

Q2

Half-year financial report

First half year 2023/24

1 March to 31 August 2023

Consolidated group
revenues

€ **5,078**
[4,624] million

EBITDA

€ **739**
[465] million

Consolidated group
operating result

€ **592**
[316] million

Full-year fiscal 2023/24
forecast adjusted

Consolidated group revenues
€ **10.0** to **10.5**
(2022/23: 9.5) billion

EBITDA
€ **1.3** to **1.4**
(2022/23: 1.1) billion

Consolidated group
operating result
€ **900** to **1,000**
(2022/23: 704) million

CONTENTS

Overview

First half year 2023/24	
Full-year fiscal 2023/24 forecast	
Group figures as of 31 August 2023	1

Interim management report 2

Economic report 2

Group results of operations	2
Group financial position	3
Group assets	6
Employees	7
Sugar segment	8
Special products segment	11
CropEnergies segment	12
Starch segment	14
Fruit segment	16

Outlook 18

Risks and opportunities 19

Corporate Governance 19

Interim consolidated financial statements 20

Notes to the interim consolidated financial statements 28

Responsibility statement 36

FINANCIAL CALENDAR

Q3 – Quarterly statement

1st to 3rd quarter 2023/24
11 January 2024

Preliminary figures

Fiscal 2023/24
26 April 2024

Press and analysts' conference

Fiscal 2023/24
16 May 2024

Q1 – Quarterly statement

1st quarter 2024/25
11 July 2024

Annual general meeting

Fiscal 2023/24
18 July 2024

Q2 – Half-year financial report

1st half year 2024/25
10 October 2024

Q3 – Quarterly statement

1st to 3rd quarter 2024/25
14 January 2025

OVERVIEW

First half year 2023/24

Revenues by segment

€ million	1st half year		
	2023/24	2022/23	+/- in %
Sugar	1,951	1,443	35.2
Special products	1,209	1,053	14.8
CropEnergies	565	798	-29.2
Starch	562	603	-6.8
Fruit	791	727	8.8
Group total	5,078	4,624	9.8

TABLE 01

Operating result by segment

€ million	1st half year		
	2023/24	2022/23	+/- in %
Sugar	380	16	> 100
Special products	95	40	> 100
CropEnergies	34	180	-81.1
Starch	39	50	-22.0
Fruit	44	30	46.7
Group total	592	316	87.3

TABLE 02

Full-year fiscal 2023/24 forecast

The full-year fiscal 2023/24 forecast was last increased on 6 July 2023 and is now adjusted as follows:

- Consolidated group revenues of € 10.0 to 10.5 (previous forecast: 10.4 to 10.9; 2022/23: 9.5) billion
- EBITDA now in a range of € 1.3 to 1.4 (previous forecast: 1.2 to 1.4; 2022/23: 1.1) billion
- Consolidated group operating result now in a range of € 900 to 1,000 (previous forecast: 850 to 950; 2022/23: 704) million
- Capital employed moderately above previous year's level; significant increase in ROCE (2022/23: 9.9 %)

OVERVIEW

Group figures as of 31 August 2023

		2023/24	2022/23	1st half year +/- in %
Revenues and earnings				
Revenues	€ million	5,078	4,624	9.8
EBITDA	€ million	739	465	58.9
EBITDA margin	%	14.6	10.1	
Operating result	€ million	592	316	87.3
Operating margin	%	11.7	6.8	
Net earnings	€ million	409	205	99.5
Cash flow and investments				
Cash flow	€ million	592	362	63.5
Investments in fixed assets ¹	€ million	199	157	26.8
Investments in financial assets/acquisitions	€ million	1	56	-98.2
Total investments	€ million	200	213	-6.1
Performance				
Fixed assets ¹	€ million	3,393	3,313	2.4
Goodwill	€ million	692	708	-2.3
Working capital	€ million	3,248	2,492	30.3
Capital employed	€ million	7,378	6,558	12.5
Capital structure				
Total assets	€ million	9,184	8,590	6.9
Shareholders' equity	€ million	4,364	4,269	2.2
Net financial debt	€ million	1,899	1,565	21.3
Equity ratio	%	47.5	49.7	
Shares				
Markt capitalization on 31 August	€ million	3,037	2,788	8.9
Closing price on 31 August	€	14.88	13.66	8.9
Earnings per share 31 August	€	1.69	0.62	> 100
Cash flow per share 31 August	€	2.90	1.77	63.8
Average trading volume / day	thousands of shares	380	628	-39.5
Performance Südzucker share 1 March to 31 August	%	-7.3	11.9	
Performance SDAX® 1 March to 31 August	%	0.1	-18.0	
Employees		19,387	18,677	3.8

¹ Including intangible assets.

TABLE 03

ECONOMIC REPORT

Group results of operations

Revenues, EBITDA and operating result

Group revenues rose by 10 % to € 5,078 (4,624) million. While revenues in the CropEnergies and starch segments declined, revenues in the other segments grew.

Group EBITDA increased significantly to € 739 (465) million.

The group was also able to substantially improve the consolidated group operating result to € 592 (316) million. A significant decrease in the CropEnergies and starch segments is offset by a significant increase in all other segments.

Result from operations

Result from operations of € 589 (296) million comprises the operating result of € 592 (316) million, the result from restructuring and special items of € –1 (–44) million and the earnings contribution from companies consolidated at equity of € –2 (24) million.

Result of restructuring and special items

The result from restructuring and special items totaled € –1 (–44) million. In the previous year, the fruit segment recorded impairment losses on goodwill and fixed assets. These expenses were offset by income from the reversal of provisions recognized for litigation risks and restructuring measures.

Result from companies consolidated at equity

The result from companies consolidated at equity was almost entirely attributable to the sugar and starch segments and amounted to € –2 (24) million.

Financial result

The financial result of € –65 (–22) million for the first six months includes a net interest result of € –45 (–16) million and a result from other financing activities of € –20 (–6) million. The increased interest expense is the result of a temporary increase of around € 520 million in average debt compared to the corresponding reporting period during the previous year for a total average debt of around € 2.1 (1.6) billion. At the same time, average interest rates rose from the issuance of new long-term capital market instruments (5.125 % sustainability bond in October 2022, € 400 million) and promissory notes (4.2 % in December 2022, € 235 million) along with short-term bank loans. The deterioration in the other financial result was due in particular to currency devaluations and the complete write down of a minority interest in the special products segment. Südzucker relinquished its stake in this investment in the second quarter of 2023/24.

Business performance – Group

		2nd quarter			1st half year		
		2023/24	2022/23	+/- in %	2023/24	2022/23	+/- in %
Revenues	€ million	2,560	2,349	9.0	5,078	4,624	9.8
EBITDA	€ million	383	229	67.2	739	465	58.9
EBITDA margin	%	15.0	9.7		14.6	10.1	
Depreciation	€ million	–73	–76	–3.9	–147	–149	–1.3
Operating result	€ million	310	153	> 100	592	316	87.3
Operating margin	%	12.1	6.5		11.7	6.8	
Result from restructuring / special items	€ million	–2	–46	–95.7	–1	–44	–97.7
Result from companies consolidated at equity	€ million	0	7	–100.0	–2	24	–
Result from operations	€ million	308	114	> 100	589	296	99.0
Investments in fixed assets and intangible assets	€ million	120	92	30.4	199	157	26.8
Investments in financial assets / acquisitions	€ million	0	7	–100.0	1	56	–98.2
Total investments	€ million	120	99	21.2	200	213	–6.1
Shares in companies consolidated at equity	€ million				78	86	–9.3
Capital employed	€ million				7,378	6,558	12.5
Employees					19,387	18,677	3.8

TABLE 04

Income statement

€ million	2nd quarter			1st half year		
	2023/24	2022/23	+/- in %	2023/24	2022/23	+/- in %
Revenues	2,560	2,349	9.0	5,078	4,624	9.8
Operating result	310	153	> 100	592	316	87.3
Result from restructuring / special items	-2	-46	-95.7	-1	-44	-97.7
Result from companies consolidated at equity	0	7	-100.0	-2	24	-
Result from operations	308	114	> 100	589	296	99.0
Financial result	-38	-10	> 100	-65	-22	> 100
Earnings before income taxes	270	104	> 100	524	274	91.2
Taxes on income	-59	-31	90.3	-115	-69	66.7
Net earnings	211	73	> 100	409	205	99.5
of which attributable to Südzucker AG shareholders	181	39	> 100	345	126	> 100
of which attributable to hybrid equity	8	3	> 100	15	6	> 100
of which attributable to other non-controlling interests	22	31	-29.0	49	73	-32.9
Earnings per share (€)	0.89	0.19	> 100	1.69	0.62	> 100

TABLE 05

Taxes on income

Earnings before taxes were reported at € 524 (274) million and taxes on income amounted to € -115 (-69) million.

Consolidated net earnings

Of the consolidated net earnings of € 409 (205) million, € 345 (126) million were allocated to Südzucker AG shareholders, € 15 (6) million to hybrid equity and € 49 (73) million to other non-controlling interests, mainly the co-owners of the AGRANA and the CropEnergies Group.

Earnings per share

Earnings per share came in at € 1.69 (0.62). The calculation is based on the time-weighted average of 204.1 (204.1) million shares outstanding.

Group financial position

Cash flow

Cash flow was in line with the improved development of operating result totaling € 592 million, compared to € 362 million in the previous year. Cash flow as a percentage of sales revenues climbed to 11.7 (7.8) %.

Working capital

Cash outflow from the increase in working capital during the first half of 2023/24 of € 225 million resulted primarily from the decrease in trade payables – in particular due to final beet cash payments for the 2022 sugar campaign in March and June 2023 – and the increase in trade receivables due to sales, which could only be partially offset by the cash inflow from the sale of sugar inventories. In the same period of the previous year, the sale of sugar inventories could not offset the increase in trade receivables and the decrease in trade payables following payment of the closing rate for beet cash payments for the 2021 sugar campaign in the second quarter of 2022/23. This resulted in a cash outflow from the increase in working capital of € 93 million.

Investments in fixed assets

Investments in fixed assets (including intangible assets) amounted to € 199 (157) million. All segments are seeing an increase in the proportion of capital expenditures used to meet regulatory requirements and rising market demands. Increases in prices and delays in projects due to long delivery times, among other things, were also observed in all segments. This is an ongoing trend.

The sugar segment's investments of € 96 (56) million were mainly for replacements and to meet legal or regulatory requirements. Process optimization measures were also implemented and improvements in the logistics area were initiated.

Cash flow

€ million	2nd quarter			1st half year		
	2023/24	2022/23	+/- in %	2023/24	2022/23	+/- in %
Cash flow	297	179	65.9	592	362	63.5
Increase (-)/Decrease (+) in working capital	71	-132	-	-225	-93	> 100
Gain (-)/Loss (+) on disposal of items included in non-current assets and of securities	3	0	-	1	-1	-
I. Cash flow from operating activities	371	47	> 100	368	268	37.3
Investments in fixed assets and intangible assets (-)	-120	-92	30.4	-199	-157	26.8
Investments in financial assets/acquisitions (-)	0	-7	-100.0	-1	-56	-98.2
Total investments	-120	-99	21.2	-200	-213	-6.1
Other cash flows from investing activities	-140	-2	> 100	-142	2	-
II. Cash flow from investing activities	-260	-101	> 100	-342	-211	62.1
Repayment (-)/refund (+) of financial liabilities	78	244	-68.0	200	113	77.0
Increases in stakes held in subsidiaries/capital buyback (-)	-2	0	-	-2	-1	100.0
Decrease in stakes held in subsidiaries/capital increase (+)	0	0	-	0	0	-
Dividends paid (-)	-203	-127	59.8	-209	-131	59.5
III. Cash flow from financing activities	-127	117	-	-11	-19	-42.1
Change in cash and cash equivalent (total of I., II. und III.)	-16	63	-	15	38	-60.5
Other change in cash and cash equivalents	-2	-1	100.0	-2	6	-
Decrease (-)/Increase (+) in cash and cash equivalents	-18	62	-	13	44	-70.5
Cash and cash equivalents at the beginning of the period	278	298	-6.7	247	316	-21.8
Cash and cash equivalents at the end of the period	260	360	-27.8	260	360	-27.8

TABLE 06

In the special products segment, € 51 (71) million was spent mainly on expanding and optimizing production capacities at BENE0 and Freiburger, or on making the relevant preparations. Investments of € 23 (13) million in the CropEnergies segment related to the expansion and improvement of existing production facilities and the construction of the new sustainable ethyl acetate factory in the Zeitz Chemical and Industrial Park. The starch segment's investments of € 14 (7) million primarily served optimization work and compliance with regulatory requirements. The fruit segment's investments of € 15 (10) million were mostly for capacity expansions, process optimization and market requirements.

Investments in financial assets

Investments in financial assets of € 1 (56) million related to the CropEnergies segment's increase in its shares in Syclus B.V., Maastricht, Netherlands, and in East Energy GmbH, Rostock, Germany. In the corresponding prior-year period, the financial investments were mainly attributable to the complete acquisition of Meatless Holding B.V., Goes, Netherlands, by the BENE0 division.

Other cash flows from investing activities

Other cash flows from investing activities of € 142 (-2) million in the reporting period were mainly attributable to payments for short-term financial assets.

Dividend distributions

Shareholders approved a dividend of 0.70 (0.40) €/share or € 143 (82) million at the annual general meeting of Südzucker AG on 13 July 2023. Including the dividends paid to the equity shareholders and the non-controlling AGRANA Beteiligungs AG and CropEnergies AG shareholders, dividend distributions totaled € 209 (131) million.

Development of net financial debt

The cash inflow from operating activities of € 368 million includes the cash flow of € 592 million and an increase in working capital with a cash outflow of € 225 million. The financing of the investments in fixed and financial assets totaling € 200 million and profit distributions of € 209 million were not fully covered by the cash inflow from operating activities in the first half of 2023/24. Net financial debt therefore rose by € 35 million from € 1,864 million on 28 February 2023 to € 1,899 million on 31 August 2023.

Group assets

Balance sheet

€ million	31 August 2023	31 August 2022	+/- in %
Assets			
Intangible assets	922	973	-5.2
Fixed assets	3,163	3,047	3.8
Remaining assets	191	200	-4.5
Non-current assets	4,276	4,220	1.3
Inventories	2,479	1,955	26.8
Trade receivables	1,480	1,293	14.5
Remaining assets	949	1,122	-15.4
Current assets	4,908	4,370	12.3
Total assets	9,184	8,590	6.9
Liabilities and shareholders' equity			
Equity attributable to shareholders of Südzucker AG	2,747	2,615	5.0
Hybrid equity	654	654	0.0
Other non-controlling interests	963	1,000	-3.7
Total equity	4,364	4,269	2.2
Provisions for pensions and similar obligations	702	643	9.2
Financial liabilities	1,571	1,344	16.9
Remaining liabilities	380	378	0.5
Non-current liabilities	2,653	2,365	12.2
Financial liabilities	910	679	34.0
Trade payables	652	710	-8.2
Remaining liabilities	605	567	6.7
Current liabilities	2,167	1,956	10.8
Total liabilities and equity	9,184	8,590	6.9
Net financial debt	1,899	1,565	21.3
Equity ratio in %	47.5	49.7	
Net financial debt as % of equity (gearing)	43.5	36.7	

TABLE 07

Non-current assets

Non-current assets rose by € 56 million to € 4,276 (4,220) million. The reduction in intangible assets to € 922 (973) million was chiefly attributable to exchange rate effects. The increase in the carrying amount of fixed assets to € 3,163 (3,047) million was mainly due to expansion investments and the reversal at the end of the 2022/23 fiscal year of an impairment of the Südzucker AG wheat starch plant carried out in the 2018/19 fiscal year. The decrease in other assets to € 191 (200) million was mainly due to the decrease in the carrying amount of the companies consolidated at equity, in particular as a result of the declining earnings of the Hungrana Group.

Current assets

Current assets rose by € 538 million to € 4,908 (4,370) million. Inventories rose by € 524 million to € 2,479 (1,955) million, which – in addition to higher sugar inventory volumes – resulted in particular from significantly higher sugar manufacturing costs for the 2022 campaign and overall higher production costs in all divisions as a result of higher raw material and energy costs. Trade receivables were up € 187 million to € 1,480 (1,293) million, largely reflecting the higher revenues. Other assets decreased by € 173 million to € 949 (1,122) million, mainly as a result of lower positive fair values of derivatives.

Equity

The increase in equity to € 4,364 (4,269) million was mainly due to the positive development of results. Equity attributable to Südzucker AG shareholders increased to € 2,747 (2,615) million. Other non-controlling interests decreased to € 963 (1,000) million. With total assets up significantly by € 594 million to € 9,184 (8,590) million, the equity ratio was 47.5 (49.7) %.

Non-current liabilities

Non-current liabilities increased by € 288 million to € 2,653 (2,365) million. Provisions for pensions and similar obligations rose to € 702 (643) million; valuation was carried out at an increased market interest rate of 4.15 (3.60) % compared with the prior-year reporting date on 31 August 2022. Overall, non-current financial liabilities increased by a total of € 227 million to € 1,571 (1,344) million, in particular as a result of the increase in borrower's note loans in the 2022/23 fiscal year. The increase in non-current financial liabilities due to the issue of the € 400-million bond 2022/2027 in October 2022 was offset by the reclassification of the € 300-million bond 2016/2023 due in November 2023 to current liabilities. Remaining liabilities, which primarily include other provisions and deferred tax liabilities, rose to € 380 (378) million.

Current liabilities

Current liabilities rose by € 211 million to € 2,167 (1,956) million. The increase in current financial liabilities by € 231 million to € 910 (679) million resulted in particular from the reclassification of the € 300-million bond 2016/2023 from non-current liabilities in addition to promissory note loans taken out in fiscal year 2022/23; this was offset by the repayment of commercial paper and bank loans. At the same time trade payables decreased by € 58 million to € 652 (710) million. Other debt, comprising other provisions, tax liabilities, other liabilities and negative market values of derivatives, rose by € 38 million to € 605 (567) million.

Net financial debt

Net financial debt on 31 August 2023 amounted to € 1,899 (1,565) million, which corresponds to 43.5 (36.7) % of equity. As anticipated, the year-on-year increase in net financial debt was thus significantly lower, declining from € 594 million at the end of the first quarter compared to € 334 million by the end of the second quarter. The temporary increase over the previous year is mainly due to the increased working capital financing requirements.

Employees

The number of employees in the group (full-time equivalent) was up slightly at the end of the first half of fiscal 2023/24 to 19,387 (18,677).

Employees by segment at balance sheet date

31 August	2023	2022	+/- in %
Sugar	6,354	6,132	3.6
Special products	5,257	5,143	2.2
CropEnergies	486	467	4.1
Starch	1,191	1,173	1.5
Fruit	6,099	5,762	5.8
Group total	19,387	18,677	3.8

TABLE 08

SUGAR SEGMENT

Markets

World sugar market

In its latest estimate of the world sugar balance in July 2023, the market research company S&P Global Commodity Insights forecasts a balanced sugar market for the past 2022/23 marketing year (1 October to 30 September) after three deficit years in a row. A significant rise in sugar production in Brazil will be offset by lower production in Mexico, China, the EU, India and Pakistan, as well as a further increase in consumption.

In its initial estimate for the 2023/24 marketing year, S&P Global Commodity Insights expects a surplus of 1.5 million tonnes of sugar, with production continuing to rise, particularly in India, Pakistan, China, the EU and Mexico, while production in Brazil is expected to decline and consumption to increase. The ratio of inventories to consumption is likely to remain unchanged at a low level of 35 %.

The world market price for white sugar rose to 530 €/t by the end of fiscal 2022/23. This trend continued in the first half of fiscal 2023/24 and, after high volatility, the price reached 671 €/t at the end of August.

EU sugar market

During the past 2022/23 sugar marketing year (1 October to 30 September), sugar production (EU 27; including isoglucose) fell significantly to 15.1 (17.2) million tonnes, as a result of a further slight reduction in cultivation area and below-average yields due to the drought in the summer of 2022; the EU thus remained a net importer of sugar.

For the current 2023/24 sugar marketing year, the EU Commission is forecasting a slight growth in cultivation area. Late seeding and good vegetation conditions to date lead to expectations of an average harvest. Production is to rise to 16.0 (15.1) million tonnes. The EU would thus remain a net importer of sugar.

The price for sugar (food and non-food, ex-factory) published by the EU Commission initially rose to 586 €/t at the beginning of the past sugar marketing year in October 2022 due to the poor harvest and the sharp increase in raw material and energy costs, reaching a level of 821 €/t by the last available publication in July 2023. There are significant regional price differences between the deficit and surplus regions within the EU.

World market sugar prices

1 September 2020 to 31 August 2023, London, nearest forward trading month, white sugar value

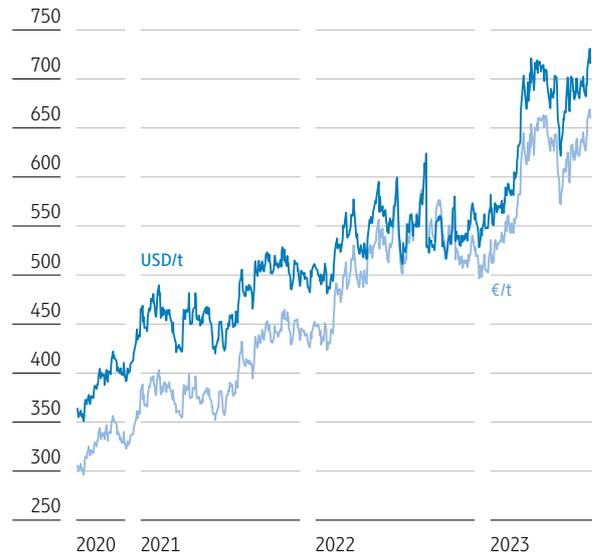


DIAGRAM 01

Energy market

At the beginning of June 2023, prices of around 74 USD / barrel were negotiated for Brent crude oil and 24 €/MWh for gas; at the end of August 2023, the prices were around 87 USD / barrel and 32 €/MWh, respectively. The higher oil quotations are mainly due to reduced production volumes and – as a result – lower inventories. Despite the increase, gas prices continued to trade at a significantly reduced level compared with the clearly higher average prices of recent quarters.

The price for European CO₂ emission allowances was around 77 €/t on the spot market at the beginning of June 2023. At the end of August 2023, the price was quoted at around 85 €/t, following the oil price trend.

Legal and political environment

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

In June 2022, as a result of the events of the war in Ukraine, the EU Parliament and the 27 EU member states approved the temporary suspension of customs duties and import quotas for sugar – for a limited period until June 2023. This special provision resulted in a rise in duty-free sugar imports from Ukraine to around 390,000 tonnes by the end of July 2023.

In the original agreement, which was concluded in 2014, Ukraine has duty-free access to the EU market for only 20,070 tonnes.

The EU has now extended its regulation for duty-free sugar imports from Ukraine until the beginning of June 2024. However, the Ukrainian government has banned the export of sugar to the EU from the beginning of June 2023 until 15 September 2023, because it now considers the supply of sugar to the domestic population to be at risk. For the 2023/24 season, Ukrainian beet growers have significantly increased their cultivation area, leading to the expectation that exports from Ukraine to the EU will resume and begin to expand mid-September 2023.

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 pages 71 and 72 of the 2022/23 annual report (consolidated management report, economic report, sugar segment).

Business performance

Revenues and operating result

The sugar segment's revenues rose substantially to € 1,951 (1,443) million. This increase was achieved despite declining sales volumes as a result of the poor harvest in 2022, with significantly higher prices.

The operating result improved significantly, reaching € 380 (16) million. A sharp rise in costs for raw materials and energy in particular were offset by higher prices generated since the end of the last fiscal year.

Business performance – Sugar segment

		2nd quarter			1st half year		
		2023/24	2022/23	+/- in %	2023/24	2022/23	+/- in %
Revenues	€ million	1,027	716	43.4	1,951	1,443	35.2
EBITDA	€ million	232	38	> 100	423	60	> 100
EBITDA margin	%	22.6	5.3		21.7	4.2	
Depreciation	€ million	-21	-23	-8.7	-43	-44	-2.3
Operating result	€ million	211	15	> 100	380	16	> 100
Operating margin	%	20.5	2.1		19.5	1.1	
Result from restructuring/special items	€ million	0	3	-100.0	1	5	-80.0
Result from companies consolidated at equity	€ million	2	4	-50.0	1	17	-94.1
Result from operations	€ million	213	22	> 100	382	38	> 100
Investments in fixed assets and intangible assets	€ million	62	33	87.9	96	56	71.4
Investments in financial assets/acquisitions	€ million	-	0	-	0	0	-
Total investments	€ million	62	33	87.9	96	56	71.4
Shares in companies consolidated at equity	€ million				27	27	-
Capital employed	€ million				3,464	2,721	27.3
Employees					6,354	6,132	3.6

TABLE 09

Result from companies consolidated at equity

The result from companies consolidated at equity totaled € 1 (17) million in the first half of the 2023/24 fiscal year. The same period of the previous year included currency gains of around € 10 million in connection with the discontinuation of the at-equity consolidation of ED&F Man Holdings Limited, London, UK, which has been carried under other investments since 1 March 2022.

Beet cultivation and 2023 campaign

Throughout Europe, weather conditions in the spring and summer were characterized by changeable weather extremes. Extensive rainfall from the end of July into August caused beet growth to be above average, while sugar content remained at a low level. These growing conditions are reflected in the yield expectations. On average for all growing regions, we currently predict slightly below-average sugar yields. Above-average beet yields are thus offset by low sugar contents. The 2023 campaign kicked off on 5 September 2023 at Südzucker Polska's Cerekiew and Strzelin factories and is expected to run until February 2024 at some factories.

Investments in fixed assets

Investments in the sugar segment amounted to € 96 (56) million. Alongside replacement investments and measures to meet customer requirements, the focus was on process optimization, improvements to the infrastructure, measures to make energy supply and sugar production more flexible and secure, as well as investments to protect the environment and meet regulatory requirements. This includes energy reduction measures and the reduction of greenhouse gas emissions at all locations. Completed and ongoing projects include, for example, new extraction towers, the expansion of a chip press station, new bulk loading, optimized wastewater treatment plants, the installation of lowNO_x burners, the installation of heat pumps and optimized energy processes.

SPECIAL PRODUCTS SEGMENT

Business performance

Revenues and operating result

The special products segment's revenues of € 1,209 (1,053) million were significantly higher than the previous year's figure. Notably higher prices were the main driver of this improvement.

Operating result rose significantly to € 95 (40) million. Predominantly higher margins led to this overall positive development. In the first half of the year, the company was better able to pass on the impact of higher raw material, packaging and energy costs to the market through higher prices.

Investments in fixed assets

The special products segment's investments of € 51 (71) million in the BENE0 division related not only to replacement

investments, but also to capacity expansion measures at almost all locations. The second refining line was thus completed in Pemuco, Chile. The company also invested in energy-saving measures, the complete switch to renewable energy sources and further capacity increases. In Wijnmaal, Belgium, another rice starch line was started up and dryer capacity boosted. Measures at the Offstein location related to efficiency enhancements. In addition, the construction of a new plant for the production of protein concentrate, which is scheduled to start up at the end of 2024, is being prepared at this location. In the Freiburger division, a new production line was installed at Richelieu, USA, and a new energy-efficient baking oven was installed at Stateside, UK. Work continued in the PortionPack division on the new factory building at the Telford site in the UK to combine the production capacities there; completion and the start of production are imminent.

Business performance – Special products segment

		2nd quarter			1st half year		
		2023/24	2022/23	+/- in %	2023/24	2022/23	+/- in %
Revenues	€ million	598	538	11.2	1,209	1,053	14.8
EBITDA	€ million	64	30	> 100	136	79	72.2
EBITDA margin	%	10.7	5.6		11.2	7.5	
Depreciation	€ million	-21	-20	5.0	-41	-39	5.1
Operating result	€ million	43	10	> 100	95	40	> 100
Operating margin	%	7.2	1.9		7.9	3.8	
Result from restructuring / special items	€ million	-2	0	-	-2	0	-
Result from companies consolidated at equity	€ million	0	0	-	0	0	-
Result from operations	€ million	41	10	> 100	93	40	> 100
Investments in fixed assets and intangible assets	€ million	25	40	-37.5	51	71	-28.2
Investments in financial assets / acquisitions	€ million	0	7	-100.0	0	55	-100.0
Total investments	€ million	25	47	-46.8	51	126	-59.5
Shares in companies consolidated at equity	€ million				0	0	-
Capital employed	€ million				2,005	1,938	3.5
Employees					5,257	5,143	2.2

TABLE 10

CROPENERGIES SEGMENT¹

Markets

Ethanol market

Ethanol prices declined further in the second quarter of 2023/24 from around 800 €/m³ at the beginning of June to around 750 €/m³ at the end of August 2023. The decline in ethanol prices is due, among other things, to international price developments and continued high import volumes. Ethanol prices averaged 746 (1,171) €/m³ during the second quarter; by the end of September 2023, spot prices for ethanol rose to around 800 €/m³.

2023 production in the EU 27 and the UK is expected to be below the previous year's level at 7.3 (7.7) million m³. At 9.9 (10.0) million m³, domestic consumption, on the other hand, is expected to remain almost unchanged at the previous year's level. Net imports are estimated at 2.8 (2.5) million m³ and remain at a very high level.

Grain markets

According to the International Grains Council (IGC), world grain production (excluding rice) is expected to climb slightly in 2023/24 to 2,294 (2,263) million tonnes, matching the level of the record harvest in the 2021/22 grain marketing year. Grain consumption is also expected to increase to 2,307 (2,266) million tonnes. As a result, grain inventories are anticipated to decline slightly to 584 (597) million tonnes.

For the EU 27, the EU Commission expects the 2023/24 grain harvest to rise to 271 (265) million tonnes. Consumption is to remain roughly at the previous year's level at 256 (255) million tonnes. Inventories are expected to be 42 (49) million tonnes.

European wheat prices at Euronext in Paris rose briefly in the second quarter of 2023/24 from around 225 €/t at the beginning of the quarter to around 265 €/t in July, after the grain agreement with Russia was not renewed. However, following this short-term increase, grain prices dropped again and levelled out at around 225 €/t by the end of the second quarter of 2023/24.

Legal and political environment

In the reporting period, there have been no material changes to the legal and political general conditions than those outlined on page 83 of the 2022/23 annual report (consolidated management report, economic report, CropEnergies segment).

¹ Further information is available in the current CropEnergies AG half-year financial report.

Business performance

Revenues and operating result

Revenues in the CropEnergies segment saw a marked decline to € 565 (798) million as a result of significantly lower sales volumes due to scheduled maintenance shutdowns and significantly lower sales revenues. Ethanol prices reached record highs during the same period of the previous year.

Following the development of revenues, the operating result significantly lagged behind the exceptionally strong first half of the previous year at € 34 (180) million. The decline in the result was driven primarily by the significant drop in sales revenues due to normalized prices for renewable ethanol. Substantially lower sales volumes likewise contributed to the

decline in results. Increased raw material costs had a negative impact, while higher prices were realized for by-products.

Investments in fixed assets

Investments in fixed assets totaled € 23 (13) million. The investments at the Zeitz site included the construction of the new production facility for the production of sustainable ethyl acetate. At Ensus in Wilton, UK, further measures were taken to increase plant availability and enhance plant safety. In addition, a project has been launched to significantly reduce process energy. The project is due to be completed in mid-2024 and will make an important contribution to reducing the fossil carbon footprint at Ensus.

Business performance – CropEnergies segment

		2nd quarter			1st half year		
		2023/24	2022/23	+/- in %	2023/24	2022/23	+/- in %
Revenues	€ million	276	421	-34.4	565	798	-29.2
EBITDA	€ million	31	103	-69.9	56	201	-72.1
EBITDA margin	%	11.2	24.5		9.9	25.2	
Depreciation	€ million	-11	-10	10.0	-22	-21	4.8
Operating result	€ million	20	93	-78.5	34	180	-81.1
Operating margin	%	7.2	22.1		6.0	22.6	
Result from restructuring / special items	€ million	0	0	-	0	0	-
Result from companies consolidated at equity	€ million	0	0	-	0	0	-
Result from operations	€ million	20	93	-78.5	34	180	-81.1
Investments in fixed assets and intangible assets	€ million	14	9	55.6	23	13	76.9
Investments in financial assets / acquisitions	€ million	0	0	-	1	1	-
Total investments	€ million	14	9	55.6	24	14	71.4
Shares in companies consolidated at equity	€ million				6	3	100.0
Capital employed	€ million				532	480	10.8
Employees					486	467	4.1

TABLE 11

STARCH SEGMENT

Markets

Target markets

The trend of declining market demand, which was already apparent in the second half of 2022/23, continued unabated and even intensified in the first half of 2023/24. The scarce supply of the markets in previous years has now turned into oversupply and an increase in unused processing capacities. Direct consequences of this include high market and price pressure along with a return to a strong buyer's market.

Demand for technical starches for the paper and packaging segment seems to have bottomed out. Inventories of semi-finished and finished goods in the paper industry have been reduced to a large extent and plants are being operated at lower, consumption-based capacities. The construction industry as a whole experienced a powerful downtrend, which is reflected in considerably reduced demand for modified starches for dry mortars and tile adhesives. The effects of plummeting demand and prices throughout the conventional plastics and bioplastics market are also becoming apparent.

Almost all major European infant milk formula producers had to deal with excess capacities due to restrictions related to supplying the Chinese market. Focusing on premium products enabled the segment to keep volumes relatively stable.

Raw material markets

The potato starch factory in Gmünd, Austria, began taking delivery of starch potatoes for the 2023 harvest at the beginning of September 2023 (contracts for around 215,000 tonnes). Supply fulfillment of about 85 % of the contracted starch potatoes and an average starch content of about 18.5 (18.9) % are expected due to unfavorable weather conditions during the growing season.

The corn starch factory in Aschach, Austria, began accepting wet corn deliveries in the second half of September. It is expected that the takeover volume will be lower than last year at around 115,000 to 120,000 tonnes and that processing will continue until probably the end of December 2023. Subsequently, processing will continue with dried corn. Almost 190,000 (227,000) tonnes of corn have already been processed in Aschach in the first half of 2023/24.

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

Business performance

Revenues and operating result

The starch segment's revenues declined moderately to € 562 (603) million. The overall increase in prices was unable to compensate for the significant decline in volumes. Ethanol prices were down substantially, but prices for starch products were higher overall than in the prior-year period.

Operating result in the reporting period was down significantly to € 39 (50) million. Overall, higher prices could not fully offset the decline in sales volumes and higher costs.

Result from companies consolidated at equity

The result from companies consolidated at equity of € –3 (7) million was mainly attributable to the decline in the share of earnings from Hungarian Hungrana Group's starch and etha-

not activities. The negative impact of significantly lower volumes and substantial cost increases could not be sufficiently passed on to customers in the form of adjusted selling prices.

Investments in fixed assets

The starch segment invested € 14 (7) million in fixed assets. In addition to energy supply security measures in the event of a gas supply shortfall, investments related to wastewater treatment, spray drying to improve quality requirements and infrastructure, process optimization aimed at reducing energy consumption, and logistical improvements through a ship connection to a bran warehouse and improvements to rail-road tracks.

Business performance – Starch segment

		2nd quarter			1st half year		
		2023/24	2022/23	+/- in %	2023/24	2022/23	+/- in %
Revenues	€ million	269	308	-12.7	562	603	-6.8
EBITDA	€ million	27	38	-28.9	61	75	-18.7
EBITDA margin	%	10.0	12.3		10.9	12.4	
Depreciation	€ million	-11	-13	-15.4	-22	-25	-12.0
Operating result	€ million	16	25	-36.0	39	50	-22.0
Operating margin	%	5.9	8.1		6.9	8.3	
Result from restructuring / special items	€ million	0	0	-	0	0	-
Result from companies consolidated at equity	€ million	-2	3	-	-3	7	-
Result from operations	€ million	14	28	-50.0	36	57	-36.8
Investments in fixed assets and intangible assets	€ million	10	4	> 100	14	7	100.0
Investments in financial assets / acquisitions	€ million	0	0	-	0	0	-
Total investments	€ million	10	4	> 100	14	7	100.0
Shares in companies consolidated at equity	€ million				45	56	-19.6
Capital employed	€ million				543	494	9.9
Employees					1,191	1,173	1.5

TABLE 12

FRUIT SEGMENT

Markets

Target markets

According to current data from Euromonitor as of August 2023, the global market for fruit yogurt, the primary target market for fruit preparations, reveals a year-on-year volume decline of -0.6 % for 2023.

In the fruit juice concentrates business, customer call-offs for apple juice concentrate were at a good level. Customer call-offs for berry juice concentrates were down in the reporting period as a result of early customer call-offs already in fiscal 2022/23.

With high market demand, the contracts for apple juice concentrates and berry juice concentrates from the 2022 harvest were concluded at very good selling prices.

Raw material markets

A total of around 176,000 tonnes of raw materials were purchased for the fruit preparations division in the first half of 2023/24, of which 29,000 tonnes were strawberries.

The strawberry harvest in July was completed in all relevant procurement markets. Contracts were signed for the entire budgeted volume. Lower production costs for suppliers and sufficient availability of raw materials led to average purchase prices below the previous year's level.

Purchase prices for peaches were at the previous year's level, and in the case of blueberries, raspberries, mango and pineapple below the figure for the previous year.

A weaker harvest is expected for apples – the main fruit of the fruit juice concentrate business – in the EU as a whole, among others in Poland. Rising raw material costs are therefore also to be expected in the 2023 apple campaign, which has just kicked off. In the 2023 berry juice processing season, which ended at the beginning of September, there was average raw material availability.

Business performance

Revenues and operating result

The fruit segment's revenues of € 791 (727) million were moderately higher than last year. Due to price factors, revenues increased for both fruit preparations and fruit juice concentrates. This compensated for the significant decline in volumes of fruit juice concentrates. Sales volumes of fruit preparations remained stable at the previous year's level.

Operating result of € 44 (30) million was well above last year's figure. Despite a slight decline in volumes and higher costs, the earnings contribution from fruit preparations rose due to noticeably higher margins. The fruit juice concentrates business also reported an increase in earnings. Higher prices more than offset the rise in costs and the substantial decline in sales volumes.

Investments in fixed assets

The fruit segment's investments of € 15 (10) million were for replacements and, in particular, for capacity expansions in the fruit preparations business. In the fruit juice concentrates sector, investments focused on the construction of a mechanical vapor recompressor and a new apple cleaning station, as well as measures to maintain operations and comply with legal regulations and customer requirements.

Business performance – Fruit segment

		2nd quarter			1st half year		
		2023/24	2022/23	+/- in %	2023/24	2022/23	+/- in %
Revenues	€ million	390	366	6.6	791	727	8.8
EBITDA	€ million	29	20	45.0	63	50	26.0
EBITDA margin	%	7.4	5.5		8.0	6.9	
Depreciation	€ million	-9	-10	-10.0	-19	-20	-5.0
Operating result	€ million	20	10	100.0	44	30	46.7
Operating margin	%	5.1	2.7		5.6	4.1	
Result from restructuring / special items	€ million	0	-49	-100.0	0	-49	-100.0
Result from companies consolidated at equity	€ million	0	0	-	0	0	-
Result from operations	€ million	20	-39	-	44	-19	-
Investments in fixed assets and intangible assets	€ million	9	6	50.0	15	10	50.0
Investments in financial assets / acquisitions	€ million	0	0	-	0	0	-
Total investments	€ million	9	6	50.0	15	10	50.0
Shares in companies consolidated at equity	€ million				0	0	-
Capital employed	€ million				834	925	-9.8
Employees					6,099	5,762	5.8

TABLE 13

OUTLOOK

The Ukraine war, which has continued from the start of fiscal 2022/23 to the present day, has fundamentally intensified the already high volatility on the target markets and led to price increases on the procurement markets, particularly in the raw materials and energy sectors. Moreover, further market distortions may arise in the EU as a result of the dutyfree access granted to agricultural imports from Ukraine. The current reduced volatility notwithstanding, the economic and financial ramifications, the security of supply and the duration of this temporary exceptional situation – with regard to the further course of fiscal 2023/24 and also fiscal year 2024/25 – remain difficult to assess.

Group

The group forecast for the 2023/24 fiscal year was first published on 15 December 2022, and increased on 18 April 2023 and 6 July 2023. Now it will be adjusted again in this half-year financial report. We currently expect group consolidated revenues in fiscal 2023/24 to be between € 10.0 to 10.5 (previous forecast: 10.4 to 10.9; 2022/23: 9.5) billion, which is still an increase over the previous year.

We anticipate group EBITDA to grow to a range between € 1.3 and 1.4 (previous forecast: 1.2 to 1.4; 2022/23: 1.1) billion.

We now also expect the consolidated group operating result to be stronger – in a range between € 900 and 1,000 (previous forecast: 850 to 950; 2022/23: 704) million.

Our projections indicate a moderate rise in capital employed. Based on the aforementioned improvement in the operating result, Südzucker is projecting a significant increase in ROCE (2022/23: 9.9 %):

Sugar segment

Sugar supply and demand is expected to be balanced for the past marketing year 2022/23, along with a confirmation of low inventory levels. With only a modest surplus in the global sugar balance in marketing year 2023/24 and inventories that are still low, the global market environment should remain positive. In the EU, with a moderate increase in cultivation area and average cultivation conditions, sugar production is expected to increase only moderately – compared to a very weak previous year's harvest. As a result, the EU will remain a net importer in the 2023/24 sugar marketing year. Since the market environment will remain positive, the EU sugar price level achieved will essentially remain stable in the 2023/24 sugar marketing year.

The significantly higher average revenues in the fiscal year will more than compensate for the decrease in sales volumes as a result of the weak 2022 harvest. As a result, we continue to expect a sizeable further increase in sales (2022/23: € 3.2 billion).

After four years of losses, the necessary earnings recovery in the sugar segment will continue. We expect the sugar segment's operating result to range between € 550 and 650 (previous forecast: 500 to 600; 2022/23: 230) million. In particular, the price increases implemented since October 2022, which will continue from October 2023, will have a very positive effect on the entire 2023/24 fiscal year. Nevertheless, we expect the operating result in the second half of the year to be below that of the first half. In addition to the normal seasonal effects, this is mainly attributable to the increase in production costs due to raw materials, with an increasing share of sugar exports to third countries resulting from the larger harvest expected in 2023. We further predict that we will be able to meet and even exceed the positive results of the second half of the past fiscal year 2022/23.

Special products segment

We expect revenues to grow considerably in the special products segment, driven mainly by sales revenues (2022/23: € 2.2 billion). While it was only possible to pass on the significantly increased raw material and energy costs to the market with a delay in fiscal 2022/23, we have managed to pass on most of the increase in raw material and energy costs to the market in the first half year of fiscal 2023/24. As a result, we expect a clear recovery in the operating result, following a decline over the past two years, for the 2023/24 year overall, and thus a further significant increase in the operating result compared to the previous year (2022/23: € 102 million).

CropEnergies segment

Over the year as a whole, CropEnergies' raw material and energy costs will likely remain at the previous year's level. In a normalized market environment, ethanol prices remain volatile and are well below the record levels of the previous year. This means that ethanol prices are expected to be lower overall in the CropEnergies segment for the 2023/24 fiscal year compared to the previous record year 2022/23.

We still expect revenues of € 1.3 to 1.4 (2022/23: 1.4) billion and an operating result of € 95 to 145 (2022/23: 251) million.

RISKS AND OPPORTUNITIES

Starch segment

We now expect a moderate decline in sales in the starch segment for the 2023/24 fiscal year based on developments to date (previous forecast: significant increase; 2022/23: € 1.2 billion). In particular, the decline in sales volumes due to waning demand is having a negative impact on development of the operating result. Moreover, the ethanol business is expected to remain highly volatile, with a result lower than that of the previous year due to prices. Consequently, we expect the operating result for the starch segment to be significantly lower than in the previous year (2022/23: € 70 million).

Fruit segment

In the fruit segment we continue to expect a moderate improvement in revenues for the 2023/24 fiscal year (2022/23: € 1.5 billion) and a significant increase in the operating result (previous forecast: at last year's level; 2022/23: € 51 million). The fruit preparations division expects revenues to grow, chiefly due to price adjustments along with stable growth in the operating result. The fruit juice concentrates division's 2023/24 revenues should remain comparable to last year's level. Due to a number of promising contracts that have been concluded, earnings are expected to remain positive in the 2023/24 fiscal year.

The Südzucker Group is exposed to macroeconomic, industry-specific and business risks and opportunities. Information about the group's risk management system, risks and potential opportunities is provided in the 2022/23 annual report under "Risk and opportunity report" on pages 96 to 106.

Taking into account all known facts, we have not identified any risks, either individually or as a whole, that threaten the continued existence of Südzucker Group.

CORPORATE GOVERNANCE

Effective at the end of Südzucker AG's annual general meeting on 13 July 2023, Veronika Haslinger resigned from the supervisory board. With effect from the end of the 2023 annual general meeting, Dr. Claudia Süssenbacher, Gablitz, Austria, was elected to the supervisory board as a shareholder representative until the end of the remaining term of office of the current supervisory board, i.e. until the end of the annual general meeting in 2027 that resolves to ratify the actions of the supervisory board for the 2026/27 financial year.

COMPREHENSIVE INCOME

1 March to 31 August 2023

€ million	2nd quarter			1st half year		
	2023/24	2022/23	+/- in %	2023/24	2022/23	+/- in %
Income statement						
Revenues	2,560	2,349	9.0	5,078	4,624	9.8
Change in work in progress and finished goods inventories and internal costs capitalized	-407	-283	43.8	-720	-608	18.4
Other operating income	26	35	-25.7	56	73	-23.3
Cost of materials	-1,238	-1,344	-7.9	-2,578	-2,591	-0.5
Personnel expenses	-280	-251	11.6	-555	-498	11.4
Depreciation	-73	-79	-7.6	-147	-152	-3.3
Goodwill impairment	0	-47	-100.0	0	-47	-100.0
Other operating expenses	-280	-273	2.6	-543	-529	2.6
Result from companies consolidated at equity	0	7	-100.0	-2	24	-
Result from operations	308	114	> 100	589	296	99.0
Financial income	8	23	-65.2	40	49	-18.4
Financial expense	-46	-33	39.4	-105	-71	47.9
Earnings before income taxes	270	104	> 100	524	274	91.2
Taxes on income	-59	-31	90.3	-115	-69	66.7
Net earnings	211	73	> 100	409	205	99.5
of which attributable to Südzucker AG shareholders	181	39	> 100	345	126	> 100
of which attributable to hybrid equity	8	3	> 100	15	6	> 100
of which attributable to other non-controlling interests	22	31	-29.0	49	73	-32.9
Earnings per share (€)	0.89	0.19	> 100	1.69	0.62	> 100

€ million	2nd quarter			1st half year		
	2023/24	2022/23	+/- in %	2023/24	2022/23	+/- in %
Statement of other comprehensive income						
Net earnings	211	73	> 100	409	205	99.5
Market value of hedging instruments (cash flow hedge) after deferred taxes	28	185	-84.9	-36	288	-
Market value of debt instruments (securities) after deferred taxes	0	-9	-100.0	0	-9	-100.0
Exchange differences on net investments in foreign operations after deferred taxes	-3	13	-	-5	21	-
Foreign currency translation differences/hyperinflation	-24	10	-	-4	51	-
Share from companies consolidated at equity	0	-2	-100.0	4	-15	-
Income and expenses to be recognized in the income statement in the future	1	197	-99.5	-41	336	-
Market value of equity instruments (securities) after deferred taxes	0	0	-	0	0	-
Remeasurement of defined benefit pension plans and similar obligations after deferred taxes	0	87	-100.0	-14	218	-
Share from companies consolidated at equity	0	0	-	0	-3	-100.0
Income and expenses not to be recognized in the income statement in the future	0	87	-100.0	-14	215	-
Other comprehensive result	1	284	-99.6	-55	551	-
Comprehensive income	212	357	-40.6	354	756	-53.2
of which attributable to Südzucker AG shareholders	180	298	-39.6	305	609	-49.9
of which attributable to hybrid equity	8	3	> 100	15	6	> 100
of which attributable to other non-controlling interests	24	56	-57.1	34	141	-75.9

TABLE 14

CASH FLOW STATEMENT

1 March to 31 August 2023

€ million	2nd quarter			1st half year		
	2023/24	2022/23	+/- in %	2023/24	2022/23	+/- in %
Net earnings	211	73	> 100	409	205	99.5
Goodwill impairment (+)	0	47	-100.0	0	47	-100.0
Depreciation and amortization of intangible assets, fixed assets and other investments (+)	73	79	-7.6	147	152	-3.3
Decrease (-)/Increase (+) in non-current provisions and (deferred) tax liabilities and increase (-)/decrease (+) in deferred tax assets	2	-10	-	20	-14	-
other income (-)/expenses (+) not affecting cash	11	-10	-	16	-28	-
Cash flow	297	179	65.9	592	362	63.5
Decrease (-)/Increase (+) in current provisions	4	-1	-	-8	-10	-20.0
Increase (-)/Decrease (+) in inventories, receivables and other assets	538	200	> 100	678	313	> 100
Decrease (-)/Increase (+) in liabilities (excluding financial liabilities)	-471	-331	42.3	-895	-396	> 100
Increase (-)/Decrease (+) in working capital	71	-132	-	-225	-93	> 100
Gain (-)/Loss (+) on disposal of items included in non-current assets and of securities	3	0	-	1	-1	-
I. Cash flow from operating activities	371	47	> 100	368	268	37.3
Investments in fixed assets and intangible assets (-)	-120	-92	30.4	-199	-157	26.8
Investments in financial assets/acquisitions (-)	0	-7	-100.0	-1	-56	-98.2
Total investments	-120	-99	21.2	-200	-213	-6.1
Cash received on disinvestments (+)	0	0	-	0	0	-
Cash received on disposal of non-current assets (+)	3	3	-	6	7	-14.3
Cash paid (-)/received (+) for the purchase/sale of other securities	-143	-5	> 100	-148	-5	> 100
II. Cash flow from investing activities	-260	-101	> 100	-342	-211	62.1

€ million	2nd quarter			1st half year		
	2023/24	2022/23	+/- in %	2023/24	2022/23	+/- in %
Repayment (-)/Issuance (+) of commercial papers	150	120	25.0	0	-55	-100.0
Repayment (-) of lease liabilities	-8	-8	-	-16	-15	6.7
Other repayment (-)/Refund (+) of financial liabilities	-64	132	-	216	183	18.0
Repayment (-)/Refund (+) of financial liabilities	78	244	-68.0	200	113	77.0
Increases in stakes held in subsidiaries/capital buyback (-)	-2	0	-	-2	-1	100.0
Decrease in stakes held in subsidiaries/capital increase (+)	0	0	-	0	0	-
Dividends paid (-)	-203	-127	59.8	-209	-131	59.5
III. Cash flow from financing activities	-127	117	-	-11	-19	-42.1
Change in cash and cash equivalent (total of I., II. und III.)	-16	63	-	15	38	-60.5
Change in cash and cash equivalents						
due to exchange rate changes	-2	-1	100.0	-2	6	-
due to changes in entities included in consolidation/other	0	0	-	0	0	-
Decrease (-)/Increase (+) in cash and cash equivalents	-18	62	-	13	44	-71.4
Cash and cash equivalents at the beginning of the period	278	298	-6.7	247	316	-21.6
Cash and cash equivalents at the end of the period	260	360	-27.8	260	360	-27.8
Dividends received from companies consolidated at equity/ other participations	1	0	-	2	2	-
Interest receipts	5	1	> 100	8	3	> 100
Interest payments	-16	-6	> 100	-29	-9	> 100
Income taxes paid	-27	-42	-35.7	-52	-42	23.8

TABLE 15

BALANCE SHEET

31 August 2023

€ million	31 August 2023	31 August 2022	+/- in %
Assets			
Intangible assets	922	973	-5.2
Fixed assets	3,163	3,048	3.8
Shares in companies consolidated at equity	78	86	-9.3
Other investments	9	8	12.5
Securities	18	18	-
Other assets	37	34	8.8
Deferred tax assets	49	53	-7.5
Non-current assets	4,276	4,220	1.3
Inventories	2,479	1,955	26.8
Trade receivables	1,480	1,293	14.5
Other assets	346	661	-47.7
Current tax receivables	39	21	85.7
Securities	304	80	> 100
Cash and cash equivalents	260	360	-27.8
Current assets	4,908	4,370	12.3
Total assets	9,184	8,590	6.9

€ million	31 August 2023	31 August 2022	+/- in %
Liabilities and equity			
Equity attributable to shareholders of Südzucker AG	2,747	2,615	5.0
Hybrid equity	654	654	–
Other non-controlling interests	963	1,000	–3.7
Total equity	4,364	4,269	2.2
Provisions for pensions and similar obligations	702	643	9.2
Other provisions	200	208	–3.8
Financial liabilities	1,571	1,344	16.9
Other liabilities	6	8	–25.0
Tax liabilities	5	3	66.7
Deferred tax liabilities	169	159	6.3
Non-current liabilities	2,653	2,365	12.2
Other provisions	68	82	–17.1
Financial liabilities	910	679	34.0
Trade payables	652	710	–8.2
Other liabilities	446	396	12.6
Current tax liabilities	91	89	2.2
Current liabilities	2,167	1,956	10.8
Total liabilities and equity	9,184	8,590	6.9
Net financial debt	1,899	1,565	21.3
Equity ratio in %	47.5	49.7	
Net financial debt as % of equity (gearing)	43.5	36.7	

TABLE 16

CHANGES IN SHAREHOLDERS' EQUITY

1 March to 31 August 2023

€ million	Issued subscribed capital	Nominal value own shares	Capital reserve	Other reserves
1 March 2022	204	0	1,615	372
Net earnings				126
Other comprehensive result				211
Comprehensive income				337
Distributions				-82
Basis adjustment				
Other changes	0	0	0	3
31 August 2022	204	0	1,615	630
1 March 2023	204	0	1,615	880
Net earnings				345
Other comprehensive result				-13
Comprehensive income				332
Distributions				-143
Basis adjustment				
Other changes	0	0	0	0
31 August 2023	204	0	1,615	1,069

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 equity	Other non-controlling interests	Total equity
66	-7	-2	-119	-2	2,127	654	918	3,699
					126	6	73	205
244	-9	21	31	-15	483	0	68	551
244	-9	21	31	-15	609	6	141	756
					-82	-6	-41	-129
-42					-42		-19	-61
					3	0	1	4
268	-16	19	-88	-17	2,615	654	1,000	4,269
0	-10	7	-105	-19	2,572	654	973	4,199
					345	15	49	409
-28	0	-5	4	2	-40	0	-15	-55
-28	0	-5	4	2	305	15	34	354
					-143	-15	-50	-208
13					13		5	18
					0	0	1	1
-15	-10	2	-101	-17	2,747	654	963	4,364

TABLE 17

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS

Segment report

€ million	2nd quarter			1st half year		
	2023/24	2022/23	+/- in %	2023/24	2022/23	+/- in %
Südzucker Group						
Gross revenues	2,703	2,462	9.8	5,356	4,836	10.8
Consolidation	-143	-113	26.5	-278	-212	31.1
Revenues	2,560	2,349	9.0	5,078	4,624	9.8
EBITDA	383	229	67.2	739	465	58.9
EBITDA margin	15.0 %	9.7 %		14.6 %	10.1 %	
Depreciation	-73	-76	-3.9	-147	-149	-1.3
Operating result	310	153	> 100	592	316	87.3
Operating margin	12.1 %	6.5 %		11.7 %	6.8 %	
Result from restructuring / special items	-2	-46	-95.7	-1	-44	-97.7
Result from companies consolidated at equity	0	7	-100.0	-2	24	-
Result from operations	308	114	> 100	589	296	99.0
Investments in fixed assets including intangible assets	120	92	30.4	199	157	26.8
Investments in financial assets / acquisitions	0	7	-100.0	1	56	-98.2
Total investments	120	99	21.2	200	213	-6.1
Shares in companies consolidated at equity				78	86	-9.3
Capital employed				7,378	6,558	12.5
Employees				19,387	18,677	3.8
Sugar segment						
Gross revenues	1,100	766	43.6	2,093	1,538	36.1
Consolidation	-73	-50	46.0	-142	-95	49.5
Revenues	1,027	716	43.4	1,951	1,443	35.2
EBITDA	232	38	> 100	423	60	> 100
EBITDA margin	22.6 %	5.3 %		21.7 %	4.2 %	
Depreciation	-21	-23	-8.7	-43	-44	-2.3
Operating result	211	15	> 100	380	16	> 100
Operating margin	20.5 %	2.1 %		19.5 %	1.1 %	
Result from restructuring / special items	0	3	-100.0	1	5	-80.0
Result from companies consolidated at equity	2	4	-50.0	1	17	-94.1
Result from operations	213	22	> 100	382	38	> 100
Investments in fixed assets including intangible assets	62	33	87.9	96	56	71.4
Investments in financial assets / acquisitions	0	0	-	0	0	-
Total investments	62	33	87.9	96	56	71.4
Shares in companies consolidated at equity				27	27	0.0
Capital employed				3,464	2,721	27.3
Employees				6,354	6,132	3.6

€ million	2nd quarter			1st half year		
	2023/24	2022/23	+/- in %	2023/24	2022/23	+/- in %
Special products segment						
Gross revenues	602	541	11.3	1,217	1,060	14.8
Consolidation	-4	-3	33.3	-8	-7	14.3
Revenues	598	538	11.2	1,209	1,053	14.8
EBITDA	64	30	> 100	136	79	72.2
EBITDA margin	10.7 %	5.6 %		11.2 %	7.5 %	
Depreciation	-21	-20	5.0	-41	-39	5.1
Operating result	43	10	> 100	95	40	> 100
Operating margin	7.2 %	1.9 %		7.9 %	3.8 %	
Result from restructuring/special items	-2	0	-	-2	0	-
Result from companies consolidated at equity	0	0	-	0	0	-
Result from operations	41	10	> 100	93	40	> 100
Investments in fixed assets including intangible assets	25	40	-37.5	51	71	-28.2
Investments in financial assets/acquisitions	0	7	-100.0	0	55	-100.0
Total investments	25	47	-46.8	51	126	-59.5
Shares in companies consolidated at equity				0	0	-
Capital employed				2,005	1,938	3.5
Employees				5,257	5,143	2.2
CropEnergies segment						
Gross revenues	309	450	-31.3	631	849	-25.7
Consolidation	-33	-29	13.8	-66	-51	29.4
Revenues	276	421	-34.4	565	798	-29.2
EBITDA	31	103	-69.9	56	201	-72.1
EBITDA margin	11.2 %	24.5 %		9.9 %	25.2 %	
Depreciation	-11	-10	10.0	-22	-21	4.8
Operating result	20	93	-78.5	34	180	-81.1
Operating margin	7.2 %	22.1 %		6.0 %	22.6 %	
Result from restructuring/special items	0	0	-	0	0	-
Result from companies consolidated at equity	0	0	-	0	0	-
Result from operations	20	93	-78.5	34	180	-81.1
Investments in fixed assets including intangible assets	14	9	55.6	23	13	76.9
Investments in financial assets/acquisitions	0	0	-	1	1	0.0
Total investments	14	9	55.6	24	14	71.4
Shares in companies consolidated at equity				6	3	100.0
Capital employed				532	480	10.8
Employees				486	467	4.1

€ million	2nd quarter			1st half year		
	2023/24	2022/23	+/- in %	2023/24	2022/23	+/- in %
Starch segment						
Gross revenues	301	338	-10.9	623	661	-5.7
Consolidation	-32	-30	6.7	-61	-58	5.2
Revenues	269	308	-12.7	562	603	-6.8
EBITDA	27	38	-28.9	61	75	-18.7
EBITDA margin	10.0 %	12.3 %		10.9 %	12.4 %	
Depreciation	-11	-13	-15.4	-22	-25	-12.0
Operating result	16	25	-36.0	39	50	-22.0
Operating margin	5.9 %	8.1 %		6.9 %	8.3 %	
Result from restructuring / special items	0	0	-	0	0	-
Result from companies consolidated at equity	-2	3	-	-3	7	-
Result from operations	14	28	-50.0	36	57	-36.8
Investments in fixed assets including intangible assets	10	4	> 100	14	7	100.0
Investments in financial assets / acquisitions	0	0	-	0	0	-
Total investments	10	4	> 100	14	7	100.0
Shares in companies consolidated at equity				45	56	-19.6
Capital employed				543	494	9.9
Employees				1,191	1,173	1.5
Fruit segment						
Gross revenues	391	367	6.5	792	728	8.8
Consolidation	-1	-1	0.0	-1	-1	0.0
Revenues	390	366	6.6	791	727	8.8
EBITDA	29	20	45.0	63	50	26.0
EBITDA margin	7.4 %	5.5 %		8.0 %	6.9 %	
Depreciation	-9	-10	-10.0	-19	-20	-5.0
Operating result	20	10	100.0	44	30	46.7
Operating margin	5.1 %	2.7 %		5.6 %	4.1 %	
Result from restructuring / special items	0	-49	-100.0	0	-49	-100.0
Result from companies consolidated at equity	0	0	-	0	0	-
Result from operations	20	-39	-	44	-19	-
Investments in fixed assets including intangible assets	9	6	50.0	15	10	50.0
Investments in financial assets / acquisitions	0	0	-	0	0	-
Total investments	9	6	50.0	15	10	50.0
Shares in companies consolidated at equity				0	0	-
Capital employed				834	925	-9.8
Employees				6,099	5,762	5.8

TABLE 18

(1) Principles of preparation of the consolidated financial statements

Südzucker Group's interim financial statements as of 31 August 2023 were prepared in accordance with the rules on interim financial reporting pursuant to IAS 34 (Interim Financial Reporting), in conformance with the International Financial Reporting Standards (IFRS) published by the International Accounting Standards Board (IASB). Südzucker AG's interim consolidated financial statements dated 31 August 2023 have been condensed as per IAS 34. The consolidated interim statements dated 31 August 2023 were not subject to any inspection or audit review. Südzucker AG's board of directors prepared these interim financial statements on 28 September 2023.

As presented in the notes to the financial statements of the 2022/23 annual report under item (01) "Principles of preparation of the consolidated financial statements" on pages 126 to 128, there were new and/or amended standards and interpretations that came into effect and were applied for the first time in preparing these interim financial statements.

The same accounting and valuation methods as those used to prepare the group annual financial statements dated 28 February 2023 were applied for the remainder of this interim report. The relevant explanatory notes under item (05) "Accounting policies", pages 132 to 136 of the 2022/23 annual report, thus also apply here.

Südzucker Group's 2022/23 annual report can be viewed or downloaded at www.suedzuckergroup.com/de/investor-relations and/or www.suedzuckergroup.com/en/investor-relations. The information provided there is updated as follows:

A discount rate of 4.15 % was applied to material plans on 31 August 2023 to calculate provisions for pensions and similar obligations. The discount rate applied on 31 August 2022 was 3.60 %.

Income taxes were calculated on the basis of local corporate income tax rates in consideration of the income tax forecast for the entire fiscal year. Material special items are fully recognized neglecting the determination of the annual tax rate in the respective quarter in which they occur.

Sugar is primarily produced from September to January. This is why depreciation on systems used for the campaign is predominantly applied during this period. Any material, personnel and other operating expenses incurred in preparation for production prior to the next sugar campaign are capitalized during the fiscal year via changes in inventories and recognized on the balance sheet under inventories as work in progress. These are then taken into account during subsequent sugar production when determining the production costs of the sugar produced and thus recognized under inventories as part of finished goods.

(2) Companies included in consolidation

Fully consolidated subsidiaries

As of 31 August 2023, the scope of consolidation included 139 fully consolidated companies aside from Südzucker AG (end of fiscal 2022/23: 142 companies). Two companies were merged and one company was liquidated during the reporting period.

Companies consolidated at equity

The scope of consolidation included a total of 15 companies consolidated at equity (end of fiscal 2022/23: 15 companies).

(3) Earnings per share

The calculation of earnings per share according to IAS 33 from 1 March to 31 August 2023 was based on a time-weighted average of 204.1 (204.1) million shares outstanding. Earnings per share came in at € 1.69 (0.62) and were not diluted.

(4) Inventories

€ million	31 August	2023	2022
Raw materials and supplies		823	775
Work in progress and finished goods			
Sugar segment		936	561
Special products segment		294	238
CropEnergies segment		70	68
Starch segment		86	72
Fruit segment		153	183
Total of work in progress and finished goods		1,539	1,122
Merchandise		117	58
Total		2,479	1,955

TABLE 19

The sugar segment recorded the highest increase in the carrying amounts of finished goods and work in progress, which resulted from higher sugar inventory volumes and clearly higher manufacturing costs for the 2022 campaign. The special products and starch segments also reported rising inventories, in particular due to higher raw material and energy costs.

(5) Trade receivables and other assets

€ million	Remaining term			Remaining term		
	2023	to 1 year	over 1 year	2022	to 1 year	over 1 year
31 August						
Trade receivables	1,480	1,480	0	1,293	1,293	0
Positive market value derivatives	38	38	0	328	328	0
Remaining financial assets	94	84	10	96	90	6
Other financial assets	132	122	10	424	418	6
Other taxes recoverable	113	113	0	151	123	28
Assets from overfunded pension plans	27	0	27	0	0	0
Remaining non-financial assets	111	111	0	120	120	0
Non-financial assets	251	224	27	271	243	28
Other assets	383	346	37	695	661	34

TABLE 20

Trade receivables increased by about 14 %, mainly reflecting the higher level of revenues.

Other financial assets primarily concern receivables from non-consolidated companies, participations, employees and other third parties, as well as security deposits provided in connection with hedging transactions. The latter showed a significant increase.

Other non-financial assets are largely related to advances made and accruals / deferrals, in addition to CO₂ emission certificate purchases.

(6) Other provisions and accruals

€ million 31 August	Remaining term			Remaining term		
	2023	to 1 year	over 1 year	2022	to 1 year	over 1 year
Personnel-related provisions	57	12	45	65	11	54
Provisions for litigation risks and risk precautions	123	22	101	154	51	103
Other provisions	88	34	54	71	20	51
Total	268	68	200	290	82	208

TABLE 21

Personnel-related provisions primarily represent non-current provisions for long-service awards, provisions for part-time early retirement and largely short-term provisions for termination benefit plans.

The provisions for litigation risks and risk precautions include provisions for market regulation procedures, operational contract procedures and antitrust risks (fines and damage claims).

The other provisions mainly represent non-current provisions for restoration obligations, together with current and non-current provisions for recultivation and environmental obligations largely related to sugar production.

(7) Trade payables and other liabilities

€ million 31 August	Remaining term			Remaining term		
	2023	to 1 year	over 1 year	2022	to 1 year	over 1 year
Liabilities to beet growers	12	12	0	7	7	0
Liabilities from other trade payables	640	640	0	703	703	0
Trade payables	652	652	0	710	710	0
Negative market value derivatives	73	73	0	40	40	0
Remaining financial liabilities	152	147	5	153	146	7
Other financial liabilities	225	220	5	193	186	7
Liabilities for personnel expenses	135	134	1	118	117	1
Liabilities for other taxes and social security contributions	78	78	0	72	72	0
Remaining non-financial liabilities	14	14	0	21	21	0
Non-financial liabilities	227	226	1	211	210	1
Other liabilities	452	446	6	404	396	8

TABLE 22

The remaining financial liabilities include interest payment obligations, as well as security deposits received in connection with hedging transactions.

The liabilities for personnel expenses reported under non-financial liabilities mainly include obligations from bonuses, premiums, vacation and overtime pay.

Other non-financial liabilities mainly comprise mainly advances received on orders and accrued and deferred items.

(8) Financial liabilities, securities and cash and cash equivalents (net financial debt)

€ million	Remaining term			Remaining term		
	2023	to 1 year	over 1 year	2022	to 1 year	over 1 year
31 August						
Bonds	1,195	300	895	892	95	797
Promissory note loans	409	85	324	174	0	174
Liabilities to banks	772	493	279	843	553	290
Leasing liabilities	105	32	73	114	31	83
Financial liabilities	2,481	910	1,571	2,023	679	1,344
Securities (non-current assets)	-18			-18		
Securities (current assets)	-304			-80		
Cash and cash equivalents	-260			-360		
Securities and cash and cash equivalents	-582			-458		
Net financial debt	1,899			1,565		

TABLE 23

The increase in net financial debt of € 1,899 (1,565) million is due in particular to the rise in working capital financing requirements.

Rating

On 13 June 2023, Moody's confirmed the company's corporate and bond rating of Baa3 and improved the outlook from stable to positive. 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 9 June 2023 and improved the outlook from stable to positive. The subordinated hybrid bond was recognized unchanged at 50 % equity.

Hybrid bond

Since 30 June 2015, the hybrid bond has a floating rate coupon based on the three month Euribor plus 3.10 % p. a. The interest rate was set at 6.698 % for the period 30 June to 29 September 2023 (exclusively). Additional information regarding the hybrid bond is contained in the notes to the 2022/23 annual report under item (30) "Financial liabilities, securities and cash and cash equivalents (net financial debt)" on page 167, and on Südzucker's website.

(9) Additional disclosures on financial instruments

Carrying amount and fair value of financial instruments

The gross financial liabilities listed in the following table are financial instruments recognized at acquisition cost or amortized acquisition cost whose carrying amounts do not approximate their fair value.

31 August	2023		2022	
	Carrying amount	Fair value	Carrying amount	Fair value
€ million				
Bonds	1,195	1,173	892	862
Promissory note loan	409	399	174	171
Liabilities to banks	772	762	843	828
Lease liabilities	105	–	114	–
Gross financial liabilities	2,481	2,334	2,023	1,861

TABLE 24

Measurement levels

The following table shows the carrying amount and fair value of financial assets and liabilities by measurement level.

31 August	2023				2022				Fair value hierarchy			
	2023	Evaluation level 1	Evaluation level 2	Evaluation level 3	2022	Evaluation level 1	Evaluation level 2	Evaluation level 3	2022	Evaluation level 1	Evaluation level 2	Evaluation level 3
Securities	80	12	61	7	78	11	60	7				
Other investments	5	0	0	5	4	0	0	4				
Positive market values – derivatives without hedge accounting	6	3	3	0	5	0	5	0				
Positive market values – hedge accounting derivatives	32	7	25	0	323	42	281	0				
Positive market values	38	10	28	0	328	42	286	0				
Financial assets	123	22	89	12	410	53	346	11				
Negative market values – derivatives without hedge accounting	13	6	7	0	20	4	16	0				
Negative market values – hedge accounting derivatives	60	30	30	0	20	11	9	0				
Negative market values/ financial liabilities	73	36	37	0	40	15	25	0				

TABLE 25

For more details on how the fair value of each financial instrument is determined and their allocation to measurement levels, please refer to the notes to the consolidated financial statements in the 2022/23 annual report under item (32) “Additional disclosures on financial instruments” on pages 176 to 178.

(10) Related parties

There have been no material changes to the related parties described in the notes to the 2022/23 annual report under item (36) on pages 179 to 181.

(11) Events after the balance sheet date

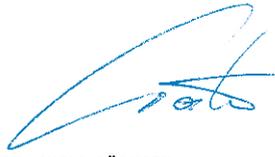
There have been no especially significant events since 31 August 2023 that would have a material impact on the company's assets, financial position or earnings.

RESPONSIBILITY STATEMENT

To the best of our knowledge, and in accordance with the applicable reporting principles for proper interim financial reporting the interim consolidated financial statements give a true and fair view of the assets, financial position and profit or loss of the group, and the interim management report of the group 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 for the remaining months of the fiscal year.

Mannheim, 28 September 2023

Südzucker AG
The executive board



DR. NIELS PÖRKSEN
(CHAIRMAN)



INGRID-HELEN ARNOLD



HANS-PETER GAI



THOMAS KÖLBL



MARKUS MÜHLEISEN

Forward looking statements/forecasts

This half-year financial report 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.

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

On this report

This half-year financial report was not reviewed or audited. It was prepared by Südzucker AG's executive board on 28 September 2023.

This half-year financial report 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.suedzuckergroup.com/de/investor-relations/ or
www.suedzuckergroup.com/en/investor-relations/

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

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. For reconciliation of the segment values to the group values, rounding is performed in the sugar segment, if necessary. 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 12 October 2023



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Südzucker on the Internet

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