Q1

# Quarterly Statement First quarter 2022/23

1 March to 31 May 2022

Consolidated group revenues

€ 2,275
[1,753] million

Consolidated group operating result

€ 163
[49] million

EBITDA

€ 236
[121] million

FULL-YEAR FISCAL 2022/23 FORECAST SIGNIFICANTLY INCREASED ON 15 JUNE 2022

Consolidated group revenues of
€ 8.9 to 9.3
[2021/22: 7.6] billion

Consolidated operating result of
€ 400 to 500
[2021/22: 332] million

EBITDA
€ 760 to 860
[2021/22: 692] million

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# FINANCIAL CALENDAR

## Annual general meeting
Fiscal 2021/22
14 July 2022

## Q 2 – Half year financial report
1st half year report 2022/23
13 October 2022

## Q 3 – Quarterly statement
1st to 3rd quarter 2022/23
12 January 2023

## Press and analysts' conference
Fiscal 2022/23
25 May 2023

## Q 1 – Quarterly statement
1st quarter 2023/24
6 July 2023

## Annual general meeting
Fiscal 2022/23
13 July 2023

## Q 2 – Half year financial report
1st half year 2023/24
12 October 2023

# OVERVIEW

## First quarter 2022/23

### Revenues by segment

| € million | 1st quarter 2022/23 | 2021/22 | + / – in % |
|---|---|---|---|
| Sugar | 727 | 595 | 22.3 |
| Special products | 515 | 421 | 22.3 |
| CropEnergies | 377 | 195 | 93.6 |
| Starch | 295 | 221 | 33.1 |
| Fruit | 361 | 321 | 12.5 |
| **Group total** | **2,275** | **1,753** | **29.8** |

TABLE 01

### Operating result by segment

| € million | 1st quarter 2022/23 | 2021/22 | + / – in % |
|---|---|---|---|
| Sugar | 1 | – 25 | – |
| Special products | 30 | 34 | – 11.4 |
| CropEnergies | 87 | 15 | > 100 |
| Starch | 25 | 9 | > 100 |
| Fruit | 20 | 16 | 25.2 |
| **Group total** | **163** | **49** | **> 100** |

TABLE 02

## Full-year fiscal 2022/23 forecast significantly increased

- Consolidated group revenues expected between € 8.9 and 9.3 (previous forecast: between 8.7 and 9.1; 2021/22: 7.6) billion.
- Consolidated group operating result expected to range between € 400 and 500 (previous forecast: between € 300 and 400; 2021/22: 332) million.
- EBITDA expected to range between € 760 and 860 (previous forecast: between 660 and 760; 2021/22: 692) million.
- Capital employed moderately above last year's level; significant increase in ROCE (2021/22: 5.3 %) expected.

# Group figures as of 31 May 2022

| | | 1st quarter | | |
|---|---|---|---|---|
| | | 2022/23 | 2021/22 | +/– in % |
| **Revenues and earnings** | | | | |
| Revenues | € million | 2,275 | 1,753 | 29.8 |
| EBITDA | € million | 236 | 121 | 95.1 |
| EBITDA margin | % | 10.4 | 6.9 | |
| Depreciation | € million | –73 | –72 | 1.0 |
| Operating result | € million | 163 | 49 | > 100 |
| Operating margin | % | 7.2 | 2.8 | |
| Net earnings | € million | 132 | 28 | > 100 |
| **Cash flow and investments** | | | | |
| Cash flow | € million | 183 | 96 | 91.2 |
| Investments in fixed assets [1] | € million | 65 | 55 | 17.5 |
| Investments in financial assets / acquisitions | € million | 49 | 5 | > 100 |
| Total investments | € million | 114 | 60 | 89.0 |
| **Performance** | | | | |
| Fixed assets [1] | € million | 3,237 | 3,196 | 1.3 |
| Goodwill | € million | 756 | 720 | 5.0 |
| Working capital | € million | 2,343 | 2,148 | 9.1 |
| Capital employed | € million | 6,423 | 6,177 | 4.0 |
| **Capital structure** | | | | |
| Total assets | € million | 8,511 | 7,827 | 8.7 |
| Shareholders' equity | € million | 4,068 | 3,578 | 13.7 |
| Net financial debt | € million | 1,358 | 1,425 | –4.7 |
| Equity ratio | % | 47.8 | 45.7 | |
| Net financial debt as % of equity (gearing) | % | 33.4 | 39.8 | |
| **Shares** | | | | |
| Market capitalization on 31 May | € million | 2,531 | 2,799 | –9.6 |
| Closing price on 31 May | € | 12.40 | 13.71 | –9.6 |
| Earnings per share on 31 May | € | 0.43 | 0.07 | > 100 |
| Average trading volume / day | thousands of shares | 604 | 654 | –7.6 |
| Performance Südzucker share 1 March to 31 May | % | 1.6 | 5.2 | |
| Performance SDAX® 1 March to 31 May | % | –4.7 | 7.9 | |
| **Employees** | | **18,819** | **18,380** | **2.4** |

[1] Including intangible assets.

TABLE 03

# ECONOMIC REPORT

## Group results of operations

### Revenues, EBITDA and operating result

Consolidated revenues were up by around 30 % to € 2,275 (1,753) million. All segments contributed to this increase.

Group EBITDA rose by € 115 million to € 236 (121) million.

The consolidated group operating result also improved significantly, reaching € 163 (49) million. The special products segment's operating result fell sharply, but all other segments contributed to the significant increase.

### Result from operations

Result from operations of € 182 (47) million comprises an operating result of € 163 (49) million, the result from restructuring and special items of € 2 (0) million and the earnings contribution from companies consolidated at equity of € 17 (−2) million.

### Result from companies consolidated at equity

The result from companies consolidated at equity was generated almost exclusively by the sugar and starch segments and amounted to € 17 (−2) million.

### Financial result

The financial result for the first three months of € −12 (−10) million includes net interest result of € −8 (−8) million as well as a result from other financing activities of € −4 (−2) million.

### Taxes on income

Earnings before taxes were reported at € 170 (37) million and taxes on income totaled € −38 (−9) million.

Business performance – Group

| | | 1st quarter | | |
|---|---|---|---|---|
| | | 2022/23 | 2021/22 | +/– in % |
| **Revenues** | € million | **2,275** | **1,753** | **29.8** |
| EBITDA | € million | 236 | 121 | 95.1 |
| Depreciation on fixed assets and intangible assets | € million | −73 | −72 | 1.0 |
| **Operating result** | € million | **163** | **49** | **> 100** |
| Result from restructuring / special items | € million | 2 | 0 | > 100 |
| Result from companies consolidated at equity | € million | 17 | −2 | – |
| **Result from operations** | € million | **182** | **47** | **> 100** |
| EBITDA margin | % | 10.4 | 6.9 | |
| Operating margin | % | 7.2 | 2.8 | |
| Investments in fixed assets [1] | € million | 65 | 55 | 17.5 |
| Investments in financial assets / acquisitions | € million | 49 | 5 | > 100 |
| **Total investments** | € million | **114** | **60** | **89.0** |
| Shares in companies consolidated at equity | € million | 79 | 136 | −41.6 |
| Capital employed | € million | 6,423 | 6,177 | 4.0 |
| **Employees** | | **18,819** | **18,380** | **2.4** |

[1] Including intangible assets.

TABLE 04

## Consolidated net earnings

Of the consolidated net earnings of € 132 (28) million, € 87 (15) million were allocated to Südzucker AG shareholders, € 3 (3) million to hybrid equity and € 42 (10) million to other non-controlling interests, mainly the co-owners of AGRANA Group and CropEnergies Group.

## Earnings per share

Earnings per share came in at € 0.43 (0.07). The calculation was based on the time-weighted average of 204.1 (204.2) million shares outstanding.

### Income statement

| € million | 2022/23 | 2021/22 | +/– in % |
|---|---|---|---|
| | 1st quarter | | |
| **Revenues** | **2,275** | **1,753** | **29.8** |
| Operating result | 163 | 49 | > 100 |
| Result from restructuring / special items | 2 | 0 | > 100 |
| Result from companies consolidated at equity | 17 | – 2 | – |
| **Result from operations** | **182** | **47** | **> 100** |
| Financial result | – 12 | – 10 | 20.0 |
| **Earnings before income taxes** | **170** | **37** | **> 100** |
| Taxes on income | – 38 | – 9 | > 100 |
| **Net earnings** | **132** | **28** | **> 100** |
| of which attributable to Südzucker AG shareholders | 87 | 15 | > 100 |
| of which attributable to hybrid capital | 3 | 3 | 3.3 |
| of which attributable to other non-controlling interests | 42 | 10 | > 100 |
| **Earnings per share (€)** | **0.43** | **0.07** | **> 100** |

TABLE 05

## Group financial position

### Cash flow

Cash flow reached € 183 million, compared to € 96 million during the same period last year. This translates into 8.0 (5.5) % of sales revenues.

### Working capital

The seasonal cash inflow of € 39 million from reduced working capital was primarily due to the selloff of sugar inventories, which was compensated by an increase of trade receivables and the reduction of trade payables. Previous year's cash inflow resulting from the capital reduction was € 55 million.

### Investments in fixed assets

Investments in fixed assets (including intangible assets) totaled € 65 (55) million. The sugar segment's investments of € 23 (23) million were again mainly for replacements and for compliance with legal or regulatory requirements as well as for logistics improvements and individual process optimizations. In the special products segment, € 31 (18) million was spent mainly on plant expansion and optimization at BENEO and Freiberger. Investments of € 4 (5) million in the CropEnergies segment related to the replacement of production plants and efficiency improvements at facilities. The starch segment invested € 3 (4) million, primarily to add new production capacities or upgrade existing plants. In the fruit segment, € 4 (5) million were mainly related to replacement and maintenance investments as well as occasional capacity expansions in the fruit preparations sector. The proportion of investments to meet legal requirements and increased market demands is rising in all segments.

### Investments in financial assets

Investments in financial assets of € 49 (5) million mainly related to the special products segment with the full acquisition of Meatless Holding B.V., Goes, Netherlands. The aim is to further expand activities in the area of plant-based proteins as part of the Group's 2026 PLUS strategy. Last year, the financial investments were attributable to AGRANA Fruit Japan Ltd, Yokkaichi, Japan.

### Development of net financial debt

Net financial debt was down € 108 million, from € 1,466 million on 28 February 2022 to € 1,358 million on 31 May 2022. Total investments of € 114 million and the € 4 million earnings distribution were fully financed from cash flow of € 183 million and the cash inflow of € 39 million due to the reduction of the working capital.

## Cash flow statement

| € million | 2022/23 | 2021/22 | 1st quarter +/– in % |
|---|---|---|---|
| **Cash flow** | **183** | **96** | **91.2** |
| **Increase (–)/decrease (+) in working capital** | **39** | **55** | **– 30.3** |
| Gains (–)/losses (+) from the disposal of non-current assets/securities | – 1 | – 5 | – 86.5 |
| **Net cash flow from operating activities** | **221** | **146** | **51.0** |
| Total investments in fixed assets [1] | – 65 | – 55 | 17.5 |
| Investments in financial assets/acquisitions | – 49 | – 5 | > 100 |
| **Total investments** | **– 114** | **– 60** | **89.0** |
| Other cash flows from investing activities | 4 | – 25 | – |
| **Cash flow from investing activities** | **– 110** | **– 85** | **30.1** |
| Repayment (–)/refund (+) of financial liabilities | – 131 | – 87 | 50.6 |
| Increases in stakes held in subsidiaries (–) | – 1 | – 4 | – 85.7 |
| Decrease in stakes held in subsidiaries/capital increase (+)/capital buyback (–) | 0 | 2 | – 100.0 |
| Dividends paid | – 4 | – 4 | – |
| **Cash flow from financing activities** | **– 136** | **– 93** | **47.0** |
| Other change in cash and cash equivalents | 8 | 1 | > 100 |
| **Decrease (–)/Increase (+) in cash and cash equivalents** | **– 17** | **– 31** | **– 45.2** |
| Cash and cash equivalents at the beginning of the period | 316 | 198 | 59.8 |
| **Cash and cash equivalents at the end of the period** | **298** | **167** | **79.1** |

[1] Including intangible assets.

TABLE 06

## Group assets

### Balance sheet

| € million | 31 May 2022 | 31 May 2021 | +/– in % |
|---|---|---|---|
| **Assets** | | | |
| Intangible assets | 988 | 940 | 5.1 |
| Fixed assets | 3,006 | 2,976 | 1.0 |
| Remaining assets | 198 | 259 | –23.6 |
| **Non-current assets** | **4,192** | **4,175** | **0.4** |
| Inventories | 2,085 | 1,841 | 13.3 |
| Trade receivables | 1,296 | 1,096 | 18.2 |
| Remaining assets | 938 | 715 | 31.2 |
| **Current assets** | **4,319** | **3,652** | **18.3** |
| **Total assets** | **8,511** | **7,827** | **8.7** |
| **Liabilities and equity** | | | |
| Equity attributable to shareholders of Südzucker AG | 2,420 | 2,023 | 19.7 |
| Hybrid capital | 654 | 654 | 0.0 |
| Other non-controlling interests | 994 | 901 | 10.3 |
| **Total equity** | **4,068** | **3,578** | **13.7** |
| Provisions for pensions and similar obligations | 730 | 870 | –16.0 |
| Financial liabilities | 1,315 | 1,437 | –8.4 |
| Remaining liabilities | 379 | 358 | 5.9 |
| **Non-current liabilities** | **2,424** | **2,665** | **–9.0** |
| Financial liabilities | 442 | 394 | 12.3 |
| Trade payables | 960 | 715 | 34.3 |
| Remaining liabilities | 617 | 475 | 29.9 |
| **Current liabilities** | **2,019** | **1,584** | **27.4** |
| **Total liabilities and equity** | **8,511** | **7,827** | **8.7** |
| Net financial debt | 1,358 | 1,425 | –4.7 |
| Equity ratio in % | 47.8 | 45.7 | |
| Net financial debt as % of equity (gearing) | 33.4 | 39.8 | |

TABLE 07

### Non-current assets

Non-current assets climbed by € 17 million to € 4,192 (4,175) million. In addition to the increase in intangible assets to € 988 (940) million due to the full acquisition of Meatless Holding B.V., Goes, Netherlands, the carrying amount of property, plant and equipment was also slightly higher than the previous year at € 3,006 (2,976) million. The € 61 million decline in other assets to € 198 (259) million was primarily due to a lower share of companies consolidated at equity. At the end of 2021/22 financial year, the carrying amounts of ED&F Man Holdings Limited, London, UK, and Beta Pura GmbH, Vienna, Austria, were fully utilized, in particular as a result of the losses incurred and necessary impairments.

### Current assets

Current assets rose € 667 million to € 4,319 (3,652) million. Inventories climbed € 244 million to € 2,085 (1,841) million. The increase is primarily attributable to higher sugar inventories due to sharply higher sugar production and higher manufacturing costs during the 2021 campaign. Trade receivables rose € 200 million to € 1,296 (1,096) million, thus reflecting increased revenues. Other assets rose € 223 million to € 938 (715) million, as a result of higher positive fair values of derivatives and securities pledged in connection with hedging transactions.

### Equity
Equity climbed to € 4,068 (3,578) million and the equity ratio amounted to 47.8 (45.7) %. Südzucker AG shareholders' equity increased to € 2,420 (2,023) million.

### Non-current liabilities
Non-current liabilities declined € 241 million to € 2,424 (2,665) million. Provisions for pensions and similar obligations decreased by € 140 million to € 730 (870) million; they were measured at a higher market interest rate of 2.95 (1.55) % compared with the previous year's balance sheet date of 31 May 2021. Financial liabilities were down € 122 million to € 1,315 (1,437) million due to lower liabilities to banks. Other liabilities rose moderately to € 379 (358) million.

### Current liabilities
Current liabilities increased € 435 million to € 2,019 (1,584) million. Current financial liabilities rose € 48 million to € 442 (394) million, mainly due to the raising of bank loans and the simultaneous repayment in full of commercial paper. Trade payables were clearly up year-on-year at € 960 (715) million due to higher raw materials and energy costs and an increase of € 279 (212) million in liabilities toward beet farmers included in this item. Other debt, consisting of other provisions, taxes owed and other liabilities, rose € 142 million to € 617 (475) million.

### Net financial debt
Net financial debt as of 31 May 2022 was € 67 million lower than the previous year at € 1,358 (1,425) million which corresponded to 33.4 (39.8) % of equity.

## Employees

The number of persons employed by the group (full-time equivalent) at the end of the first quarter of fiscal 2022/23 rose slightly to € 18,819 (18,380).

### Employees by segment at balance sheet date

| 31 May | 2022 | 2021 | +/− in % |
|---|---|---|---|
| Sugar | 6,043 | 6,200 | −2.5 |
| Special products | 5,201 | 4,958 | 4.9 |
| CropEnergies | 463 | 448 | 3.3 |
| Starch | 1,131 | 1,126 | 0.4 |
| Fruit | 5,981 | 5,648 | 5.9 |
| **Group** | **18,819** | **18,380** | **2.4** |

TABLE 08

# SUGAR SEGMENT

## Markets

### World sugar market

In an update of the estimated world sugar balance in May 2022, market analyst IHS Markit forecasts a deficit of 1.5 million tonnes for the current 2021/22 marketing year (1 October to 30 September) – the third deficit year in a row. Despite a slight increase in production and a likewise moderate rise in world sugar consumption, inventories will be reduced once again. As a result, the ratio of inventories to consumption will fall to 37.8 % – the lowest level for several years.

In its updated estimate for the new 2022/23 marketing year, IHS Markit expects a slight surplus of 0.6 million tonnes in the sugar balance. Production is rising faster than world sugar consumption. Nevertheless, the ratio of inventories to consumption remains at a very low level of 37.6 %.

World market sugar prices

1 June 2019 to 31 May 2022, London, nearest forward trading month

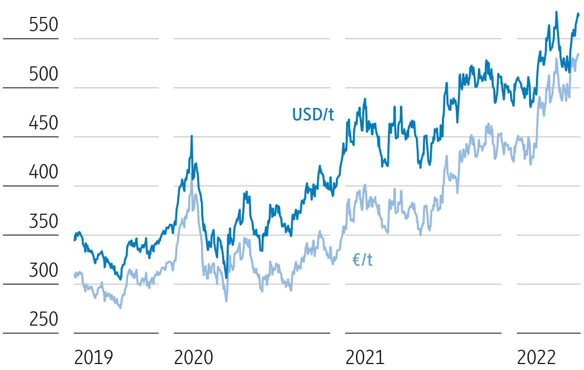


DIAGRAM 01

The world market price for white sugar had risen to a level around 440 €/t by the end of the previous fiscal year. Since then, the increase has continued. At the end of the reporting period, the world market price was 534 €/t.

### EU sugar market

During the current 2021/22 sugar marketing year (1 October to 30 September), sugar production (EU-27 including isoglucose) is now expected to reach 17.2 (15.2) million tonnes as a result of a further slight reduction in cultivation area and a return to normal yields. The EU Commission thus assumes that the EU will remain a net importer of sugar.

For the coming 2022/23 sugar marketing year, the EU Commission is forecasting a further reduction in cultivation area of around 3.4 %. This means that the EU would remain a net importer of sugar.

The price for sugar (food and non-food, ex-factory) published by the EU Commission was quoted at 416 €/t at the beginning of the current sugar marketing year in October 2021 and rose to 446 €/t by the last available publication in April 2022. There are significant regional price differences between the deficit and surplus regions within the EU.

### Energy market

Crude oil prices in the first quarter of 2022/23 were dominated by ongoing uncertainty concerning the development of the Ukraine war. In early March 2022, prices of around 105 USD/barrel were negotiated for North Sea Brent crude oil; by late May 2022, prices reached around 123 USD/barrel. Development during the first quarter was marked by numerous overlapping and mutually influencing measures, decisions and speculations, including oil embargoes (US import ban on oil and other energy sources from Russia, the debate surrounding the EU's ban on Russian oil imports), the release of US oil reserves and countless speculations on supply shortages, supply expansions and the temporary lockdown in Shanghai. This resulted in uneven, volatile development for oil overall with prices fluctuating between 98 and 128 USD/barrel, which continued into June 2022. This uneven development was also observed in the gas and $CO_2$ emissions certificates market. The price of European $CO_2$ emission allowances increased from around 69 €/t at the beginning of March 2022 to around 84 €/t by the end of May 2022. The gas price fell from 118 €/MWh at the beginning of March 2022 to around 90 €/MWh by the end of May 2022.

## Legal and political environment

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

The EU Parliament and 27 EU member states have approved the EU Commission's proposal to fully suspend customs duties and import quotas on all goods (including sugar and confectionery) from Ukraine. The corresponding regulation entered into force on 4 June 2022. The resolution is valid for one year, i.e. until 5 June 2023. This temporary trade liberalization is subject to various conditions, including compliance with the rules of origin in particular. The existing regulation contains a safeguard clause which permits the reintroduction of customs duties when a product originating in Ukraine "is imported on terms which cause, or threaten to cause, serious difficulties to Union producers".

### Embargo against feed imports from the Russian Federation

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

Aside from the aforementioned, there have been no material changes during the reporting period to the legal and political general conditions than those outlined on page 63 of the 2021/22 annual report (consolidated management report, economic report, sugar segment).

## Business performance

### Revenues and operating result

Sugar segment's revenues were up significantly to € 727 (595) million due to both higher sales revenues and higher volumes.

In the first quarter, operating result just turned positive again at € 1 (–25) million. The significant increase in revenues was offset by an also substantial rise in raw material, energy and packaging costs.

### Result from companies consolidated at equity

Since the first quarter of 2022/23, ED&F Man Holdings Limited, London, UK, has been carried as other investments, as the criteria for the at-equity method are no longer met. As a result of the discontinuation of at-equity consolidation, currency gains in the amount of around € 10 million previously recognized directly in equity were realized in profit or loss.

### Beet cultivation and 2022 campaign

Südzucker Group's beet cultivation area in 2022 was down about 6 % year-on-year to about 330,000 (352,500) ha. The main planting campaign kicked off in mid-March 2022 with mostly very good seeding conditions, thus about one week earlier than last year. Unforeseen cool temperatures including night frosts and snow in April delayed beet development. In contrast, May saw warm and dry weather almost across all areas. As a result, the beets were able to fully make up for their backlog from April. However, it is currently too dry in almost all growing regions.

### Investments in fixed assets

The sugar segment's investments of € 23 (23) million included among others new extraction towers and the expansion of a pulp press plant. Infrastructure investments included the construction of a new district heating supply for the city of Ochsenfurt at the Ochsenfurt location and projects for a new bulk loading facility. We converted an existing plant for the production of a new product – short-chain fructooligosaccharides. Investments in wastewater treatment and emission reductions are contributing to environmental protection and compliance with regulatory requirements at almost all locations. Examples include the refurbishment of a boiler plant and conversion from coal to gas, the elimination of bottlenecks and optimization of wastewater treatment, and the installation of a lowNOx burner in a boiler plant. Further process optimizations are being carried out at the wheat starch plant.

Business performance – Sugar segment

| | | 1st quarter | | |
|---|---|---|---|---|
| | | 2022/23 | 2021/22 | +/– in % |
| **Revenues** | € million | **727** | **595** | **22.3** |
| EBITDA | € million | 22 | –3 | – |
| Depreciation on fixed assets and intangible assets | € million | –21 | –22 | –2.8 |
| **Operating result** | € million | **1** | **–25** | **–** |
| Result from restructuring / special items | € million | 2 | 0 | > 100 |
| Result from companies consolidated at equity | € million | 13 | –5 | – |
| **Result from operations** | € million | **16** | **–30** | **–** |
| EBITDA margin | % | 3.0 | –0.6 | |
| Operating margin | % | 0.2 | –4.2 | |
| Investments in fixed assets [1] | € million | 23 | 23 | –5.7 |
| Investments in financial assets / acquisitions | € million | 0 | 0 | – |
| **Total investments** | € million | **23** | **23** | **–5.7** |
| Shares in companies consolidated at equity | € million | 23 | 76 | –70.0 |
| Capital employed | € million | 2,632 | 2,651 | –0.7 |
| **Employees** | | **6,043** | **6,200** | **–2.5** |

[1] Including intangible assets.

TABLE 09

# SPECIAL PRODUCTS SEGMENT

## Business performance

### Revenues and operating result

The special products segment's revenues of € 515 (421) million were significantly higher than a year earlier. Overall, higher volumes and prices had a positive effect.

Operating result, on the other hand, fell sharply to € 30 (34) million. This was primarily attributable to the impact of significantly higher raw material, packaging and energy costs, which could only be passed on to customers in part or with a time lag.

### Investments in fixed assets

The special products segment's investments of € 31 (18) million related to further capacity expansions at almost all of the BENEO division's locations. For example, the warehouse expansion at the Offstein location in Germany was completed and the new evaporator stage was put into operation. In Oreye, Belgium, a multi-year capacity expansion project was initiated. In Pemuco, Chile, investments are being made in a second refining line with the aim of completing the project before the end of 2022; a further project focuses on energy production measures and the conversion to 100 % renewable energy sources. The second stage of the third rice starch line will be commissioned in Wijmaal, Belgium.

In the Freiberger division, work is underway on the construction of a new production line at Richelieu, USA. In the UK, a new energy-efficient baking oven is being installed.

One of the most extensive projects at PortionPack Europe is the construction of a new factory at the Telford location in the UK, where capacities will be newly combined. Apart from replacement and maintenance investments, the company also invested in measures required in connection with various certifications and to meet regulatory requirements.

### Investments in financial assets

Investments in financial assets of € 48 (0) million mainly related to the full acquisition of Meatless Holding B.V., Goes, Netherlands. The aim is to further expand activities in the area of plant-based proteins as part of the Group's 2026 PLUS strategy. The company and its subsidiaries will be fully consolidated for the first time with effect from 31 May 2022. The purchase price allocation had not yet been completed at the time of preparation, meaning that the balance sheet figures included are provisional.

Business performance – Special products segment

| | | 1st quarter | | |
|---|---|---|---|---|
| | | 2022/23 | 2021/22 | +/– in % |
| **Revenues** | € million | **515** | **421** | **22.3** |
| EBITDA | € million | 49 | 53 | −7.0 |
| Depreciation on fixed assets and intangible assets | € million | −19 | −19 | 1.1 |
| **Operating result** | € million | **30** | **34** | **−11.4** |
| Result from restructuring / special items | € million | 0 | 0 | – |
| Result from companies consolidated at equity | € million | 0 | 0 | – |
| **Result from operations** | € million | **30** | **34** | **−11.4** |
| EBITDA margin | % | 9.5 | 12.5 | |
| Operating margin | % | 5.9 | 8.1 | |
| Investments in fixed assets [1] | € million | 31 | 18 | 71.6 |
| Investments in financial assets / acquisitions | € million | 48 | 0 | – |
| **Total investments** | € million | **79** | **18** | **> 100** |
| Shares in companies consolidated at equity | € million | 0 | 0 | – |
| Capital employed | € million | 1,849 | 1,646 | 12.4 |
| **Employees** | | **5,201** | **4,958** | **4.9** |

[1] Including intangible assets.

TABLE 10

# CROPENERGIES SEGMENT

## Markets

### Ethanol markets

Ethanol prices in Europe recorded a significant price increase in the first quarter of 2022/23, averaging 1,157 (590) €/m³.

Production in the EU-27 and the UK is expected to be slightly below the previous year's level at 7.7 (7.8) million m³. The decline in the anticipated production volume is mainly attributable to the war between Russia and Ukraine and the resulting increase in raw material and energy costs. By contrast, domestic consumption is likely to increase to 9.0 (8.8) million m³. Ethanol consumption for industrial applications and beverages is expected to remain at last year's level of 2.8 (2.8) million m³. Net imports are projected to increase to 1.5 (1.1) million m³.

### Grain markets

According to the International Grains Council, world grain production (excluding rice) is expected to decrease to 2,251 (2,291) million tonnes in 2022/23. Grain consumption is also expected to drop to 2,279 (2,286) million tonnes. Accordingly, global grain inventories are expected to be slightly lower than in the previous year at 580 (607) million tonnes.

The EU Commission expects the 2022/23 grain harvest in the EU-27 to increase to 294 (293) million tonnes. However, consumption is expected to be down slightly year-on-year at 258 (260) million tonnes. In addition to lower use for animal feed, this decline is attributable to a reduction in the use of low-grade wheat and feed grains in biorefineries for ethanol production. Inventories are expected to change only slightly to 48 (48) million tonnes as a result of a significant rise in exports to 54 (49) million tonnes.

Starting from an already high level, European wheat prices on Euronext in Paris rose sharply during the first quarter of 2022/23 and ranged between around 350 and 440 €/t. However, high grain prices are not attributable to a lack of grain volumes, but rather to great uncertainty about the future course of the Ukraine war and the associated logistics problems for grain exports from the region.

## Legal and political environment

### Renewable Energy Directive

The EU Commission's proposal to reduce average annual emissions from new vehicles by 55 % in 2021 from 2030 onwards and by as much as 100 % from 2035 is also equivalent to a de facto ban on new vehicles with internal combustion engines from 2035 at the latest. The European Parliament approved this de facto ban on new vehicles with internal combustion engines from 2035 on 8 June 2022. It now remains to be seen whether the EU member states in the Council will follow a technology-open approach and thus take account of the fact that different drive and fuel options will still be needed for a long time to come in order to achieve transport sector climate targets and meet the various mobility needs. Further information can be found in the interim announcement for the first quarter of 2022/23 of CropEnergies AG, Mannheim.

### War in Ukraine

Given the high importance of Ukraine and Russia as grain exporters and rising grain prices, we are now witnessing a resurgence of the food vs. fuel debate and, consequently, a call for a reduction in the use of biofuels from arable crops.

Both, the German biofuel associations and CropEnergies are opposed to any changes to the current legal situation. The use of biofuels from arable crops in Germany and Europe has not been shown to have any major impact on international agricultural markets. The EU Commission has already determined this on multiple occasions in the past. Furthermore, it has also been determined that the competition between fuel and food that is the subject of current public debate is a highly reductionist and manufactured form of opposition that has little to do with reality. Rather, the production of renewable bioethanol is based on the processing of minor crops that are not intended for human consumption. Around 400 kg of protein food and animal feed is obtained from 1,000 kg of grain from minor crops in the process. These protein sources would no longer be available in Germany and Europe if biofuel production were to stop. This would result in a spike in import demand for protein-rich alternatives, which would only further exacerbate the food crisis in the world's most vulnerable regions.

Aside from the aforementioned, there have been no material changes during the reporting period to the legal and political general conditions than those outlined on page 74 of the 2021/22 annual report (consolidated management report, economic report, CropEnergies segment).

## Business performance

### Revenues and operating result

In the CropEnergies segment, revenues increased significantly to € 377 (195) million. Higher volumes and significantly higher sales revenues contributed to revenue growth.

The higher volumes and sales revenues drove the operating result up sharply for the reporting period to € 87 (15) million. Substantially higher raw material and energy costs were more than offset in the reporting period by sales revenue and volume growth. The exceptionally good operating result was largely due to price hedges for raw materials and energy, which were concluded before the start of the Ukraine war and the associated sharp rise in raw material and energy prices. However, the positive impact on results of these early hedging activities will diminish noticeably in the coming months.

### Investments in fixed assets

Investments in fixed assets totaled € 4 (5) million and were mainly for replacements and improving plant availability. Moreover, the new, additional biomass boiler in Wanze, Belgium, is planned to go into operation in the fall of 2023. The energy supply will then be based predominantly on renewable raw materials. The focus of investments in Zeitz was on the replacement of equipment and optimization work; in addition, work on planning the conversion from coal to gas was started. Investments at Ensus in Wilton, UK, went toward expanding and consolidating laboratory and control stations and the partial replacement of the central cleaning station for the production plant. In addition, planning activities have started for an exhaust vapor recompressor as part of the energy-saving measures.

Business performance – CropEnergies segment

| | | 1st quarter | | |
|---|---|---|---|---|
| | | 2022/23 | 2021/22 | +/– in % |
| **Revenues** | € million | **377** | **195** | **93.6** |
| EBITDA | € million | 98 | 25 | > 100 |
| Depreciation on fixed assets and intangible assets | € million | – 11 | – 10 | 1.9 |
| **Operating result** | € million | **87** | **15** | **> 100** |
| Result from restructuring / special items | € million | 0 | 0 | – |
| Result from companies consolidated at equity | € million | 0 | 0 | – |
| **Result from operations** | € million | **87** | **15** | **> 100** |
| EBITDA margin | % | 25.9 | 13.1 | |
| Operating margin | % | 23.1 | 7.8 | |
| Investments in fixed assets [1] | € million | 4 | 5 | – 10.6 |
| Investments in financial assets / acquisitions | € million | 1 | 0 | – |
| **Total investments** | € million | **5** | **5** | **12.8** |
| Shares in companies consolidated at equity | € million | 3 | 3 | 16.0 |
| Capital employed | € million | 477 | 456 | 4.6 |
| **Employees** | | **463** | **448** | **3.3** |

[1] Including intangible assets.

TABLE 11

# STARCH SEGMENT

## Markets

### Target markets

Demand for native and modified food starches is at a stable high level. With prices rising continuously, many customers are looking to secure their volumes for the longer term. The packaging paper industry's order books are consistently well filled. Investments in further capacities for corrugated base papers in Europe are reinforcing the high demand for starch. In some cases, the still tense logistics situation is causing supply difficulties for customers. Shortage of capacity on the European market is also affecting business in liquid saccharification products.

Please see the CropEnergies segment notes for additional information on the development of the ethanol markets.

### Raw material markets

In the potato starch sector, contracts were signed for around 222,000 (252,000) tonnes of starch and organic starch industrial potatoes for the 2022 cultivation year. Contracts for food industry potatoes were up year over year to 18,000 (17,600) tonnes due to a higher processing performance.

Please see the CropEnergies segment notes for additional information on the development of the grain markets.

## Business performance

### Revenues and operating result

The starch segment was able to substantially boost revenues to € 295 (221) million as a result of significantly stronger sales revenues, especially in the ethanol segment.

The higher sales revenues drove operating result up sharply to € 25 (9) million in the reporting period. Substantially higher raw material and energy costs were more than offset by significant sales revenue growth. Price-hedged feedstocks in the reporting period had a positive effect.

### Result from companies consolidated at equity

The result from companies consolidated at equity of € 4 (3) million was attributable to the share of earnings from Hungarian Hungrana Group's starch and bioethanol businesses.

### Investments in fixed assets

The starch segment invested € 3 (4) million in plant expansions to meet market demand, as well as in projects related to regulatory requirements and replacement investments. The project to increase specialty corn volumes was continued in Aschach, Austria, and expanded in the refining area. Work on spray drying was completed at the Gmünd plant in Austria. In addition, investments were made in the replacement of a roller dryer including building expansion for potato products and the expansion of the wastewater plant.

## Business performance – Starch segment

| | | 1st quarter | | |
|---|---|---|---|---|
| | | 2022/23 | 2021/22 | +/– in % |
| **Revenues** | € million | **295** | **221** | **33.1** |
| EBITDA | € million | 37 | 21 | 76.9 |
| Depreciation on fixed assets and intangible assets | € million | –12 | –12 | 2.5 |
| **Operating result** | € million | **25** | **9** | **>100** |
| Result from restructuring / special items | € million | 0 | 0 | – |
| Result from companies consolidated at equity | € million | 4 | 3 | 59.3 |
| **Result from operations** | € million | **29** | **12** | **>100** |
| EBITDA margin | % | 12.5 | 9.4 | |
| Operating margin | % | 8.3 | 4.0 | |
| Investments in fixed assets [1] | € million | 3 | 4 | –23.8 |
| Investments in financial assets / acquisitions | € million | 0 | 0 | – |
| **Total investments** | € million | **3** | **4** | **–23.8** |
| Shares in companies consolidated at equity | € million | 54 | 58 | –6.9 |
| Capital employed | € million | 504 | 545 | –7.5 |
| **Employees** | | **1,131** | **1,126** | **0.4** |

[1] Including intangible assets.

TABLE 12

# FRUIT SEGMENT

## Markets

### Target markets

Consumer trends in the global dairy products, ice cream and food service markets determine the market environment for fruit preparations. Key trends continue to revolve around the themes of naturalness, sustainability, health, enjoyment and convenience. The COVID-19 pandemic has had a slightly negative impact on market growth for the primary target market of fruit yogurt for more than two years now. Current Euromonitor forecasts from May 2022 indicate a global stagnation of the fruit yogurt target market in the calendar years 2022 and 2023.

In the fruit juice concentrates business, customer releases have increased steadily since the third quarter of 2021/22. In the first quarter of 2022/23, an increase was again achieved compared to the previous quarter. 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.

### Raw material markets

The harvest of the main fruit, strawberries, was completed in June 2022 in Mediterranean climate countries (Egypt, Morocco, Spain and Mexico). Low harvest volumes in Egypt and higher production and logistics costs in general led to a year-on-year rise in purchase prices. The budgeted strawberry volumes were contracted in full. For the beginning strawberry harvest in China, average availability of raw materials and stable prices are expected.

Average yields and stable prices are expected for peaches and apricots in the main growing regions of Greece, Spain and China. For berry fruits such as blueberries and raspberries, price increases are expected as lower harvest volumes in Ukraine will lead to a supply shortage.

In India, the main mango growing area, the mango harvest started in May 2022. Average raw material volumes are expected, and prices are likely to rise due to the continuing high cargo rates for shipments from Asia to Europe.

Good raw material availability is expected for the 2022 read fruit juice processing season in the fruit juice concentrates business, which has just started.

Apples, the fruit juice concentrates business's primary crop, are forecast to have good availability in all relevant main growing regions for the 2022 campaign.

## Business performance

### Revenues and operating result

The fruit segment's revenues of € 361 (321) million were well above the previous year's level. Revenues from fruit preparations and fruit juice concentrates rose because of higher prices.

At € 20 (16) million, operating result also significantly exceeded the previous year's figure. The contribution to results from fruit preparations fell as a result of lower volumes and higher costs. However, considerably higher margins for fruit juice concentrates led to a significant increase in the operating result contribution. Volumes increased moderately and significantly higher prices more than offset the rise in costs.

It was thus possible to compensate overall for the impacts of the Ukraine war, so based on the increasingly volatile market environment and the current planning assumptions there will be no charge at 31 May 2022 beyond the goodwill impairment recognized in fiscal 2021/22. Further information on this are included in Note (21) "Intangible assets" in the consolidated financial statements of the 2021/22 annual report.

### Investments in fixed assets

The fruit segment's investments amounted to € 4 (5) million. The fruit preparations business invested in capacity expansions as well as replacements and maintenance. In Mitry-Mory, France, the bag filling line project was started. This investment will enable volumes in the British dairy products market to be expanded thanks to an aseptic filling line for small pouches. The investment focus in the fruit juice concentrates business, in addition to the relocation of the berry processing line inside Hungary and the construction of a water supply pipeline from Amstetten to the newly built elevated tank, was on replacement investments as well as on maintaining operations and complying with legal regulations and customer specifications.

Business performance – Fruit segment

| | | 1st quarter | | |
|---|---|---|---|---|
| | | 2022/23 | 2021/22 | +/− in % |
| **Revenues** | € million | **361** | **321** | **12.5** |
| EBITDA | € million | 30 | 25 | 18.3 |
| Depreciation on fixed assets and intangible assets | € million | −10 | −9 | 6.5 |
| **Operating result** | € million | **20** | **16** | **25.2** |
| Result from restructuring / special items | € million | 0 | 0 | – |
| Result from companies consolidated at equity | € million | 0 | 0 | – |
| **Result from operations** | € million | **20** | **16** | **25.2** |
| EBITDA margin | % | 8.3 | 7.9 | |
| Operating margin | % | 5.5 | 5.0 | |
| Investments in fixed assets [1] | € million | 4 | 5 | −14.6 |
| Investments in financial assets / acquisitions | € million | 0 | 5 | −100.0 |
| **Total investments** | € million | **4** | **10** | **−58.2** |
| Shares in companies consolidated at equity | € million | 0 | 0 | – |
| Capital employed | € million | 961 | 879 | 9.3 |
| **Employees** | | **5,981** | **5,648** | **5.9** |

[1] Including intangible assets.

TABLE 13

# 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 are very difficult to assess. There are also further risks related to the Corona pandemic.

The following outlook continues to be based on the assumptions that the Ukraine war will be temporary and remain regionally contained, that – despite the current developments – 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, we also assume that the declaration of the gas emergency plan alert level in Germany will not have a significant negative impact on prices. 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 now expecting consolidated group revenues of € 8.9 to 9.3 (2021/22: 7.6) billion in fiscal 2022/23. We anticipate the sugar, special products and starch segments' revenues to rise sharply. We expect the CropEnergies segment's revenues to range between € 1.4 and 1.5 billion. In the fruit segment, we anticipate revenues to grow moderately.

We now expect a group operating result ranging between € 400 and 500 (2021/22: € 332) million. We estimate the sugar segment's operating result to be in a range between € 0 and 100 million. In the special products segment, we now expect a slight increase in operating result. We anticipate the fruit segment's operating result to be significantly below the previous year's level. CropEnergies segment's operating result is expected to be in a range between € 165 and 215 million. In the starch segment, we are now forecasting a slight increase in results.

Group EBITDA is now expected to range between € 760 and 860 (2021/22: 692) million.

We now expect capital employed to rise moderately. Based on the aforementioned operating result improvement, we expect ROCE to increase significantly (2021/22: 5.3 %).

## Sugar segment

On the world market, a further deficit and thus a further reduction in inventories is expected for the current sugar marketing year 2021/22. With an almost balanced world sugar balance in the 2022/23 sugar marketing year and continued low inventory levels, the world market environment should remain positive. In Europe, the price increase for alternative crops will lead to a further decline in beet cultivation. With average yields, sugar production in the EU is expected to be below the previous year's level. The EU is therefore expected to remain a net importer in the 2022/23 sugar marketing year, creating a positive market environment for Südzucker that should allow the drastic increase in raw material and energy costs to be passed on to the market through significant sugar price increases starting in October 2022.

With production volumes slightly lower and sales volumes stable, we anticipate a significant increase in revenues (2021/22: € 2.6 billion) with significantly higher average sales revenues over the year.

We expect the sugar segment's operating result to range between € 0 and 100 (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 increase. We expect significantly higher revenues (2021/22: € 1.8 billion), driven in particular by higher sales revenues. We do not expect to be able to fully offset the sharp rise in raw material and energy costs through higher sales revenues in the first half of fiscal 2022/23. This is not expected until the course of the second half of the year. Overall we now expect the full 2022/23 fiscal year operating result to rise slightly (2021/22: € 117 million).

## CropEnergies segment

CropEnergies recorded significant increases in revenues, EBITDA and operating result in the first quarter of 2022/23. This exceptionally good result was mainly due to price hedges for raw materials and energy that had already been concluded before the start of the Ukraine war and the associated sharp rise in raw material and energy prices. However, the positive impact on results of these early hedging activities will diminish noticeably in the coming months. Based on these assumptions, we expect revenues in the range of € 1.4 to 1.5 (2021/22: € 1.0) billion and operating result between € 165 and 215 (2021/22: € 127) million for fiscal 2022/23.

## Starch segment

We expect the starch segment's revenues to rise significantly (2021/22: € 940 million). However, the anticipated significantly higher sales revenues are now expected to compensate for the sharp rise in raw material and energy costs. We therefore now forecast the operating result to rise slightly (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).

## Forward looking statements / forecasts

This quarterly statement contains forward looking statements. The statements are based on current assumptions and estimates 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 risk management report in the 2021/22 annual report on pages 87 to 98 presents an overview on the risks. Taking into account all known facts, we have not identified any risks – whether individual or in their entirety – that jeopardize the continued existence of the Südzucker Group.

We accept no obligation to update the forward-looking statements contained in this report.

## On this report

This quarterly statement was not reviewed or audited. It was prepared by Südzucker AG's executive board on 27 June 2022.

This quarterly statement is available in German and English. This translation is provided for convenience and should not be relied upon exclusively. PDF files of the interim report can be downloaded from the company's website at:

www.suedzucker.de/de/investor-relations or
www.suedzucker.de/en/investor-relations

Südzucker AG's fiscal year is not aligned with the calendar year. The first quarter extends from 1 March to 31 May.

On the preceding pages, the numbers in brackets represent the corresponding previous year's figures or items. 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. 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.

Published on 7 July 2022

**Contacts**

Investor Relations
Nikolai Baltruschat
investor.relations@suedzucker.de
Phone: +49 621 421-240

Corporate Public Relations & Affairs
Dr. Dominik Risser
public.relations@suedzucker.de
Phone: +49 621 421-428

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**Published by**

Südzucker AG
Maximilianstraße 10
68165 Mannheim
Phone: +49 621 421-0



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