.

The company also matched donations made by employees to provide additional aid in conjunction with the flooding disaster in the Ahr region. Some of the funds were donated to the action alliance "Deutschland hilft", the remaining donations went directly to affected colleagues.

We also supported numerous social and charitable organizations near our company's locations with food donations. Südzucker donated sugar to provide instant assistance to winegrowers who were affected by the flooding.

Beyond these efforts, we support Concordia social projects as part of our membership in the Proud Partner Club and 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 people who have fled a new career perspective at our production locations and also with suppliers in the USA.

Our last Christmas donation drive supported projects by the World Vision children's fund in Malawi and the relief organization CARE in India. The goal in Malawi is to improve the livelihoods of small farmers there. In India, CARE builds temporary COVID hospitals, distributes medical protective clothing, provides on-site awareness training for local residents and supplies them with food and hygiene products.

In the future, there will be a stronger focus on corporate volunteering. We are currently working on a group-wide concept to facilitate this. Südzucker wants to engage with citizens as a responsible corporate citizen, i. e. as a member of society, in the areas where we operate.

Dialogue with various stakeholder groups

Südzucker is in close contact to various social stakeholders. We are totally committed to maintaining a dialogue with politicians, institutions and nongovernment organizations and supporting industry associations through active participation and membership (→ Table 20). 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, which tracks and monitors the activities of German and European stakeholders.

Memberships in industry associations and interest groups

Industry association or interest groups	Registered Office	Member[1]	Scope
AEBIOM – The European Biomass Association	Bruxelles / 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	Bruxelles / 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	Bruxelles / Belgium	BENEO GmbH	EU
ePURE – European Producers Union of Renewable Ethanol	Bruxelles / Belgium	CropEnergies Bioethanol GmbH	EU
FoodDrinkEurope	Bruxelles / Belgium	Südzucker AG	EU
Forum Moderne Landwirtschaft e. V.	Berlin / Germany	Südzucker AG	Germany
Lebensmittelverband Deutschland e. V.	Berlin / Germany	Südzucker AG	Germany
Starch Europe	Bruxelles / 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 020

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. Key topics were defined as part of the new group strategy and firmly anchored in the form of focus initiatives.

In the field of process-oriented research and development, for instance, we are providing impetus for achieving sustainability targets and the future orientation toward **CO_2-neutral production**. The innovative field of **proteins** is undergoing a thorough examination with various focal points. From agricultural cultivation to processing to the development of functional market products (e. g. meat substitutes), we are investigating a broad spectrum of protein-containing plants. Additional areas of focus include **sustainable chemicals** based on the group's existing and new raw materials and the use of CO_2 generated during ethanol production.

Innovations in the food sector are closely linked to the core business in the divisions; this is where trends such as sugar reduction and fiber enrichment are conceptually developed and provided as system solutions for our customers' increasingly diverse requirements.

Partnerships with research facilities, other companies, startups, 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.

With around 522 (468) employees in the field of research and development and spending of about € 51.6 (48.3) 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 practice together with customers, external partners and farmers.

Raw materials

One of our core tasks is to ensure and enhance the quality of the agricultural raw materials we process for our products and to expand our raw materials portfolio.

Organic farming, organic products and new agricultural raw materials are gaining in importance within the group landscape. At the same time, plant production, including the cultivation of sugar beet, is facing tremendous challenges. In addition to policy guidelines for reducing fertilization and crop protection as part of the from-farm-to-fork strategy within the framework of the European Green Deal, increasing resistance along with new diseases and pests are making sustainable farming more difficult.

This is why we are focusing on research and field testing in areas that shed light on sustainability, climate protection and resource conservation. One of the main areas of development work is in the field of mechanical weed control with towed or autonomous machines. Furthermore, a number of collaborations have been formed to investigate ways of stimulating plants' natural defense systems to enable them to protect themselves from pathogenic fungi, viruses and bacteria. We are seeking natural opponents to diseases and pests in this context. Rapid advances in analysis technology have now also made it possible to take a closer look at soil biology. The importance of the soil biome for sustainable production should not be underestimated here. And finally, the insights gained from these efforts are currently being transformed into an individually tailored agricultural consulting service. To do this, we draw on data available in the company and combine it with information from other sources, such as satellite data. Research on the topic of new plant diseases and pests is ongoing. We do this on a group-wide basis by establishing test plots.

Raw materials with special properties

The focus in the food segment is on products that can be produced with established technologies or extracted from secondary streams. We are also investigating the use of other crops – from cultivation to the finished product – to find technologies that enrich and separate the ingredients and develop product concepts for introducing these to the market. Ingredients center around functional polysaccharides, starches and dietary fiber as well as proteins.

Raw materials for starch

Studies on special wheat varieties were continued and valuable new findings were gathered in the transfer to production scale. The starch type produced can be used in a wide array of food applications and in the field of technology for more areas of application.

Processing technologies

As part of the sustainable design of production processes in our factories, focus is placed on energy, yield, product quality and the use of byproducts.

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 are used to ensure that new processes can be quickly introduced at the production plants.

Improving sugar factory production processes is an ongoing task. This includes reducing energy consumption, replacing fossil fuels, increasing overall yield and quality and using byproducts.

For starch production, the focus is on developing processes and technologies for organic and clean label products. Alongside the development of new products, processes and technologies for existing organic products are continuously optimized. This has enabled us to meet higher, legally required quality standards for organic sweeteners and infant milk formula thanks to previously implemented adaptations in the respective process lines.

To meet the increasing demand for plant proteins in the future, especially for use in vegetarian and vegan food preparations, we have initiated technical analyses to obtain new food ingredients from byproducts of starch extraction.

We completed a process optimization project to boost yields and improve crystal quality for functional carbohydrates. We are working closely with stakeholders to implement new production technologies on a production scale. We modified the fructan process technology to produce new liquid variants that were subsequently introduced to the market.

An existing system was converted to produce a new soluble fiber made from sucrose. To do this, we tested enzyme systems in advance and developed the individual process steps on a laboratory and process scale. Research into new enzyme systems was intensified.

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 sustainability and bioeconomic perspective.

Food

New application concepts and recipes for novel and existing starches and starch byproducts are required to keep pace with the dynamic developments in the food industry and the market. Food trends in clean label products, products with higher fiber content 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.

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 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 consumers is strictly regulated by the EU authorities and the member states. Based on BENEO ingredients, food manufacturers can choose from 10 approved health and 16 nutrition claims to communicate health and nutrition benefits to consumers.

Researchers developed new recipes for the use of Palatinose™ in beverages, baked goods, dairy products and sweets and brought them to market. Südzucker developed the use of Palatinose™ in icings and glazings to improve storage stability and successfully implemented it with its customers. The product's properties enable manufacturers to dispense with costly packaging and improve product stability to prevent food waste in the end products.

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 and dairy alternatives. When producing textured plant proteins, key aspects include optimizing the fiber structure and brightening the color by using additives. The co-extrusion of gluten with other vegetable proteins allows us to develop products for new areas of application to expand the product portfolio.

Fruit preparations

Heat pasteurization of food guarantees its microbiological safety and extends shelf life. This also applies to chocolate processed in fruit preparations. We have developed and implemented a process for gentle pasteurization that does not adversely affect the flavor profile, which maintains the optimal taste.

The texture of strawberry pieces in fruit yogurts is a very important quality parameter for consumers. This is why we are developing methods of preserving the mouthfeel of strawberries despite pasteurization and minimal juice loss.

Ethanol

Following the adaptation of the manufacturing process for drinking ethanol, this product can now also be advertised as vegan.

Non-Food

Organic chemicals

One of our research goals is to develop sustainable product concepts in which the company's existing products and byproducts 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.

As part of its use of carbohydrates, Südzucker is developing a process to produce hydroxymethylfurfural (HMF), a sustainable synthesis building block for plastic applications. Most of the work is carried out internally; in addition, collaborations with partners and universities, including funding projects, are intended to accelerate implementation.

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 additive, platform chemical or monomer component in organic products.

One approach is the material use of CO_2 obtained from ethanol fermentation. The "ZeroCarb FP" project sponsored by the German Federal Ministry of Education and Research (BMBF) has made further progress. A technology platform was created to produce sustainable organic acids along with other organic chemicals from CO_2 using microbiological processes. Following intensive market evaluations, we are now working on specific implementation concepts and upscaling.

A consortium is analyzing implementation of a power to gas concept under the auspices of a BMBF project – also using CO_2 from fermentation. The focus is on optimizing biotechnological conversion of CO_2 into methane. A pilot plant was developed and put into operation to provide data that will enable implementation concepts to be designed. Hydrogen is supplied by coupling with an electrolysis unit fed with regenerative energy. With this concept now finalized, data will be generated and implementation concepts created. The transferability to the production of other substances such as methanol is also being conceptually investigated.

In a Power-to-X joint project sponsored by the German Federal Ministry for Economic Affairs and Energy (BMWi), a concept for the production of so-called "green methanol" was developed and the economic evaluation determined considering location-specific conditions.

The future use of biogenic CO_2 requires the availability of green hydrogen and a corresponding supply infrastructure. To investigate these aspects, Südzucker participated in the privately financed German hydrogen study "Wasserstoff Mitteldeutschland" for the Zeitz site.

Producing organic chemicals from renewable ethanol remains a focus. Together with partners from industry and science, we are working on concepts for material applications with renewable ethanol.

Starch

New product types were developed for the construction sector, especially in tile adhesive application. Process flows for producing highly modified starch ethers were optimized and efficiency increased. The wide availability of various raw materials enabled us to expand our portfolio of highly modified starch derivatives to meet market requirements. We also developed a particularly environmentally friendly starch ether, which allowed us to position new products in the marketplace in line with the eco-label trend.

In the adhesives sector in particular, alternatives to synthetic binders based on starch are in demand. New technologies enabled us to produce the first starch products to exhibit suitable adhesive properties. This makes it possible to use starch in these new areas of application.

Process control optimization in the field of home-compostable bioplastics made manufacturing starch-based compounds more ecological and economical. We were able to develop new tailor-made solutions by combining thermoplastic starches with different biopolymers.

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 (FNR), 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.

Packaging

Packaging changes in the food sector are challenging and require intensive storage tests to confirm the suitability of the materials. We are currently examining new packaging materials for sugar products in the retail segment. These materials should not only be designed to protect products as effectively as existing materials, but also be able to do away with composites, thereby avoiding plastic altogether.

BUSINESS REPORT

Overall economic situation and framework

Economic environment and currencies

After the global economy plummeted in 2020 as a result of the coronavirus pandemic, 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. Supply and production chains during the fourth wave of COVID-19 prevented further recovery in Europe and the United States in particular. The parallel slowdown in growth in China was characterized by production cuts due to energy supply failures, tumbling property prices and faster than expected reversals in government spending. Another key risk factor for economic growth – in addition to the ongoing coronavirus pandemic – was the rise in inflation. This was fueled, for example, by rising energy prices in Europe and rising food prices in Africa. The Russia-Ukraine conflict, which escalated at the end of the financial year, will continue to be a major concern for us in many aspects during the new fiscal year.

According to the international monetary fund (IMF), the growth rate of world gross domestic product (GDP) grew significantly compared with the previous year at 5.9 (–3.1) %. The euro zone recorded an increase of 5.2 (–6.4) %. The United States saw a similar improvement of 5.6 (–3.4) %. The world's second largest economy, China, on the other hand, achieved growth of 8.1 (2.3) %. This confirmed that China was by far the best performer in coping with the impacts of the pandemic.

The recovery trends in world trade were also observed in the EU. The largest EU economies all recorded growth following the previous year's slump, for example 2.8 (–4.6) % in Germany, 7.0 (–8.0) % in France and 6.6 (–8.9) % in Italy. The UK's economy grew by 7.4 (–9.4) %.

Expansionary monetary policy continued in the euro zone. The European Central Bank (ECB) held the deposit rate steady at – 0.5 %. The so-called Pandemic Emergency Purchase Program (PEPP) that was expanded to € 1,850 billion in 2020 was not increased further in 2021. On 16 December 2021, the ECB Council resolved to end net purchases of assets under the PEPP by 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, future unwinding of the PEPP portfolio will be managed to avoid any impairments to commensurate monetary policy.

By the end of the fiscal year the euro was quoted at 1.12 (1.20) USD / €. The USD / € exchange rate remained volatile due to the coronavirus.

After the US Federal Reserve had already reversed its monetary policy in 2019 with three key interest rate cuts, this was followed by another major reduction to just 0.00 to 0.25 % in March 2020 ahead of the looming pandemic-related economic crisis. In January 2022 the US Federal Reserve announced a possible increase in the prime lending rate in March 2022. On 12 September 2019, the European Central Bank decided to lower the deposit rate by ten basis points to – 0.5 % and confirmed this decision throughout the 2020 and 2021 calendar years.

Energy and emissions trading

At the start of March 2021 the price of Brent crude was quoted at about 64 USD / barrel and the gas price was € 17/MWh; at the end of February 2022 the prices were around 101 USD / barrel and € 105/MWh, respectively. The reasons for this are manifold, including scarcity in the context of the economic recovery, fewer investments in the development of new gas fields, logistical availability and a stronger dependence on the spot market, to name a few. The recent surge was driven by the war in Ukraine.

The price of European CO_2 emission certificates on the spot market at the beginning of the 2021/22 financial year was around € 37/t. At the end of February 2022, the price was quoted at € 82/t. Among other things, this development was supported by the further concretization of the ambitious EU climate policy ("Fit for 55"), the inclusion of new sectors and the introduction of the Carbon Border Adjustment Mechanism (CBAM) in order to gradually phase out the free allocation of emissions rights in the coming years.

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, currently the key European political initiative. Alongside agricultural sector issues, these are addressed in the so-called farm-to-fork strategy, which aims to complement 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. The scope ranges from specifications on the use of fertilizers and crop protection, plans to combat food waste and food fraud, to rules on food labeling and establishing nutrient profiles with maximum limits for certain ingredients such as fat, salt and sugar.

In its report "Scientific opinion on the Tolerable Upper Intake Level for dietary sugars", the European Food Safety Authority (EFSA) concludes that it is not possible to set a maximum level for the total intake of sugar or individual types of sugar. It also gives a very general recommendation to consume as little sugar as possible. This intake recommendation is surprising because EFSA itself considers the underlying data basis to be uncertain.

The member states have not yet been able to agree on a common approach to the planned harmonization of extended nutrition labeling. In Germany, the national regulation for the use of the Nutri-Score has been in force since November 2020 and is increasingly used by manufacturers on a voluntary basis.

Additionally, a number of initiatives aimed at changing recipes for foods. In Germany, a national reduction and innovation strategy for sugar, fats and salt stipulates a voluntary commitment by the food industry to reduce sugar by at least 10 % for certain product categories (alcohol-free soft drinks, breakfast cereals and dairy products) by 2025. The German Federal Ministry of Food and Agriculture (BMEL) announced in January 2022 that it intends to revise this strategy and make it binding for manufacturers.

Over the past few years, various EU countries have raised value added taxes on certain sugary beverages or applied special manufacturer levies. Many countries around the world also introduced taxes on sugary foods and beverages.

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

Overall summary of business development

Group EBITDA of € 692 (597) million and group consolidated operating result of € 332 (236) million reflect a significant general improvement, but fall slightly short of the ambitious targets we set ourselves at the beginning of the fiscal year. The various segments' business performance was highly mixed and heavily dependent on the impact of the Corona pandemic and the sharp rise in raw material and energy costs.

The CropEnergies segment's growth, which benefited from further increases in the price of ethanol and excellent production capacity utilization, is especially noteworthy. BENEO also reported renewed excellent healthy food business results. In contrast, the sugar segment had to contend with an operating loss of € –21 (–128) million because existing contract terms prevented it from raising sugar prices and quickly passing on higher costs to its customers to the extent necessary. Still, looking on the bright side, the segment was able to halt the beet cultivation area shrinkage that has been apparent for several years. With 352,000 (343,000) hectares and a sugar production volume of 4.4 (3.7) million tonnes for the 2021 campaign, it was able to once again achieve satisfactory capacity utilization.

All business sectors overall have faced up to the increased economic and ecological challenges and initiated measures that point the way to the future. On the other hand, the Ukraine war that started on 24 February 2022 presents significant challenges, especially for the fruit segment with its production plants in Russia and Ukraine. Accordingly, an impairment of € 29 million had to be recognized last fiscal year on the goodwill of the fruit CGU.

The group's cash flow again clearly rose to € 560 (475) million. We consider it a positive development that improved financial figures made both rating agencies confirm the corporate and bond ratings of Baa3 and BBB-, respectively, and improve the outlook from negative to stable.

Return on capital employed (ROCE) climbed to 5.3 (3.8) %. Nevertheless, our operating results are still only on track to meet at least the required cost of capital of 7.1 %. We continue to achieve a clearly positive value contribution in excess of the cost of capital in all segments.

Group consolidated earnings

Business performance - Group

		2021/22	2020/21	+/– in %
Revenues	€ million	**7,599**	**6,679**	**13.8**
EBITDA	€ million	692	597	15.8
Depreciation on fixed assets and intangible assets	€ million	–360	–361	–0.5
Operating result	€ million	**332**	**236**	**40.6**
Result from restructuring/special items	€ million	–42	–40	3.9
Result from companies consolidated at equity	€ million	–49	–126	–61.0
Result from operations	€ million	**241**	**70**	**> 100**
EBITDA margin	%	9.1	8.9	
Operating margin	%	4.4	3.5	
Investments in fixed assets[1]	€ million	332	285	16.4
Investments in financial assets/acquisitions	€ million	4	15	–75.3
Total investments	€ million	**336**	**300**	**11.9**
Shares in companies consolidated at equity	€ million	77	136	–43.2
Capital employed	€ million	6,325	6,222	1.7
Return on capital employed	%	5.3	3.8	
Employees		**18,019**	**17,876**	**0.8**

[1] Including intangible assets.

TABLE 021

Income statement

€ million	2021/22	2020/21	+/– in %
Revenues	**7,599**	**6,679**	**13.8**
Operating result	332	236	40.6
Result from restructuring/special items	–42	–40	3.9
Result from companies consolidated at equity	–49	–126	–61.0
Result from operations	**241**	**70**	**> 100**
Financial result	–37	–49	–24.5
Earnings before income taxes	**204**	**21**	**> 100**
Taxes on income	–81	–57	42.8
Net earnings	**123**	**–36**	**–**
of which attributable to Südzucker AG shareholders	65	–107	–
of which attributable to hybrid capital	12	13	–4.0
of which attributable to other non-controlling interests	46	58	–21.7
Earnings per share (€)	**0.32**	**–0.52**	**–**

TABLE 022

Revenues, EBITDA and operating result

In fiscal 2021/22, group consolidated revenues rose by € 920 million to € 7,599 (6,679) million. While revenues in the special products segment were slightly higher than last year, the fruit segment's revenues rose moderately and the sugar, CropEnergies and starch segments' revenues increased significantly.

Group EBITDA was well above the previous year at € 692 (597) million.

The group's consolidated operating result climbed sharply to € 332 (236) million in the 2021/22 financial year. The increase in results is mainly due to the substantially improved results in the sugar, CropEnergies and starch segments. By contrast, the special products segment's operating result was down significantly and the fruit segment's was slightly lower.

Capital employed and return on capital employed (ROCE)

Capital employed rose by € 103 million to € 6,325 (6,222) million, mainly because of higher inventories and trade receivables as a result of higher sales revenues. The significant improvement in operating result to € 332 (236) million drove ROCE up to 5.3 (3.8) %.

Result from operations

The result from operations of € 241 (70) million for fiscal 2021/22 comprises the operating result of € 332 (236) million, the result from restructuring and special items of € –42 (–40) million and the result from companies consolidated at equity of € –49 (–126) million.

Result from restructuring and special items

The result from restructuring and special items of € –42 (–40) million was mainly due to impairment losses on property, plant and equipment, goodwill and receivables to customers in connection with the plant locations in the fruit segment affected by the Ukraine war and resulting deterioration in the forecast in results. The previous year's amount mainly included expenses from the follow-up effects of the sugar segment's plant closures decided at the end of the 2018/19 financial year and from the adjustment of administrative structures. Also included are expenses related to regional restructuring from ongoing cost savings programs in the fruit segment.

Result from companies consolidated at equity

The result from companies consolidated at equity reported by the sugar and starch segments totaled € –49 (–126) million and related mainly to charges from the investment in ED&F Man Holdings Limited, London, UK. The losses accumulated in fiscal 2021/22 completely consumed the carrying amount of the investment. As of fiscal 2022/23, ED&F Man will be recognized as an 'other investment' with a carrying amount of € 0. In addition, the joint venture Beta Pura GmbH, Vienna, Austria suffered losses due to the Ukraine conflict. Because of the current uncertainties surrounding its future business development, the remaining investment carrying amount of the at equity consolidated company was written down in full.

Financial result

The financial result totaled to € –37 (–49) million including net interest result of € –30 (–25) million and result from other financing activities of € –7 (–24) million. The foreign exchange result included in other financial result improved significantly. In addition, the previous year's other financial result reflected the expense from the complete write-down of a minority interest in a French sugar factory, subsequently sold.

Taxes on income

Earnings before taxes of € 204 (21) million resulted in taxes on income of € –81 (–57) million, corresponding to a tax rate of around 40 %.

Net loss / net earnings

Of the net earnings (previous year: net loss) of € 123 (–36) million, € 65 (–107) million were allocated to Südzucker AG shareholders, € 12 (13) million each to hybrid bondholders and € 46 (58) million to other non-controlling interests, which mainly relate to the co-owners of AGRANA Group and CropEnergies Group.

Earnings per share

Earnings per share totaled € 0.32 (–0.52). The calculation is based on the time-weighted average of 204.2 (204.2) million shares outstanding. The 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 was in line with the improved development of operating result totaling € 560 million, compared with € 475 million in the previous year. The cash flow as a percentage of sales revenues climbed to 7.4 (7.1) %.

Cash flow statement

€ million	2021/22	2020/21	+/– in %
Cash flow	**560**	**475**	**17.8**
Increase (–) / decrease (+) in working capital	**– 62**	**5**	**–**
Gains (–) / losses (+) from the disposal of non-current assets / securities	– 20	0	> 100
Net cash flow from operating activities	**478**	**481**	**– 0.6**
Total investments in fixed assets[1]	– 332	– 285	16.4
Investments in financial assets / acquisitions	– 4	– 15	– 75.3
Total investments	**– 336**	**– 300**	**11.9**
Other cash flows from investing activities	128	98	30.6
Cash flow from investing activities	**– 208**	**– 202**	**2.7**
Repayment (–) / refund (+) of financial liabilities	– 47	– 174	– 73.0
Increases in stakes held in subsidiaries (–)	– 5	– 1	> 100
Dividends paid	– 101	– 97	3.9
Cash flow from financing activities	**– 151**	**– 272**	**– 44.5**
Other change in cash and cash equivalents	– 1	– 7	– 85.7
Decrease (–) / Increase (+) in cash and cash equivalents	**118**	**0**	**–**
Cash and cash equivalents at the beginning of the period	198	197	0.1
Cash and cash equivalents at the end of the period	**316**	**198**	**59.8**

[1] Including intangible assets.

TABLE 023

Working capital

The cash outflow from the increase in working capital of € –62 million – following a cash inflow from the decrease in working capital of € 5 million the year before – was mainly attributable to a price- and volume-related increase in inventories in the sugar segment and higher trade receivables in line with the positive revenue development, which was not offset by a simultaneous increase in trade payables.

Investments in fixed assets

Investments in fixed assets (including intangible assets) totaled € 332 (285) million. In the sugar segment, investments of € 114 (128) million were mainly allocated to replacement investments, improvements in logistics, process optimizations and compliance with legal or regulatory requirements. The special products segment invested € 124 (82) million, most of related to the expansion of production capacities at BENEO and Freiberger. The CropEnergies segment invested € 36 (29) million to replace production facilities or to improve their efficiency. In the starch segment, € 24 (22) million was spent mainly on the installation of new production capacities and the expansion of facilities. In the fruit segment, investments of € 34 (24) million were mainly for replacement and maintenance, and occasional capacity expansion in the fruit preparations division. All segments are seeing an increase in the proportion of capital expenditures used to meet regulatory requirements and rising market demands.

Investments in financial assets

The fruit segment's investments in financial assets of € 4 (15) million related to AGRANA Fruit Japan Ltd., Yokkaichi, Japan, which has been fully consolidated since the second quarter. Last year, investments in financial assets primarily related to the acquisition of Marroquin Organic International Inc. of Santa Cruz, USA, by AGRANA Stärke GmbH.

Profit distribution

Profit distributions throughout the group in the fiscal year just ended totaled € 101 (97) million and included € 41 (41) million paid out to Südzucker AG's shareholders and € 60 (56) million to other shareholders.

Development of net financial debt

The cash inflow from operating activities of € 478 million includes cash flow of € 560 million and the cash outflow of € –62 million from the increasing working capital. This was used to finance investments in fixed and financial assets of € 336 million and profit distributions of € 101 million, and to reduce net financial debt by € 45 million from € 1,511 million as of 28 February 2021 to € 1,466 million as of 28 February 2022.

Group assets

Balance sheet

€ million	28 February 2022	28 February 2021	+/– in %
Assets			
Intangible assets	934	947	–1.4
Fixed assets	2,988	2,983	0.1
Remaining assets	172	251	–31.5
Non-current assets	**4,094**	**4,181**	**–2.1**
Inventories	2,317	2,134	8.6
Trade receivables	1,140	948	20.2
Remaining assets	890	710	25.4
Current assets	**4,347**	**3,792**	**14.7**
Total assets	**8,441**	**7,973**	**5.9**
Liabilities and equity			
Equity attributable to shareholders of Südzucker AG	2,127	2,000	6.4
Hybrid capital	654	654	0.0
Other non-controlling interests	918	882	4.1
Total equity	**3,699**	**3,536**	**4.6**
Provisions for pensions and similar obligations	865	881	–1.8
Financial liabilities	1,322	1,438	–8.1
Remaining liabilities	365	364	0.3
Non-current liabilities	**2,552**	**2,683**	**–4.9**
Financial liabilities	562	476	18.1
Trade payables	1,116	824	35.5
Remaining liabilities	512	454	12.8
Current liabilities	**2,190**	**1,754**	**24.8**
Total liabilities and equity	**8,441**	**7,973**	**5.9**
Net financial debt	1,466	1,511	–3.0
Equity ratio in %	43.8	44.3	
Net financial debt as % of equity (gearing)	39.6	42.7	

TABLE 024

Non-current assets

Non-current assets were down € 87 million to € 4,094 (4,181) million. The decline in intangible assets to € 934 (947) million was mainly driven by the impairment of goodwill in the fruit segment as a result of its business activities in Ukraine. The carrying amount of fixed assets of € 2,988 (2,983) million was about the same as the previous year. The decline of € 79 million to € 172 (251) million in other assets was primarily due to the lower carrying amount of the shares of the at equity consolidated company ED&F Man Holdings Limited, London, UK, which was completely consumed also by the prorated losses as of the balance sheet date, together with the complete write-down of the joint venture Beta Pura, Vienna, Austria due to the impact of the Russia-Ukraine conflict.

Current assets

Current assets climbed € 555 million to € 4,347 (3,792) million. Inventories recorded an increase of € 183 million to € 2,317 (2,134) million, mainly due to the price- and volume-related increase in sugar inventories. Trade receivables rose € 192 million to € 1,140 (948) million, mainly reflecting the increase in revenues. Other assets posted an improvement of € 180 million to € 890 (710) million as a result of higher positive fair values of derivatives and securities pledged in connection with hedging transactions.

Shareholders' equity

Shareholders' equity rose to € 3,699 (3,536) million and the equity ratio dropped slightly to 43.8 (44.3) % due to the increase in total assets. As a result, Südzucker AG shareholders' equity increased to € 2,127 (2,000) million. Other non-controlling interests rose to € 918 (882) million.

Non-current liabilities

Non-current liabilities were down € 131 million to € 2,552 (2,683) million. Provisions for pensions and similar obligations were slightly lower year-on-year at € 865 (881) million. Financial liabilities were reduced by € 116 million to € 1,322 (1,438) million, primarily as a result of the repayment of liabilities to banks. Other liabilities increased slightly to € 365 (364) million.

Current liabilities

Current liabilities posted an increase of € 436 million to € 2,190 (1,754) million. Current financial liabilities rose € 86 million to € 562 (476) million, with higher borrowings from banks offset by lower commercial paper issuances. Trade payables increased at the same time by € 292 million to € 1,116 (824) million; € 99 million of this rise was attributable to the € 316 (217) million in liabilities toward beet farmers included in this item as a result of higher beet prices and volumes. Other debt, consisting of other provisions, taxes owed, other liabilities and negative fair values of derivatives, increased by € 58 million to € 512 (454) million.

Net financial debt

Net financial debt was reduced by € 45 million to € 1,466 (1,511) million as of 28 February 2022. The ratio of net financial debt to equity was 39.6 (42.7) %.

The group's long-term financing requirements as of 28 February 2022 were covered by € 797 (796) million in bonds, € 181 (181) million in promissory notes and € 266 (367) million in bank loans. Bank loans of € 384 (116) million and commercial papers of € 150 (330) million were used for short-term financing at the balance sheet date. In addition, lease liabilities totaled € 106 (124) million. Cash and cash equivalents together with investments in securities totaled € 418 (403) million. As of the balance sheet date, Südzucker Group had access to adequate liquidity reserves of € 1.4 (1.4) billion consisting of non-utilized syndicated credit lines and other bilateral bank credit lines.

ROCE, capital structure and dividend

Return on Capital Employed (ROCE)

		2021/22	2020/21	2019/20	2018/19	2017/18
Operating result	€ million	**332**	**236**	**116**	**27**	**445**
Capital employed	€ million	6,325	6,222	6,388	6,072	6,650
Return on capital employed (ROCE)	%	5.3	3.8	1.8	0.4	6.7

TABLE 025

Capital structure

		2021/22	2020/21	2019/20	2018/19	2017/18
Debt factor						
Net financial debt	€ million	1,466	1,511	1,570	1,129	843
Cash flow	€ million	560	475	372	377	693
Net financial debt to cash flow ratio		2.6	3.2	4.2	3.0	1.2
Debt equity ratio						
Net financial debt	€ million	1,466	1,511	1,570	1,129	843
Shareholders' equity	€ million	3,699	3,536	3,673	4,018	5,024
Net financial debt as % of equity (gearing)	%	39.6	42.7	42.7	28.1	16.8
Equity ratio						
Shareholders' equity	€ million	3,699	3,536	3,673	4,018	5,024
Total assets	€ million	8,441	7,973	8,415	8,188	9,334
Equity ratio	%	43.8	44.3	43.6	49.1	53.8

TABLE 026

Capital employed was reported at € 6,325 (6,222) million, € 103 million higher than last year, mainly due to higher inventories and trade receivables. The operating result of € 332 (236) million drove return on capital employed (ROCE) in the reporting year from 3.8 to 5.3 %.

The debt ratio (ratio of net financial debt to cash flow) as of the balance sheet date recorded a further improvement to 2.6 (3.2). Net financial debt as of 28 February 2022 was 39.6 (42.7) % of shareholder's increased equity of € 3,699 (3,536) million. The equity ratio at the balance sheet date was slightly lower than the previous year at 43.8 (44.3) % as total assets increased by € 468 million to € 8,441 (7,973) million.

The dividend policy continues to be focused on continuity and the sustainable results development. Given the group's positive results and improved debt factors, the executive board has decided to recommend a dividend of € 0.40 (0.20) per share for fiscal year 2021/22.

The historic dividend per share payments in relation to key operating result indicators are shown in table 027.

Based on the 204.2 million shares in circulation, the total dividend distribution will be € 82 (41) million. The dividend recommendation is subject to approval by the supervisory board on 18 May 2022 and shareholders at the annual general meeting on 14 July 2022.

Dividend

		2021/22	2020/21	2019/20	2018/19	2017/18
Operating result	€ million	332	236	116	27	445
Cash flow	€ million	560	475	372	377	693
Earnings per share	€	0.32	−0.52	−0.60	−4.14	1.00
Dividend per share [1]	€	0.40	0.20	0.20	0.20	0.45
Payout ratio	%	–	–	–	–	45.0

[1] 2021/22: Proposal.

TABLE 027

Sugar segment

At a glance

€ 2,623 million	€ −21 million	€ 2,740 million	−0.7 %
Revenues	Operating result	Capital employed	ROCE

European market leader processing 27.6 million tonnes of beet and producing 4.4 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 beets

Production	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)
Distribution	5 locations (Greece, Israel, 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

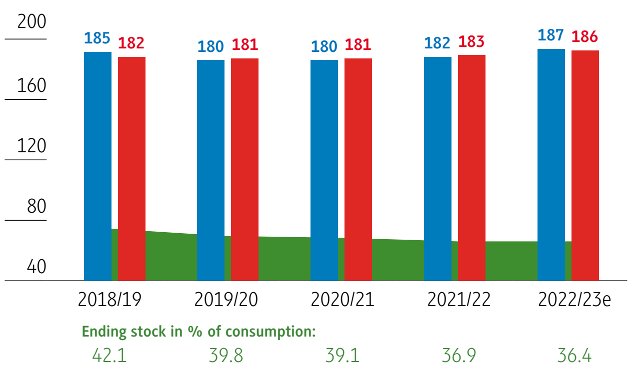
World sugar market

In its March 2022 estimate of the world sugar balance for the current 2021/22 marketing year (1 October – 30 September), market analyst IHS Markit assumes a deficit of 3.2 million tonnes – the third deficit year in a row. Inventories will be reduced once again despite a slight increase in production and a likewise slight growth in world sugar consumption. As a result, the ratio of inventories to consumption will fall to 36.9 % – the lowest level in more than ten years.

For the new 2022/23 marketing year, IHS Markit forecasts in an initial estimate an even sugar balance. Production will increase more strongly than world sugar consumption – especially in Brazil and Thailand – thus avoiding a further deficit. With world sugar production and consumption balanced, inventories will remain at a very low level.

Global sugar balance

Million of tonnes raw value



Source: IHS Markit, March 2022.

DIAGRAM 012

In the 2020 calendar year, the world market price for white sugar was still around 330 € / t on average; from the beginning of 2021 to mid-February 2021 prices climbed up to 403 € / t. At the beginning of the fiscal year, world market prices initially fluctuated in a range between around 350 and about 400 € / t, then rose again from August 2021 and reached a level of up to 460 € / t in November 2021. The world market price has since moved between 420 and 460 €/t. At the end of the reporting period it was 443 €/t. At the beginning of the new fiscal year, the world market price once again increased.

Table 028 summarizes the most important sugar producing and consuming nations, along with the largest importing and exporting countries.

EU sugar market

During the past 2020/21 sugar marketing year (1 October to 30 September), sugar production (EU excluding UK; including isoglucose) fell again due to smaller cultivation areas, difficult weather conditions and increased pest infestation. This drop in production from 16.8 to 15.2 million tonnes is greater than the decline in demand caused by structural factors and the additional temporary impact of the Corona pandemic. The EU thus remained

Global market sugar prices

1 March 2019 to 31 March 2022
London, nearest forward trading month

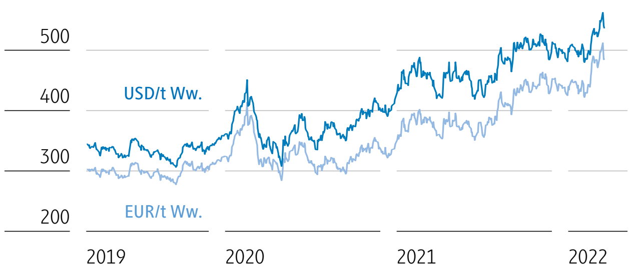


DIAGRAM 013

World sugar market – Top 5

Million of tonnes raw value	2018/19	2019/20	2020/21	2021/22	2022/23e
Producers					
Brazil	29.8	41.7	40.5	34.1	37.7
India	35.8	29.8	33.9	36.2	35.0
EU [1]	16.9	16.6	14.8	16.9	16.5
Thailand	14.9	8.5	7.7	10.0	11.5
China	11.7	11.3	11.6	10.7	10.9
Consumers					
India	27.7	27.9	28.9	29.3	30.0
China	16.2	16.3	16.9	16.9	17.0
EU [1]	17.1	16.8	16.3	16.6	16.6
USA	11.1	11.3	11.2	11.2	11.2
Brazil	11.3	11.2	10.8	10.8	11.0
Net exporters					
Brazil	18.5	26.6	30.5	24.0	26.5
Thailand	10.1	8.6	4.0	7.4	8.3
India	4.2	6.1	7.2	8.5	5.0
Australia	3.5	3.3	3.5	3.0	3.3
Guatemala	1.9	2.0	1.5	1.8	1.8
Net importers [2]					
China	3.4	4.3	7.0	6.1	6.1
Indonesia	5.1	6.2	5.3	5.7	5.8
USA	2.7	3.6	2.9	2.7	2.7
Bangladesh	2.4	2.5	2.3	2.4	2.5
Algeria	1.8	1.9	2.0	1.9	1.9

Source: IHS Markit, World sugar balance estimate, March 2022.
[1] EU figures exclude the UK.
[2] Sugar consumed in the country without refining for third countries.

TABLE 028

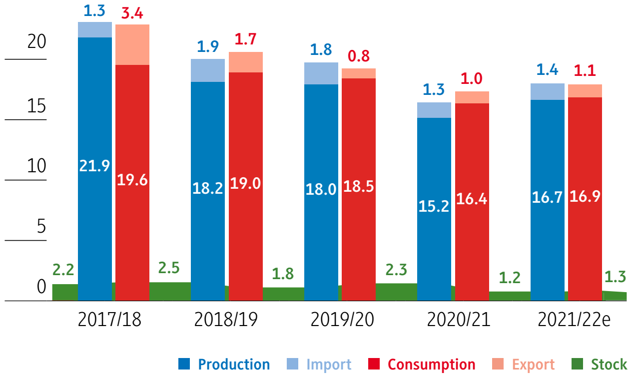
a net importer of sugar in the 2020/21 sugar marketing year with a significant reduction in inventories.

In the current 2021/22 sugar marketing year, the EU Commission is currently forecasting sugar production (EU excluding UK; including isoglucose) of 16.7 (15.2) million tonnes, assuming a further slight reduction in cultivation area and a return to normal yields. This means that the EU would remain a net importer of sugar for the fourth time in a row in the current sugar marketing year.

For the coming 2022/23 sugar marketing year, market analysts are forecasting a further slight decline in cultivation area in the EU-27.

EU sugar balance

Million of tonnes white sugar value



Source: EU commission, AGRI C4, EU sugar balance estimate, February 2022.
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 quoted at 381 € / t at the beginning of the past sugar marketing year in October 2020 and rose to 441 € / t by the last available publication in February 2022. 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.

The Corona pandemic further impacted volume growth in these markets. Again in 2021, lockdowns and other restrictions resulted in significantly lower consumption outside the home, which led to lower volumes in the food service sector and fewer impulse purchases[1]. Soft drinks and snacks (convenience foods) were particularly hard-hit, which led to lower sugar volumes.

In contrast, significantly more is being consumed at home. Consumer awareness of nutrition has risen. They want to do something for their health and strengthen their immune systems. 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.

For example, in Germany, Belgium, France and Poland, consumption in the retail sector has fallen over 8 %[2]. This means that in some markets, the generally accepted sector sales volume decline of two to three percent over an average of ten years will be exceeded by a wide margin; for example, the drop in Germany in calendar year 2021 was almost 10 %.

Presently it is unclear how consumer behavior will evolve after the end of the pandemic-driven restrictions. Evaluating which changes are pandemic related and which are consumer related will also have to wait until then.

Animal feed and molasses markets

The markets for sugary byproducts were marked by rising raw material prices worldwide in fiscal 2021/2022. Prices for sugary byproducts also rose to previously unheard of levels.

The decline in European mixed feed production of 1.2 % with associated lower demand for sugary byproducts has no impact on the price increases because of the sharply higher cost of agricultural raw materials worldwide.

Global molasses production is expected to decline slightly to 63.5 (64.5) million tonnes in 2021/22. In contrast, the EU expects an increase to 3.4 (3.0) million tonnes. This production increase is urgently needed by the refining industry and has no price dampening effect.

[1] Source: Euromonitor
[2] Source: Nielsen, December 2020 to November 2021

Dried beet pulp production will recover in the EU in 2021/22 after a poor harvest the previous year, particularly in France. It should rise to over 3.00 (2.78) million tonnes. Similar to molasses, prices are not falling despite the slight increase in volume. In contrast to grains, dried beet pulp was solid thanks to its regional availability and largely undisrupted supply chains.

Legal and political environment

Word market / WTO

The WTO Dispute Settlement Panel's report on India was released on 14 December 2021. The dispute concerns India's domestic subsidies for cane sugar producers and sugar export subsidies. It dates back to 2019, when Brazil, Australia and Guatemala simultaneously filed complaints to the WTO. The WTO panel's conclusions demonstrate that both the domestic subsidies for cane sugar producers and the export subsidies contravene the WTO rules and that India has thus violated the terms of the WTO Agricultural Agreement. The WTO gave India 120 days to refrain from these measures. In the interim, India has exercised its rights and has appealed the WTO's decision. The WTO Dispute Settlement Panel thus cannot finalize the panel report. Since the US government is currently also refusing to name members to the WTO appellate body, this important court case to settle the dispute can presently not proceed and is blocked for the time being. The clear decision of the initial WTO panel is thus not binding for India.

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 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.

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 hardly takes any 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 future.

Following the temporary granting of exemptions for the use of neonicotinoids under strict conditions in 15 European countries for the 2021 season, the number of exemptions for the 2022 cultivation year was 13.

In Germany, emergency approvals were granted for the 2021 cultivation year for certain cultivation areas under strict conditions and with a very low dosage of the dressing. The respective seed was allowed to be used on around one-third of the cultivated area in 2021. In contrast to 2021, no emergency approvals were issued for the 2022 cultivation year – despite intensive efforts.

Brexit

After leaving the EU, the United Kingdom opened its own sugar market to further imports from the world market and is thus significantly limiting sales opportunities for EU-27 sugar producers and the sugar beet industry in the UK. Right after becoming independent, the UK released an annual duty-free import agreement for 180,000 tonnes of raw sugar from the world market. Now 80,000 tonnes of duty-free raw sugar imports per year will be added under the terms of a trade agreement concluded with Australia at the end of 2021. This volume is to be increased by 20,000 tonnes in each of the next eight years, so that by the end of this period, 220,000 tonnes of sugar will be eligible for duty-free import from Australia.

Business performance

Business performance – Sugar segment[1]

		2021/22	2020/21	+/– in %
Revenues	€ million	**2,623**	**2,255**	**16.4**
EBITDA	€ million	133	31	> 100
Depreciation on fixed assets and intangible assets	€ million	–154	–159	–2.8
Operating result	€ million	**–21**	**–128**	**–84.1**
Result from restructuring / special items	€ million	0	–30	–99.0
Result from companies consolidated at equity	€ million	–63	–144	–56.7
Result from operations	€ million	**–84**	**–302**	**–72.4**
EBITDA margin	%	5.1	1.4	
Operating margin	%	–0.8	–5.7	
Investments in fixed assets[2]	€ million	114	128	–10.7
Investments in financial assets / acquisitions	€ million	0	3	–100.0
Total investments	€ million	**114**	**131**	**–12.1**
Shares in companies consolidated at equity	€ million	21	81	–73.5
Capital employed	€ million	2,740	2,773	–1.2
Return on capital employed	%	–0.7	–4.6	
Employees		**6,105**	**6,243**	**–2.2**

[1] Prior-year figures adjusted.
[2] Including intangible assets.

TABLE 029

Revenues and operating result

The sugar segment's revenues rose significantly to € 2,623 (2,255) million, due to both higher sugar sales revenues and higher volumes. The price increases achieved in the past 2020/21 sugar marketing year took effect at the beginning of fiscal 2021/22, and since October 2021 the additional price increases at the beginning of the new 2021/22 sugar marketing year.

The segment was able to cut its operating loss substantially to € –21 (–128) million in fiscal 2021/22. At the beginning of the fiscal year, the higher sugar sales revenues and sales volumes were offset in particular by higher production costs from the 2020 campaign due to raw material prices, as well as in some cases sharp cost increases for energy, packaging materials and raw materials since the third quarter. These substantial cost increases and sales volumes at the end of the fiscal year that were higher than in the previous year but below expectations meant that, despite improved capacity utilization in the 2021 campaign, the target of an operating profit was not achieved.

Result from restructuring and special items

As in the previous year, the result from restructuring and special items of € 0 (–30) million mainly comprises income from the reversal of provisions due to settled legal disputes. These were offset by expenses for bad debt allowances related to the financially troubled joint venture Beta Pura GmbH (triggered by the war in Ukraine) and – as in the previous year – follow-up effects from the sugar segment's decision to close plants in France at the end of fiscal 2018/19.

Result from companies consolidated at equity

The sugar segment's result from companies consolidated at equity was € –63 (–144) million and relates mainly to ED&F Man Holdings Limited, London, UK, in which Südzucker holds an interest of about 35 %.

The result from companies consolidated at equity comprises the net loss for the year attributable to Südzucker and, in the case of ED&F Man, represents a fully utilized at-equity investment as of 28 February 2022.

In addition, the joint venture Beta Pura GmbH, Vienna, Austria suffered losses due to the Ukraine conflict. Because of the current uncertainties surrounding its future business development, the remaining investment carrying amount of the at equity consolidated company was written down in full.

Capital employed and return on capital employed

Based on an operating result of € –21 (–128) million and a € 32 million reduction in capital employed to € 2,740 (2,773) million, ROCE in fiscal 2021/22 was negative at –0.7 (–4.6) %.

Investments in fixed assets

The sugar segment invested € 114 (128) million in fixed assets. Process optimization investments included first and foremost a beet earth press station expansion, installing and connecting new cooling crystallizers and an evaporator station expansion.

A new extraction tower will serve to improve processing capacity and cut energy consumption.

The most important infrastructure investments included expanding a bulk loading facility, installing a bagging system for organic sugar, expanding the gluten dryer, retooling a system for a new product and installing a production system for brown sugar.

Almost all locations invested in environmental protection projects, as well as the fulfillment of regulatory requirements. The latter were mostly in the wastewater treatment and emission reduction areas with measures such as refurbishing a boiler plant and converting from coal to gas, installing a new falling film evaporator, eliminating bottlenecks and optimizing wastewater treatment.

Cultivation and production

Cultivation area

The beet cultivation area at Südzucker Group was up 2.8 % in 2021 from last year's level to about 352,500 (343,000) ha. In Austria alone, the harvested area was increased by 11,600 ha because, in contrast to last year, there was no damage from the beet root weevil and no massive area losses due to frost.

Cultivation and production

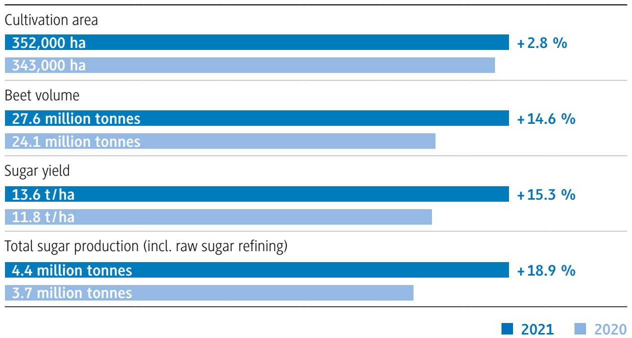


DIAGRAM 015

Sugar production by region

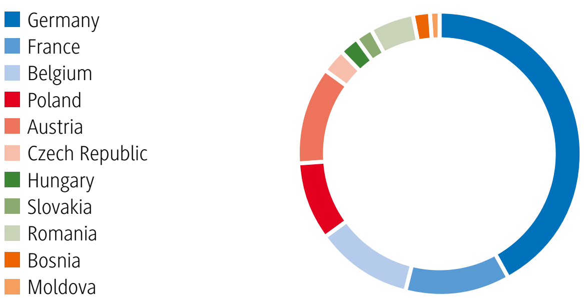


DIAGRAM 016

The cultivation area for organic beet rose significantly from 2,600 to just under 3,900 ha. The area under cultivation in Germany increased sharply thanks to attractive price prospects, while at the same time significantly less organic area was destroyed by the beet weevil in Austria than in the previous year.

Planting and beet development

The main seeding started around 22 March 2021 – on average about 2-3 days later than last year. Dry and mild weather until early April provided good to excellent seeding conditions. Subsequently, a change in the weather with snow, rain and cool night temperatures delayed seeding of the last areas, and the beets that had already been seeded were also very slow to emerge.

In Germany, France, Austria, Slovakia and Hungary, frost damage and uprooting continued until mid-April. Beets were seeded again on most of these areas by the end of April.

In May, excellent growing conditions with sufficient rainfall almost everywhere allowed largely homogeneous, clean stands to develop. Despite fewer animal pests overall than in the previous year due to the weather, insecticide treatments were still necessary in many places in May. In the western growing regions in particular, there was more than sufficient rainfall in the summer months, leading to isolated areas of beet being under water for several days in Belgium, for example. As there was a lack of sunshine overall until the end of August 2021, sugar contents rose at a slow pace.

2021 campaign

At the beginning of the campaign in early September 2021, harvest conditions were generally good. Due to heavy regional precipitation, clearing had to be interrupted briefly in some cases in October.

Overall, the campaign was largely trouble-free, with only the Zeitz plant experiencing delays in beet processing due to boiler damage around Christmas. Beets that had already been uncovered for collection were damaged by frosts of up to –15°C that occurred precisely at this time. The beets that were still covered remained undamaged by the frost and could be processed into March 2022.

The campaign began at Südzucker Polska's Cerekiew plant on 2 September 2021. The other Silesian plants and the factories in Rain am Lech and Drochia, Moldova, also started at the beginning of September. Beet processing began at Südzucker Group's other locations between mid-September and early October 2021, with the average campaign duration rising from 108 to 124 days. The Zeitz factory worked the longest, processing the last beets of the 2021/22 campaign on 5 March 2022 after 177 processing days.

Yields

Südzucker Group's beet yield for the 2021 cultivation year rose to 78.3 (70.4) t/ha – an above-average result. Together with the slight increase in cultivation area, a total beet volume of 27.6 (24.1) million tonnes was available for processing. A slightly below-average sugar content of 17.3 (16.8) % resulted in a theoretical sugar yield of 13.6 (11.8) t/ha.

Sugar, animal feed and molasses production

The Group' s total sugar production climbed to 4.4 (3.7) million tonnes. The volume of organic sugar produced at the Rain and Tulln factories also increased due to the larger cultivation area. The volume of animal feed and molasses rose to 1.5 (1.3) million tonnes.

Volume

Sugar

The group's overall consolidated volume rose 6.2 % to 4.5 (4.2) million tonnes of sugar in fiscal 2021/22.

The companies in the EU were able to boost volume by 6.6 % to 4.1 (3.9) million tonnes. Especially robust increases were seen in Italy, Greece, Slovakia, Spain and Portugal. While in 2020/21 retail volumes increased because of the Corona pandemic and industrial volumes fell, the exact opposite was true in fiscal 2021/22 just ended. Retail volumes in the EU countries were down 3.7 % from last year while industrial volume rose 12.7 %. Industrial customer volume increases were particularly high in Italy, Spain, Portugal, Slovakia and Greece. This development signals a market recovery, at least partially.

Volumes in countries outside the EU fell again due to rising volumes in the EU. They were down 16.8 % to 210,000 (253,000) tonnes.

Volumes in the Republic of Moldova and the Western Balkan companies were slightly higher than last year at 339,000 (332,100) tonnes.

Animal feed and molasses

Demand for sugary byproducts continued to develop positively. Although the pandemic continued to have an impact on our markets, demand from the mixed feed industry remained stable and even rose in the fermentation and alcohol industries. Despite the tense situation on the transport and shipping markets, deliveries were made reliably.

Molasses pulp remains in the focus of the mixed feed industry and farmers because of its high feed value, consistently high quality, and significantly higher prices for feed grains. The selling prices for molasses pulp rose again despite a decline in mixed feed production[1] in Europe. In summer 2021, Südzucker Group became the first EU sugar producer to export molasses pulp to the People's Republic of China.

Prices for beet molasses sold to the fermentation and mixed feed industries and to retailers were higher than last year throughout the Group. All customer groups reported increased demand. The fermentation industry and especially the yeast industry deserve special mention. The boom in plant-based meat substitutes has triggered a greater demand for flavor enhancers, which is being met by yeast extracts.

Due to the expanded cultivation areas for organic sugar beet, the volume of organic molasses pulp and organic molasses earmarked for marketing also increased. The sales campaign for byproducts from organic cultivation launched two years ago boosted selling prices and consolidated the positioning of organic molasses pulp and organic molasses in the organic mixed feed industry.

[1] FEFAC – https://fefac.eu/newsroom/news/compound-feed-production-2021-is-expected-to-slightly-decrease-by-0-16/

Special products segment

At a glance

€ 1,781 million	€ 117 million	€ 1,740 million	6.7 %
Revenues	Operating result	Capital employed	ROCE

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

Strategy

BENEO

Plant-based nutrition, clean-label food, foods with added benefits and balanced and health-conscious nutrition are all trends that positively impact BENEO'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 align product portfolio with trends; use new marketing concepts
- Nurture and enhance innovation and sustainability
- Strengthen market position in Europe; grow in North America through cost leadership and diversification

PortionPack Europe

The PortionPack Europe 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)
- Expand market position in Europe; expand activities in South Africa

Special products segment

Division	BENEO	Freiberger	PortionPack Europe
23 production locations	Germany (1), Belgium (2), Italy (1), Chile (1)	Germany (4), UK (1), Austria (1), USA (5)	UK (2), Netherlands (2), 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 (7), South Africa (1)
Products / sales 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, breadsnacks, sauces, dressings)	Portion packs (Food and non-food)
Brands	Isomalt, Palatinose™, galenIQ™, Orafti™ Inulin, Orafti™ Oligofructose	Private labels, Alberto	Hellma, Van Oordt
Target markets	Worldwide	Europe, USA	Primarily Europe, South Africa
Raw materials	Beet sugar, rice, chicory root, wheat	Flour, milk (cheese), soybean oil, tomato paste, meat / salami	Finished products (confectionery, pastries, sugar)
Customers	Food, animal feed, pharmaceuticals industries	Food retailers in Europe and North America	Hotels, restaurants, caterers (food service)

Markets

Target markets

The special products segment's target markets were mixed in fiscal 2021/22 just ended, the second year of the pandemic, with some positive developments but also setbacks.

Demand for prebiotic dietary fibers, alternative carbohydrates, plant-based proteins and functional rice ingredients continued to expand during the fiscal year just ended. The growth was driven by the markets in Europe and Asia. The continuing solid consumer interest in optimizing nutritional intake and boosting the immune system – especially due to the pandemic – had a positive impact. The strong demand for dietary fibers from natural sources also held steady. The number of product launches with inulin has increased sharply worldwide over the past few years. The clean label trend led to noticeably growing interest from customers in native and functionalized rice starches.

Current market trends that had a positive impact were also sugar reduction, plant-based nutrition (vegetarian and vegan) and interest in gluten-free products. Growth was also evident in the pet food and animal feed with functional ingredients category. More and more products for pets can be seen in the premium segment with associated greater demand for rice proteins and prebiotic dietary fibers.

The markets for sugar-free sweets and cough drops were weaker. This was due to pandemic-related restricted mobility, low volumes in the impulse purchase retail channels and a less severe cold and flu season.

Growth in the German frozen pizza market was comparatively weak, with private labels growth below average. This was also due to pandemic-related higher sales during the first lockdown in 2020. Frozen pizza volumes were down in both Great Britain and the US market. While the market share for private labels fell in Great Britain, brand names were able to expand their share. Merchandise volumes experienced double digit declines in the United States. The British chilled pizza market also shrank. Only private labels saw slight growth.

Sales volumes of portion packs in Europe were again significantly lower than normal in fiscal 2021/22, but were substantially higher than last year, which was more severely impacted by the pandemic. But the ongoing Corona pandemic and the associated restrictions and lockdowns for the key customer segment hotels and restaurants continue to negatively impact the business.

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 despite pandemic-related complications. Yields in both Chile and Belgium were below average because of weather conditions.

Impaired international supply chains and the political situation in Myanmar led to challenges procuring rice as a raw material. Rice availability was secured through extraordinary measures at all times but freight costs were significantly higher.

The cost of sugar as a raw material for functional carbohydrates was higher than last year in line with general market developments.

The essential raw materials for producing frozen pizzas are salami, ham and mozzarella. Pork prices in Germany have remained low in recent months due to African swine fever and the associated export restrictions on pork to China. In contrast, market prices for cheese and skim milk powder reached a fifteen year high. Skim milk powder as well as butter and cheese were significantly more expensive year over year. The reason for this price development was determined to be low milk supplies, additionally supported by the high demand for imported skim milk powder from China and North Africa. Market participants do not expect quick price relief here within the next few months.

Prices for recycled cardboard used to produce foldable boxes rose sharply last fiscal year. The main reasons for this situation were higher energy costs and the high cost of waste paper. In addition, switching from plastic packaging to sustainable cardboard packaging resulted in higher demand for the latter. This development will result in further price spikes and supply bottlenecks due to limited production capacity and will continuously impact the packaging sector over the next few years.

Soybean oil is an important raw material for producing dressings and sauces. Soybean oil prices have been significantly higher in the United States since the end of 2020. This increase is expected to continue until 2022, due to three important factors: The very strong demand for soybeans in comparison to availability, the higher interest in substitutable cooking oils such as palm oil, and above all the American government's directives for blending it in biofuels.

Business performance

Revenues and operating result

Revenues in the special products segment were slightly above the previous year's level at € 1,781 (1,710) million. This increase was driven in particular by higher sales revenues in spite of an overall decline in volumes. Last year, the start of the fiscal year had been positively impacted by some sharp jumps in demand due to corona, for example for frozen pizzas.

Operating result fell substantially compared to the previous year to € 117 (159) million. The negative impact of rising raw material, energy, logistics and other costs could not be covered by higher sales revenues, with costs being passed on to customers only in part and with a time lag as reflected in the operating margin.

Capital employed and return on capital employed (ROCE)

ROCE declined to 6.7 (9.7) % on operating result of € 117 (159) million and a moderate increase in capital employed to € 1,740 (1,640) million.

Investments in fixed assets

Investments in the special products segment increased to € 124 (82) million.

In the BENEO division, capacity expansions were carried out or prepared at almost all locations. At the Offstein location in Germany, the warehouse expansion was largely completed and additional equipment was installed to enhance crystallization output. In Wijgmaal, Belgium, construction of a third wet starch line for rice proteins was continued. As a result, the second construction phase will be ready for start-up by mid-2022. In Pemuco, Chile, most of the main aggregates were placed as part of the construction work for a second refining line. The facility is scheduled for completion in 2022. Further measures to increase capacity are being prepared.

The focus is also on reducing energy and converting to 100 % renewable energy sources.

In the Freiberger division, further projects to increase capacity were implemented at Richelieu, USA. These included higher frosting capacities, the expansion of baking lines, and the necessary building extensions. At the Freiberger location in Berlin, a new pizza production line went into operation in January 2022.

Business performance - Special products segment [1]

		2021/22	2020/21	+/– in %
Revenues	€ million	**1,781**	**1,710**	**4.1**
EBITDA	€ million	190	232	−18.0
Depreciation on fixed assets and intangible assets	€ million	−73	−73	0.3
Operating result	€ million	**117**	**159**	**−26.4**
Result from restructuring / special items	€ million	0	0	–50
Result from companies consolidated at equity	€ million	0	−1	–
Result from operations	€ million	**117**	**158**	**−26.3**
EBITDA margin	%	10.7	13.5	
Operating margin	%	6.6	9.3	
Investments in fixed assets [2]	€ million	124	82	50.4
Investments in financial assets / acquisitions	€ million	0	0	–
Total investments	€ million	**124**	**82**	**50.4**
Shares in companies consolidated at equity	€ million	0	0	–
Capital employed	€ million	1,740	1,640	6.1
Return on capital employed	%	6.7	9.7	
Employees		**4,990**	**4,886**	**2.1**

[1] Prior-year figures adjusted.
[2] Including intangible assets.

TABLE 030

One of the most extensive projects at PortionPack Europe is the construction of a new factory in Telford, UK, where production capacities will be newly combined. In addition, replacement and maintenance investments were made, as well as measures in connection with certifications and to meet regulatory requirements.

Production

We produce a wide range of ingredients with nutritional and technological benefits for the food, animal feed and pharmaceutical industries at five locations in Belgium, Chile, Germany and Italy. Our natural raw materials include chicory root, beet sugar, rice and wheat. We use these to produce the functional carbohydrates Isomalt and Palatinose™, the prebiotic dietary fibers inulin and oligofructose, rice starch and rice flour, and vegetable proteins. The pandemic in the functional carbohydrates product group temporarily led to lower demand and a corresponding decline in production, but market interest in clean-label solutions increased.

In the chilled and frozen products area, we produce classic stone-baked pizzas, fresh dough pizzas, tarte flambée and pasta dishes at eleven production locations. The product range is completed by the making of high-quality snacks and baguettes, as well as dressings and sauces. Production volumes fell compared with the strong previous year due to lower volumes. However, capacities were further expanded in order to supply customers with high-quality and innovative products. Investments were made to improve efficiency and enhance product quality.

We operate six 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.

Volume

In fiscal 2021/22, demand for prebiotic dietary fibers, functional rice ingredients, alternative carbohydrates and vegetable proteins continued to grow, driven by the European and Asian markets. Prebiotics inulin and oligofructose benefited from strong demand for dietary fibers of natural origin. Our portfolio of native and functionalized rice starches addresses the clean-label trend and therefore also met with significantly growing customer interest. Palatinose™ and galenIQ™ continued to grow. Sugar substitute Isomalt was the only product unable to realize its volume potential due to the pandemic.

Chilled and frozen product volumes were down in Europe in fiscal 2021/22 compared to last year's strong performance due to the pandemic. In the core markets of Germany, France and the UK in particular, chilled and frozen pizzas volumes were lower. Likewise in the USA, both dressings and sauces volumes and frozen pizzas volumes declined compared to last year.

Portion pack volumes in fiscal 2021/22 were once again significantly below standard levels. The reason for this continued to be the Corona pandemic and the associated restrictions and lockdowns for the main customer group of hotels and restaurants. However, sales volumes were significantly higher than in the previous year.

CropEnergies segment [1]

At a glance

€ 1,004 million	€ 127 million	€ 486 million	26.1 %
Revenues	Operating result	Capital employed	ROCE

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 and 100,000 tonnes of liquid carbon dioxide annually.

Production locations	4 production locations; one each in Germany, France, Belgium, UK
Raw materials	Grain, sugar syrup, raw alcohol, residues
Products	Fuel-grade ethanol, rectified spirits, protein-based 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

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
- Focus on European and regional raw materials and supply chains

[1] Further details can be found in CropEnergies AG's current 2021/22 annual report.

Markets

Ethanol market

Global ethanol production saw a recovery in 2021 to 123 (119) million m³ after the significant drop in 2020, but did not yet return to the level of 2019. About 84 % thereof continued to be accounted for by fuel-grade ethanol. Due to mobility restrictions, fuel-grade ethanol production fell significantly in 2020. This decline was partially offset in 2021 with production of around 104 (99) million m³. In 2022, fuel-grade 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	2019	2020	2021	2022e
Opening balance	**0.7**	**0.8**	**1.1**	**1.0**
Production	7.6	7.5	7.8	7.8
thereof fuel ethanol	5.4	5.1	5.4	5.5
Consumption	−8.5	−8.4	−8.8	−8.7
thereof fuel ethanol	−5.9	−5.5	−6.0	−5.9
Net imports	1.0	1.2	0.9	0.9
Closing balance	**0.8**	**1.1**	**1.0**	**1.0**

Source: IHS Markit, March 2022; including UK.

TABLE 031

The EU-27 and the UK produced 7.8 (7.5) million m³ of ethanol in 2021, slightly above the previous year's level. At the same time, ethanol consumption rose to 8.8 (8.4) million m³. In contrast, net imports decreased to 1.0 (1.2) million m³. Fuel-grade ethanol consumption of 6.0 (5.5) million m³ exceeded production, which came in at 5.4 (5.1) million m³. In 2022, fuel ethanol production is forecast to decline slightly to 5.9 (6.0) million m³. In the neutral alcohol sector, a rather constant level of consumption was recorded at 2.8 (2.9) million m³.

Prices in the course of the fiscal year reflect, among other things, a return to normal levels of fuel demand in the wake of renewed growth in mobility. In the second half of 2021 in particular, prices additionally received positive support from the introduction of E10 in Sweden and the UK, rising from around 580 € / m³ at the beginning of March 2021 to 950 € / m³ at the end of February 2022. Extraordinary price developments occurred in the course of the third quarter in particular. Spot prices reached new highs almost daily from the end of September to mid-November 2021. On 11 November 2021, the interim high of 1,518.50 € / m³ was reached, marking a new all-time high. However, at the same time, prices for raw materials and energy were also extremely high.

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 2021/22 will be significantly below last year's level at 350 (368) million tonnes. Demand is expected to fall slightly to 362 (367) million tonnes while inventories are targeted to decline to 42 (54) million tonnes. Soybean prices moved at a continuously high level throughout fiscal 2021/22. At the beginning of March 2021, the price was around 14 USD / bushel[1]. At the end of the fiscal year, soybeans were trading at around 16 USD / bushel. The EU rapeseed harvest in the 2021/22 marketing year is on a par with the previous year at around 17 (17) million tonnes. Quotations for European rapeseed meal followed international trends. Prices were around 320 € / t at the beginning of March 2021 and around 390 € / t at the end of February 2022.

Raw material markets

Global grain production (excluding rice) is projected to climb to 2,284 (2,220) million tonnes in grain marketing year 2021/22 (1 July to 30 June). With global grain consumption at 2,278 (2,235) million tonnes, inventories are expected to increase slightly to 607 (600) million tonnes.

According to the EU Commission, grain production in the EU is expected to be higher again in the grain marketing year 2021/22 at around 293 (281) million tonnes. Grain consumption is likely to remain at the previous year's level of 260 (260) million tonnes. European wheat prices on Euronext in Paris also ranged at a high level in the course of fiscal 2021/22. At the start of the fiscal year on 1 March 2021, wheat was already quoted at 250 € / t. At the end of February 2022, the wheat price was around 300 € / t. The price trend is due in particular to strong global grain demand. At the end of the fiscal year the war between Russia and Ukraine also had an impact on grain prices.

In the grain marketing year 2022/23, the EU Commission expects a grain harvest of 298 (293) million tonnes. Demand for grain is expected to drop slightly to 258 (260) million tonnes, of which 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-grade 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.

[1] 1 bushel of soybeans equals 27.216 kg of soybeans.

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. This so-called "Fit for 55" package contains, for instance, proposals for adapting the Renewable Energies Directive and the taxation of energy products. A separate CO_2 trading system for fuels is also to be introduced by 2026. The goal is to reduce power- and fuel-related greenhouse gas emissions by 43 % by 2030 compared with 2005 levels. Other recommendations relate to the setting of CO_2 ceilings for the registration of new vehicles.

Renewable Energy Directive

The 2018 revised Renewable Energy Directive (RED-II) stipulates that the share of renewables in the transport sector should increase from at least 10 % in 2020 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 has therefore proposed a paradigm shift as part of the "Fit for 55" package, replacing the energy blending target for renewables in the transport sector with a greenhouse gas reduction target of 13 %. As part of the system change, multiple credits for renewable fuels from waste and recycled materials and renewable electricity are to be discontinued. The share of renewable fuels from normal crops is to be allowed to remain unchanged in the member states at up to one percentage point above the level achieved in 2020, up to a maximum of 7%. The share of fuels from waste and recycled materials is to rise from 0.2 % in 2022 to at least 2.2 % in 2030. A new mandatory blending requirement for synthetic fuels is to be added, with a share of at least 2.6 % in 2030.

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.

On the other hand, the EU commission's recommendation to define CO_2 emissions for cars and light commercial vehicles is rejected, 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, sustainable and low-CO_2 mobility requires an open technology approach, as various drive and fuel options will be needed for quite some time if transport sector climate targets are to be achieved.

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 from 6 % in 2021 to 25 % in 2030. An initial step in this process was taken with the increase to 7 % as of 1 January 2022. 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 € 1,004 (774) million, driven by both substantially higher sales revenues and increased volumes.

Operating result was therefore once again higher than last year's strong figure, reaching another record result € 127 (107) million. Higher volumes and substantially increased sales revenues more than offset the significant rise in raw material and energy costs.

Capital employed and return on capital employed (ROCE)

Capital employed was moderately higher than the previous year at € 486 (465) million. ROCE was also well above the previous year's level at 26.1 (23.0) % thanks to a sharp increase in operating result to € 127 (107) million.

Business performance – CropEnergies segment

		2021/22	2020/21	+/– in %
Revenues	€ million	**1,004**	**774**	**29.8**
EBITDA	€ million	169	148	13.7
Depreciation on fixed assets and intangible assets	€ million	–42	–41	1.0
Operating result	€ million	**127**	**107**	**18.7**
Result from restructuring / special items	€ million	0	1	–100.0
Result from companies consolidated at equity	€ million	0	0	–33.3
Result from operations	€ million	**127**	**108**	**17.6**
EBITDA margin	%	16.8	19.2	
Operating margin	%	12.6	13.8	
Investments in fixed assets[1]	€ million	36	29	24.3
Investments in financial assets / acquisitions	€ million	0	0	–
Total investments	€ million	**36**	**29**	**24.3**
Shares in companies consolidated at equity	€ million	3	3	12.0
Capital employed	€ million	486	465	4.6
Return on capital employed	%	26.1	23.0	
Employees		**455**	**450**	**1.1**

[1] Including intangible assets.

TABLE 032

Investments

Investments in fixed assets rose to € 36 (29) million and were mainly used for replacement investments and improvements in plant availability. In Wanze, Belgium, the focus was on the construction of a CO_2 liquification plant, which is to produce 65,000 tonnes of food-grade liquid biogenic CO_2 annually. Furthermore, structural steel work was completed for the installation of another biomass boiler, which is scheduled to start operation in 2023. Once the boiler has been commissioned, energy can be supplied entirely on the basis of renewable raw materials. In Zeitz, Germany, equipment was replaced and optimization work completed. Investments at Ensus in Wilton, UK, went toward the expansion and consolidation of the laboratory and control stations, as well as the partial replacement of the production plant's central cleaning station.

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 rose sharply to 1.1 (0.99) million m³ in fiscal 2021/22, while food and feed production was also significantly higher than last year. Liquefied CO_2 production volumes were also significantly exceeded. The successful start-up of the new CO_2 liquification plant at the Wanze location in December 2021 was one of the factors contributing to the improvement.

Production capacity over the course of the year was utilized in line with market conditions and to carry out regular maintenance work.

CropEnergies is evaluating the construction of a plant to produce renewable ethyl acetate near its production site in Zeitz as a first step to further diversify. CropEnergies has signed a design, licensing and technical services agreement with London-based Johnson Matthey, a leader in sustainable technologies. Renewable ethyl acetate would in future enable CropEnergies to offer customers the option of reducing the CO_2 footprint of a wide range of day-to-day products and the ability to grow with the sustainability trend. Building the plant would require an investment of between € 80 and 100 million and would establish a cornerstone for CropEnergies' new bio-based chemicals business.

Starch segment [1]

At a glance

€ 940 million	€ 57 million	€ 488 million	11.7 %
Revenues	Operating result	Capital employed	ROCE

Major producer of customized starch products and renewable ethanol in Europe.

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

Production locations	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 AG’s current 2021/22 annual report for further details.

Markets

Target markets

The Corona pandemic also had a major impact on events in the starch products' target markets in 2020/21. A recovery with commensurate repercussions in 2021 followed the decline in 2020. Market participants conducted business in a market marked by scarcity, rising input costs and short-term closing of supply gaps in all product categories.

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 1,207 (1,132) million tonnes and consumption 1,197 (1,152) million tonnes[1].

[1] International Grain Council, 17 March estimate.

Business performance

Business performance – Starch segment[1]

		2021/22	2020/21	+/– in %
Revenues	€ million	**940**	**774**	**21.4**
EBITDA	€ million	106	92	14.4
Depreciation on fixed assets and intangible assets	€ million	–49	–47	3.9
Operating result	€ million	**57**	**45**	**25.3**
Result from restructuring / special items	€ million	0	1	–
Result from companies consolidated at equity	€ million	14	19	–28.9
Result from operations	€ million	**71**	**65**	**9.1**
EBITDA margin	%	11.2	11.9	
Operating margin	%	6.1	5.9	
Investments in fixed assets[2]	€ million	24	22	8.6
Investments in financial assets / acquisitions	€ million	0	11	–100.0
Total investments	€ million	**24**	**33**	**–28.1**
Shares in companies consolidated at equity	€ million	53	53	0.6
Capital employed	€ million	488	515	–5.2
Return on capital employed	%	11.7	8.8	
Employees		**1,128**	**1,143**	**–1.3**

[1] First-time reporting of the starch segment in the 2021/22 financial year.
[2] Including intangible assets.

TABLE 033

Revenues and operating result

The starch segment was able to significantly boost revenues to € 940 (774) million, driven by rising sales revenues and more than satisfactory volume growth.

The higher volume and sales revenues drove the operating result up sharply for the reporting period, to € 57 (45) million. Substantially higher raw material and energy costs were more than offset by sales revenue and volume growth. Rising ethanol prices in particular had a positive impact, especially in the second half of the fiscal year.

Result from companies consolidated at equity

The result of € 14 (19) 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 significantly improved operating result of € 57 (45) million and moderately declining capital employed of € 488 (515) million drove ROCE to 11.7 (8.8) %.

Investments in fixed assets

The starch segment invested € 24 (22) million. Investments went mainly toward replacements and projects related to fulfillment of regulatory requirements. In Aschach, Austria, the project to increase specialty corn processing capacity continued and the refining area was expanded. At the Gmünd plant in Austria, a roll dryer for potato products was replaced, the wastewater system expanded and the infrastructure and sanitary concepts in the spray drying area improved.

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 274,000 tonnes of industrial starch potatoes during the 2021/22 campaign. Food industry potato processing for potato staple products remained at last year's level.

In total, the Aschach and Pischelsdorf sites in Austria processed 1.6 million tonnes of cereals. Corn processing volume rose 8 %; the share of specialty corn (especially waxy corn and organically produced corn) was 22 %. Wheat grinding volume increased 7 %.

Volume

Overall, starch products volume increased. Demand for cornstarch and spray dried saccharification products in particular was steady. In the food sector, native and modified starch volumes were stable, while specialty and organic product volumes growth was more than satisfactory. The order situation and demand for cereal starches in the corrugated and graphic paper categories was also excellent.

Animal feed growth was also largely better than expected, driven by higher demand and / or higher prices for protein-based feed, oil seeds and grain.

Almost all major European infant milk formula producers had excess capacity due to restrictions related to supplying the Asian market. Our focus on premium products enabled us to maintain stable volumes in this sector.

Fruit segment [1]

At a glance

€ 1,251 million Revenues	€ 52 million Operating result	€ 870 million Capital employed	6.0 % 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 AG's current 2021/22 annual report for further details.

Fruit segment

Division	Fruit preparations	Fruit juice concentrates
Production locations	26 production locations in 20 countries: 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)	14 production locations in 7 countries: 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 main consumer trends that impact the growth of fruit preparations markets (dairy products, ice cream, baked goods and food services) continue to be naturalness, sustainability, health, enjoyment and convenience. Demand for healthy, natural and sustainable products is on the rise, with the niche market of plant-based alternative products in particular benefiting from consumers' healthy and sustainable perceptions, usually with double-digit growth rates. In parallel, the global recession is leading to a trend favoring cheaper and simpler products.

The main market for the fruit preparations division – spoonable fruit yogurt – is currently forecast by Euromonitor to grow at an average annual rate of just under 1 % by 2026. Western Europe and North America are stagnating, while the Asia-Pacific region, the Middle East and Africa are showing positive sales trends. Drinking yogurts show higher global average annual growth of 2.9 % for the same period.

Alongside yogurt as a target market, the ice cream and food service businesses are important for the diversification of the fruit preparations division. Global growth in the ice cream market is around 2% annually up to 2026. In the Middle East, Africa, Australia and New Zealand, this market is showing above-average growth of around 3 % annually.

Target markets in the food service sector are primarily quick service restaurants (QSR) and coffee & tea stores. These businesses had experienced sharp drops in revenues of up to –35 % in 2020 with the onset of the COVID-19 pandemic, but recovered quickly in 2021 to finish with positive growth rates. Average annual growth of 5.6 % for coffee & tea stores and 4.8 % for QSR is forecast for the coming years up to 2026.

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. AGRANA is following this trend with its strategic focus on increased production of beverage bases and flavors.

Raw material markets

The volatile raw materials market environment and global freight cost developments have led to an overall increase in raw material prices for fruits and ingredients. Aside from higher prices for strawberries, there were significant price increases in other areas, primarily for peaches, berry fruits (raspberries, blackberries, blueberries), tropical fruits and stabilizers.

The apple harvest for the fruit juice concentrates division was marked by excellent raw material availability in the primary cultivation regions Poland and Hungary in 2021. Availability of red berries was excellent overall.

Business performance – Fruit segment

		2021/22	2020/21	+/– in %
Revenues	€ million	**1,251**	**1,166**	**7.2**
EBITDA	€ million	94	94	–0.7
Depreciation on fixed assets and intangible assets	€ million	–42	–41	0.7
Operating result	€ million	**52**	**53**	**–1.9**
Result from restructuring / special items	€ million	–42	–12	> 100
Result from companies consolidated at equity	€ million	0	0	–
Result from operations	€ million	**10**	**41**	**–75.7**
EBITDA margin	%	7.5	8.1	
Operating margin	%	4.1	4.5	
Investments in fixed assets [1]	€ million	34	24	41.9
Investments in financial assets / acquisitions	€ million	4	1	> 100
Total investments	€ million	**38**	**25**	**48.8**
Shares in companies consolidated at equity	€ million	0	0	–
Capital employed	€ million	870	829	5.0
Return on capital employed	%	6.0	6.4	
Employees		**5,341**	**5,154**	**3.6**

[1] Including intangible assets.

TABLE 034

Business performance

Revenues and operating result

The fruit segment's revenues rose moderately from the previous year to € 1,251 (1,166) million. This was attributable to the increase in selling prices for fruit preparations, as well as higher sales volumes and revenues for fruit juice concentrates.

Operating result was slightly below last year at € 52 (53) million. In the fruit preparations division, higher sales revenues were unable to fully compensate for higher costs. In the fruit juice concentrates division, both sales volumes and margins were up, resulting overall in a positive earnings contribution.

Capital employed and return on capital employed (ROCE)

With capital employed moderately higher at € 870 (829) million and operating result slightly lower at € 52 (53) million, ROCE was down year-on-year at 6.0 (6.4) %.

Result from restructuring and special items

The result from restructuring and special items of € –42 (–12) million related mainly to impairment charges on goodwill, property, plant and equipment, inventories and receivables from customers associated with the plant locations affected by the Ukraine war and the resulting deterioration in the outlook on earnings, as well as a loss event in North America. In the prior year this item comprised expenses from ongoing cost-saving programs relating to regional restructurings.

Investments in fixed assets

The fruit segment's investments increased to € 34 (24) million. The fruit preparations division invested in replacements and maintenance as well as capacity expansions. The site in Mitry, France is investing in an aseptic bag filling line, which will enable it to expand dairy products volumes in the British market. The investment focus in the fruit juice concentrates division was on moving a berry processing line inside Hungary, installing the first part of a water supply pipeline from Amstetten to the newly built elevated tank at the Kröllendorf site in Austria and essential replacement investments. Further investments were for maintenance of the operations and fulfillment of statutory requirements and customer specifications.

Investments in financial assets

The fruit segment's investments in financial assets totaled € 4 (1) million and related to AGRANA Fruit Japan Ltd. in Yokkaichi, Japan, which has been fully consolidated since the second quarter.

Raw materials and production

About 354,000 (384,000) tonnes of raw materials were purchased in the fruit preparations division in fiscal 2021/22. The main fruit for fruit preparations was strawberries as in previous years. About 50,000 tonnes were processed, followed by about 22,000 tonnes of peaches and 12,000 tonnes of blueberries.

The fruit juice concentrates division enjoyed an abundance of raw materials such as apples and red berries. Capacity utilization at all fruit juice concentrates factories was high.

The concentrates business is increasingly hampered by logistical challenges. The shipping situation in China was again marked by a shortage of containers and previously unseen high freight prices, especially for transport to the United States.

Volume

In total, volumes in the fruit preparations division were on par with the previous year's level. Volumes by product category were higher in non-dairy fruit preparations[1] and slightly lower in fruit trading, including frozen fruits. Volumes in the dairy products sector remained stable.

In the fruit juice concentrates division, volumes increased slightly overall. Customer call-offs for fruit juice concentrates rose again to a gratifying level from the third quarter of 2021/22. Contracts for apple juice concentrate volumes from the 2021 harvest were concluded with significantly higher contribution margins than the previous year due to good market demand. Contracts for berry juice concentrates from the 2021 harvest were also negotiated with improved contribution margins compared to the previous year.

Volumes in the added-value business performed positively. Many customers' reduced work at home and the resulting increase in development activity for new products led to corresponding negotiations and further product approvals as well as contract signings in the area of raw materials and composition flavors from the fall of 2021 onward.

[1] Ice cream and baked goods industries, food service.

ACTUAL AND FORECAST BUSINESS PERFORMANCE

The following table shows the 2020/21 consolidated financial statement results and the forecast at the time of each quarterly report in fiscal 2021/22, and the actual 2021/22 consolidated financial statement results.

During the entire period, the forecast was presented with the proviso that the economic and financial impacts of the risks associated with Corona pandemic were difficult to estimate. During the first half of fiscal 2021/22, it was increasingly assumed that the consequences would be mitigated in view of the expected increasing vaccination rates. In contrast, the unanticipated more severe effects of the fourth wave of the Corona pandemic led to further uncertainty. Furthermore, very high volatility in the target markets and price increases in the acquisition markets across many divisions made forecasting difficult.

A MAR announcement on 15 December 2021 prior to the release of the Q3 2021/22 report on 13 January 2022 firmed up the forecast to consolidated group revenues ranging between € 7.3 and 7.5 (previous forecast: 7.1 to 7.3) billion and a consolidated group operating result ranging between € 320 and 380 (previous forecast: 300 to 400) million.

Actual and forecast business performance

			2021-05-20	2021-07-08	2021-10-14	2022-01-13	
		Q4 2020/21	Q4 2020/21[1]	Q1 2021/22	Q2 2021/22	Q3 2021/22	Q4 2021/22
		Act 2020/21	Forecast 2021/22				Act 2021/22
Group							
Revenues	€ billion	6.7	7.0 to 7.2	7.0 to 7.2	7.1 to 7.3	7.3 to 7.5	7.6
Operating result	€ million	236	Range from 300 to 400	Range from 300 to 400	Range from 300 to 400	Range from 320 to 380	332
Return on capital employed	%	3.8	Significant increase	Significant increase	Significant increase	Significant increase	5.3
Sugar segment[2,3]							
Revenues	€ million	2,255	Significant increase	Significant increase	Significant increase	Significant increase	2,623
Operating result	€ million	−128	Range from 0 to 100	Range from 0 to 100	Range from 0 to 100	Range from 0 to 30	−21
Special products segment[2,3]							
Revenues	€ million	1,710	Moderate increase	Moderate increase	Moderate increase	Moderate increase	1,781
Operating result	€ million	159	Moderately below previous year's level	Moderately below previous year's level	Significantly below previous year's level	Significantly below previous year's level	117
CropEnergies segment							
Revenues	€ million	774	Between 800 and 850	Between 855 and 905	Between 900 and 940	Between 1,000 and 1,040	1,004
Operating result	€ million	107	Between 50 and 80	Between 50 and 80	Between 65 and 90	Between 110 and 140	127
Starch segment[3]							
Revenues	€ million	774	–	Slight increase	Slight increase	Significant increase	940
Operating result	€ million	45	–	Significant decline	Significant decline	Significant increase	57
Fruit segment							
Revenues	€ million	1,166	Moderate increase	Moderate increase	Moderate increase	Moderate increase	1,251
Operating result	€ million	53	Moderate increase	Moderate increase	Moderate increase	At previous year's level	52

[1] Published on the annual press and analysts' conference (consolidated management report 2020/21) on 20 May 2021.
[2] The forecast of May 20, 2021 still includes all starch activities in the special products segment; the sugar segment has no starch activities until then.
[3] Starch segment reported for the first time since the beginning of the 2021/22 financial year; prior-year figures in the sugar and special products segments adjusted.

TABLE 035

IMPACT OF THE RUSSIA-UKRAINE CONFLICT

On 24 February 2022, Russia launched a war of aggression against its sovereign neighbor Ukraine. The repercussions of this war affect Südzucker Group in many ways.

We stand with our colleagues in Ukraine during this difficult time and are doing everything we can to support them and provide them with the best possible humanitarian assistance in a variety of ways. In addition to delivering sugar to the border regions in Hungary, Slovakia and Romania that have been affected by streams of refugees and donating to aid organizations providing disaster relief, we have established an emergency aid fund specifically for our colleagues in the war zone. Furthermore, we have already been able to accommodate some of the Ukrainian refugees in our detached factory apartments in neighboring countries such as Poland and Romania.

In Ukraine itself, the fruit segment's fruit preparations and fruit juice concentrates operations for the dairy and beverage industries respectively in Vinnitsa, and agricultural fruit operations for the regional fresh and processing market in Luka, directly impact our company. The 520 employees at these locations have been directly or indirectly affected by the war since 28 February 2022. Production was halted due to the war but will be temporarily started back up commensurate with the ongoing security situation.

The factory in Serpukhov, Russia, produces fruit preparations for the regional market; i.e., for Russia and other CIS countries. The plant is located about 100 kilometers south of Moscow and has around 300 employees. Südzucker has no plans to withdraw from Russia but will continue to try to fulfill its responsibilities as a food supplier and meet the food needs of the local residents. This decision is subject to review in consideration of political developments; sanctions and embargo requirements will be strictly followed.

At the same time, Südzucker Group expects indirect effects for the entire company. It is difficult to estimate how the conflict will evolve from the current situation in April 2022 and what further economic and geopolitical impact the war will have in future on the supply of agricultural raw materials, target markets, supply chains, freight rates, raw material and energy prices, inflation, climate policy and global gross domestic product development.

OUTLOOK

Economic environment

In its winter world economic outlook dated 25 January 2022, the International Monetary Fund (IMF) forecast substantial global economic expansion of 4.4 (5.9) % for 2021. The forecast had already been lowered by 0.5 % from that stated in the October 2021 update due to lower expectations from the United States and China.

In its spring report dated 19 April 2022, the IMF reduced its global growth forecast for 2022 from 4.4 to 3.6 % because of Russia's invasion of Ukraine and the imposed sanctions aimed at forcing Russia to end the war. The reduction and overall lower growth rate are attributable mainly to China and the United States. In China, not only the war, but also numerous far-reaching lockdowns are slowing the economy and causing bottlenecks in global supply chains. The IMF expects China's growth rate to fall to 4.4 (8.1) %. Growth in the United States is expected to drop to 3.7 (5.7) %.

In its February 2022 winter report, the EU Commission forecast growth of 4.0 (5.3) % for the euro zone. The IMF's spring report projects a decline in growth to 2.8 (5.3) % growth.

Volume and raw material markets

In anticipation of another world sugar market deficit in sugar marketing year 2021/22, the world market price rose to about 440 € / t over the course of 2021. After the start of the Ukraine war, the world market price climbed to about 500 € / t in March 2022. Given that the world sugar market is expected to be balanced for sugar marketing year 2022/23, with continued low inventories, the world market price level is expected to remain stable.

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. Cultivation areas are expected to shrink again in 2022/23, and the market environment is forecast to remain stable. Consequently, together with an additional supportive recovery in world market prices, a further increase in EU prices can be expected for all European sugar producers in the face of increasing cost pressure, especially for raw material and energy costs.

The EU-27's and UK's consumption of fuel-grade ethanol and rectified spirit is expected to decrease slightly to 8.7 (8.8) million m^3 in 2022. The demand is expected to be offset by domestic production unchanged at 7.8 (7.8) million m^3, while net imports are expected to be slightly below the previous year's level at about 0.9 (1.0) million m^3.

With the higher use of E10, many EU member states are increasingly taking advantage of the potential of sustainably produced ethanol as an alternative to fossil fuels. However, to achieve transportation climate and energy targets, E10 would have to be used everywhere in addition to increased use of fuels with even higher ethanol content.

The International Grain Council (IGC) expects world grain production (excluding rice) to come in at 2,284 (2,220) million tonnes in 2021/22. As consumption is also expected to increase, global inventories should rise only slightly, to 607 (600) million tonnes. Because of strong worldwide cereal demand, among other factors, prices over the course of the year remained high. CropEnergies expects raw material costs for cereal to remain high in fiscal 2022/23.

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

Business outlook

The Ukraine war that started at the beginning of fiscal 2022/23 and continues to this day has further reinforced the already existing high volatility in the target markets and price increases in the procurement markets. The resulting economic and financial ramifications and duration of this temporary exceptional situation on top of the Corona pandemic are very difficult to assess. There are also further risks related to the Corona pandemic. The following outlook assumes that the Ukraine war will be temporary and remain regionally contained, that physical supplies of energy and raw materials will be guaranteed and that the target and procurement markets will at least partly return to more normal conditions over the course of fiscal 2022/23. In this context, the expected pass-through of significantly higher prices, particularly in the raw materials and energy sectors, into new customer contracts will be of decisive importance.

Group

We are expecting consolidated group revenues of € 8.7 to 9.1 (2021/22: 7.6) billion in fiscal 2021/22. We expect the sugar, special products and starch segments' revenues to rise sharply. We anticipate the CropEnergies segment's revenues to range between € 1.3 and 1.4 billion. In the fruit segment, we anticipate revenues to rise moderately.

We expect a consolidated group operating result ranging between € 300 and 400 (2021/22: 332) million. We estimate that the sugar segment's operating result will range between € 0 and 100 million. We anticipate the special products and fruit segments' operating result to be significantly below the previous year's level. CropEnergies' operating result is expected to be between € 105 and 155 million. In the starch segment, we are forecasting a moderate decline in results.

Group EBITDA is anticipated to range between € 660 and 760 (2021/22: 692) million.

We expect capital employed to rise slightly. Based on the aforementioned operating result improvement, we expect a slightly higher ROCE (2021/22: 5.3 %).

We forecast EBITDA and the operating result to be significantly higher in the first quarter of 2022/23 than in the first quarter of last year (Q1 2021/22: EBITDA: € 121 million; operating result: € 49 million).

Sugar segment

Another world market deficit is expected for the current 2021/22 sugar marketing year, resulting in a further reduction in inventories. With world sugar production and consumption in balance in the 2022/23 sugar marketing year and inventories remaining at a low level, the world market environment should remain positive. In Europe, the higher price of alternative field crops will lead to a further reduction in beet cultivation. EU sugar production is expected to be less than last year amid average yields. Since the EU is thus expected to remain a net importer in sugar marketing year 2022/23, Südzucker expects a positive market environment in which it should ba able to pass on sharply higher raw material and energy costs to the market by significantly raising prices for sugar effective October 2022.

With production and sales volumes slightly lower, we anticipate a significant increase in sales (2021/22: € 2.6 billion) and revenues to rise sharply on average over the year.

We expect the sugar segment's operating result to range between € 0 and 100 million (2021/22: € –21 million). For the first half of 2022/23, we expect a roughly balanced result, as higher prices since October 2021 will be offset among other things by higher raw material and energy costs. Starting in October 2022, we expect the already significantly higher EU spot prices to enable us to conclude substantially improved customer contracts.

Special products segment

We expect the special products segment's overall production and sales volumes to rise further. We expect significantly higher revenues, driven in particular by sales revenues (2021/22: € 1.8 billion). We do not expect to be able to offset the jump in raw material and energy costs through higher sales revenues in the first half of fiscal 2022/23. This will have to wait until the second half of the fiscal year. Overall, we therefore expect the full 2022/23 fiscal year operating result to decline significantly (2021/22: € 117 million).

CropEnergies segment

The mobility situation is expected to normalize in fiscal 2022/23 in view of the expected weakening of the Corona pandemic. However, at the same time, the impact of the Ukraine war is difficult to assess. We are assuming that energy and raw materials for ethanol production will continue to be available. We further assume that EU member states will largely comply with biofuel blending rules, which will lead to continued high capacity utilization. We also expect that higher energy and raw material costs will continue to be offset by higher selling prices for ethanol, food and animal feed. Accordingly, we expect fiscal 2022/23 revenues to range between € 1.3 and 1.4 (2021/22: 1.0) billion and an operating result ranging between € 105 and 155 (2021/22: 127) million.

Starch segment

We expect the starch segment's revenues to rise sharply (2021/22: € 940 million). However, the anticipated significantly higher sales revenues will not be sufficient to completely offset sharply higher raw material and energy costs. We therefore anticipate the operating result to decline moderately (2021/22: € 57 million).

Fruit segment

We are expecting the fruit segment's revenues to rise moderately (2021/22: € 1.3 billion) and that both divisions will contribute. Even though we expect the fruit juice concentrates division's result to improve, the immediate impact of the production plants in Ukraine and Russia will likely cause the fruit segment's operating result to drop significantly (2021/22: € 52 million).

RISK AND OPPORTUNITY REPORT

Risk management

Risks and opportunities policy

Südzucker Group's business policies aim to safeguard the company's continued life, 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 opportunities and risks. The company's risk culture is characterized by risk-aware conduct, clear responsibilities, independent risk controlling and internal audits. 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 detect 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 ensure compliance with all actionable items.

Risk management system

The executive board is responsible for the group-wide risk management system, particularly for the early detection and mitigation of existential and strategic as well as climate-related risks. The risk management committee and the compliance committee support the board in this task and regularly evaluate the suitability of the

Risk management organization

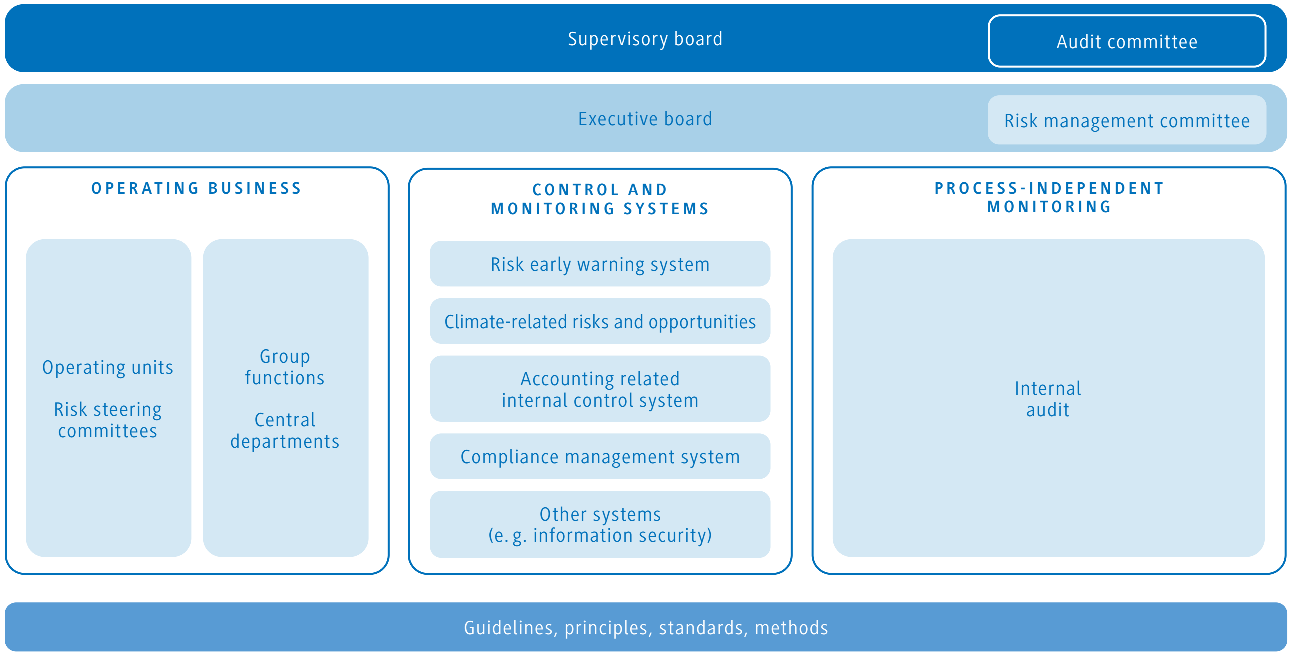


DIAGRAM 017

installed risk management and compliance rules and improves them if necessary. In addition, the risk management committee continuously monitors material risks, including cross-business risks, 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 system and significant developments. The supervisory board also examines the effectiveness of the risk management system as part of its executive board monitoring responsibility.

The auditor assesses the reliability and performance capability of the risk early warning system as part of the risk management system.

The operating units (divisions and the CropEnergies and starch segments) and the central departments are responsible 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 effect 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 underlaying 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 management and 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 management 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 climate-related risks and opportunities committee. Medium and long-term risks are identified and assessed annually as part of the group-wide conducted strategic analysis of the segments and divisions. 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. Because of the war, most of the Ukrainian operations had to be shut down. A deteriorating economy can also negatively impact production and the market situation in Russia. As a result, a goodwill impairment of € 29 million was recognized in the fruit segment in fiscal 2021/22. 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. The crisis teams are working on emergency plans for any conceivable escalation scenarios pertaining to continuation of the war or interruptions of oil and gas supplies from Russia. The consequences of interrupting production at Südzucker plants would have a major impact on operational results. Such ramifications are not considered in the forecast based on the assumption that the duration of the war will be limited and that it will not spread regionally. Additionally it is assumed in the forecast, that significantly higher raw material and energy prices can be passed on in new customer contracts.

The COVID-19 outbreak has led to massive interventions in public life, particularly in Europe, and has significantly impacted economies and societies. Südzucker Group's risks have considerably increased as a result. Maintaining production under pandemic conditions involved increased hygiene measures, restricted contact and employees who fell ill. These factors along with the challenges of product procurement, logistics and sales led to high levels of stress at the company. Despite the ongoing vaccinations, the further course of the pandemic and the consequences for Südzucker Group are still highly uncertain, also due to possible future virus variants.

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.

The sometimes extreme price fluctuations experienced at the beginning of fiscal 2022/23 are being influenced mainly by the war in Ukraine. The development of the crisis in the region has already led to sharp price hikes in the past few months, which directly impacted world market prices of sugar, ethanol and especially cereals in the sugar, CropEnergies and starch segments. Energy prices, which are a very important input cost for manufacturing our products in all segments, have risen quite significantly. The company is only able to influence other important factors driving price developments of agricultural raw materials, such as regulations related to agricultural production conditions, restrictions on plant protection, weather and harvest conditions, CO_2 reduction climate policies, blending targets for renewable raw materials and the demand for and availability of competing raw materials and substitutes, 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 group's overall risk position is high. Nevertheless, currently 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 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 2022/23 financial year. The effect of implemented countermeasures is taken into account in each case.

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.

Opportunity and risk factors

	Importance in 2022/23	
	Risks	Opportunities
Environment and industry		
Market and competition	○●●	●○○
Changes in the legal and political framework	○○●	●○○
Company-specific opportunities and risks		
Raw materials	●●●	●○○
Production and investments	○●●	●○○
Target markets	○●●	●●●
Information technology	○●●	●○○
Acquisitions / Restructuring	○○●	●○○
Legal risks	○○●	●○○
Fraud and corruption risks	○○●	○○○
Finance		
Exchange rate fluctuations	○●●	●●○
Other financial opportunities and risks	●●●	●●●

TABLE 037

Environment and sector

Market and competition

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. Moreover, competition is also affected by differences in the approval practice for plant protection products. Changes in this area cannot be expected in the short term.

Changes in the legal and political conditions

The companies of the Südzucker Group operate worldwide and thus also in regions suffering from unstable political conditions. As a result, there may also be short-term negative effects from social or political conflicts in individual countries.

The Südzucker Group operates production facilities in Russia and Ukraine and is also represented in the sugar segment with Südzucker Moldova in Moldova. In some cases, the group has also purchased grain in the region (Ukraine) for the CropEnergies segment. The war directly impacted AGRANA Fruit's subsidiaries in Ukraine and can have far-reaching political instability consequences in Europe. The risks for Südzucker Group have risen sharply. These relate to direct consequences such as rising energy and raw material prices right through to interrupted production as a result of limited availability of energy or broken logistics chains.

Changes to EU economic and agricultural regulations, international trade relations and national taxation and tariff schemes, as well as interpretation by regional authorities, pose further risks associated with general legal and political conditions.

However, changes in the political framework can also create opportunities. For example, we consider the adoption of E10 and in future E20 in the context of climate policy to be an opportunity for a further increase in demand for ethanol in a growing number of European countries.

Company-specific opportunities and risks

Raw materials

In fiscal 2021/22, Südzucker Group processed 33 (31) million tonnes of agricultural raw materials grown on just under 1,000,000 hectares of land. In addition to 28 (24) million tonnes of sugar beets, the crops comprise corn, wheat, barley, rice, triticale, chicory, potatoes and fruits.

As a processor of these raw materials, Südzucker is exposed – in spite of broad diversification of the cultivation regions- to procurement risks. These relate mainly to above-normal fluctuations of harvest yields, due primarily to extreme weather conditions. Such risks include, on the one hand, long periods of drought, and on the other hand, heavy rain and long rainy periods, including flooding. Plant pests and diseases also pose a serious risk to the supply of raw materials. For example, major beet-growing regions in Europe have seen massive yield losses in the past. The temporary exemptions from the use of neonicotinoids in beet cultivation granted last year in most of the affected growing regions have been extended in many countries – with the exception of Germany – until 2022.

We are already observing how shifting climate zones due to the general rise in temperature can favor the entry 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.

The EU ties the making of fuels produced from biomass to compliance with certain sustainability criteria. Ethanol produced at our plants meets these requirements, provided sustainably produced raw materials are available.

Alongside procurement risks, agricultural raw materials are also subject to price fluctuations, which above all are currently being influenced by the crisis in Ukraine. This crisis led to a sharp rise and extreme volatility in commodity prices over the past several months, which had a direct impact on the price of ethanol and the world market price of sugar as well as grain prices in particular. Energy prices, which play an especially important role in manufacturing our products, also increased dramatically. It is very difficult to offer any forecast on the development of raw material prices at present due to continuing global uncertainties.

The price the sugar segment pays for beets is partly aligned with its realized sugar sales revenues. Other factors, such as the return on beet cultivation in comparison to growing other crops and the beet prices paid in relation to competitors, are also taken into consideration when setting beet prices. This competition has intensified in recent years, which may result in declining beet cultivation areas.

For producing ethanol agricultural raw materials containing carbohydrates, such as grain and sugar syrup, are required. Price fluctuations on global agricultural markets directly impact raw material costs. To assess the risk of producing ethanol, we calculate raw material costs minus sales revenues from food and animal feed (according to net raw material costs). Because changes in the grain market environment generally also have an impact on the market environment for food and animal feed containing protein and further by-products, we are able to partly offset higher raw material costs with increased sales revenues from these products. Our business policy in ethanol production will mitigate residual risks of raw material price increases by entering into long-term supply agreements and utilizing commodity futures contracts as a hedge, as well as using alternative raw materials.

Production and investments

We strive to avoid unplanned factory shutdowns – especially during the campaigns – by conducting comprehensive maintenance programs and continually upgrading our plants. We mitigate risks from the implementation of investments through comprehensive investment project planning and project controlling.

The price of energy and raw materials are key input cost factors, especially for the production of sugar, starch, inulin and ethanol. The price fluctuations that are expected to continue as a result of the rapid rise in energy prices in recent months have a direct impact on production costs. This applies not only to the energy sources themselves, but also to CO_2 certificates that must be purchased if free allocations do not cover operating requirements. The company has a forward-looking procurement policy and utilizes long-term supply contracts or derivatives to price hedge some of the fuels used during the campaign. This reduces the impact of price fluctuations on our results.

In addition, investments to improve the energy efficiency of the production plants and the reduction of CO_2 emissions throughout the group are an ongoing priority.

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. In particular, the shortage of truck drivers is also putting a strain on production and distribution.

Serious safety standards violation incidents for food and other products could impact on consumer health, damage Südzucker's reputation and reduce the volumes of our products. Our ambition is to supply customers with safe, high quality products at all times. In order to guarantee this, the company has a quality management system that documents responsibilities, activities and processes. The quality management system covers all processes; from the procurement of raw materials, through the production process itself, to delivery to customers.

Adherence to all internal and external specifications is regularly checked within the framework of the quality management system. The company takes any necessary steps to further optimize its products and processes, which contributes to further risk minimization.

Various production facilities are located at sites close to rivers. Some of the plants use surface water for continuous cooling systems, which exposes them to the risks of high water / flooding. Climate resilience measures are being taken to counteract these effects.

Extreme heat waves can also affect the functionality of production facilities. This risk is limited in the case of sugar and inulin production, because the campaign production takes place during a cooler time of the year.

The risk of power outage is relatively low for sugar, inulin, ethanol and starch production, because the production locations are able to generate power on their own.

Target markets

The sugar segment is exposed to opportunities and risks resulting from price fluctuations in the world sugar market, the EU common market and animal feed markets. In the event that the deficit on the world sugar market decreases or increases more than expected, global market prices may fall or rise. The world market price trend also influences the sugar price level in the EU. However, since many 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. This applies to opportunities and risks.

For the volumes tied directly to global market prices, we enter into sugar futures contracts on the exchanges in London and New York according to market conditions. The company thus pays particular attention to consistency in its sales strategy and long-term planned customer loyalty to mitigate the volume and price risk for animal feed.

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 fiscal year and may continue to be subject to major fluctuations. In order to reduce the impact of price fluctuations on earnings, these risks are controlled by structuring sales contracts, derivative instruments and flexibly operating the ethanol plant in Wilton, Great Britain, depending on the market situation and the associated costs and earnings. Ethanol sales volume numbers continue to be highly uncertain due to the pandemic.

Südzucker could suffer relevant losses if its customers were unable to meet their contractual payment obligations. Südzucker counters these credit and default risks by using credit insurance and bank guarantees. The creditworthiness and payment history of debtors is also constantly monitored and verified by group-wide credit management.

Information technology

The management of our group is largely dependent on a sophisticated computer system, which is increasingly 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. Changes to requirements at the national level (IT Security Act (IT-Sicherheitsgesetz)) led to higher statutory fines, thus requiring a reassessment of risk potential. Additional requirements were taken into account as part of the continuous optimization of measures.

With regard to IT security, an increase in disinformation, sabotage and cyber attacks can be expected as a result of the war in Ukraine. These factors have increased the threat level for Südzucker.

Acquisitions / Restructuring

Südzucker Group buys companies in order to expand its business activities. Acquisition risks include failing to meet strategic objectives or delaying the execution of operative plans. There are also risks associated with integrating various corporate cultures and processes.

Restructuring programs can result in myriad expenses that exceed initial estimates and expected savings may not be achieved. Risks associated with the restructuring of production plants and administrative departments can impact the respective businesses and production processes.

Südzucker Group also owns shares in joint ventures and associated companies and has other shareholdings as well. 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.

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 Cologne Regional Court issued case rulings in October 2020. All claims pending there were dismissed and costs assigned to the plaintiffs because the court could not identify a sufficiently high probability of injury. One of the judgments has already become final; in the other proceedings the plaintiffs have appealed.

In all previous court judgments to date, lawsuits were dismissed due to inadmissibility. This also included the lawsuit filed with the Hanover Regional Court with the highest claim amount nationwide. The plaintiff in this case also filed an appeal.

The majority of the lawsuits, particularly at the Mannheim Regional Court, have not yet been adjudicated.

Südzucker will likely also have to continue to deal with these proceedings in the coming years.

The claim filed by the Austrian Federal Competition Authority in 2010 for setting a fine for suspected anticompetitive agreements against Südzucker AG and AGRANA Zucker GmbH, Vienna, Austria, was rejected by the Vienna Cartel Court in its 2019 decision. The Federal Competition Authority has appealed against this decision. The European Court of Justice has since answered individual questions on the fundamental classification under European law. The decision of the Austrian Supreme Court, which is now responsible, is still pending.

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 were held 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 based on potential risks by automatically scrutinizing applicable sanctions lists in a harmonized database. Südzucker also has a directive to prevent value added tax fraud within the EU. We expect entrepreneurial responsibility from all of our business partners.

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 intra-group 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.

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 maintain 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 Südzucker 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".

Summary of medium to long-term opportunities and risks

Climate change and sustainability

Minimizing and delaying the impacts of climate change are some of the most difficult short, medium and long-term challenges of our time. The Südzucker Group is cognizant of its responsibility to protect the environment and is working hard to address all of these challenges. Our contribution to an enjoyable, healthy and sustainable world is firmly anchored as a key purpose in our strategic orientation. As part of our sustainability management program, we evaluate opportunities and risks associated with the environmental impact of our activities. We regularly investigate the potential for savings, substitutions and optimization not only in energy, emissions, water and waste, but also in the sustainable use of agricultural raw materials.

The European Union aims to reduce greenhouse gas emissions by at least 55 % in 2030 compared to the reference year 1990 in order to meet the climate objectives promulgated by the 2021 COP26 UN Climate Conference in Glasgow and the 2015 Paris Agreement and achieve climate neutrality by 2050. This reduction in emissions is chiefly aimed at limiting the global rise in temperature to 1.5 degrees Celsius.

During this transformation phase to achieve greenhouse gas neutrality, a range of regulatory measures will be taken 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, including the reduction in freely allocated certificates and higher prices for CO_2 emissions. Risks and opportunities are spread unevenly within Europe due to the in some cases inconsistent implementation of various measures for achieving climate objectives. Examples of this include the individual approach to phasing out coal. Even if Südzucker relies primarily on natural gas as an energy source at its production locations, which according to the EU Commission's latest proposal is to be classified as a bridge technology, additional adaptation measures will still be required in the medium term. We are currently working hard to evaluate various technologies on a site-by-site basis. For individual locations, we see favorable conditions for the use of renewable energies such as photovoltaics or wind power. These technologies will enable us to achieve ambitious energy targets that can exceed legal requirements and create market advantages for Südzucker. Risks arising from the technical deployment of the individual measures will rise in the coming years, as will the corresponding demand for investments.

On the other hand, international trade opportunities will arise from climate protection measures such as the Carbon Border Adjustment Mechanism (CBAM). This will result in burdens for imports with poorer greenhouse gas balances. In the area of agriculture, any risks incurred due to regulatory measures are also offset by opportunities, for example in the context of support programs such as the from-farm-to-fork strategy or carbon farming.

Other consequences of climate change include rising average temperatures and sea levels along with more climate variability. The changes in frequency, severity, volume expansion and duration of weather events lead to extremes such as heavy rainfall or droughts. High and low tides 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. An extended growing season and higher temperatures can lead to higher yields if the soil contains sufficient water, but lower yields when water is scarce. Both the risk of late frosts with early vegetation growth and the spread of harmful organisms and plant diseases previously found only in warmer areas can have a negative impact on yield. Changes in the availability and thus the prices of agricultural products directly affect Südzucker's business activities.

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.

Investments in adapted production technology and modes of transport may be necessary to maintain production and sales activity levels.

Moreover, measures taken to minimize the impact of climate change also present significant opportunities for our various business segments, thus enabling us to make an immediate, significant contribution to reducing greenhouse gas emissions with products such as sustainably produced ethanol. This could potentially result in even greater sales opportunities if further market penetration of E10 succeeds and E20 can be launched in the transportation sector. Contrast this with an increasing risk for fuel ethanol as a result of the ongoing focus on e-mobility over the long term. On the other hand, we also see the rising demand for regional products with a favorable carbon footprint as a competitive advantage for our regional production centered in crop areas for raw materials.

We also believe evolving consumer needs will be a catalyst for new business segment growth. For instance, Südzucker is assessing various options for producing chemical precursors based on renewable raw materials or residual materials that can sustainably replace mineral oil-based products and thus protect the climate. Substituting animal proteins with plant proteins also offers considerable potential for conserving natural resources such as agricultural land and water. Significant savings in CO_2 emissions can also be achieved here. Südzucker sees far-reaching opportunities for further refining existing and marketing new agricultural material streams in this segment.

The Taxonomy helped establish an EU-wide classification system for assessing ecologically sustainable activities. It is aimed at recognizing investments that make a positive contribution to climate protection, adaptation to climate change, sustainable use of water, transformation to the circular economy, prevention of pollution and protection of biodiversity and ecosystems and directing spending to these areas. If business segments are not adequately considered in the process, potential disadvantages could arise with respect to corporate financing or government subsidies. Consequently, we are reviewing all activities with respect to these criteria and are consulting closely with external stakeholders.

Changes in the legal and political environment

The Common Agricultural Policy (CAP) initiated an EU-wide partnership between agriculture and society as early as 1962. Despite common policies among all member states, considerable differences remain in the national agricultural policy frameworks within the EU. In addition to subsidy measures, this also includes the approval of fertilizers and plant protection products, which are subject to different national regulations. This has recently become clear not only in the handling of the emergency approval for neonicotinoids, but also for the “Conviso Smart System” for innovative weed control in sugar beet cultivation. As a result, processors of agricultural raw materials sometimes suffer from significant cost advantages or disadvantages, which also prevents inefficient competitors from exiting markets. 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 into 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 toward renationalization in various industries and countries, partly fueled by the COVID-19 pandemic, can also have a corresponding impact on sales potential.

Any changes in the political framework also entail risks with respect to 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 conditions. 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. Changing legislation and regulatory conditions in areas such as hygiene, packaging or ingredients can also present both risks and opportunities.

Demand growth, consumer behavior and the trend toward sustainable consumption

We are currently witnessing increasing global demand for food and agricultural raw materials driven primarily by the growing world population. Beyond this, rising prosperity and living standards are contributing to changes that pose both opportunities and risks for Südzucker.

There is a drop in per capita consumption of individual products in industrialized countries, particularly sugar consumption in the EU. Regulatory measures such as the introduction of sugar taxes, as well as the public health debate and media mindset are facilitating this development. Sugar is often unilaterally declared the cause of obesity and diseases such as diabetes, dental caries and subsequent illnesses. Südzucker works with other market participants to bring rationality to the debate by presenting the true interrelationships between sugar consumption, a balanced diet, energy consumption and an overall healthy lifestyle.

On the other hand, these regions also offer considerable opportunities as a result of ongoing trends toward health-conscious nutrition with high-quality products. 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. Südzucker will work on additional solutions for end consumer applications beyond its existing product portfolio, such as alternative sweeteners. Moreover, the company's strategic orientation provides for an expansion of activities in the plant protein sector. While sales of animal feed could be threatened in the long term by declining consumption in fish and meat products, the attractive market segment for plant proteins is growing considerably in an effort to cater to vegetarian or vegan dietary habits. To better serve these trends, actions must be taken to address the long-standing protein deficit in the EU. However, there are risks associated with the growth of these rather high-priced segments due to potential phases of economic recession.

We also see a significant impact on consumer behavior in terms of the greenhouse gas emissions associated with product manufacturing and marketing. Products that are favorably labeled or even carbon neutral will generate considerable sales potential. Südzucker also feels it is ideally positioned in this area with its existing product portfolio, which is predominantly based on locally sourced products.

Employees

Long-term retention of qualified employees has always been essential for Südzucker. However, this topic is becoming even more important, particularly in view of the limited availability of qualified specialists and managers and the correspondingly intense competition for them. Alongside technical and scientific qualifications, this also applies to the IT sector in particular. As part of our strategic restructuring, we established a focus initiative within our HR strategy to boost our appeal as an employer and training company and differentiate ourselves from our broad-based competitors. In addition to an attractive benefits and compensation package, many other factors will play a role, such as advanced and continuing education courses, the ability to balance professional and personal life, health promotion measures as well as public perception of the company against the backdrop of social issues such as climate neutrality and diversity.

Südzucker uses regular employee meetings to coordinate closely with its employees, who are also able to present their interests to the supervisory board through representatives or trade unions. Existing collective agreements ensure fair conditions between employees and employers. The results of the long-term efforts in this area are reflected in extraordinary employee loyalty. Nevertheless, staffing / restaffing risks remain in light of demographic trends.

Sick days, longer-term absences and the corresponding additional burden on the employees who are present pose further risks. Südzucker takes preventive measures to ensure the health and safety of its employees through the use of company doctors, medical check-ups and information events. Work-related accidents are analyzed from an occupational safety perspective and corresponding measures are developed and implemented to help achieve the "Zero Accidents" target.

Innovations

Innovations have a lasting impact on market and sales development. Disruptive developments can pose a serious short-term threat to individual areas. Nonetheless, new technologies and products also offer opportunities for completely new applications and sales markets. Similarly, both production and administration innovations can have a profound impact on performance and efficiency and bring corresponding cost advantages or disadvantages.

Südzucker sees innovation primarily as an opportunity to distinguish itself from the competition and offer customers fresh, innovative solutions. Key components here include group-wide research and development capabilities, which evaluate a wide range of future application areas and initiate corresponding projects. The 2026 PLUS group strategy further highlighted the extraordinary importance of this competence in the scope of the innovation focus initiative. In addition, the digitalization initiative deals with opportunities and risks based on new advancements in the IT sector.

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 aims therefore 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 tools.

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 of the supervisory board 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. During the audit of the closing financial statements, the auditor confirmed that Südzucker's early warning system is capable of timely detection of existential risks. The auditor has not encountered any material weaknesses in the internal accounting-related auditing system during its audit.

CORPORATE GOVERNANCE AND RESPONSIBILITY

In the section described below, Südzucker reports on corporate management in accordance with article 315d of the German Commercial Code (HGB) in conjunction with article 289f of the German Commercial Code and corporate governance as per recommendation F.4 of the German Corporate Governance Code. In addition, the following section reports on corporate responsibility regarding the non-financial statement in accordance with articles 315b and 315c of the German Commercial Code in conjunction with articles 289b and 289c of the German Commercial Code.

Supervisory board and executive board operating procedures

The following summary outlines the operating procedures of the executive and supervisory boards in accordance with articles 289f, paragraph 2, item 3 and 315d of the German Commercial Code.

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, Mr. Markus Mühleisen, Vienna, Austria, is also a member of Südzucker AG's executive board and the member of the executive board of Südzucker AG, responsible for digitalization (CDO). Ms. Ingrid-Helen Arnold, Walldorf, Germany, is also a member of the executive board of AGRANA Beteiligungs-AG.

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 23 February 2022 and published on the website of Südzucker AG (www.suedzucker.de/en/investor-relations/corporate-governance/supervisory-board). 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 terms of office are identical: The term of office of all supervisory board members runs until the close of the annual general meeting at which shareholders will vote on ratifying the board's actions for fiscal 2021/22 (that is, until the end of the annual general meeting in 2022).

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 diversity policy

As per a resolution passed on 23 February 2022, 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 sector, the size of the company and the share of international business activity:

- All supervisory board members shall have adequate corporate or operational experience and shall ensure they have 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 members of the supervisory board should be independent within the meaning of the German Corporate Governance Code. Not independent in terms of the German Corporate Governance Code is anyone who has a personal or business relationship with the company, its organs, a controlling shareholder or company associated with these, which could result in a material and not merely temporary conflict of interest.
- Not more than two former members of the executive board shall be members of the supervisory board.
- The supervisory board shall have at least two members with international experience or specialized knowledge in one of the company's key non-German markets.
- At least two supervisory board members shall have expertise in the field of accounting or auditing (financial experts).
- The supervisory board shall have at least three female and three male members to represent the employees.
- 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 16 April 2017 by the company's workers and its shareholder representatives by shareholders at the annual general meeting on 20 July 2017. In the meantime, there have been five changes at the supervisory board (four employee representatives and one shareholder representative).

The board has the opinion that it has at least two independent members, which is considering the ownership structure in compliance with requirements. Ms. Susanne Kunschert, Stuttgart, Germany, and Ms. Julia Merkel, Wiesbaden, Germany, are independent of Südzucker AG, its executive board and the controlling shareholder Süddeutsche Zuckerrübenverwertungs-Genossenschaft eG (SZVG). At least two members especially meet the criterion of "internationality". The supervisory board has seven female members – four representing the employees and three representing shareholders. There are no former Südzucker AG executive board members on the supervisory board.

Financial expert on the supervisory board is Susanne Kunschert, Stuttgart, Germany and Ms. Veronika Haslinger, Vienna, Austria, is financial expert on the supervisory board and on the audit committee.

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 of the company's employees. 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. Every effort is made to select executive board members from candidates who have progressed within the company. 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 gender
- Systematic development of managers by increasing assignment of tasks and responsibilities
- 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. These competencies could have been acquired by completing a university degree, some other occupational training or by some other means.
- 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 committees

The supervisory board has formed an executive committee, audit committee, agricultural 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, the agricultural committee and the social committee have six members each, with an equal number of shareholder and employee representatives. The nomination committee is composed of four shareholder representatives.

In its meeting on 23 February 2022, the supervisory board decided on a reorganization of its committees. With a new supervisory board to be elected at the 2022 annual general meeting, the reorganization and composition of the committees will be implemented when the newly elected supervisory board is constituted. A new strategy and sustainability committee will subsequently be formed, with equal numbers of four representatives each from the shareholder and employee sides. The agricultural committee will also address increasingly important raw material issues, so it will be renamed the "agriculture and raw material markets committee" and will have four representatives each from the stockholders' and employees' sides instead of three.

The duties of the executive board and the other committees are outlined in the supervisory board rules of procedure version dated 23 February 2022. The audit committee's rules of procedure version dated 23 February 2022 applies additionally 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.

Shareholders and annual general meeting

Südzucker AG's shareholders exercise their voting and control rights at general meetings held at least once a year. On 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.suedzucker.de/en/Investor-Relations/annual-general-meeting/) or by assigning power of attorney to Südzucker AG's proxies or to a third party.

Risk management

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 (→ Risk and opportunity report). 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 process and the internal auditing process. Details regarding risk management are outlined in the risk and opportunity report.

Corporate governance report

Corporate governance aims to ensure that companies are managed and controlled responsibly and that they provide lasting shareholder value. The following corporate governance report is prepared in accordance with articles 289f, paragraph 2, item 1, 4-6 and 315d of the German Commercial Code. Effective and efficient cooperation between the executive and supervisory boards ensures transparency and the claim to keep shareholders and the public fully informed in a timely manner. The corporate governance report published here by Südzucker AG complies with legal requirements and the German Corporate Governance Code (Code) rules.

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 Code and compliance is a key executive board and supervisory board responsibility.

In our opinion, the current version of the Code dated 16 December 2019[1] 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.

[1] The version 16 December 2019 came into force with the publication of the German Federal Gazette on 20 March 2020.

2021 Declaration of Compliance

In November 2021, the executive and supervisory boards issued a declaration of compliance with the recommendations of the German Corporate Governance Code in the version dated 16 December 2019 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. Südzucker AG complies with the suggestions of the currently valid code with one exception: Contrary to suggestion G.18, the remuneration of the supervisory board is not purely fixed.

The complete version of the 2021 declaration of compliance – as well as the declaration of compliance for prior years – is posted on Südzucker AG's website (www.suedzucker.de/en/Entsprechenserklaerung/).

Gender quota

The German Stock Corporation Act stipulates in article 96, paragraph 2, sentence 1 that listed and co-determined companies have a fixed gender quota of 30 % within the supervisory board. Currently, 35 % 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 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 the first and second level was 10 % as of 28 February 2022. Over the next five years until 2027, Südzucker AG aims to double the proportion of women at the first and second management levels below the executive board to 20 %.

Education and training

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. Another information seminar regarding corporate governance topics will be presented by an external legal expert in fiscal 2022/23.

Remuneration report

Starting in fiscal 2021/22, a separate report on executive and supervisory board compensation will be published on Südzucker's website. The total remuneration of executive and supervisory board members including 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 current version of the German Corporate Governance Code dated 16 December 2019 no longer recommends such insurance for supervisory board members. Accordingly, the D&O insurance deductibles for supervisory board members have been suspended effective 1 March 2021.

Shares held by members of the executive and supervisory boards / security transactions

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 2021/22, the members of the executive and supervisory boards have not informed Südzucker AG about any notifiable directors' dealings in securities.

Compliance

The following summary relates to disclosures about corporate policy regarding compliance in accordance with articles 289f, paragraph 2, item 2 and 315d of the German Commercial Code.

Compliance management system

Compliance is embedded in Südzucker's corporate mission and documented in a compliance management system (CMS).

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 and reporting paths and is based on the seven principles of the IDW[1] Prüfungsstandards 980 "Prüfung von Compliance-Management-Systemen" [IDW audit standard 980 "compliance management system auditing"].

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 create an environment that makes very clear the importance of compliance within the company ('set the 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 2021/22 approximately 4,913 employees including the executive board were trained throughout the company. This represents about 90 % of the target group (salaried employees including management). Since 2020, Südzucker expanded the e-learning program to include a mandatory 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. It will be rolled out successively to other companies. On completion of the program, participants must complete and pass a final test.

[1] Germany's Institute of Public Auditors.

Compliance organization

A groupwide 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.suedzucker.de/en/Unternehmen/Verhaltenskodex/) and corporate compliance principles (→ www.suedzucker.de/en/Unternehmensgrundsaetze/). 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.

28 notifications were received through these channels in fiscal 2021/22. The allegations in these notifications proved unsubstantiated so no further legal action was taken.

No cases of corruption were reported in fiscal year 2021/22.

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 2021/22, selected departments, such as purchasing or logistics, were also audited for corruption and fraud at 33 % of the production sites. Due to the pandemic, some of the exams were conducted online. No material violations of statutory regulations could be identified.

Südzucker AG is considered a so-called 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, clause 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 2022, 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 23,491 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 60.3 % 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 70.6 % 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 buyback

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, clause 1, item 8 and 315a, paragraph 1, clause 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 follows the GRI standards of the Global Reporting Initiative (GRI) guideline, 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 fiscal year. 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 for the first time in the 2021/22 fiscal year 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. 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, clause 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" starting on page 191.

The non-financial group declaration in the group management report and the results of the audit form part of Südzucker AG's 2021/22 annual report. They are also accessible at Südzucker's website at www.suedzucker.de/de/investor-relations/publikationen/finanzberichte#2021/22.

Information regarding the contents of the non-financial statement

Aspects of the non-financial items according to section 289 of the HGB	Items according to the materiality matrix	Section	Page
Business model	–	About the group / Business model, Strategy, Sustainability / Sustainability strategy	20 ff
Sustainability	–	About the group / Sustainability	23
Materiality matrix	–	About the group / Sustainability / Materiality analysis	26
Environmental issues	Climate protection / Climate change	Environment / Climate protection	29 ff
	Water	Environment / Sustainable use and protection of water resources	33 f
	Waste	Environment / Avoiding and reducing environmental pollution / Waste	35
	Packaging	Environment / Avoiding and reducing environmental pollution / Packaging	35
	Procurement / vendor selection	Environment / Protection of biodiversity and ecosystems	36
	Biodiversity	Environment / Protection of biodiversity and ecosystems / Promoting biodiversity	37
Employee issues	Human rights	Employees / Corporate responsibility Society/Respect for human rights	39 45
	Gender equality and diversity	Employees / Promoting diversity / Equality	39 f
	Talent and personnel development	Employees / Südzucker – an attractive employer	41 f
	Workplace health and safety	Employees / Südzucker – a reliable employer	42 ff
Social issues	Vendor selection / procurement	Society / Respect for human rights	45
	Product safety and consumer protection	Society / Product responsibility and quality	45
	Maintaining and creating value and jobs	Society / Value added in rural areas	46
	Dialogue with communities and consideration of local concerns	Society / Dialogue with various stakeholder groups, Social commitment	46 f
	Dialogue with political institutions, political lobbying	Society / Dialogue with various stakeholder groups	47
Human rights protection	Vendor selection / procurement	Society / Respect for human rights	45
	Human rights	Employees / Corporate responsibility Society / Respect for human rights	39 45
Bribery and corruption control	Vendor selection / procurement	Society / Respect for human rights	45
	Responsible corporate governance	Corporate management and responsibility / Compliance	103

TABLE 038

CONSOLIDATED FINANCIAL STATEMENTS

03

STATEMENT OF COMPREHENSIVE INCOME

1 March 2021 to 28 February 2022

€ million	Notes	2021/22	2020/21	+/– in %
Income statement				
Revenues	(06)	**7,598.9**	**6,679.0**	**13.8**
Change in work in progress and finished goods inventories and internal costs capitalized	(07)	148.9	–35.7	–
Other operating income	(08)	124.9	111.0	12.5
Cost of materials	(09)	–5,299.6	–4,355.5	21.7
Personnel expenses	(10)	–971.9	–984.0	–1.2
Depreciation	(11)	–361.1	–366.3	–1.4
Goodwill impairment	(11)	–29.4	0.0	–
Other operating expenses	(12)	–920.7	–852.8	8.0
Result from companies consolidated at equity	(13)	–49.0	–125.7	–61.0
Result from operations	(14)	**241.0**	**70.0**	**> 100**
Financial income	(15)	41.8	38.2	9.4
Financial expense	(15)	–78.8	–87.2	–9.6
Earnings before income taxes		**204.0**	**21.0**	**> 100**
Taxes on income	(16)	–80.8	–56.6	42.8
Net earnings	(18)	**123.2**	**–35.6**	**–**
of which attributable to Südzucker AG shareholders		65.6	–106.3	–
of which attributable to hybrid capital		12.1	12.6	–4.0
of which attributable to other non-controlling interests		45.5	58.1	–21.7
Earnings per share (€)	(18)	**0.32**	**–0.52**	**–**
Statement of other comprehensive income				
Net earnings		**123.2**	**–35.6**	**–**
Market value of hedging instruments (cash flow hedge) after deferred taxes		47.2	–7.5	–
Revaluation not affecting income		–65.4	10.9	–
Realization resulting in a profit or loss		115.8	–17.9	–
Deferred taxes		–3.2	–0.5	> 100
Market value of debt instruments (securities) after deferred taxes		–6.5	0.0	–
Revaluation not affecting income		–6.5	0.0	–
Deferred taxes		0.0	0.0	–
Exchange differences on net investments in foreign operations after deferred taxes		13.5	–16.3	–
Revaluation not affecting income		18.2	–22.1	–
Deferred taxes		–4.7	5.8	–
Foreign currency translation differences/hyperinflation		21.9	–75.9	–
Share from companies consolidated at equity		0.8	–3.0	–
Income and expenses to be recognized in the income statement in the future	(19)	**76.9**	**–102.7**	**–**
Market value of equity instruments (securities) after deferred taxes		–0.0	0.0	–
Revaluation not affecting income		–0.1	0.0	–
Deferred taxes		0.1	0.0	–
Remeasurement of defined benefit pension plans and similar obligations after deferred taxes	(27)	10.5	120.0	–91.3
Revaluation not affecting income		13.9	125.3	–88.9
Deferred taxes		–3.4	–5.3	–35.8
Share from companies consolidated at equity		2.9	0.7	> 100
Income and expenses not to be recognized in the income statement in the future	(19)	**13.4**	**120.7**	**–88.9**
Other comprehensive result	(19)	**90.3**	**18.0**	**> 100**
Comprehensive income		**213.5**	**–17.6**	**–**
of which attributable to Südzucker AG shareholders		138.5	–61.7	–
of which attributable to hybrid capital		12.1	12.6	–4.0
of which attributable to other non-controlling interests		62.9	31.5	99.7

TABLE 039

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 2021 to 28 February 2022

€ million	Notes	2021/22	2020/21	+/– in %
Net earnings		123.2	–35.6	–
Goodwill impairment (+)		29.4	0.0	–
Depreciation and amortization of intangible assets, fixed assets and other investments (+)		364.3	375.5	–3.0
Decrease (–) / Increase (+) in non-current provisions and (deferred) tax liabilities and increase (–) / decrease (+) in deferred tax assets		–16.8	–32.2	–47.8
Other income (–) / expenses (+) not affecting cash		59.7	167.7	–64.4
Cash flow		**559.8**	**475.4**	**17.8**
Decrease (–) / Increase (+) in current provisions		–24.9	–1.7	> 100
Increase (–) / Decrease (+) in inventories, receivables and other assets		–381.3	–42.3	> 100
Decrease (–) / Increase (+) in liabilities (excluding financial liabilities)		343.9	49.4	> 100
Increase (–) / Decrease (+) in working capital		**–62.3**	**5.4**	**–**
Gain (–) / Loss (+) on disposal of items included in non-current assets and of securities		–20.0	–0.3	> 100
I. Cash flow from operating activities		**477.5**	**480.5**	**–0.6**
Investments in fixed assets and intangible assets (–)		–331.7	–285.0	16.4
Investments in financial assets (–)		–3.6	–14.6	–75.3
Total investments		**–335.3**	**–299.6**	**11.9**
Cash received on disinvestments (+)		0.0	0.5	–100.0
Cash received on disposal of non-current assets (+)		32.7	20.2	61.9
Cash paid (–) / received (+) for the purchase / sale of other securities		95.0	76.8	23.7
II. Cash flow from investing activities		**–207.6**	**–202.1**	**2.7**
Repayment (–) / Issuance (+) of commercial papers		–180.0	0.0	–
Repayment (–) of lease liabilities		–32.8	–35.2	–6.8
Other repayment (–) / refund (+) of financial liabilities		166.0	–137.9	–
Repayment (–) / refund (+) of financial liabilities		**–46.8**	**–173.1**	**–73.0**
Increases in stakes held in subsidiaries / capital buyback (–)		–4.7	–1.4	> 100
Decrease in stakes held in subsidiaries / capital increase (+)		1.8	0.0	–
Dividends paid (–)		–101.0	–97.2	3.9
III. Cash flow from financing activities		**–150.7**	**–271.7**	**–44.5**
Change in cash and cash equivalent (total of I., II. and III.)		**119.2**	**6.7**	**> 100**
Change in cash and cash equivalents				
due to exchange rate changes		–1.9	–8.0	–76.2
due to changes in entities included in consolidation/other		0.8	1.4	–42.9
Decrease (–) / Increase (+) in cash and cash equivalents		**118.1**	**0.1**	**> 100**
Cash and cash equivalents at the beginning of the period		197.5	197.4	0.1
Cash and cash equivalents at the end of the period		**315.6**	**197.5**	**59.8**
Dividends received from companies consolidated at equity / other participations	(20)	14.4	23.6	–39.0
Interest receipts	(20)	4.2	10.1	–58.4
Interest payments	(20)	–22.3	–23.9	–6.7
Income taxes paid	(20)	–81.0	–50.9	59.1

TABLE 040

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 2022

€ million	Notes	28 February 2022	28 February 2021	+/– in %
Assets				
Intangible assets	(21)	933.5	947.2	–1.4
Fixed assets	(22)	2,987.6	2,983.2	0.1
Shares in companies consolidated at equity[1]	(23)	77.4	136.2	–43.2
Other investments	(23)	7.1	8.8	–19.3
Securities	(30)	18.8	19.4	–3.1
Other assets	(25)	6.1	11.4	–46.5
Deferred tax assets	(16)	63.0	74.7	–15.7
Non-current assets[1]		**4,093.5**	**4,180.9**	**–2.1**
Inventories	(24)	2,316.6	2,133.8	8.6
Trade receivables	(25)	1,139.9	948.4	20.2
Other assets	(25)	460.6	300.5	53.3
Current tax receivables	(16)	31.5	26.3	19.8
Securities	(30)	83.7	185.8	–55.0
Cash and cash equivalents	(30)	315.6	197.5	59.8
Current assets		**4,347.9**	**3,792.3**	**14.7**
Total assets[1]		**8,441.4**	**7,973.2**	**5.9**

Further disclosures regarding the balance sheet are outlined in notes (16) and (21) to (30) of the notes to the group consolidated financial statements.

€ million	Notes	28 February 2022	28 February 2021	+/– in %
Liabilities and shareholders' equity				
Equity attributable to shareholders of Südzucker AG		2,127.4	1,999.9	6.4
Hybrid capital		653.7	653.7	0.0
Other non-controlling interests		918.2	881.9	4.1
Total equity[1]	(26)	**3,699.3**	**3,535.5**	**4.6**
Provisions for pensions and similar obligations	(27)	865.4	880.9	–1.8
Other provisions	(28)	212.9	215.4	–1.2
Financial liabilities	(30)	1,321.7	1,437.5	–8.1
Other liabilities	(29)	8.0	4.1	95.1
Tax liabilities	(16)	4.0	9.0	–55.6
Deferred tax liabilities	(16)	139.8	135.9	2.9
Non-current liabilities		**2,551.8**	**2,682.8**	**–4.9**
Other provisions	(28)	92.5	117.3	–21.1
Financial liabilities	(30)	562.2	476.0	18.1
Trade payables	(29)	1,115.8	823.7	35.5
Other liabilities	(29)	385.5	314.2	22.7
Current tax liabilities	(16)	34.3	23.7	44.7
Current liabilities		**2,190.3**	**1,754.9**	**24.8**
Total liabilities and equity[1]		**8,441.4**	**7,973.2**	**5.9**
Net financial debt		1,465.8	1,510.8	–3.0
Equity ratio		43.8	44.3	
Net financial debt as % of equity (gearing)		39.6	42.7	

[1] The prior-year amount has been adjusted. Further information is provided in Note (01) to the consolidated financial statements.

TABLE 041

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

1 March 2021 to 28 February 2022

€ million	Issued subscribed capital	Nominal value own shares	Capital reserve	Other reserves	Other equity accounts: Market value of hedging instruments (cash flow hedge)	Market value of debt instruments (securities)	Exchange differences on net investments in foreign operations	Accumulated exchange differences/hyperinflation	Share from companies consolidated at equity	Equity of Südzucker shareholders	Hybrid capital	Other non-controlling interests	Total equity
1 March 2020 (published)	**204,2**	**0,0**	**1.614,9**	**394,3**	**2,2**	**0,0**	**0,9**	**−82,9**	**−6,3**	**2.127,3**	**653,7**	**891,4**	**3.672,4**
Adjustment[1]	0,0	0,0	0,0	−28,2	0,0	0,0	0,0	0,0	0,0	−28,2	0,0	0,0	−28,2
1 March 2020 (adjusted)	**204.2**	**0.0**	**1,614.9**	**366.1**	**2.2**	**0.0**	**0.9**	**−82.9**	**−6.3**	**2,099.1**	**653.7**	**891.4**	**3,644.2**
Net earnings				−106.3						−106.3	12.6	58.1	−35.6
Other comprehensive result				118.3	−8.0	0.0	−16.4	−49.0	−0.3	44.6	0.0	−26.6	18.0
Comprehensive income				**12.0**	**−8.0**	**0.0**	**−16.4**	**−49.0**	**−0.3**	**−61.7**	**12.6**	**31.5**	**−17.6**
Distributions				−40.8						−40.8	−12.6	−38.3	−91.7
Other changes	0.0	0.0	0.0	3.3						3.3	0.0	−2.7	0.6
28 February 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**
1 March 2021 (published)	**204.2**	**0.0**	**1,614.9**	**368.8**	**−5.8**	**0.0**	**−15.5**	**−131.9**	**−6.6**	**2,028.1**	**653.7**	**881.9**	**3,563.7**
Adjustment[1]	0.0	0.0	0.0	−28.2	0.0	0.0	0.0	0.0	0.0	−28.2	0.0	0.0	−28.2
1 March 2021 (adjusted)	**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				8.2	40.6	−6.5	13.5	12.5	4.6	72.9	0.0	17.4	90.3
Comprehensive income				**73.8**	**40.6**	**−6.5**	**13.5**	**12.5**	**4.6**	**138.5**	**12.1**	**62.9**	**213.5**
Distributions				−40.8						−40.8	−12.1	−43.0	−95.9
Other changes	0.0	0.0	0.0	−1.5	31.3					29.8	0.0	16.4	46.2
28 February 2022	**204.2**	**0.0**	**1,614.9**	**372.1**	**66.1**	**−6.5**	**−2.0**	**−119.4**	**−2.0**	**2,127.4**	**653.7**	**918.2**	**3,699.3**

[1] Further information on the adjustment is provided in Note (01) to the consolidated financial statements.

TABLE 042

Further disclosures on shareholders' equity are included in note (26) of the notes to the group consolidated financial statements.

SEGMENT REPORT

€ million	2021/22	2020/21	+/– in %
Südzucker Group			
Gross revenues	**7,915.7**	**6,947.7**	**13.9**
Consolidation	–316.8	–268.7	17.9
Revenues	**7,598.9**	**6,679.0**	**13.8**
EBITDA	**691.8**	**597.6**	**15.8**
EBITDA margin	9.1 %	8.9 %	
Depreciation	–359.5	–361.2	–0.5
Operating result	**332.3**	**236.4**	**40.6**
Operating margin	4.4 %	3.5 %	
Result from restructuring / special items	–42.3	–40.7	3.9
Result from companies consolidated at equity	–49.0	–125.7	–61.0
Result from operations	**241.0**	**70.0**	**> 100**
Investments in fixed assets [1]	331.7	285.0	16.4
Investments in financial assets / acquisitions	3.6	14.6	–75.3
Total investments	**335.3**	**299.6**	**11.9**
Shares in companies consolidated at equity	77.4	136.2	–43.2
Capital employed	6,325.4	6,221.7	1.7
Return on capital employed	5.3 %	3.8 %	
Employees	**18,019**	**17,876**	**0.8**

[1] Including intangible assets.

€ million	2021/22	2020/21	+/– in %
Sugar segment [1]			
Gross revenues	**2,774.3**	**2,393.5**	**15.9**
Consolidation	–150.9	–139.2	8.4
Revenues	**2,623.4**	**2,254.3**	**16.4**
EBITDA	**134.1**	**31.3**	**> 100**
EBITDA margin	5.1 %	1.4 %	
Depreciation	–154.4	–158.8	–2.8
Operating result	**–20.3**	**–127.5**	**–84.1**
Operating margin	–0.8 %	–5.7 %	
Result from restructuring / special items	–0.3	–29.7	–99.0
Result from companies consolidated at equity	–63.0	–145.4	–56.7
Result from operations	**–83.6**	**–302.6**	**–72.4**
Investments in fixed assets [2]	114.2	127.9	–10.7
Investments in financial assets / acquisitions	0.0	2.0	–100.0
Total investments	**114.2**	**129.9**	**–12.1**
Shares in companies consolidated at equity	21.4	80.8	–73.5
Capital employed	2,740.4	2,772.5	–1.2
Return on capital employed	–0.7 %	–4.6 %	
Employees	**6,105**	**6,243**	**–2.2**

[1] Prior-year figures adjusted.
[2] Including intangible assets.

€ million	2021/22	2020/21	+/– in %
Special products segment [1]			
Gross revenues	**1,793.9**	**1,721.6**	**4.2**
Consolidation	–13.4	–11.2	19.6
Revenues	**1,780.5**	**1,710.4**	**4.1**
EBITDA	**190.1**	**231.7**	**–18.0**
EBITDA margin	10.7 %	13.5 %	
Depreciation	–73.3	–73.1	0.3
Operating result	**116.8**	**158.6**	**–26.4**
Operating margin	6.6 %	9.3 %	
Result from restructuring / special items	–0.1	–0.2	–50.0
Result from companies consolidated at equity	0.0	0.0	–
Result from operations	**116.7**	**158.4**	**–26.3**
Investments in fixed assets [2]	123.5	82.1	50.4
Investments in financial assets / acquisitions	0.0	0.0	–
Total investments	**123.5**	**82.1**	**50.4**
Shares in companies consolidated at equity	0.0	0.0	–
Capital employed	1,740.4	1,640.4	6.1
Return on capital employed	6.7 %	9.7 %	
Employees	**4,990**	**4,886**	**2.1**

[1] Prior-year figures adjusted.
[2] Including intangible assets.

€ million	2021/22	2020/21	+/– in %
CropEnergies segment			
Gross revenues	**1,075.3**	**833.1**	**29.1**
Consolidation	–71.1	–59.5	19.5
Revenues	**1,004.2**	**773.6**	**29.8**
EBITDA	**168.8**	**148.4**	**13.7**
EBITDA margin	16.8 %	19.2 %	
Depreciation	–41.8	–41.4	1.0
Operating result	**127.0**	**107.0**	**18.7**
Operating margin	12.6 %	13.8 %	
Result from restructuring / special items	0.0	0.9	–100.0
Result from companies consolidated at equity	0.2	0.3	–33.3
Result from operations	**127.2**	**108.2**	**17.6**
Investments in fixed assets[1]	35.8	28.8	24.3
Investments in financial assets / acquisitions	0.0	0.0	–
Total investments	**35.8**	**28.8**	**24.3**
Shares in companies consolidated at equity	2.8	2.5	12.0
Capital employed	486.3	465.0	4.6
Return on capital employed	26.1 %	23.0 %	
Employees	**455**	**450**	**1.1**

[1] Including intangible assets.

€ million	2021/22	2020/21	+/– in %
Starch segment[1]			
Gross revenues	**1,020.4**	**831.9**	**22.7**
Consolidation	–80.3	–57.5	39.7
Revenues	**940.1**	**774.4**	**21.4**
EBITDA	**105.4**	**92.1**	**14.4**
EBITDA margin	11.2 %	11.9 %	
Depreciation	–48.5	–46.7	3,9
Operating result	**56.9**	**45.4**	**25,3**
Operating margin	6.1 %	5.9 %	
Result from restructuring / special items	0.0	0.0	–
Result from companies consolidated at equity	13.8	19.4	–28,9
Result from operations	**70.7**	**64.8**	**9,1**
Investments in fixed assets[2]	24.0	22.1	8,6
Investments in financial assets / acquisitions	0.0	11.3	–100,0
Total investments	**24.0**	**33.4**	**–28,1**
Shares in companies consolidated at equity	53.2	52.9	0,6
Capital employed	488.2	514.8	–5,2
Return on capital employed	11.7 %	8.8 %	
Employees	**1,128**	**1,143**	**–1.3**

[1] First-time reporting of the ttarch segment in the 2021/22 financial year.
[2] Including intangible assets.

€ million	2021/22	2020/21	+/– in %
Fruit segment			
Gross revenues	**1,251.8**	**1,167.6**	**7.2**
Consolidation	–1.1	–1.3	–15,4
Revenues	**1,250.7**	**1,166.3**	**7,2**
EBITDA	**93.4**	**94.1**	**–0,7**
EBITDA margin	7.5 %	8.1 %	
Depreciation	–41.5	–41.2	0,7
Operating result	**51.9**	**52.9**	**–1,9**
Operating margin	4.1 %	4.5 %	
Result from restructuring / special items	–41.9	–11.7	>100
Result from companies consolidated at equity	0.0	0.0	–
Result from operations	**10.0**	**41.2**	**–75,7**
Investments in fixed assets[1]	34.2	24.1	41,9
Investments in financial assets / acquisitions	3.6	1.3	>100
Total investments	**37.8**	**25.4**	**48,8**
Shares in companies consolidated at equity	0.0	0.0	–
Capital employed	870.1	829.0	5,0
Return on capital employed	6.0 %	6.4 %	
Employees	**5,341**	**5,154**	**3.6**

[1] Including intangible assets.

TABLE 043

Since the beginning of fiscal 2021/22, Südzucker has reported on the five segments sugar, special products, CropEnergies, starch and fruit. The Starch division's previous special products segment activities were split up. Südzucker AG's sugar-related starch activities have now been assigned to the sugar segment, whose operational management remains the responsibility of the sugar division (Südzucker). AGRANA's starch activities are now included in the new starch segment report. The special products segment continues to bundle the BENEO, Freiberger, PortionPack and starch divisions' consumer oriented products. 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) as well as distributors in Greece, Israel, 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. The British trading company ED&F Man Holdings Limited, AGRANA Studen Group (including sugar production in Bosnia), 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 Europe. 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 Europe 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 United Kingdom, 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 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 include also 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 € 55.3 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 € 29.4 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 € 316.8 (268.7) 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 is calculated as follows:

€ million	2021/22	2020/21
Operating result	**332.3**	**236.4**
Goodwill	793.3	834.1
Concessions, industrial and similar rights	226.9	225.7
Fixed assets	2,987.6	2,983.2
Non-interest bearing receivables	*1,488.5*	*1,230.3*
Inventories	*2,316.6*	*2,133.8*
./. Current provisions	*−92.5*	*−117.3*
./. Non-interest bearing liabilities	*−1,395.0*	*−1,068.1*
Working capital	2,317.6	2,178.7
Capital employed	**6,325.4**	**6,221.7**
Return on capital employed	**5.3 %**	**3.8 %**

TABLE 044

Segmentation by country and region

Information about the segmentation by country or region is provided below:

€ million	2021/22	2020/21
Carrying amount fixed and intangible assets (excluding goodwill)		
Germany	**973.9**	**1,000.1**
Belgium	503.2	484.6
France	273.4	276.6
Austria	486.1	520.7
Poland	116.3	120.9
Remaining EU	147.8	151.4
Other EU	**1,526.9**	**1,554.2**
UK	119.0	111.0
USA	290.9	269.7
Remaining countries	303.8	273.8
Other countries	**713.7**	**654.5**
Total	**3,214.5**	**3,208.9**

TABLE 045

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 head-quartered. 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”.

Number of employees	28 February 2022	28 February 2021
Full-time equivalents		
Germany	4,028	4,059
Other EU	7,248	7,411
Other countries	6,743	6,406
Total	**18,019**	**17,876**

TABLE 046

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 is registered 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 by-products 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 1of 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 2022 were prepared on 25 April 2022 by the executive board and received an unqualified audit opinion by PricewaterhouseCoopers GmbH Wirtschaftsprüfungsgesellschaft, Frankfurt am Main. The audit committee will audit the consolidated financial statements on 10 May 2022, which are subsequently audited and approved by the supervisory board on 18 May 2022. The publication date of the consolidated financial statements including the management report (annual report) is 19 May 2022.

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 2021/22 financial year:

Standard		Passed by IASB	Adopted by the EU
IAS 39	Financial Instruments: Recognition and Measurement	27.08.2020	13.01.2021
IFRS 4	Insurance Contracts	25.06.2020	15.12.2020
IFRS 4	Insurance Contracts	27.08.2020	13.01.2021
IFRS 7	Financial Instruments: Disclosures	27.08.2020	13.01.2021
IFRS 9	Financial instruments	27.08.2020	13.01.2021
IFRS 16	Leases	27.08.2020	13.01.2021
IFRS 16	Leases	28.05.2020 bzw. 31.03.2021	09.10.2020

TABLE 047

The amendments listed above, which were applicable for the first time, were not relevant in the 2021/22 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 2022/23 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.

Standard / Interpretation	Passed by IASB	Adopted by the EU	Mandatory application for Südzucker as of financial year	Content and, if relevant, expected impact on CropEnergies
IAS 1 Presentation of Financial Statements (amendment)	23.01.2020 and 15.07.2020	Nein	2023/24	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)	12.02.2021	02.03.2022	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 standardised statements. CropEnergies expects accounting policy disclosures to be reduced.
IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors (amendment)	12.02.2021	02.03.2022	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)	07.05.2021	No	2023/24	The initial recognition exemption (IAS 12.15) applied, under certain conditions, to assets and liabilities recognised for the first time, which meant that, exceptionally, no deferred taxes had to be recognised 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 recognised for leases accounted for by the lessee and for disposal and restoration obligations. CropEnergies is examining whether the amendment is relevant.
IAS 16 Property, Plant and Equipment (amendment)	14.05.2020	28.06.2021	2022/23	The amendments concern proceeds before the intended use of property, plant and equipment and prohibit deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, the proceeds from selling such items, and the cost of producing those items, must be recognised in profit or loss. The rules are assumed not to be relevant on a regular basis.

Standard / Interpretation	Passed by IASB	Adopted by the EU	Mandatory application for Südzucker as of financial year	Content and, if relevant, expected impact on CropEnergies
IAS 37 Provisions, Contingent Liabilities and Contingent Assets (amendment)	14.05.2020	28.06.2021	2022/23	The amendments relating to onerous contracts (costs of fulfilling a contract) specify that the cost of fulfilling a contact comprises the costs that relate directly to the contract. These can either be incremental costs of fulfilling that contract (examples would be direct labour, materials) or an allocation of other costs that relate directly to fulfilling contracts (an example would be depreciation of production facilities). The rules become relevant if onerous contracts exist.
IFRS 3 Business Combinations (amendment)	14.05.2020	28.06.2021	2022/23	The amendments update the reference to the 2018 framework concept, specify the scope of application of IAS 37 or IFRIC 21 and add the explicit statement that an acquirer does not recognise contingent assets acquired in a business combination. The amendments may become relevant but are insignificant.
IFRS 17 Insurance Contracts	18.05.2017 and 25.06.2020	19.11.2021	2023/24	The standard is not relevant to Südzucker.
IFRS 17 Insurance Contracts (amendment)	09.12.2021	No	2023/24	The standard is not relevant to Südzucker.
Diverse Annual Improvements of IFRS (2018–2020 cycle)	14.05.2020	28.06.2021	2022/23	The amendment is not expected to have any impact on the presentation of assets, liabilities, financial position and profit or loss.

TABLE 048

IAS 8 accounting policy changes: Adjustment of the equity approach of ED&F Man Holdings, London, UK

Due to a change in the presentation of the share-based employee incentive programs established in previous years at ED&F Man – these are now recognized as share-based payments in ED&F Man's consolidated financial statements in accordance with IFRS 2 – there was a retrospective restatement of equity at ED&F Man in the most recently presented consolidated financial statements. Since we follow the corresponding changes in equity proportionately based on a consistent application of accounting policies as part of the at-equity consolidation in accordance with IAS 28, we have traced this reduction in equity in Südzucker's consolidated financial statements by also retrospectively restating the carrying amount of the investment. As a result, the balance sheet items "Shares in companies consolidated at equity" and "Equity attributable to shareholders of Südzucker AG" decreased by € 28.2 million as of 1 March 2020 and 1 March 2021, respectively.

(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. 134 (140) companies in addition to Südzucker AG were included in the consolidated financial statements at the balance sheet date. Five companies were merged and two others liquidated; the addition of one company is explained below.

First-time consolidation of acquired companies

Effective 1 April 2021, a business operation in the form of individual assets was acquired from the Japanese food manufacturer Taiyo Kagaku Co. Ltd., Yokkaichi, Japan. AGRANA Fruit Japan Co., Ltd., Tokyo, Japan, as the acquiring company, was fully consolidated for the first time in the second quarter of 2021/22. In addition to dairies and ice cream manufacturers, the Japanese fruit preparation factory also supplies customers from the baked goods industry. AGRANA is thus taking an important step towards its expansion in Asia and its presence in Japan's growing market.

Purchase price allocation AGRANA Fruit Japan Co., Ltd.

€ million	Fair values at acquisition date
Non-current assets	5.4
Inventories	2.7
Receivables and other assets	0.0
Cash and cash equivalents and securities	0.0
Current assets	2.7
Total assets	**8.1**
./. Non-current liabilities	−1.1
./. Current liabilities	−0.3
Net assets (shareholders' equity)	**6.7**
Negative goodwill	0.5
Purchase price	**7.2**

TABLE 049

Of the total purchase price of € 7.2 million, a total of € 3.6 million or about 51 % was paid by the period ended on 28 February 2022.

Companies consolidated at equity

16 (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. as well as to the associate ED&F Man Holdings Limited, London, UK. 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 ED&F Man, the carrying amount is 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. In addition, the joint venture Beta Pura GmbH, Vienna, Austria, suffered losses as a result of the Ukraine conflict; due to existing uncertainties with respect to future business development, the remaining carrying amount of companies consolidated at equity was written down in full.

(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 (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 and S.Z.I.L. LTD, Kfar Saba, Israel, which uses USD, 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 used in preparing the consolidated financial statements were as follows (conversion rates to € 1):

						1 € = Local Currency
		Year-end rate	Average rate	Year-end rate	Average rate	Year-end rate
Country	Currency code	28.02.2022	2021/22	28.02.2021	2020/21	29.02.2020
Egypt	EGP	17.54	18.35	19.13	18.31	17.05
Argentina	ARS	120.81	–	108.45	–	68.43
Australia	AUD	1.55	1.58	1.56	1.65	1.69
Brazil	BRL	5.78	6.31	6.66	6.20	4.92
Chile	CLP	894.23	905.12	869.67	904.39	900.24
China	CNY	7.07	7.53	7.84	7.90	7.67
Mexico	MXN	22.90	23.79	25.29	25.13	21.64
Moldova	MDL	20.34	20.80	21.34	20.04	19.45
Poland	PLN	4.69	4.57	4.52	4.48	4.34
Romania	RON	4.98	4.93	4.88	4.85	4.81
Russia	RUB	115.48	86.81	90.67	86.13	73.61
Czech Republic	CZK	25.00	25.39	26.20	26.60	25.39
UK	GBP	0.84	0.85	0.87	0.90	0.85
Ukraine	UAH	33.17	31.96	34.15	32.00	26.93
Hungary	HUF	369.72	358.32	361.43	355.02	337.57
USA	USD	1.12	1.17	1.21	1.16	1.10

TABLE 050

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."

Argentina has been considered hyperinflationary since mid-2018; the financial statements of subsidiaries located in Argentina have been adjusted accordingly since the third quarter of 2018/19 as outlined in IAS 29 (Financial Reporting in Hyperinflationary Economies).

The financial statements of Argentine subsidiaries 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) and were therefore disclosed in the measuring unit current at the balance sheet date. The consumer prices published by the "Instituto Nacional de Estadistica y Censos", the National Institute of Statistics and Census in Argentina, were used as a basis. The index changed as shown in table 051.

	Change in % of index	
	2021/22	2020/21
March	4.8	3.3
April	4.1	1.5
May	3.3	1.5
June	3.2	2.2
July	3.0	1.9
August	2.5	2.7
September	3.5	2.8
October	3.5	3.8
November	2.5	3.2
December	3.8	4.0
January	3.9	4.0
February	3.9	3.7

TABLE 051

The application of IAS 29 negatively impacted the currency translation result as a component of the other financial result of € 1.0 (0.8) 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.

Property, plant and equipment

Property, plant and equipment 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 052

Leasing of property, plant and equipment

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. Intra-group 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". Equity instruments are classified as "at fair value through profit or loss" or as "at fair value through equity in comprehensive income (excluding recycling)." Shares in investment funds and loan-stock rights (cooperative shares) are allocated to the first category and, to a limited extent, other equity instruments intended to be held on a long-term basis are allocated to the second category. 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. Attention is 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 can be applied regarding the relevant information on changes in provisions to be disclosed in the notes. 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.

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, with-out sales tax, and after eliminating intragroup sales. For variable price agreements, an estimate of the expected final prices is carried out for revenue recognition based on the individual agreements. 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 IN-COTERMS (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, property, plant and equipment 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.

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:

€ million	Sugar	Special products	CropEnergies	Starch	Fruit	Group
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**
2020/21						
Germany	688.6	269.2	207.7	195.0	127.5	1,488.0
Belgium	186.9	52.9	68.9	5.4	60.6	374.7
France	263.8	61.9	69.2	18.5	93.6	507.0
Austria	177.0	18.6	0.4	219.2	39.7	454.9
Poland	146.1	31.6	27.5	10.8	30.6	246.6
Other EU	613.9	181.7	163.8	234.8	111.6	1,305.8
EU	**2,076.3**	**615.9**	**537.5**	**683.7**	**463.6**	**4,377.0**
UK	24.5	360.1	192.4	9.9	36.0	622.9
USA	0.7	480.0	0.0	30.8	223.1	734.6
Other countries	152.8	254.4	43.7	50.0	443.6	944.5
Total	**2,254.3**	**1,710.4**	**773.6**	**774.4**	**1,166.3**	**6,679.0**

TABLE 053

(07) Change in work in progress and finished goods inventories and internal costs capitalized

€ million	2021/22	2020/21
Change in work in progress and finished goods inventories		
Sugar segment	117.2	−59.1
Special products segment	−7.7	11.6
CropEnergies segment	24.6	1.8
Starch segment	−11.1	11.6
Fruit segment	19.9	−8.1
Total segments	**142.9**	**−42.2**
Internal costs capitalized	6.0	6.5
Total	**148.9**	**−35.7**

TABLE 054

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	2021/22	2020/21
Foreign exchange and currency translation gains	24.2	27.8
Gain on sales of current and non-current assets	23.5	5.4
Income from derivatives	11.3	3.5
Reversal of bad debt allowances	1.5	1.1
Income from special items	4.7	3.4
Other income	59.7	69.8
Total	**124.9**	**111.0**

TABLE 055

Income from the disposal of non-current and current assets increased to € 23.5 (5.4) million as a result of the sale of non-operating real estate assets, particularly in Belgium, Germany, France and Austria.

Other income in the amount of € 59.7 (69.8) million 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.

Income from special items of € 4.7 (3.4) million include as in the previous year in particular income from the reversal of provisions due to settled legal disputes.

(09) Cost of materials

€ million	2021/22	2020/21
Cost of raw materials, consumables and supplies and of purchased merchandise	4,970.3	4,032.1
Cost of purchased services	329.3	323.4
Total	**5,299.6**	**4,355.5**

TABLE 056

Green Certificates issued by the government at the Wanze plant in Belgium based on real-world energy generation from renewable raw materials at the ethanol production factory are recognized in the amount of their recovery proceeds as a reduction in the item cost of raw materials, consumables and supplies, purchased merchandise and services within material expenditure. The quantity awarded depends on the amount of power sustainably generated from biomass during the respective reporting period. A government commitment for allocations beyond the reporting period until 2024 has already been received. As part of the decision to build another biomass power plant at this location, CropEnergies expects recovery proceeds to remain at the current level until at least 2038, assuming that the current capacity utilization and green power generation are maintained.

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 € 25.0 (21.3) million in total; the majority of these were for the Belgian location in Wanze.

(10) Personnel expenses

€ million	2021/22	2020/21
Wages and salaries	766.4	772.1
Contributions to statutory old-age insurance	51.6	50.8
Social security, pension and welfare expenses	153.9	161.1
Total	**971.9**	**984.0**

TABLE 057

Of the total personnel expenses in the amount of € 971.9 (984.0) million, € −0.3 (16.2) million was reported in the result from restructuring and special items and, both in the current year and in the previous year, related predominantly to provisions for termination benefit plans in conjunction with the capacity adjustments in the sugar segment and the headcount reduction in administration. Also included are personnel expenses associated with regional restructuring measures resulting from ongoing cost reduction programs in the fruit segment.

Number of employees at balance sheet date and quarterly average (full-time equivalents)

	28 February 2022	2021/22 quarterly average	28 February 2021	2020/21 quarterly average
Sugar	6,105	6,415	6,243	6,703
Special products	4,990	4,931	4,886	4,884
CropEnergies	455	452	450	452
Starch	1,128	1,139	1,143	1,152
Fruit	5,341	5,614	5,154	5,469
Group	**18,019**	**18,552**	**17,876**	**18,660**

TABLE 058

The number of employees within the Group as of 28 February 2022 was stable year-on-year at 18,019 (17,876) full-time equivalents.

(11) Amortization and impairment losses

€ million	2021/22	2020/21
Intangible assets	24.2	25.0
Fixed assets	336.1	336.0
Depreciation and amortization	**360.3**	**361.0**
Intangible assets	29.4	0.0
Fixed assets	1.7	5.6
Impairment losses including special items	**31.1**	**5.6**
Income from reversal of impairment losses	**−0.9**	**−0.3**
Net depreciation	**390.5**	**366.3**
thereof operating result	359.6	361.2
thereof result from restructuring / special items	30.9	5.1
Net depreciation	**390.5**	**366.3**
Impairment according to segments		
Sugar	0.2	3.6
Special products	0.0	0.0
CropEnergies	0.0	0.0
Starch	0.0	0.0
Fruit	30.9	2.0
Total	**31.1**	**5.6**

TABLE 059

Due to the war in Ukraine, impairment losses totaling € 1.5 million were recognized for property, plant and equipment 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. In addition, an impairment loss of € 29.4 million was recognized on the fruit CGU's goodwill as a consequence of the Ukraine conflict. Both are recognized under special items. The previous year's impairments of € 3.6 million in the sugar segment were the result of sugar factory closures in France, among other things.

(12) Other operating expenses

€ million	2021/22	2020/21
Selling and advertising expenses	459.0	406.5
Operating and administrative expenses	281.7	264.1
Advertising expenses	27.7	26.4
Expenses due to restructuring / special items	14.8	21.3
Expenses from lease and service agreements	41.9	38.9
Losses on disposals of current and non-current assets	4.8	4.8
Bad debt allowances	2.2	2.0
Foreign exchange and currency translation losses	16.4	34.5
Expense from derivatives	4.7	1.4
Other taxes	26.1	27.9
Other expenses	41.4	25.0
Total	**920.7**	**852.8**

TABLE 060

The marked increase in selling and logistics costs to € 459.0 (406.5) million mainly reflects higher freight and external storage expenses.

Operating and administrative expenses in the amount of € 281.7 (264.1) million 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 of € 14.8 (21.3) million mainly related in the fruit segment to impairment losses on trade receivables for 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, expenses related to impairment losses on trade receivables with respect to the joint venture Beta Pura GmbH (which is experiencing financial difficulties triggered by the war in Ukraine) and – as in the previous year – to follow-on effects of the factory closures in France adopted during the 2018/19 financial year.

Other taxes in the amount of € 26.1 (27.9) million comprise taxes on income and property, excise tax and transport taxes. Other operating expenses totaling € 41.4 (25.0) million comprise 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 € −49.0 (−125.7) 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. as well as the associate ED&F Man Holdings Limited. The 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	2021/22	2020/21
Result from operations	**241.0**	**70.0**
thereof operating result	332.3	236.4
thereof result from restructuring / special items	−42.3	−40.7
thereof result from companies consolidated at equity	−49.0	−125.7

TABLE 061

The breakdown of the result from operations and its components is found in the chart segment reporting.

(15) Financial income and expense

€ million	2021/22	2020/21
Interest income	4.2	9.7
Interest expense	−34.6	−34.3
Interest income and expense, net	**−30.4**	**−24.6**
Other financial income	37.6	28.5
Other financial expense	−44.2	−52.9
Other financial income and expense, net	**−6.6**	**−24.4**
Financial expense, net	**−37.0**	**−49.0**
thereof financial income	41.8	38.2
thereof financial expense	−78.8	−87.2

TABLE 062

The interest expense dropped to € −30.4 (−24.6) million. With a reduction in net financial debt in the current financial year, interest income on investments decreased against the backdrop of the low interest rate environment. The net interest expense also contains the net expense from compounding the provisions for pensions and similar obligations totaling € 12.1 (9.8) million, the expense from compounding other non-current provisions and liabilities of € 0.3 (0.5) million as well as the expense from the accrual of interest on leasing liabilities of € 3.2 (3.5) million.

The other financial result improved considerably and amounted to € −6.6 (−24.4) million. It includes a lower negative currency result of € −5.6 (−9.8) million, which benefited in particular from the strengthening of the US dollar and the Moldovan leu. Argentina has been considered hyperinflationary since mid-2018 and thus requirements of IAS 29 (Financial Reporting in Hyperinflationary Economies) have applied accordingly since the third quarter of 2018/19; this increased currency losses by € 1.0 (0.8) million. During the 2020/21 financial year, the devaluation of a minority share in a French sugar factory resulted in an increased burden on the other financial result; this share was sold at the end of the 2020/21 financial year.

(16) Taxes on income

The tax expense of € 80.8 (56.6) million is comprised of current taxes paid or payable and deferred tax expense / income as follows:

€ million	2021/22	2020/21
Current taxes	86.2	62.2
Deferred taxes	−5.4	−5.6
Taxes in income	**80.8**	**56.6**

TABLE 063

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 %. The reconciliation of the theoretical and actual tax expense is shown in table 064.

€ million	2021/22	2020/21
Earnings before taxes on income	204.0	21.0
Theoretical tax rate	29.1 %	29.1 %
Theoretical tax expense (+)	**59.4**	**6.1**
Change in theoretical tax expense as a result of:		
Different tax rates	−14.4	−10.7
Tax reduction for tax-free income	0.8	30.6
Tax increase for non-deductible expenses	21.3	14.4
Tax effects from prior periods	−5.1	−6.9
Tax effects from the recognition and measurement of capitalized losses carried forward and temporary differences	11.9	16.8
Other	6.9	6.3
Taxes on income	**80.8**	**56.6**
Effective tax rate	**39.6 %**	**–**

TABLE 064

Following earnings before taxes on income of € 204.0 (21.0) million, taxes on income were € 80.8 (56.6) million.

The decline in the item tax reduction on tax-free income to € 0.8 (30.6) million resulted from the significant decrease in the negative income from companies consolidated at equity of ED&F Man.

In the current financial year, the item tax increase for non-deductible expenses includes effects from the impairment of goodwill in the fruit segment that are non-deductible.

The decline in the "tax effects from the recognition and measurement of capitalized losses carried forward and temporary differences" in particular reflects a clear reduction in losses in the sugar segment, for which there was no recognition of deferred taxes.

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. Based on the forecasts made, we assume that the companies in the sugar segment will recover their earnings in the medium term. Deferred tax assets of € 52.7 (61.2) million were recognized for tax loss carryforwards that are expected to be used against future taxable income. Deferred tax assets totaling € 333.9 (307.7) 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 € 332.3 (306.0) million do not expire; of the remaining amount totaling € 1.5 (1.7) million, a large share will expire within a period of up to eight years. An impairment loss of € 1.7 million was recognized on deferred tax assets for deductible temporary differences recognized in previous years.

No deferred tax liabilities were recognized in relation to investments in subsidiaries totaling € 57.7 (55.2) million since such gains are intended to be reinvested indefinitely and a reversal of these differences is thus not anticipated.

During the reporting year, deferred tax assets reduced income and expenses recognized directly in equity by a total of € 11.2 million, having had no effect on equity in the previous year.

In addition, € 5.0 (5.2) million in income tax was recognized directly in equity.

Deferred tax assets and liabilities relate to temporary differences in the following items on the balance sheet:

€ million	Deferred tax assets		Deferred tax liabilities	
28 February	2022	2021	2022	2021
Fixed assets and intangible assets	12.2	11.2	201.2	203.9
Inventories	11.7	9.1	26.1	38.9
Other assets	3.0	2.6	24.1	4.2
Tax-free reserves	0.0	0.0	30.4	31.1
Provisions	105.6	109.0	12.5	9.7
Liabililities	38.3	36.8	6.0	3.3
Tax loss carry forwards	52.7	61.2	0.0	0.0
Total	**223.5**	**229.9**	**300.3**	**291.1**
Offsets	−160.5	−155.2	−160.5	−155.2
Balance sheet	**63.0**	**74.7**	**139.8**	**135.9**
thereof non-current	**30.8**	**46.2**	**108.2**	**114.4**

TABLE 065

Current tax assets reported in the amount of € 31.5 (26.3) million comprise mainly tax prepayments.

Non-current tax liabilities in the amount of € 4.0 (9.0) million primarily comprise income taxes for prior year periods that have not yet been conclusively audited.

Current tax liabilities of € 34.3 (23.7) 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 522 (468) employees. Research and development costs amounted to € 51.6 (48.3) million and were fully recognized as an expense.

(18) Earnings per share

€ million	2021/22	2020/21
Net earnings of the year	**123.2**	**−35.6**
of which attributable to shareholders of Südzucker AG	65.6	−106.3
Time-weighted average number of shares outstanding	204,180,619	204,183,292
Earnings in € per share [1]	**0.32**	**−0.52**

[1] Undiluted / diluted.

TABLE 066

The earnings per share calculation (IAS 33) is based on the time-weighted average of 204,180,619 (204,183,292) shares outstanding. This includes a pro rata temporis reduction of the 24,391 shares reacquired in the current fiscal year for share-based executive board compensation. Earnings per share came in at € 0.32 (−0.52). There was no dilution of earnings per share.

(19) Other comprehensive income

Other comprehensive income totaling € 90.3 (18.0) million includes income and expenses recognized directly in equity of Südzucker shareholders and other non-controlling interests.

The income and expenses of € 76.9 (–102.7) 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 € 21.9 (–75.9) million are largely attributable to the strengthening of the US dollar and the British pound, compared to a weaker Chilean peso and Polish zloty. Last year foreign currency differences were in particular the result of weaker US dollar, Polish zloty, Hungarian forint and the Russian ruble.

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 € 10.5 (120.0) million. The alignment of the discount rate to 1.95 (1.45) % as of 28 February 2022 compared to an alignment of the trends in salaries and pensions to 2.50 (2.00) % and 1.80 (1.30) %, respectively, for material pension plans as of 28 February 2022, 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 € 559.8 million compared to € 475.4 million the year prior.

The recognized cash flow comprises net earnings (previous year: net loss), 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 2021/22 financial year corresponded to 7.4 (7.1) % of the group's consolidated revenues.

Change in working capital

The cash outflow from the increase in working capital was € −62.3 million following a cash inflow of € 5.4 million resulting from working capital reduction 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 property, plant and equipment

Investments in property, plant and equipment (including intangible assets) totaled € 331.7 (285.0) million. In the sugar segment, investments totaling € 114.2 (127.9) million were again mainly allocated toward replacement spending and the compliance with legal and regulatory requirements, improvements in logistics and individual process optimizations. In the special products segment, investments totaling € 123.5 (82.1) million were mainly allocated to expanding and optimizing production capacity at BENEO and Freiberger. The CropEnergies segment invested € 35.8 (28.8) 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 € 24.0 (22.1) million. Investments of € 34.2 (24.1) million in the fruit segment were primarily for replacement and maintenance 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

The fruit segment's investments in financial assets totaled € 3.6 (14.6) million and related to AGRANA Fruit Japan Ltd. in Yokkaichi, Japan, which has been fully consolidated since the second quarter. Last year's financial investments mainly related to the acquisition of Marroquin Organic International Inc. of Santa Cruz, USA, by AGRANA Stärke GmbH.

Decrease (–) / Increase (+) from financing activities

Increases / decreases in stakes and capital increase / redemption

As part of several transaction steps, there was an overall increase in the stake in the subsidiary SPAAGRANA Fruit Algeria, Akbou, Algeria during the 2021/22 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. In the previous year, the cash outflows from increases in stakes totaling € −1.4 million related in particular to share purchases in the fully-consolidated subsidiary Südzucker Polska S.A., Breslau, Poland.

Dividends paid

Südzucker AG's annual general meeting on 15 July 2021 approved the distribution of a dividend of € 0.20 (0.20) per share or € 40.8 (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 € 101.0 (97.2) million.

Financing and repayment of financing

In fiscal 2021/22, bank credit lines of € 166.0 million were issued; in the previous year, repayments of bank credit lines amounted to € –137.9 million. In the 2021/22 financial year, commercial papers were reduced by € 180 million from € 330 million to € 150 million; in the previous year, the opening and closing balances of commercial papers issued were unchanged at € 330 million.

The repayment from leasing liabilities amounted to € 32.8 (35.2) 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 € 81.0 (50.9) 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
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**

€ million	Goodwill	Concessions, industrial and similar rights	Total
2020/21			
Acquisition costs			
1 March 2020	2,001.4	492.1	2,493.5
Change in companies incl. in the consolidation and other changes	0.0	2.8	2.8
Changes due to currency translation	−18.0	−26.2	−44.2
Additions	0.0	5.5	5.5
Transfers	0.0	1.5	1.5
Disposals	0.0	−1.6	−1.6
28 February 2021	1,983.4	474.1	2,457.5
Amortization and impairment losses			
1 March 2020	−1,261.9	−230.5	−1,492.4
Change in companies incl. in the consolidation and other changes	0.0	0.7	0.7
Changes due to currency translation	0.0	4.8	4.8
Amortization for the year	0.0	−25.0	−25.0
Impairment losses	0.0	0.0	0.0
Transfers	0.0	0.0	0.0
Disposals	0.0	1.6	1.6
Reversals of impairment losses	0.0	0.0	0.0
28 February 2021	−1,261.9	−248.4	−1,510.3
Net carrying amount 28 February 2021	**721.5**	**225.7**	**947.2**

TABLE 067

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.

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 (BUND) was used as the risk-free interest rate. Business risk is a product of the general market risk premium of 7.0 (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.

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).

We have assumed a growth rate to perpetuity of 0.8 (0.6) % after the five-year budget period for the CGUs. The growth rate used to discount the perpetual annuity is below the expected growth rates in the five-year plan and is primarily used to offset a general rate of inflation. Investments in the planning period are based on investment plans that have been ratified and take 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 regular measurement date 31 August 2021. The cost of capital before tax reflects the still extremely low interest rate from German Government Bonds. Given the current high level of inflation, interest rates are expected to rise in the medium term. The ECB's inflation expectation also influences the assumed growth rates.

€ million	Goodwill		Weight average cost of capital	
28 February	2022	2021	2021/22	2020/21
CGU Sugar	106.7	106.8	6.7 %	6.9 %
CGU Freiberger	372.4	358.4	4.8 %	5.1 %
CGU BENEO	84.9	84.9	5.0 %	6.3 %
CGU PortionPack	43.9	43.8	5.2 %	5.6 %
CGU Fruit	98.7	127.6	6.5 %	6.8 %
Total	**706.6**	**721.5**	–	–

TABLE 068

The impairment test for goodwill as of 31 August 2021 did not result in any need for impairment, with the value in use of the CGUs exceeding their carrying amounts.

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. Moreover, assumptions and planning are subject to increased uncertainty due to the Corona pandemic. With the worldwide Corona pandemic vaccination campaign, we do not expect any long-term negative impact on business activities for all CGUs.

At the measurement date the values in use of all CGUs were significantly higher than the carrying amounts of goodwill. 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. In the fruit CGU, probability-weighted scenarios were used instead of a discount on the sustainable cash flow due to the volatility of the markets.

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 now achieved significant improvements in earnings. The sugar price trend and strengthening of the cost structure determine the CGU's competitiveness and profitability.

Due to the war between Russia and Ukraine, which started on 24 February 2022, we revised our estimates of market and profit growth for all CGUs again at the end of the financial year. In addition to the sharp rise in raw material prices affecting all CGUs coupled with high volatility – for example in the energy and grain sectors – the direct impact on the production facilities in Russia and Ukraine and the related business activity was also taken into account for the fruit CGU. Based on our assessment that it will be possible, at least with a time lag, to pass on most of the resulting cost increases to the market, there were no material negative impacts on results – with the exception of the fruit CGU.

CGU fruit includes three subsidiaries in Ukraine and one subsidiary in Russia. The Russian subsidiary produces food products that are not directly covered by the sanctions provisions. However, it is assumed that there will still be some indirect effects (e. g. a decline in domestic consumption). The sanctions will have a strong impact on earnings in Russia in 2022/23, but they will recover in the long term. A decline in production and lower domestic sales are anticipated for Ukrainian subsidiaries that are not located in the immediate war zone at the balance sheet date, but a return to pre-war levels is expected in the long term.

Due to the high level of uncertainty during the preparation period, the fruit CGU management explored possible variants of future developments in these two countries on the basis of the key assumptions presented regarding the effects of the Ukraine conflict and weighted according to expected probability, integrated as a weighted adjustment value within the existing planning scenarios. In the context of these variants, alongside varying forecasts regarding the duration of the war, various developments were also visualized with regard to sanctions against Russia and, consequently, the impact on business activities at the production sites concerned. The application of these probability-weighted variants has made it possible to present a clear and comprehensible map of the uncertainty arising from the Ukraine conflict.

The resulting value in use as of 28 February 2022 was below the carrying amount based on the WACC of 7.4 % (before taxes) updated as of the reporting date and resulted in an impairment loss of € 29.4 million on the fruit CGU's good will. The relevant carrying amount here is already based on an impairment loss within the asset CGU Ukraine for property, plant and equipment at the AGRANA Fruit Luka TOV farm operations site in Vinnitsa, Ukraine, and for fixed assets of € 1.5 million at customer sites in war zones.

Depending on further acts of war or sanctions, there may be negative effects on the 2022/23 financial year or subsequent financial years and thus further effects in the impairment of goodwill and property, plant and equipment. A further increase in the WACC would also lead to an additional impairment requirement for the fruit CGU's goodwill. An increase in the WACC by 0.5 percentage points would result in an additional impairment loss of around € 42 million.

(22) Property, plant and equipment (including leasing)

Acquired property, plant and equipment

€ 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
2021/22					
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**

The investments are reduced by government grants totaling € 1.3 (1.9) million. As in the previous year, no borrowing costs were recognized.

Exchange-related differences in the amount of € 13.5 million in the 2021/22 financial year were primarily due to the strengthening of the US dollar and the British pound compared to a weaker Chilean peso and Polish zloty. The prior year’s exchange-related differences in the amount of € −31.7 million were largely attributable to the weaker US dollar, Polish zloty, Hungarian forint and the Russian ruble.

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”.

Leased property, plant and equipment

€ 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
2021/22					
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
Impairment losses including special items	0.0	2.4	0.0	−2.3	0.1
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 property, plant and equipment	**1,127.2**	**1,540.8**	**120.1**	**199.5**	**2,987.6**

TABLE 069

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 € 38.8 (41.2) million, € 32.8 (35.2) million of which come from fixed and € 0.0 (0.0) million of which result from variable payments, as well as € 6.0 (5.9) million from the costs of short-term and low value leases.

The weighted average incremental borrowing rate as of 28 February 2022 for the recognition of leasing liabilities was 2.8 (2.8) %.

Acquired property, plant and equipment

€ 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
2020/21					
Acquisition costs					
1 March 2020	2,159.4	5,504.3	495.3	243.4	8,402.4
Change in companies incl. in the consolidation and other changes	0.1	−2.9	0.1	1.0	−1.7
Changes due to currency translation	−26.0	−42.2	−6.2	−1.8	−76.2
Additions	28.0	126.3	22.0	103.2	279.5
Transfers	33.1	163.2	4.0	−201.8	−1.5
Disposals	−17.5	−81.4	−26.4	−0.3	−125.6
28 February 2021	2,177.1	5,667.3	488.8	143.7	8,476.9
Depreciation and impairment losses					
1 March 2020	−1,109.2	−3,988.3	−366.2	−0.3	−5,464.0
Change in companies incl. in the consolidation and other changes	−0.4	−1.1	0.0	0.0	−1.5
Changes due to currency translation	12.1	30.0	4.4	0.0	46.5
Depreciation for the year	−51.7	−217.6	−33.4	0.0	−302.7
Impairment losses including special items	−1.9	−3.6	−0.1	0.0	−5.6
Transfers	0.0	0.0	0.0	0.0	0.0
Disposals	13.9	76.0	21.0	0.0	110.9
Reversals of impairment losses	0.2	0.1	−0.1	0.0	0.2
28 February 2021	−1,137.0	−4,104.5	−374.4	−0.3	−5,616.2
Net carrying amount 28 February 2021	**1,040.1**	**1,562.8**	**114.4**	**143.4**	**2,860.7**

Leased property, plant and equipment

€ 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
2020/21					
1 March 2020	88.5	19.8	13.7	0.3	122.3
Additions	28.1	3.8	2.6	2.0	36.5
Depreciation for the year	−21.5	−6.9	−4.9	0.0	−33.3
Changes due to currency translation	−1.8	−0.1	−0.1	0.0	−2.0
Transfers	0.0	0.0	0.0	0.0	0.0
Impairment losses including special items	0.0	0.0	0.0	0.0	0.0
Disposals	−0.7	−0.1	0.0	0.0	−0.8
Change in companies incl. in the consolidation and other changes	−0.1	0.0	−0.1	0.0	−0.2
Net carrying amount 28 February 2021	**92.5**	**16.5**	**11.2**	**2.3**	**122.5**
Total net carrying amount of property, plant and equipment	**1,132.6**	**1,579.3**	**125.6**	**145.7**	**2,983.2**

TABLE 070

(23) Shares in companies consolidated at equity, other investments

Shares in companies consolidated at equity

€ million	2021/22	2020/21
1 March (published)	**164.5**	**312.8**
Adjustment [1]	−28.3	−28.3
1 March (adjusted)	**136.2**	**284.5**
Change in companies incl. in the consolidation and other changes	5.0	17.5
Changes due to currency translation	−1.4	−19.2
Additions	0.0	2.1
Share of profits	−45.8	−125.7
Disposals/dividends	−13.4	−23.0
Impairment losses including special items	−3.2	**0.0**
28 February	**77.4**	**136.2**

TABLE 071

The companies consolidated at equity comprise the stakes in ED&F Man Holdings Limited, London, United Kingdom, 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 in the CropEnergies segment.

The following is a summary of the financial position and performance of joint ventures with the largest share attributable to Hungrana Group:

28 February			2022			2021
€ million	Total	Hungrana Group	Other	Total	Hungrana Group	Other
Non-current assets	178.0	105.2	72.8	185.9	107.3	78.6
Inventories	143.9	71.2	72.7	114.3	53.5	60.8
Receivables and other assets	125.5	54.9	70.6	87.0	32.6	54.5
Cash, cash equivalents and securities	18.1	7.7	10.4	8.8	1.0	7.8
Current assets	287.5	133.8	153.7	210.1	87.0	123.1
Total assets	**465.5**	**239.0**	**226.4**	**396.0**	**194.3**	**201.7**
Equity	147.8	105.3	42.4	152.2	104.8	47.4
External financial liabilities	19.0	0.1	18.9	19.5	0.3	19.2
Other liabilities	29.5	1.8	27.8	8.2	1.7	6.5
Non-current liabilities	48.5	1.9	46.6	27.8	2.0	25.7
External financial liabilities	136.4	88.6	47.8	98.2	49.0	49.2
Other liabilities	132.8	43.2	89.6	117.9	38.4	79.4
Current liabilities	269.2	131.8	137.4	216.1	87.4	128.6
Total liabilities and equity	**465.5**	**239.0**	**226.4**	**396.0**	**194.3**	**201.7**
Revenues	728.7	356.2	372.5	566.6	287.2	279.4
Depreciation	−20.0	−13.7	−6.3	−18.4	−13.1	−5.3
Other expenses	−671.9	−308.5	−363.5	−503.5	−228.7	−274.8
Result from operations	**36.8**	**34.1**	**2.7**	**44.7**	**45.4**	**−0.7**
Interest income	0.1	0.0	0.1	0.1	0.0	0.1
Interest expense	−1.9	−0.9	−1.0	−1.7	−0.7	−1.0
Other financial expense	−2.2	−1.6	−0.6	−0.8	−0.3	−0.6
Earnings before income taxes	**32.8**	**31.6**	**1.2**	**42.2**	**44.4**	**−2.2**
Taxes on income	−7.1	−4.0	−3.1	−4.9	−5.6	0.7
Net earnings	**25.7**	**27.5**	**−1.8**	**37.3**	**38.8**	**−1.5**
Income and expenses recognized in other comprehensive income	−3.4	−2.0	−1.4	−6.8	−7.9	1.1
Comprehensive income	**22.3**	**25.5**	**−3.2**	**30.6**	**30.9**	**−0.4**

TABLE 072

ED&F Man Holdings Limited

Südzucker holds a stake of around 35 % in the trading company ED&F Man Holdings Limited. As the only material associated company, ED&F Man Holdings Limited, London, United Kingdom, is consolidated at equity. The company has a different financial year than Südzucker that ends on 30 September and prepares its consolidated financial statements in compliance with IFRS in US-dollars. This subgroup's interim financial statements with a reporting date two months earlier than those of Südzucker have been included. The financial position and performance of ED&F Man Holdings Limited summarized below thus covers the period from 1 January to 31 December.

€ million 31 December	2021	2020
Non-current assets	657.1	607.3
Current assets [1]	15,812.9	18,987.1
Total assets [1]	**16,470.0**	**19,594.4**
Equity [1]	10.4	190.1
Non-current liabilities	1,647.7	1,497.9
Current liabilities	14,811.9	17,906.4
Total liabilities and equity [1]	**16,470.0**	**19,594.4**
Revenues	5,554.4	5,479.0
– other expenses	−5,751.5	−5,703.5
= Net earnings	−197.1	−224.5
Income and expenses recognized in other comprehensive income	18.0	11.9
Comprehensive income	**−179.1**	**−212.6**

[1] Further information on the adjustment is provided in Note (01) to the consolidated financial statements.

TABLE 073

The income of € 18.0 (11.9) million recognized directly in equity mainly results from the measurement of pension obligations and from currency translation due to the appreciation of the US dollar against the euro.

Due to the continuing unsatisfactory earnings situation at ED&F Man as a result of the delays in implementing the strategic restructuring, which were mainly attributable to the coronavirus pandemic, there was another high net loss for the year. This is recognized in the amount of the share attributable to Südzucker in the at-equity result and deducted from the carrying amount of the investment, which is thus fully exhausted by the period ended on 28 February 2022.

ED&F Man was able to secure an increase and extension of the existing bank loan in March 2022 to continue the strategic restructuring that is already underway. As a result of the implementation of this refinancing, Südzucker's significant participation rights in ED&F Man, such as Südzucker's right of representation on the ED&F Man Board, are suspended. This will result in the loss of our significant influence and thus in the termination of the at-equity valuation. The corresponding realization of currency gains previously recognized directly in equity in the amount of € 9.7 million will take place upon loss of significant influence in the first quarter of the 2022/23 financial year.

The carrying amounts for the two significant investments ED&F Man Group and Hungrana Group are derived as follows:

28 February	2022		2021	
€ million	ED&F Man Group	Hungrana Group	ED&F Man Group	Hungrana Group
Equity (published)	**10.4**	**105.3**	**272.3**	**104.8**
Adjustment [1]	0.0	0.0	−82.2	0.0
Equity (adjusted)	**10.4**	**105.3**	**190.1**	**104.8**
+/– Adjustments (in substance other minority interests)	−35.8	0.0	−34.6	0.0
= Equity attributable to shareholders	**−25.4**	**105.3**	**155.5**	**104.8**
thereof Südzucker-share in equity	*0.0*	*52.7*	*53.4*	*52.4*
+ Goodwill	0.0	0.4	0.0	0.4
= Shares in companies consolidated at equity (carrying amount) [1]	**0.0**	**53.1**	**53.4**	**52.8**

[1] Further information on the adjustment is provided in Note (01) to the consolidated financial statements.

TABLE 074

Other investments of € 7.1 (8.8) million comprise also subsidiaries, joint ventures and associated companies that are not included in consolidation due to their relative insignificance.

(24) Inventories

€ million 28 February	2022	2021
Raw materials and supplies	544.4	506.4
Work in progress and finished goods		
Sugar segment [1]	1,193.8	1,077.2
Special products segment [1]	212.9	217.4
CropEnergies segment	69.7	42.4
Starch segment [2]	72.7	83.4
Fruit segment	169.4	146.0
Total of work in progress and finished goods	1,718.5	1,566.4
Merchandise	53.7	61.0
Total	**2,316.6**	**2,133.8**

[1] Prior-year figures adjusted.
[2] First-time reporting of the Starch segment in the 2021/22 financial year.

TABLE 075

The increase in inventories to € 2,316.6 (2,133.8) million was mainly due to higher inventories as a result of increased sugar production combined with higher manufacturing costs.

Write-downs in the amount of € 2.2 million were required on inventories in the sugar segment as of 28 February 2022 and were largely attributable to lower net disposal proceeds. Write-downs as of 28 February 2021 had the opposite effect on the lower net disposal proceeds of € 6.2 million, which were realized from sales in the 2021/22 fiscal year.

In addition, write-downs totaling € 1.9 (2.5) million were necessary in the special products segment, € 2.5 (0.0) in the starch segment and € 1.5 (3.2) million in the fruit segment. The Ukraine conflict also necessitated write-downs of € 1.1 million in the fruit segment, which are included in the result from restructuring and special items.

Write-downs of net disposal proceeds in the sugar segment totaling € 0.0 (0.1) million were also necessary on merchandise inventories. In the special products segment, write-downs of € 0.0 (0.1) million were necessary. In addition, write-downs on merchandise, mainly in the fruit segment, totaling € 0.5 million were recognized in the result from restructuring and special items in connection with the Ukraine conflict.

(25) Trade receivables and other assets

€ million		Remaining term			Remaining term	
28 February	2022	to 1 year	over 1 year	2021	to 1 year	over 1 year
Trade receivables	**1,139.9**	**1,139.9**	**0.0**	**948.4**	**948.4**	**0.0**
Receivables due from the EU	0.1	0.1	0.0	0.1	0.1	0.0
Positive market value derivatives	113.7	113.7	0.0	16.4	16.4	0.0
Remaining financial assets	91.4	85.3	6.1	73.2	61.8	11.4
Other financial assets	**205.2**	199.1	6.1	**89.7**	78.3	11.4
Other taxes recoverable	163.8	163.8	0.0	128.5	128.5	0.0
Remaining non-financial assets	97.7	97.7	0.0	93.7	93.7	0.0
Non-financial assets	**261.5**	261.5	0.0	**222.2**	222.2	0.0
Other assets	**466.7**	**460.6**	**6.1**	**311.9**	**300.5**	**11.4**

TABLE 076

Trade receivables of € 1,139.9 (948.4) million were significantly higher than last year reflecting the increase in sales revenues.

Remaining financial assets totaling € 91.4 (73.2) million 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 of € 97.7 (93.7) million are mainly related to advances made, accruals / deferrals and the acquisition costs of CO_2 emissions certificates.

The carrying amount of trade receivables after allowances breaks down as follows:

€ million	28 February	2022	2021
Total trade receivables		1,156.3	960.6
Value adjusted		−16.4	−12.2
Net carrying amount		**1,139.9**	**948.4**

TABLE 077

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.

Overall, bad debt allowances on trade receivables developed as follows:

€ million	2021/22	2020/21
1 March	**12.2**	**14.5**
Change in companies incl. in the consolidation / currency translation/other changes	0.0	−0.3
Additions	6.6	2.0
Use	−0.9	−2.9
Reversal	−1.5	−1.1
28 February	**16.4**	**12.2**

TABLE 078

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 € 1,139.9 (948.4) million; € 1,051.4 (869.4) million of this amount was not yet due. The aging structure of past-due receivables as well as the loss rates used for determining portfolio-based impairment are as follows:

28 February	2022		2021	
	€ million	Default rate	€ million	Default rate
Receivables not past due before allowances	1,051.4	< 0.1 %	869.4	< 0.1 %
Past-due receivables without specific-debt allowances	88.5	–	79.0	–
of which up to 30 days	67.0	0.3 %	58.3	0.3 %
of which 31 to 90 days	10.6	1.9 %	13.5	0.9 %
of which over 90 days	10.9	–	7.2	–
Net carrying amount	**1,139.9**		**948.4**	
Portfolio-based value adjustments	0.9		0,7	
Receivables including specific-debt allowances	15.5		11.5	
Total trade receivables (gross)	**1,156.3**		**960.6**	

TABLE 079

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 2022, 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 24,391 treasury shares as of the balance sheet date corresponding to an outstanding subscribed capital of € 204,158,901.

The 24,391 treasury shares were acquired by the company in January 2022 to service the newly implemented share-based executive board compensation system. The acquisition costs of € 0.3 million attributable to this were deducted from the subscribed capital in the amount of € 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, amounts to meet dividend obligations, 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 materials.

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 € 918.2 (881.9) million are attributable to the minority interest in the subgroup AGRANA in the amount of € 695.1 (698.3) million and mainly to the minority interest in the subgroup CropEnergies in the amount of € 223.1 (175.0) 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 080

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.

An overview of the financial position and performance of the two subgroups AGRANA and CropEnergies is provided below:

28 February	2022		2021	
€ million	AGRANA	CropEnergies	AGRANA	CropEnergies
Non-current assets	1,135.0	377.9	1,232.0	377.4
Current assets	1,508.6	604.8	1,240.7	365.0
Total assets	**2,643.6**	**982.7**	**2,472.7**	**742.4**
Non-current liabilities	477.5	70.1	597.4	61.4
Current liabilities	884.6	216.2	546.2	114.9
Total liabilities	**1,362.1**	**286.3**	**1,143.6**	**176.3**
Net assets	**1,281.5**	**696.4**	**1,329.1**	**566.1**
Revenues	2,901.5	1,075.3	2,547.0	833.1
Result from operations	24.7	127.2	78.7	108.2
Earnings before income taxes	8.6	124.2	60.2	107.4
Taxes on income	−20.8	−34.8	−5.2	−22.5
Net earnings	**−12.2**	**89.4**	**55.0**	**84.9**
Income and expenses recognized in other comprehensive income	16.6	103.3	−45.6	−2.8
Comprehensive income	**4.4**	**192.7**	**9.4**	**82.1**
Dividend payment in fiscal year	53.4	30.5	48.8	26.2
thereof attributable to other minority interest outside the Südzucker Group	31.0	9.4	28.6	8.1

TABLE 081

The data correspond to the published consolidated financial statements of the respective subgroups. More detailed information is available in the current 2021/22 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 included as personnel expenses in the income statement and amounted to € 51.6 (50.8) 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:

€ million 28 February	2022	2021
Defined benefit obligation for direct pension benefits	998.7	1,010.4
Fair value of plans assets	−133.3	−129.5
Provision for pensions and similar obligations (net defined benefit obligation)	**865.4**	**880.9**
Discount rate in % (significant pension plans)	1.95	1.45

TABLE 082

Südzucker Group offers employees the following main types of pension plans as part of retirement and severance plans:

	Defined benefit plans						Severance plans	
€ million	Südzucker AG	Germany remaining	Belgium	France	Austria	Other foreign countries	Worldwide	Total
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 plans 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 2021								
Defined benefit obligation for direct pension benefits	749.7	66.4	61.4	25.3	45.7	8.9	53.0	1,010.4
Fair value of plans assets	−2.0	−1.0	−68.0	−32.1	−16.2	−8.1	−2.1	−129.5
Provision for pensions and similar obligations (net defined benefit obligation)	**747.6**	**65.4**	**−6.6**	**−6.8**	**29.5**	**0.9**	**50.9**	**880.9**

TABLE 083

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. 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

Net financial debt from defined benefit obligations developed as follows:

€ million	Defined benefit obligation	Fair value of plan assets	Provision for pensions and similar obligations
1 March 2020	**1,131.3**	**–129.5**	**1,001.8**
Current service cost	31.3		31.3
Past service cost	–0.1		–0.1
Gains and losses on curtailments or settlements	0.0		0.0
Interest expense (+) / income (–)	11.2	–1.4	9.8
Expenses for company pension plans (Income statement)	**42.4**	**–1.4**	**41.0**
Gains (–) and losses (+) on actual return on plan assets		–1.1	–1.1
Gains (–) and losses (+) from change of demographic assumptions	–0.5		–0.5
Gains (–) and losses (+) from changes in financial assumptions	–118.7		–118.7
Gains (–) and losses (+) on experience adjustments	–5.0		–5.0
Remeasurements (other comprehensive income)	**–124.2**	**–1.1**	**–125.3**
Change in consolidated companies (and other)	0.0	0.0	0.0
Effect of exchange rate differences	–0.3	0.1	–0.2
Employer contributions to plan assets	0.0	–3.7	–3.7
Plan participants contributions	0.3	–0.3	0.0
Benefit payments	–39.1	6.4	–32.7
Benefit payments, contributions, change in consolidated companies (and other)	**–39.1**	**2.5**	**–36.6**
28 February 2021	**1,010.4**	**–129.5**	**880.9**

€ 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 cost	25.1		25.1
Past service cost	−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 (statement of income and expenses recognized directly in equity)	**−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

TABLE 084

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 € −13.9 (–125.3) million revaluation of pension obligations resulted from the adjustment of the discount rate to 1.95 (1.45) %, the trends for salaries and pensions to 2.5 (2.00) % or to 1.80 (1.30) % for material pension plans and 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).

The following actuarial assumptions were made in determining the defined benefit obligation and, in certain cases, related plan assets for material pension plans:

in %	28 February	2022	2021
Interest rate		1.95	1.45
Salary growth		2.50	2.00
Pension growth		1.80	1.30

TABLE 085

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.

Interest rate	Duration		%
Plan composition	Years	28.02.22	28.02.21
Euro zone			
Plans primarily comprising pensioners	10	1.25	0.75
Plans with a mixed portfolio of active employees and pensioners	14	1.80	1.30
Main plans (Südzucker AG) – Mixed portfolio with surplus of pensioners	18	1.95	1.45
Plans predominantly comprising active employees	26	2.10	1.70

TABLE 086

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.

28 February		2022		2021	
€ million	Change in actuarial assumption	Defined benefit obligation	Change	Defined benefit obligation	Change
Present value of the obligation		998.7	–	1,010.4	–
Discount rate	Increase by 0.50 percentage point	921.3	−7.8 %	934.5	−7.5 %
	Decrease by 0.50 percentage point	1,087.7	8.9 %	1,106.0	9.5 %
Salary growth	Increase by 0.25 percentage point	1,008.5	1.0 %	1,027.9	1.7 %
	Decrease by 0.25 percentage point	984.6	−1.4 %	1,002.1	−0.8 %
Pension growth	Increase by 0.25 percentage point	1,026.4	2.8 %	1,042.6	3.2 %
	Decrease by 0.25 percentage point	972.4	−2.6 %	987.5	−2.3 %
Life expectancy	Increase by one year	1,040.0	4.1 %	1,056.2	4.5 %
	Decrease by one year	957.3	−4.2 %	972.3	−3.8 %

TABLE 087

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:

28 February	2022		2021	
€ million	Fair value	thereof market prices in active markets	Fair value	thereof market prices in active markets
Debt instruments	18.7	18.2	18.6	18.6
Equity instruments	20.3	20.2	16.6	16.6
Real estate funds	1.2	0.4	0.8	0.0
Assets held by assurance company	88.0	0.3	88.1	0.3
Other	5.1	3.4	5.4	5.1
Total	**133.3**	**42.5**	**129.5**	**40.6**

TABLE 088

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.

Duration and future payments

The weighted average duration of the present value of all defined benefit obligations is approximately 16.6 (16.9) years. Employer contributions to plan assets are expected to total € 4.3 (4.3) million in the 2022/23 financial year. Pension and severance payments are expected to develop as follows over the next ten years:

Period	€ million
2022/23	39.4
2023/24	37.9
2024/25	42.1
2025/26	41.8
2026/27	40.4
2027/28 to 2031/32	218.6
Total	**420.2**

TABLE 089

(28) Other provisions

€ million 28 February	2022	Short-term	Long-term	2021	Short-term	Long-term
Personnel-related provisions	69.9	13.3	56.6	92.5	28.3	64.2
Provisions for litigation risks and risk precautions	150.9	47.8	103.1	150.8	55.4	95.4
Other provisions	84.6	31.4	53.2	89.4	33.6	55.8
Total	**305.4**	**92.5**	**212.9**	**332.7**	**117.3**	**215.4**

TABLE 090

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 2022/23 or in subsequent years.

Other provisions developed as follows during the reporting period:

€ million	Personnel-related provisions	Provisions for litigation risks and risk precautions	Other provisions	Total
1 March 2021	**92.5**	**150.8**	**89.4**	**332.7**
Change in companies incl. in the consolidation and other changes	−0.1	−0.0	0.1	0.0
Changes due to currency translation	−0.1	0.0	0.3	0.2
Additions and unwindings	18.3	5.0	34.6	57.9
Use	−33.4	−4.0	−27.5	−64.9
Reversal	−7.3	−0.9	−12.3	−20.5
28 February 2022	**69.9**	**150.9**	**84.6**	**305.4**

TABLE 091

Personnel-related provisions

Personnel-related provisions of € 69.9 million 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 of € 150.9 million include provisions for market regulation proceedings, proceedings from operational contractual relationships and antitrust risks (fines and claims for damages).

Other provisions

Other provisions of € 85.1 million 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 € 0.3 (0.5) million.

(29) Trade payables and other liabilities

€ million		Remaining term			Remaining term	
28 February	2022	to 1 year	over 1 year	2021	to 1 year	over 1 year
Liabilities to beet growers	315.6	315.6	0.0	216.6	216.6	0.0
Liabilities to other trade payables	800.2	800.2	0.0	607.1	607.1	0.0
Trade payables	**1,115.8**	**1,115.8**	**0.0**	**823.7**	**823.7**	**0.0**
Negative market value derivatives	61.5	61.5	0.0	22.2	22.2	0.0
Remaining financial liabilities	136.8	129.2	7.6	111.7	108.0	3.7
Other financial liabilities [1]	**198.3**	**190.7**	**7.6**	**133.9**	**130.2**	**3.7**
Liabilities for personnel expenses [1]	128.4	128.0	0.4	123.5	123.1	0.4
Liabilities for other taxes and social security contributions	52.4	52.4	0.0	49.4	49.4	0.0
Remaining non-financial liabilities	14.4	14.4	0.0	11.5	11.5	0.0
Non-financial liabilities [1]	**195.2**	**194.8**	**0.4**	**184.4**	**184.0**	**0.4**
Other liabilities	**393.5**	**385.5**	**8.0**	**318.3**	**314.2**	**4.1**

[1] In fiscal year 2021/22, liabilities for personnel expenses were allocated to non-financial liabilities. The prior-year figures have been adjusted accordingly.

TABLE 092

Liabilities to beet growers accounted for € 315.6 (216.6) million of the higher trade payables of € 1,115.8 (823.7) million.

Other financial liabilities increased to € 136.8 (111.7) million and include interest liabilities and hedging services received in connection with hedging transactions.

The liabilities for personnel expenses of € 128.4 (123.5) million reported under non-financial liabilities mainly include obligations from bonuses, premiums, vacation and overtime pay. Remaining non-financial liabilities totaling € 14.4 (11.5) million primarily include on-account payments received on orders as well as accrued and deferred items of € 5.4 (4.3) million.

(30) Financial liabilities, securities and cash and cash equivalents (net financial debt)

€ million		Remaining term			Remaining term	
28 February	2022	to 1 year	over 1 year	2021	to 1 year	over 1 year
Bonds	947.0	150.0	797.0	1,126.0	330.0	796.0
Liabilities to banks	831.2	384.3	446.9	663.9	116.0	547.9
Leasing liabilities	105.7	27.9	77.8	123.6	30.0	93.6
Financial liabilities	**1,883.9**	**562.2**	**1,321.7**	**1,913.5**	**476.0**	**1,437.5**
Securities (non-current assets)	−18.8			−19.4		
Securities (current assets)	−83.7			−185.8		
Cash and cash equivalents	−315.6			−197.5		
Securities and cash and cash equivalents	**−418.1**			**−402.7**		
Net financial debt	**1,465.8**			**1,510.8**		

TABLE 093

Of the financial liabilities totaling € 1,883.9 million, € 1,321.7 million, or about 70 %, is available to Südzucker Group in the long-term. Development of financial liabilities are as follows:

million €	2021/22	2020/21
1 March	**1,913.5**	**2,054.2**
Cash changes	−46.8	−173.1
Non-cash changes	17.2	32.4
Initial consolidation	1.4	0.0
Deconsolidation	0.0	−0.2
Measurement effects	15.8	32.6
28 February	**1,883.9**	**1,913.5**

TABLE 094

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 conditions of issue of the 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 2.529 % for the period 31 December 2021 to 31 March 2022 (exclusively). The quarterly coupon 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 2022, cash flow amounted to € 559.8 (475.4) million, which corresponds to 7.4 (7.1) % of the consolidated revenues of € 7,598.9 (6,679.0) million.

The rating agency Moody's has recognized the equity share of the subordinate 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".

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.

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 CPs outstanding with a volume of € 150.0 (330.0) million as of 28 February 2022.

€ million	Due date	Coupon	Carrying amount	Fair value	Nominal value
28 February 2022					
Bond 2016/2023	29/11/2023	1.250 %	299.4	304.1	300.0
Bond 2017/2025	28/11/2025	1.000 %	497.6	501.3	500.0
Commercial paper			150.0	150.0	150.0
Bonds			**947.0**	**955.4**	**950.0**
28 February 2021					
Bond 2016/2023	29/11/2023	1.250 %	299.1	307.3	300.0
Bond 2017/2025	28/11/2025	1.000 %	496.9	511.5	500.0
Commercial paper			330.0	330.0	330.0
Bonds			**1,126.0**	**1,148.8**	**1,130.0**

TABLE 095

All bonds were fixed-interest bearing and had a combined carrying amount of € 947.0 (1,126.0) million.

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. Moody's left the subordinated hybrid bond equity credit rating unchanged at 75 %.

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. The subordinated hybrid bond was recognized unchanged at 50 % equity.

Liabilities to banks

Liabilities to banks increased to € 831.2 (663.9) million. Of the fixed-interest bearing liabilities to banks in the amount of € 510.2 (521.7) million, € 345.8 (422.9) was available in the long-term. Loans with variable interest rates totaled € 321.0 (142.2) million. As of the balance sheet date, liabilities to banks of € 8.3 (3.1) million were secured by mortgage rights and € 7.8 (7.8) million by other liens.

Liabilities to banks break down as follows:

Bank liabilities

€ million		Remaining term			Remaining term		Average effective rate of interest in %	
28 February	2022	to 1 year	over 1 year	2021	to 1 year	over 1 year	2021/22	2020/21
Fixed coupon								
EUR	460.8	157.8	303.0	506.7	87.4	419.3	1.04	1.12
CNY	4.1	3.4	0.7	5.6	2.5	3.1	4.69	4.89
DZD	3.3	3.0	0.3	1.1	0.6	0.4	7.18	4.06
HUF	0.0	0.0	0.0	0.1	0.1	0.0	–	2.00
USD	42.0	0.2	41.8	8.2	8.2	0.0	2.93	1.85
Total	**510.2**	**164.4**	**345.8**	**521.7**	**98.8**	**422.9**	**1.27**	**1.18**
Variable interest rate								
EUR	293.9	192.8	101.1	133.4	8.4	125.0	0.46	0.97
CNY	5.1	5.1	0.0	6.0	6.0	0.0	4.59	3.54
EGP	0.8	0.8	0.0	0.4	0.4	0.0	7.50	8.00
KRW	3.0	3.0	0.0	1.8	1.8	0.0	2.83	2.17
TRY	0.2	0.2	0.0	0.3	0.3	0.0	23.13	9.00
USD	18.0	18.0	0.0	0.1	0.1	0.0	1.99	2.25
ZAR	0.0	0.0	0.0	0.1	0.1	0.0	–	7.03
Total	**321.0**	**219.9**	**101.1**	**142.2**	**17.2**	**125.0**	**0.67**	**1.13**
Liabilities to banks	**831.2**	**384.3**	**446.9**	**663.9**	**116.0**	**547.9**	**1.03**	**1.17**

TABLE 096

Liabilities to banks include promissory notes of AGRANA in the amount of € 181.0 (181.0) million with maturities in 2022, 2024, 2026 and 2029.

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 core 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 2022.

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 2023 and August 2022, both with two extension options of two years. The credit facility is made available by four key banks. These credit lines had been accessed as of 28 February 2022 in the amount of € 0.0 (15.0) million.

Securities and cash and cash equivalents

Investments in securities totaling € 102.5 (205.2) million were mainly in fixed-interest securities.

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 investment securities that are exposed to a price risk are immaterial in Südzucker Group. 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 10 % 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.

The following summary shows the due dates of financial liabilities as of 28 February 2022. All outgoing payment flows are undiscounted and comprise interest and principal payments.

		Contractually agreed cash outflows						
€ million	Carrying amount	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	977.5	158.8	308.8	5.0	505.0	0.0	0.0
Liabilities to banks	831.2	855.0	389.8	66.8	132.0	99.3	98.5	68.5
Liabilities from finance leasing	105.7	128.0	32.9	23.9	16.9	13.0	9.3	32.0
Financial liabilities	**1,883.9**	**1,960.5**	**581.5**	**399.5**	**153.9**	**617.3**	**107.8**	**100.5**
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**	**3,995.1**	**2,608.5**	**407.1**	**153.9**	**617.3**	**107.8**	**100.5**

€ 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 2021								
Bonds	1.126,0	1.166,4	338,8	8,8	308,8	5,0	505,0	
Liabilities to banks	663.9	685.5	122.0	48.6	163.2	122.6	90.3	138.8
Liabilities from finance leasing	123.6	160.0	33.7	24.8	20.5	14.7	11.3	55.0
Financial liabilities	**1,913.5**	**2,011.9**	**494.5**	**82.2**	**492.5**	**142.3**	**606.6**	**193.8**
Liabilities to beet growers	216.6	216.6	216.6	0.0	0.0	0.0	0.0	0.0
Trade payables	607.1	607.1	607.1	0.0	0.0	0.0	0.0	0.0
Remaining financial liabilities	111.7	111.7	108.0	3.7	0.0	0.0	0.0	0.0
Forex futures – cash out	3.6	720.6	720.6	0.0	0.0	0.0	0.0	0.0
Forex futures – cash in	–	−693.8	−693.8	0.0	0.0	0.0	0.0	0.0
Interest rate swaps – cash out	0.7	0.7	0.4	0.3	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	17.9	17.9	17.9	0.0	0.0	0.0	0.0	0.0
Other financial liabilities [1]	**957,6**	**1,674.6**	**1,670.6**	**4.0**	**0.0**	**0.0**	**0.0**	**0.0**
Total financial liabilities [1]	**2,871.1**	**3,686.5**	**2,165.1**	**86.2**	**492.5**	**142.3**	**606.6**	**193.8**

[1] In fiscal 2021/22, liabilities from personnel expenses were allocated to non-financial liabilities. The prior-year disclosure of other financial liabilities has been adjusted accordingly.

TABLE 097

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. Cross-currency swaps are also used in finance activities.

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 2022.

The following shows the currency exposure and the hypothetical impact on the net result before tax as gain (+) or loss (–).

€ million	Exposure		Sensitivity (+)		Sensitivity (–)	
28 February	2022	2021	2022	2021	2022	2021
USD	35.2	61.6	−3.2	−5.6	3.9	6.8
GBP	15.4	16.1	−1.4	−1.5	1.7	1.8
PLN	3.1	2.8	−0.3	−0.3	0.3	0.3
CAD	3.1	2.9	−0.3	−0.3	0.3	0.3
CNY	0.8	1.8	−0.1	−0.2	0.1	0.2
RON	4.8	0.7	−0.4	−0.1	0.5	0.1
CZK	−2.4	−0.3	0.2	0.0	−0.3	0.0
Other currencies	−122.7	−118.0	11.2	10.7	−13.6	−13.1

TABLE 098

Currency exposure from the remaining currencies concerns euro receivables or payables of group companies in countries with other functional currencies. A long-term intra-group euro loan in the amount of € 220.0 (230.0) 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. Last year's figure included a euro loan of € 10 million in Poland, which has since been repaid. 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 € 20.0 (20.9) million, or decreased by € 24.4 (25.6) 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 half a percentage point applied to floating rate liabilities to banks as of 28 February 2022 without considering concluded interest rate swaps, interest expense would have increased as follows:

Interest rate sensitivity

€ million	2021/22 Total	2021/22 thereof with floating rate	2021/22 Effect from interest rate sensitivity	2020/21 Total	2020/21 thereof with floating rate	2020/21 Effect from interest rate sensitivity
Liabilities to banks	**831.2**	321.0	−1.6	**663.9**	142.2	−0.7

TABLE 099

A decline of half a percentage point in market interest rates would have resulted in a similar decline in interest expense.

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 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 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.

The nominal volumes and market values of derivative instruments are as follows:

€ million	Nominal volume		Positive market values		Negative market values	
28 February	2022	2021	2022	2021	2022	2021
Forex futures	733.9	708.7	5.6	4.1	−13.4	−3.6
Interest rate swaps	76.0	76.0	0.4	0.0	−0.3	−0.7
Commodity derivatives	704.4	503.0	107.7	12.3	−47.8	−17.9
Total	**1,514.3**	**1,287.7**	**113.7**	**16.4**	**−61.5**	**−22.2**

TABLE 100

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 2022 would change as follows (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 follows:

€ million	Net market values		Sensitivity (+)		Sensitivity (–)	
28 February	2022	2021	2022	2021	2022	2021
Forex futures	−7.8	0.5	25.0	26.0	−32.1	−28.9
Interest rate swaps	0.1	−0.7	0.5	1.0	−0.5	−1.0
Commodity derivatives	59.9	−5.6	20.2	−15.8	−17.1	14.8
Total	**52.2**	**−5.8**	**45.7**	**11.2**	**−49.7**	**−15.1**
thereof changes in OCI	–	–	28.2	−4.2	−31.5	−0.6
there changes in earnings before income taxes	–	–	17.5	15.4	−18.2	−14.5

TABLE 101

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 carrying amounts of the derivatives recognized as part of such a hedge are given below:

€ million	Nominal volume		Positive market values		Negative market values	
28 February	2022	2021	2022	2021	2022	2021
Forex futures	317.3	193.4	3.5	0.6	−8.3	−0.6
Interest rate swaps	76.0	76.0	0.4	0.0	−0.3	−0.7
Commodity derivates	671.4	488.3	107.7	12.3	−47.1	−17.6
Total	**1,064.7**	**757.7**	**111.6**	**12.9**	**−55.7**	**−18.9**

TABLE 102

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 € 357.3 (107.9) million at a hedging rate of 238 (186) €/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, did not have to be recognized in fiscal year 2021/22 after € 0.2 million in the previous year. The volume of derivatives not included in a hedging transaction is evaluated in the income statement. This also applies to the over-hedging in the sugar export sector that occurred in the current fiscal year. 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		2022		2021	
€ million	Measurement categories	Carrying amount	Fair value	Carrying amount	Fair value
Securities	At fair value through profit or loss	12.6	12.6	13.2	13.2
Securities	Fair value recognized directly in equity in other comprehensive income (excluding recycling)	6.2	6.2	6.2	6.2
Long term securities		*18.8*	*18.8*	*19.4*	*19.4*
Other investments	At fair value through profit or loss	3.0	3.0	3.2	3.2
Trade receivables	At amortized cost	1,139.9	1,139.9	948.4	948.4
Receivables due from the EU	At amortized cost	0.1	0.1	0.1	0.1
Remaining financial assets	At amortized cost	91.4	91.4	73.1	73.1
Positive market value derivatives	At fair value through profit or loss	2.1	2.1	3.5	3.5
Positive market value derivatives – hedge accounting	n/a	111.6	111.6	12.9	12.9
Securities	Fair value recognized directly in equity in other comprehensive income (including recycling)	68.5	68.5	75.0	75.0
Securities	At fair value through profit or loss	0.3	0.3	0.3	0.3
Securities	At amortized cost	14.9	14.9	110.5	110.5
Short term securities		*83.7*	*83.7*	*185.8*	*185.8*
Cash and cash equivalents	At amortized cost	315.6	315.6	197.5	197.5
Total financial assets		**1,766.2**	**1,766.2**	**1,443.9**	**1,443.9**
Bonds	At amortized cost	947.0	955.4	1,126.0	1,148.8
Liabilities to banks	At amortized cost	831.2	829.8	663.9	667.2
Leasing liabilities	n/a	105.7	–	123.6	–
Trade liabilities	At amortized cost	1,115.8	1,115.8	823.7	823.7
Negative market value derivatives	At fair value through profit or loss	5.8	5.8	3.3	3.3
Negative market value derivatives – hedge accounting	n/a	55.7	55.7	18.9	18.9
Remaining financial liabilities	At amortized cost	136.8	136.8	111.7	111.7
Total financial liabilities		**3,198.0**	**3,099.3**	**2,871.1**	**2,773.6**

[1] In fiscal 2021/22, liabilities from personnel expenses were allocated to non-financial liabilities. The prior-year disclosure of remaining financial liabilities and total financial liabilities has been adjusted accordingly.

TABLE 103

The totals by measurement category and the net result by measurement category are given below.

€ million	28 February 2022		2021/22		28 February 2021		2020/21	
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	18.0	18.0	22.8	–	20.1	20.1	19.8	–
Financial assets at fair value recognized directly in equity in other comprehensive income (excluding recycling)	6.2	6.2	0.0	–	6.2	6.2	0.0	–
Financial assets at fair value recognized directly in equity in other comprehensive income (including recycling)	68.5	68.5	2.5	2.6	75.0	75.0	6.9	6.9
Financial assets at amortized cost	1,561.9	1,561.9	28.7	1.4	1,329.6	1,329.6	4.1	2.3
Financial liabilities at fair value through profit and loss	5.8	5.8	−28.5	–	3.3	3.3	−14.9	–
Financial liabilities at amortized cost	3,030.8	3,037.8	−31.6	−18.4	2,725.3	2,751.4	−41.3	−19.7
	–	**–**	**−6.1**	**−14.4**	**–**	**–**	**−25.4**	**−10.5**

TABLE 104

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 2016/23 and 2017/2025 bonds in the amount of € 805.4 (818.8) 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:

€ million								Fair value hierarchy
28 February	2022	Evaluation level 1	Evaluation level 2	Evaluation level 3	2021	Evaluation level 1	Evaluation level 2	Evaluation level 3
Securities	87.6	12.0	68.5	7.0	94.7	12.6	75.0	7.1
Other investments	3.0	0.0	0.0	3.0	3.2	0.0	0.0	3.2
Positive market values – derivatives without hedge accounting	2.1	0.0	2.1	0.0	3.5	0.0	3.5	0.0
Positive market values – hedge accounting derivatives	111.6	49.9	61.7	0.0	12.9	12.3	0.6	0.0
Positive market values	113.7	49.9	63.8	0.0	16.4	12.3	4.1	0.0
Financial assets	204.3	61.9	132.3	10.0	114.3	24.9	79.1	10.3
Negative market values – derivatives without hedge accounting	5.8	0.7	5.1	0.0	3.3	0.3	3.0	0.0
Negative market values – hedge accounting derivatives	55.7	45.1	10.6	0.0	18.9	17.6	1.3	0.0
Negative market values / financial liabilities	61.5	45.8	15.7	0.0	22.2	17.9	4.3	0.0

TABLE 105

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). 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 +/– € 3 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 with-out 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 not recognized on the balance sheet are as follows:

€ million	28 February	2022	2021
Guarantees		44.0	43.3
thereof for Joint Ventures		41.7	41.2
Warranty commitments		1.4	1.4

TABLE 106

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. We do not expect to have to make any performance payments from guarantees or warranty commitments.

A contingent liability in the amount of € 5.4 (5.5) million exists from a refund claim on EU funding in Hungary. Moreover, a contingent liability in the amount of € 27.6 million exists from an audit in Belgium. The companies' management classifies the use in both cases as very unlikely.

Purchase orders for investments in property, plant and equipment

Purchase orders for investments in property, plant and equipment in the amount of € 96.7 (97.1) million are related mainly to investments in sugar factories in preparation for the next campaign as well as in the BENEO, Freiberger and starch divisions and in the CropEnergies segment.

(34) Fees for services by the group's external auditors

Expenses in 2021/22 for services provided by the group's external auditors, PricewaterhouseCoopers GmbH Wirtschaftsprüfungsgesellschaft, were made up of fees for the following services:

€ thousand	2021/22	2020/21
Auditing services	792	709
Other assurance services	115	101
Tax consulting fees	8	0
Other services	70	0
Total	**985**	**810**

TABLE 107

The auditing services include expenses for auditing the consolidated financial statements as well as the legally prescribed financial statements of Südzucker AG and the consolidated financial statements and financial statements of German subsidiaries. The fees for other assurance services primarily comprise various other audit opinion services outside of the financial statements audit. Tax consulting fees mainly concerned issues relating to employee assignments abroad. The fees for other services for German subsidiaries comprise technical consulting in the area of IT and technical support for inquiries from third parties.

(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 11 November 2021 and made it permanently available to shareholders of Südzucker AG at www.suedzucker.de/en/Entsprechenserklaerung/.

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 8 November 2021 and made it permanently available to shareholders on the CropEnergies corporate website at www.cropenergies.com/en/investorrelations/Corporate_Governance/Entsprechenserklaerungen/Entsprechenserklaerung/.

(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.
- 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.
- Südzucker Unterstützungswerk (SUW), Frankenthal, Palatinate, Germany, whose assets are used to support Südzucker employees and pensioners in instances of particular difficulty 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 2021/22 financial year on the accounts held for SZVG and SUW at Südzucker AG comprised payments received from dividends and interest from business transactions. At the balance sheet date, Südzucker AG had liabilities to SZVG and to SUW of € 0.1 (0.1) million and € 3.0 (3.0) million, respectively. In addition, there were financial receivables of € 91.6 (101.6) million from, and financial liabilities of € 40.0 (43.1) million to Raiffeisen Group; financial receivables with a nominal volume of € 75 (75) 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 € 25.4 (24.7) million, hedged by this subordinated bond and comprising not only employee accounts but also executive board accounts 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. The volume of transactions of Südzucker Group with significant related parties is made up as follows:

€ million[1]	2021/22	2020/21
Joint ventures	234.5	165.5
Associated companies	25.5	10.9
Services performed for related parties	**260.0**	**176.4**
Joint ventures	76.4	53.8
Associated companies	1.2	1.8
Services received from related parties	**77.6**	**55.6**

[1] Only relationships to fully consolidated subsidiaries.

TABLE 108

The exchange of goods and services occurs as part of the company's ordinary course of business. The receivables from and liabilities to joint ventures and associates at the balance sheet date are:

€ million[1] 28 February	2022	2021
Joint ventures	67.7	59.8
Associated companies	1.0	1.9
Receivables from related parties	**68.7**	**61.7**
Joint ventures	13.8	13.9
Associated companies	0.0	0.1
Liabilities to related parties	**13.8**	**14.0**

[1] Only relationships to fully consolidated subsidiaries.

TABLE 109

Executive board compensation

The table below shows the total compensation paid to members of Südzucker AG's executive board. The variable component is dependent on the dividend to be approved by the annual general meeting; payment is made after the respective annual general meeting.

€ million	2021/22	2020/21
Fixed compensation	3.9	3.0
One-year variable compensation	0.7	0.2
Multi-year variable compensation	1.4	1.2
Total compensation	**6.0**	**4.4**

TABLE 110

Following his departure from the executive board and retirement, Mr. Johann Marihart was granted a payment of € 2.7 million by AGRANA Beteiligungs-AG. This also includes the pro rata variable compensation for the 2021/22 financial year.

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. In addition, fixed compensation including benefits may also include compensation from subsidiaries if the executive board members hold board memberships in supervisory board committees. Depending on the structure of the executive board members' contracts, variable, performance-based compensation is paid over one and / or several years. This can be 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.

Under the new executive board compensation system that currently applies to one member 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 2021/22 to the 2023/24 financial year depending on the average return on capital employed (ROCE) achieved. For this purpose – with the exception of the current financial year and the introduction of the new system during the year – 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. The resulting personnel expenses recognized in the current financial year are € 0.2 million.

Provisions for pensions of € 36.3 (37.4) million relate to former members of Südzucker AG's executive board and their dependents. Pension payments to former members of Südzucker AG's executive board and their dependents amounted to € 2.7 (2.6) million. Pension obligations for active executive board members amounted to € 18.5 (22.9) million; expenses for pension benefits – service cost in the case of defined benefit plans – amounted to € 0.3 (0.3) million and amounts for defined contribution plans amounted to € 0.4 (0.2) 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. A variable component is granted only if there is a dividend that exceeds € 0.50 per share, which was not the case.

€ million	2021/22	2020/21
Fixed compensation	1.9	1.8
Variable compensation	0.0	0.0
Total compensation	**1.9**	**1.8**

TABLE 111

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.

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 2021/22 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 14 July 2022. Following the annual general meeting, the compensation report for the 2021/22 financial year, including the resolution on its approval, will be made available on Südzucker's website for a period of 10 years.

(37) Supervisory board and executive board

Supervisory board

Dr. Hans-Jörg Gebhard, Eppingen / Germany
Chairman
Born 1955, member since 3 January 1995,
chairman since 24 August 2000
Former chairman of the executive board of
Verband Süddeutscher Zuckerrübenanbauer e. V.
Board memberships [1]
- Süddeutsche Zuckerrübenverwertungs-Genossenschaft eG, Ochsenfurt, Germany (chairman until 15 December 2021, deputy chairman since 15 December 2021)
- Vereinigte Hagelversicherung VVaG, Gießen, Germany

Franz-Josef Möllenberg [2], Rellingen / Germany
1st deputy chairman
Born 1953, member since 14 May 1992,
1st deputy chairman since 26 August 1992
Former chairman of Gewerkschaft
Nahrung-Genuss-Gaststätten

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 [3]
- 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
- BMG Donau-Lech eG, Mering / Germany

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 [3]
- Süddeutsche Zuckerrübenverwertungs-Genossenschaft eG, Ochsenfurt / Germany

Georg Koch, Wabern / Germany
Born 1963, member since 21 July 2009
Chairman of the general committee 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
Deputy chairwoman of the central works council of Mannheim der Südzucker AG

Walter Manz, Dexheim / Germany
Born 1964, member from 12 April 2019
Chairman of the general committee 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 [4]
- Süddeutsche Zuckerrübenverwertungs-Genossenschaft eG, Ochsenfurt / Germany

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 functions.
[2] Employee representative
[3] Memberships in addition to Südzucker Group and Raiffeisen-Holding Niederösterreich-Wien Group functions.
[4] Memberships in addition to functions in R+V Versicherung AG.

Angela Nguyen[2], Biederitz / Germany
Born 1969, member since 20 July 2017
Deputy chairwoman of the works council of
Freiberger Osterweddingen GmbH

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 (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[2], Zeitz / Germany
Born 1965, member since 1 January 2019
Chairman of the works council at the Zeitz plant of Südzucker AG

Nadine Seidemann[2], Donauwörth / Germany
Born 1982, member since 1 September 2013
Deputy chairwoman of the works council at the Rain plant of Südzucker AG

Dr. Stefan Streng, Uffenheim / Germany
Born 1968, member since 20 July 2017
Chairman of the executive board of
Verband Süddeutscher Zuckerrübenanbauer e. V.
Board memberships
- Süddeutsche Zuckerrübenverwertungs-Genossenschaft eG, Ochsenfurt / Germany, (Chairman since 15 December 2021)

Wolfgang Vogl[2], Bernried / Germany
Born 1962, member since 1 March 2011
Regional manager South
Offenau, Plattling and Rain plants of Südzucker AG

Rolf Wiederhold[2], Wabern / Germany
Born 1969, member since 1 March 2013
Chairman of the central works council of Südzucker AG

Committees of the supervisory board

General Committee
Dr. Hans-Jörg Gebhard (chairman)
Franz-Josef Möllenberg
Erwin Hameseder
Rolf Wiederhold

Agriculture Committee
Dr. Hans-Jörg Gebhard (chairman)
Helmut Friedl
Ulrich Gruber
Georg Koch
Nadine Seidemann
Wolfgang Vogl

Audit Committee
Helmut Friedl (chairman)
Dr. Hans-Jörg Gebhard
Ulrich Gruber
Veronika Haslinger
Franz-Josef Möllenberg
Rolf Wiederhold

[2] Employee representative

Nomination Committee
Dr. Hans-Jörg Gebhard (chairman)
Helmut Friedl
Erwin Hameseder
Julia Merkel

Social Welfare Committee
Dr. Hans-Jörg Gebhard (chairman)
Fred Adjan
Helmut Friedl
Erwin Hameseder
Franz-Josef Möllenberg
Rolf Wiederhold

Arbitration Committee
Dr. Hans-Jörg Gebhard (chairman)
Erwin Hameseder
Franz-Josef Möllenberg
Rolf Wiederhold

Executive board

Dr. Niels Pörksen, CEO
Limburgerhof / Germany
CEO
Since 1 March 2020; appointed until 28 February 2023
Board memberships [1]
- AGCO, Duluth / USA (since 21 October 2021)

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

Dr. Thomas Kirchberg, COO
Würzburg / Germany
Since 1 September 2007; appointed until 31 August 2022
Board memberships [1]
- Ekosem-Agrar AG, Walldorf / Germany
- Forum Moderne Landwirtschaft e. V., Berlin

Thomas Kölbl, CFO
Speyer / Germany
Since 1 June 2004; appointed until 31 May 2024
Board memberships [1]
- K+S Aktiengesellschaft, Kassel / Germany

Johann Marihart
Limberg, Austria
Since 31 January 1994; appointed until 31 May 2021

Markus Mühleisen
Vienna / Austria
Since 1 June 2021, appointed until 31 May 2024
Board memberships [1]
- OfficePod Ltd, Weston / UK

[1] Memberships in addition to Südzucker Group functions.

(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 2022 is attached to these notes to the consolidated financial statements and will be published together with the consolidated financial statements as of 28 February 2022 in the electronic Federal Gazette and separately on the Südzucker website.

(39) Proposed appropriation of earnings

Retained earnings of Südzucker AG amount to € 89.7 million. The executive board proposes that a dividend of € 0.40 (0.20) per share be distributed and be appropriated as follows:

		2021/22	2020/21
Issued subscribed capital	€	204,183,292	204,183,292
Nominal value of own shares	Number	−24,391	0
Outstanding no-par shares	Number	204,158,901	204,183,292
Dividends	€	0.40	0.20
Dividend amount	€	81,663,560.40	40,836,658.40
Earnings carried forward	€	8,032,459.62	6,415,315.49
Retained earnings	€	**89,696,020.02**	**47,251,973.89**

TABLE 112

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 24,391. 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 € 0.40 per dividend-bearing share is maintained and the corresponding higher remainder carried forward. The annual general meeting is expected to take place virtually on 14 July 2022; the dividend will be paid on 19 July 2022.

(40) Events after the balance sheet date

On 24 February 2022, the Russian Federation launched a war of aggression against the sovereign neighboring state of Ukraine.

The start of the war has put in concrete terms the higher probability of potential negative impacts on our future business performance. This had to be taken into account in the present financial statements for the period ended 28 February 2022, in particular with corresponding allowances for goodwill, property, plant and equipment, inventories, receivables from customers in the fruit segment with its production facilities in Russia and Ukraine, and in the group forecast for the 2022/23 financial year.

In light of the current situation, it is not possible at present to assess how the conflict will continue to develop and what further economic and geopolitical effects it will have on the supply of agricultural raw materials and on sales markets, freight rates, commodity and energy prices, inflation and global GDP development.

By the time the consolidated financial statements were prepared on 25 April 2022, there were no firm indications that there would be any further material financial effects beyond those presented.

Mannheim, 25 April 2022

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, 25 April 2022

EXECUTIVE BOARD

DR. NIELS PÖRKSEN (CHAIRMAN)	**INGRID-HELEN ARNOLD**	**DR. THOMAS KIRCHBERG**	**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 2022, and the consolidated statement of comprehensive income, consolidated statement of profit or loss, consolidated statement of changes in equity and consolidated statement of cash flows for the financial year from 1 March 2021 to 28 February 2022, 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 2021 to 28 February 2022. 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 2022, and of its financial performance for the financial year from 1 March 2021 to 28 February 2022, 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 2021 to 28 February 2022. 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 € 706.6 million (8.4% of total assets or 19.1% 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 carries out impairment tests once a year or if there are indications that goodwill may be impaired. 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. The measurements for each group of cash-generating units are derived from the current five-year plan adopted by the executive directors and approved by the supervisory board. 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 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 € 29.4 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, 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 valuation parameters and assumptions used by the executive directors are in line with our expectations 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 150.9 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 rea-sons 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" of the group management report
- the non-financial group statement pursuant to § 315b Abs. 1 HGB included in section "Corporate governance and responsibility" of the group management report including the related disclosures integrated in 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 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, the related safeguards.

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-2022-02-28.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 2021 to 28 February 2022 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 (10.2021)) 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 15 July 2021. We were engaged by the supervisory board on 15 July 2021. 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 published in the Federal Gazette – 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 Christina Pöpperl.

Frankfurt am Main, 25 April 2022
PricewaterhouseCoopers GmbH
Wirtschaftsprüfungsgesellschaft

MICHAEL BURKHARDT
WIRTSCHAFTSPRÜFER
[GERMAN PUBLIC AUDITOR]

CHRISTINA PÖPPERL
WIRTSCHAFTSPRÜFERIN
[GERMAN PUBLIC AUDITOR]

ADDITIONAL INFORMATION

04

GLOBAL REPORTING INITIATIVE

In this annual report, Südzucker discusses group sustainability programs. Südzucker complies with the Global Reporting Initiative standards, CORE (2016 or 2018), when collecting and presenting the material data that relate to its business activities.

Organizational and content related reporting boundaries

To the extent appropriate, the tables and graphs 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 still the sugar factories in the EU as well as INSTANTINA Nahrungsmittel- und Produktionsgesellschaft m.b.H., Vienna, Austria. Sugar factories that have been closed since then are recognized until the shutdown is complete.

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.

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.

(5) Products

The information provided regarding energy use and emissions relate to the total quantity of products and byproducts.

Report profile and validation

The sustainability reporting was again integrated into the financial report in fiscal 2021/22. The report is restricted to material sustainability topics and activities and aims to provide balanced, clear, accurate, current, comparable and reliable information. The content and data contained in this report were prepared using internal processes. They are sourced from existing management and reporting systems and were provided in response to questionnaires sent to the operating arms of the segments or divisions. The content of the reports was checked by employees with expertise regarding the subject at hand.

PricewaterhouseCoopers GmbH Wirtschaftsprüfungsgesellschaft audited the content of the sustainability information in accordance with the requirements of the German Commercial Code (HGB) with limited assurance engagement.

Index of the standard GRI information presented in the report

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102-7	Scale of the organization	Cover flap text
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102-10	Significant changes to the organization and its supply chain	unchanged
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102-12	Voluntary membership in external initiatives	27
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Strategy		
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GRI	Description	Page
Reporting practice		
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102-50	Reporting period	01.03. – 28./29.02.
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205-1	Operations assessed for risks related to corruption	103 f
205-3	Confirmed incidents of corruption and actions taken	103 f
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206-1	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	93

GRI	Description	Page
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Energy		
302-1	Energy consumption within the organization	31
Water and Effluents (2018)		
303-1	Interactions with water as a shared resource	33 f
303-2	Management of Water discharge-related impacts	33 f
303-5	Water consumption	33
Emissions		
305-1	Direct (Scope 1) GHG emissions	31
305-2	Energy indirect (Scope 2) GHG emissions	31
Waste (2020)		
306-2	Waste generated	35
Supplier environmental assessment		
308-1	New suppliers that were screened using environmental criteria	36
308-2	Negative environmental impacts in the supply chain and actions taken	30, 36 f

GRI	Description	Page
GRI 400: Material topics – social		
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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.*	40 f
Occupational health and safety (2018)		
403-1	Occupational health and safety management system	42
403-2	Hazard identification, risk assessment, and incident investigation	42 ff
403-3	Occupational health services	42 ff
403-4	Worker participation, consultation, and communication on occupational health and safety	42 ff
403-5	Worker training on occupational health and safety	42 ff
403-6	Promotion of worker health	42 ff
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*	43
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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.*	7 f, 40 f, 100, 102, 173 ff
Human rights assessment		
412-1	Operations that have been subject to human rights reviews or impact assessments	45
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414-1	New suppliers that were screened using social criteria	45
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416-1	Assessment of the health and safety impacts of product and service categories	45 f
416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	46
Marketing and labeling		
417-2	Incidents of non-compliance concerning product and service information and labeling	2021/22: one

TABLE 113

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	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 and opportunity report	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	Climate protection → Climate strategy by 2050
	Scope 1, Scope 2, and, if appropriate, Scope 3 greenhouse gas (GHG) emissions, and the related risks	Environment	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	Climate protection → Climate strategy by 2050

[1] Climate-related risks are identified, assessed and managed as part of the general risk management process.

TABLE 114

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 2021 to 28 February 2022 (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 economic activities and the corresponding disclosures in the Non-financial Group Statement
- Inquiries on the relevance of climate-risks

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 2021 to 28 February 2022 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, 25 April 2022
PricewaterhouseCoopers GmbH
Wirtschaftsprüfungsgesellschaft

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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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