SÜDZUCKER AG

ANNUAL REPORT 2023/24

SÜDZUCKER GROUP

Südzucker Group 2023/24

€ **10,289** [9,498] million
Consolidated group revenues

€ **1,318** [1,070] million
Group EBITDA

€ **947** [704] million
Group consolidated operating result

19,204 [18,341]
Employees

€ **1,046** [927] million
Cash flow

€ **547** [467] million
Investments, thereof

€ **546** [400] million
Investments in fixed assets

13.2 [9.9] %
ROCE

€ **7.2** [7.1] billion
Capital employed

€ **1,795** [1,864] million
Net financial debt

Sugar segment

→ p. 68

€ **4,162** [3,216] million
Revenues

€ **558** [230] million
Operating result

Special products segment

→ p. 73

€ **2,414** [2,217] million
Revenues

€ **196** [102] million
Operating result

CropEnergies segment

→ p. 77

€ **1,091** [1,390] million
Revenues

€ **60** [251] million
Operating result

Starch segment

→ p. 81

€ **1,056** [1,193] million
Revenues

€ **48** [70] million
Operating result

Fruit segment

→ p. 84

€ **1,566** [1,482] million
Revenues

€ **85** [51] million
Operating result

Outlook
2024/25

→ p. 89

€ **10.0** to **10.5** billion
Consolidated group revenues expected

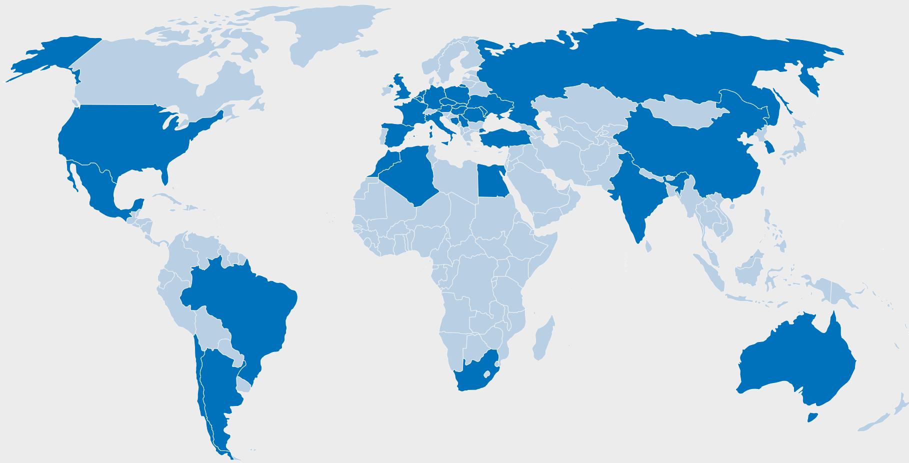
€ **500** to **600** million
Group consolidated operating result expected.

€ **0.9** to **1.0** billion
Group EBITDA expected.

Slight decrease of capital employed and significant decrease of ROCE expected.

www.suedzuckergroup.com

About 100 production locations in 32 countries



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Financial calendar

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
Preliminary figures Fiscal 2024/25	25 April 2025
Press and analysts' conference Fiscal 2024/25	15 May 2025
Q1 – Quarterly statement 1st quarter 2025/26	10 July 2025
Annual general meeting Fiscal 2024/25	17 July 2025

Annual Report 2023/24

1 March 2023 – 29 February 2024
published on 16 May 2024

Integrated report

Sustainability is firmly established as one of five strategic directions in our 2026 PLUS group strategy. This integrated report combines financial and sustainability reporting and shows the Südzucker Group's economic, ecological and social performance during the 2023/24 financial year.

Further information

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

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

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

Südzucker Group
Get the Power of Plants

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

Around 20,000 employees in our sugar, special products, CropEnergies, starch and fruit segments are committed to being the leading partner for plant-based solutions on behalf of our customers.

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

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

Get the Power of Plants

GROUP STRATEGY 2026 PLUS

Key Figures

		2023/24	2022/23	2021/22	2020/21	2019/20
Revenues and earnings						
Revenues	€ million	10,289	9,498	7,599	6,679	6,671
EBITDA	€ million	1,318	1,070	692	597	478
EBITDA margin	%	12.8	11.3	9.1	8.9	7.2
Operating result	€ million	947	704	332	236	116
Operating margin	%	9.2	7.4	4.4	3.5	1.7
Net earnings	€ million	648	529	123	−36	−55
Cash flow and investments						
Cash flow	€ million	1,046	927	560	475	372
Investments in fixed assets[1]	€ million	546	400	332	285	335
Investments in financial assets / acquisitions	€ million	1	67	4	15	13
Total investments	€ million	547	467	336	300	348
Performance						
Fixed assets[1]	€ million	3,482	3,354	3,215	3,209	3,322
Goodwill	€ million	693	697	707	722	740
Working capital	€ million	2,967	2,999	2,318	2,179	2,213
Capital employed	€ million	7,187	7,095	6,325	6,222	6,388
Return on capital employed	%	13.2	9.9	5.3	3.8	1.8
Capital structure						
Total assets	€ million	10,278	9,698	8,441	7,973	8,387
Shareholders' equity	€ million	4,273	4,199	3,699	3,536	3,644
Net financial debt	€ million	1,795	1,864	1,466	1,511	1,570
Net financial debt to cash flow ratio		1.7	2.0	2.6	3.2	4.2
Equity ratio	%	41.6	43.3	43.8	44.3	43.4
Shares						
Market capitalization	€ million	2,670	3,278	2,493	2,661	2,873
Closing price on 28/29 February	€	13.08	16.06	12.21	13.03	14.07
Earnings per share	€	2.72	1.93	0.32	−0.52	−0.60
Cashflow per share	€	5.12	4.54	2.74	2.33	1.82
Dividend per share[2]	€	0.90	0.70	0.40	0.20	0.20
Employees		**19,204**	**18,341**	**18,019**	**17,876**	**19,188**

[1] Including intangible assets.
[2] 2023/24: Proposal.

TABLE 001

Revenues by segment

€ million	2023/24	2022/23	+/– in %
Sugar	4,162	3,216	29.4
Special products	2,414	2,217	8.9
CropEnergies	1,091	1,390	−21.5
Starch	1,056	1,193	−11.5
Fruit	1,566	1,482	5.7
Group total	**10,289**	**9,498**	**8.3**

TABLE 002

Operating result by segment

€ million	2023/24	2022/23	+/– in %
Sugar	558	230	> 100
Special products	196	102	92.2
CropEnergies	60	251	−76.1
Starch	48	70	−31.4
Fruit	85	51	66.7
Group total	**947**	**704**	**34.5**

TABLE 003

TO OUR SHAREHOLDERS

01

EXECUTIVE BOARD

From left

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

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

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

Thomas Kölbl
Speyer, Germany
Chief Financial Officer (CFO)

Dr. Stephan Meeder
Mannheim, Germany

MANNHEIM, 26 APRIL 2024

Dear shareholders,

The 2023/24 fiscal year has been extraordinarily successful for Südzucker Group, and we can be proud of everything we have accomplished. We have deliberately placed this statement at the beginning of this letter and highlighted it so clearly because business performance like this is anything but a given in an era of multiple crises. The effects of the Ukraine war and other geopolitical conflicts have impacted our business as much as the persistently challenging supply situation for raw materials, sustained high volatility in energy prices, inflation and the cooling economy in Central Europe – to name just a few of the economic conditions within which we operate. So it is all the more gratifying to see our current strategy validated and receive confirmation that our concentrated and focused efforts have paid off. It would be a mistake, however, to take these accomplishments for granted: As the Südzucker Group, we are constantly challenged to adapt and evolve to secure our future success. It is likely that we will continue to face a number of different challenges moving forward.

Expressed in figures, we are concluding the 2023/24 fiscal year with revenues of € 10.3 billion and an operating result of € 947 million. This positive business performance has given us the opportunity to reduce once again the company's debt-to-equity ratio and position ourselves strategically and sustainably for the future. We were also able to significantly simplify our group and capital structure by successfully delisting our subsidiary CropEnergies, thereby fulfilling a central demand of our stakeholders.

Extraordinary year for the sugar segment

Let us now turn our attention to development in the individual segments. The sugar segment significantly contributed to our overall success in 2023/24. After several weaker years, we capitalized on the market opportunities presented to us, which enabled us to achieve an excellent result. At the same time, the beet campaign was extremely challenging – not only due to the weather conditions but also because of the unexpected emergence of a new beet disease, Stolbur. This has presented us and our farmers with unanticipated challenges from the field to the factory. As the fiscal year comes to a close, this, particularly in combination with high raw material prices and challenging logistics conditions, is reflected in a considerable increase in production costs, which have noticeably impacted the result since the fourth quarter of the fiscal year.

Development was positive overall in the special products segment. Worthy of special mention here is the Freiberger Group, which was able to substantially increase revenues and the result on the heels of two less impressive years. Sales of frozen pizza continue to be the driving force in this segment; we are also pleased that our US subsidiary, Richelieu, showed improved performance development due to the measures implemented. The past year has been a turbulent one for CropEnergies, marked not only by the delisting but also by falling ethanol prices, volatilities in raw material markets and a strategic realignment of the company. Our subsidiary AGRANA is responsible for both the starch and fruit segments. While starch experienced a difficult business year, the development in the fruit segment, particularly the fruit preparations division, was positive overall.

Changing political framework

Expanding our analysis to consider the environment in which Südzucker Group operates reveals a wide range of political and social developments that we are currently addressing and must continue to consider in the foreseeable future. These include discussions concerning nutritional strategies, advertising bans, sugar taxes, highly processed foods or reformulations, as well as issues surrounding pesticides, genetic engineering, reductions in cultivation area or the path to carbon neutrality, to name just a few topics. We must address these issues as a group of companies, represent our positions in the political arena and be able to respond appropriately to decisions. It is also our responsibility to highlight potential negative consequences. One issue, for example, is the duty-free importing of goods such as sugar into the EU from countries that can produce more cost-effectively due to less stringent manufacturing regulations. The potential impact of these significant sugar import volumes on the European market and sugar producers is considerable. Another issue is farmer protests. The long-simmering discontent among farmers over bureaucracy and rigid political mandates, coupled with a lack of recognition for the role they play in society, has now expanded into a discussion across various sectors throughout Europe. As agriculture becomes more complex and thus more expensive, production costs rise first, followed by food prices. Nevertheless, the situation cannot be resolved by calling for ostensibly cheap imports from third countries, where food is produced under less stringent conditions for people and the environment and in some instances must be transported over long distances to the EU – all at the expense of domestic agriculture, the food industry and the supply security of the local population. Ecological and economic sustainability should not apply exclusively to products made in the EU.

Outlook for 2024/25: Simplify structures, review investments

Returning our focus to the Südzucker Group, the most pressing issue is: What is the result for the 2023/24 fiscal year and what developments do we expect to see in 2024/25? Over the past year, we have consistently continued along the path we defined with our 2026 PLUS strategy. This applies to improving our established business segments as well as investments in our protein activities and alternative ethanol chemistry. We continue to see tremendous potential for new, innovative business segments here.

Our traditional core business remains the most important pillar for our group's continued growth. It is essential to strategically position this business to be efficient and competitive in an environment marked by numerous uncertainties and conditions in the markets, politics and society that are largely beyond our control. We are confident that 2024/25 can be a successful year, despite recent signs of deteriorating conditions and the likelihood of declining results overall. This is particularly true for our sugar business:

Here, we are confronted not only with volatile sugar prices and escalating production costs, but also with the urgent need to enhance our measures against beet diseases transmitted by cicadas, such as SBR (Syndrome Basses Richesses) and Stolbur. These efforts are crucial to safeguard our most vital raw material and guarantee high-quality beet harvests. Overall, however, a significant decline in the group result will be unavoidable.

Südzucker Group will continue to move ahead with the implementation phase of our defined 2026 PLUS strategy during the 2024/25 fiscal year. Where can we enhance efficiency, optimize processes, streamline structures, collaborate more effectively and foster stronger integration as a group? What adjustments can we make to sharpen our competitive edge and more effectively demonstrate the value of our plant-based solutions to our customers? Additionally, how can we better showcase our strengths as an employer to attract potential employees? Here, we see promising opportunities for the future and are confident that we have initiated the right measures.

Another increase in the proposed dividend

A decision already made by the executive and supervisory boards concerns this year's dividend: In light of the excellent result achieved in the 2023/24 fiscal year, we are proposing an increase of the dividend to € 0.90 (0.70) per share to the annual general meeting. This decision continues our long-term dividend payout policy, which aims to allow our shareholders to participate in the success of our company.

This success would not have been possible without our dedicated employees, who embraced and overcame all the challenges presented during the fiscal year with enthusiasm, skill and determination. Our sincere thanks go out to all of them. We also want to express our appreciation to our shareholders for the confidence they have placed in us and Südzucker Group.

We wish you all the best, great success and, most importantly, good health.

Yours truly,

Südzucker AG
Executive board

DR. NIELS PÖRKSEN (CHAIRMAN)

STEPHAN BÜTTNER

HANS-PETER GAI

THOMAS KÖLBL

DR. STEPHAN MEEDER

EXECUTIVE BOARD[1]

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

Portfolios

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

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

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

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

Portfolios

- Fruit
- Starch
- Sugar (AGRANA)

Initial appointment: 4 December 2023
Term ends: 3 December 2026

Born in 1973. Following his studies in commercial sciences at the Vienna University of Economics and Business Administration, he worked among other things in the auditing sector. Joined Raiffeisen Ware Austria AG in 2001 and became CEO of its subsidiary Ybbstaler Fruit Austria GmbH in 2004. Since 2012 working for the AGRANA Group. Appointed to the executive board of AGRANA Beteiligungs-AG on 1 November 2014, CFO since 1 January 2015, CEO since 1 January 2024.

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

Portfolios

- Technical & Operations Excellence
- Research, Development & Innovation
- Digitization & IT
- Sustainability, Environment & Occupational Safety
- Quality Management
- Corporate Development
- Special products (Freiberger, PortionPack)
- CropEnergies

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

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

Thomas Kölbl
Speyer, Germany
Chief Financial Officer (CFO)

Portfolios

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

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

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

Dr. Stephan Meeder
Mannheim, Germany
Chief Financial Officer
(CFO; as of 1 June 2024)

Portfolios (as of 1 June 2024)

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

Initial appointment: 19 December 2023
Term ends: 18 December 2026

Born in 1970, graduated in business administration from the University of Mannheim and ESSEC, Cergy-Pontoise, France. After gaining his doctorate in 1999 and holding positions at KPMG and Robert Bosch GmbH, among others, he joined Südzucker AG in the corporate finance department in 2006. From 2007 to 2015 Chief Financial Officer at Saint Louis Sucre. From April 2015 CFO, from July 2020 until the end of February 2024 also CEO of CropEnergies AG. Member of the executive board of AGRANA Beteiligungs-AG since 1 March 2024.

[1] Other board memberships are listed starting on page 185.

SUPERVISORY BOARD[1]

Dr. Stefan Streng
Chairman
Uffenheim, Germany
Chairman of the executive board of
Verband Süddeutscher Zuckerrübenanbauer e. V.

Rolf Wiederhold[2]
1st deputy chairman
Wabern, Germany
Chairman of the central works council of
Südzucker AG

Erwin Hameseder
2nd deputy chairman
Mühldorf, Austria
Chairman of Raiffeisen-Holding
Niederösterreich-Wien reg. Gen.m.b.H.

Fred Adjan[2]
Hamburg, Germany
Deputy chairman of
Gewerkschaft Nahrung-Genuss-Gaststätten

Helmut Friedl
Egling a. d. Paar, Germany
Chairman of the executive board of
Verband bayerischer Zuckerrübenanbauer e. V.

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

Georg Koch
Wabern, Germany
Chairman of the executive board of
Verband der Zuckerrübenanbauer Kassel e. V.

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

Ulrike Maiweg[2]
Bellheim, Germany
Member of the works council
Headquarters Mannheim
Südzucker AG

Walter Manz
Dexheim, Germany
Chairman of the executive board of Verband der
Hessisch-Pfälzischen Zuckerrübenanbauer e. V.

Julia Merkel
Wiesbaden, Germany
Member of the executive board of
R+V Versicherung AG

Sabine Möller[2]
Hamburg, Germany
Divisional officer of
Gewerkschaft Nahrung-Genuss-Gaststätten

Dr. Stefan Mondel (as of 1 May 2024)[2]
Rödelsee, Germany
Technical Director
Südzucker AG

Angela Nguyen[2]
Biederitz, Germany
Chairwoman of the works council of
Freiberger Osterweddingen GmbH

Mustafa Öz[2]
Altdorf, Germany
Regional Chairman Bavaria of
Gewerkschaft Nahrung-Genuss-Gaststätten

Joachim Rukwied
Eberstadt, Germany
President of
Deutscher Bauernverband e. V.

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

Clemens Schaaf
Landsberg (Saalekreis), Germany
Chairman of the executive board of Verband
Sächsisch-Thüringischer Zuckerrübenanbauer e. V.

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

Dr. Claudia Süssenbacher
Gablitz / Austria
Managing director of Raiffeisen-Holding
Niederösterreich-Wien reg. Gen.m.b.H.

Wolfgang Vogl (until 30 April 2024)[2]
Bernried, Germany
Regional manager South Offenau,
Plattling and Rain plants of
Südzucker AG

[1] Other board memberships are listed starting on page 183.
[2] Employee representative.

REPORT OF THE SUPERVISORY BOARD

Ladies and Gentlemen,

In tumultuous times like these, the importance of constructive, open and outcome-oriented communication between a company's supervisory board and executive board cannot be overstated. I believe we managed to strike this balance in the 2023/24 fiscal year, especially given the challenges faced by Südzucker Group, which continue to persist. Given the diversity of our group, the scope of these challenges is understandably broad. Over the past year, the supervisory board has dealt with the impacts of political guidelines, the developments in new business areas and the repercussions of an emergent beet disease. We have also deliberated on pivotal investment decisions, including the unprecedented move of delisting our subsidiary, CropEnergies. We made a compelling offer to the shareholders of CropEnergies AG for their shares, allowing Südzucker to increase its stake from just under 70 % to over 90 % by the end of February 2024. From the supervisory board's perspective, this was a step that merited careful consideration, but was ultimately a logical and prudent decision aligned with the company's long-term strategic orientation.

The supervisory board thus continued to work on the basis of mutual trust and in the spirit of a results-oriented team with the executive board in fiscal 2023/24. In doing so, the supervisory board concentrated on the tasks for which it is responsible by law, the company's articles of association and the rules of procedure: to monitor and advise the executive board in the latter's management of the company.

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

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

Dr. Stefan Streng
Chairman

Supervisory board meetings and decisions

The supervisory board met with the executive board at four ordinary meetings and two extraordinary meetings in fiscal 2023/24. The executive board took part in the ordinary meetings and in the extraordinary meeting on 19 December 2023 – except when discussing internal matters of the supervisory board. The meeting on 24 May 2023 was conducted exclusively in presence. The other meetings were held as hybrid events – the supervisory board members were partly present on site and partly connected virtually via videoconference. In addition to the meetings, the supervisory board made three decisions by written procedure. The supervisory board approved all of the executive board's decisions after a thorough review and discussions.

The supervisory board approved by written procedure on **31 March 2023** to hold the annual general meeting 2023 exclusively virtually.

The main focus of the meeting on **24 May 2023** was the review and approval of Südzucker AG's financial statements and the consolidated financial statements dated 28 February 2023. The CFO presented the 2022/23 consolidated financial statements, outlined the individual financial statements and dealt with the dependent company report. The auditor PricewaterhouseCoopers GmbH Wirtschaftsprüfungsgesellschaft (PwC) then reported on the material findings and results of the audit. After a detailed discussion, the supervisory board adopted the annual financial statements and approved the consolidated financial statements and management report 2022/23. The board followed the executive board's proposal for the appropriation of retained earnings and approved the supervisory board report. The board made preparations for the 2023 virtual annual general meeting and adopted the agenda and proposed resolutions. In addition, the board presented its choice for the auditor to shareholders at the annual general meeting based on the recommendations of the audit committee and the formal review of the compensation report by the auditor. The supervisory board also approved Südzucker AG's compensation report for fiscal 2022/23 presented in the invitation to the annual general meeting. The supervisory board dealt with the regular agenda item of compliance. In addition, personnel matters were discussed.

At its meeting on **12 July 2023** – the day before the annual general meeting – the CFO provided an update of the result projections for 2023/24. The supervisory board approved the 2024/25 investment plan and investment supplements and took note of Südzucker Group's long-term investment plan. In addition, an investment project of CropEnergies AG as well as personnel matters were discussed.

By written procedure, the supervisory board passed a resolution on **25 September 2023** to renew the Südzucker Commercial Paper Program and to issue bonds in line with the program.

At the meeting on **9 November 2023** the CFO provided an update of the result projections for 2023/24. Two real estate matters were approved. Corporate governance was discussed as always during the November meeting. In addition, the board conducted the annual self-assessment of its activities and adopted the 2023 declaration of compliance. Finally, internal supervisory board matters were dealt with as a separate agenda item.

Three financing projects were adopted in written procedure on **21 November 2023**.

At the extraordinary meeting on **4 December 2023**, personnel matters were discussed.

Personnel matters were also discussed at the extraordinary meeting on **19 December 2023**. The supervisory board approved the submission of a delisting offer to the shareholders of CropEnergies. In addition, an investment project of the Freiberger division was adopted. An investment supplement for the BENEO division was also approved.

At the **21 February 2024** meeting, the CFO presented the updated results projection for 2023/24 and the mid-term plan. Moreover, the issuance of a Letter of Comfort in favor of CropEnergies AG was approved. For the sugar segment, the Freiberger division and the IT sector, the supervisory board approved investment supplements. It also agreed to an investment project of AGRANA. Finally, internal matters of the supervisory board were dealt with as a separate item on the agenda.

Supervisory board committees

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

The **supervisory board executive committee** convened eight times in fiscal 2023/24: on 8 May 2023, on 24 May 2023, on 12 July 2023, on 8 September 2023, on 9 November 2023, on 13 December 2023, on 19 December 2023 and on 21 February 2024. In particular, the strategic alignment of the company, but also corporate governance issues and the further development of the new executive board compensation system as well as personnel matters were discussed in advance.

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

At its **15 May 2023** meeting and in the presence of the external auditors PwC, the audit committee discussed matters relating to the annual financial statements of Südzucker AG and the consolidated financial statements as of 28 February 2023. It prepared the supervisory board financial review meeting – at which the chairwoman of the audit committee reported – and approved the recommendations of the audit committee. At its May meeting, the supervisory board also dealt with the topic of compliance.

At the meeting on **4 July 2023**, the audit committee discussed with the executive board the quarterly statement Q1 of the 2023/24 financial year.

In the **10 October 2023** audit committee meeting, the auditors dealt with monitoring the accounting process, the effectiveness of the internal controlling system, the risk management system and the internal audit system, as instructed by the supervisory board. Another agenda item was the discussion of the 2023/24 half-year financial report.

At the meeting on **9 January 2024**, the audit committee discussed with the executive board the Q3 quarterly statement for the 2023/24 financial year and the planning of the audit of the financial statements and, without the executive board being present, internal matters relating to the audit committee. It resolved to amend the application guidelines for non-audit services provided by the auditor.

The **agriculture and raw material markets committee** convened on 9 November 2023. Südzucker AG's agricultural division reported on measures to deal with sugar beet diseases and also presented and discussed developments on the agricultural raw materials markets.

The **strategy and sustainability committee** met on 20 February 2024 and addressed the status of the implementation of the Corporate Sustainability Reporting Directive (CSRD Readiness) and the execution of human rights-related due diligence obligations at Südzucker Group, sustainability issues in the agricultural raw materials sector and leadership development. A status report on Südzucker Group's strategy and the strategy process was also provided. The new bio-based chemicals business area was discussed as a key topic.

The **nomination committee** convened on 2 May 2023 and, in view of the resignation of Veronika Haslinger, focused on the proposal for the election of a new supervisory board member.

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

The **mediation committee and the social committee** also did not convene in fiscal year 2023/24.

Attendance

Susanne Kunschert, Mustafa Öz and Joachim Rukwied were absent from the supervisory board meeting on **24 May 2023**. All members of the supervisory board attended the meeting of the supervisory board on **12 July 2023**. Julia Merkel was absent from the meeting on **9 November 2023**. All members of the supervisory board attended the extraordinary meeting on **4 December 2023**. Sabine Möller was absent from the extraordinary meeting on **19 December 2023**. Mustafa Öz was absent from the supervisory board meeting on **21 February 2024**. All members attended the meetings of the general committee of the supervisory board and the meetings of the audit committee.

The meeting of the agriculture and raw material markets committee on **9 November 2023** was attended by all committee members. At the strategy and sustainability committee meeting on **20 February 2024**, Erwin Hameseder was absent.

Supervisory board self-assessment

In accordance with recommendation D.12 of the German Corporate Governance Code (Code), the supervisory board again assessed how effectively it works overall and how its committees fulfill their work. This is done annually using a questionnaire, without external assistance. Each year, the questionnaire is revised according to the latest changes to the code. The questionnaire was assessed in the meeting on 9 November 2023, at which time the results were discussed and improvement recommendations made. The aim is to continuously improve the work of the supervisory board and its committees.

Compliance

On 9 January 2024, the executive board, external auditor, chairman of the supervisory board and audit committee sat for the regular fraud and corruption risks review meeting. The topics presented and discussed included the assessment of business risks and measures to limit the risks arising from fraud and corruption.

Corporate governance

A detailed description of corporate governance at Südzucker, including the content of the supervisory board's diversity concept and competence profile for its future composition and the declaration of compliance for 2023 issued by the executive and supervisory boards, can be reviewed in the chapter on corporate governance. In addition, all relevant information is available on the Internet at www.suedzuckergroup.com/en/investorrelations/corporate-governance.

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

Conflicts of interest

The supervisory board was not advised in fiscal 2023/24 of any conflict of interest on the part of any of its members, nor of members of the executive board, especially one that could arise as a result of a consultation or board duty related to customers, suppliers, creditors or other business partners.

Financial statements

The auditors KPMG AG Wirtschaftsprüfungsgesellschaft (KPMG) were selected by the shareholders at the annual general meeting on 13 July 2023 following the recommendation of the supervisory board. KPMG has reviewed the annual financial statements and management report of Südzucker AG for fiscal 2023/24 and the consolidated financial statements and management report for 2023/24 and issued a qualified audit opinion on each of them. KPMG has audited the group and individual financial statements since the 2023/24 fiscal year.

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

The documents to be audited and the KPMG audit reports were sent to each supervisory board member in a timely manner. Representatives of the auditors KPMG participated in the audit committee's 7 May 2024 meeting and in the supervisory board's financial review meeting of 15 May 2024 and provided a detailed report on the proceedings and result of the audit of the financial statements and the summarized non-financial statement (Limited Assurance). After carefully reviewing the auditor's reports, the supervisory board agreed with the results of the KPMG audit. The results of the preliminary review by the audit committee and the results of its own review are in complete agreement with the results of the external audit. The supervisory board raised no objections to the audit reports submitted. In its meeting of 15 May 2024, it endorsed the financial statements for Südzucker AG and consolidated Südzucker Group financial statements prepared by the executive board. The financial statements of Südzucker AG are thus adopted.

The supervisory board concurs with the executive board's recommendation made on 15 April 2024 regarding the distribution of a dividend in the amount of € 0.90 per share.

Personnel matters

The following changes took place on the supervisory board in fiscal year 2023/24:

There was a change on the shareholder side: Veronika Haslinger stepped down from her position at the end of the annual general meeting on 13 July 2023. She was succeeded by Dr. Claudia Süssenbacher from Vienna, who was elected to the supervisory board at the annual general meeting.

On the employee side, there were no changes.

Markus Mühleisen left the executive board on 4 December 2023. At the same time, his successor, Stephan Büttner, was newly appointed to the executive board. Dr. Stephan Meeder was appointed to the executive board with effect from 19 December 2023. He succeeds Thomas Kölbl, CFO, who will retire on 31 May 2024. Ingrid-Helen Arnold resigned from her position early at her own request and left the executive board with effect from 31 January 2024.

The supervisory board would like to express its sincere thanks to the departing members of the supervisory board and the executive board – Veronika Haslinger, Ingrid-Helen Arnold and Markus Mühleisen – for their dedication on behalf of the company.

Together with the executive board, the members of the supervisory board would like to pay their respect to those active and former employees and members of the supervisory board of the Südzucker Group who passed away during the year.

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

Mannheim, 15 May 2024
On behalf of the supervisory board

DR. STEFAN STRENG
CHAIRMAN

SÜDZUCKER SHARES AND CAPITAL MARKET

Capital market environment

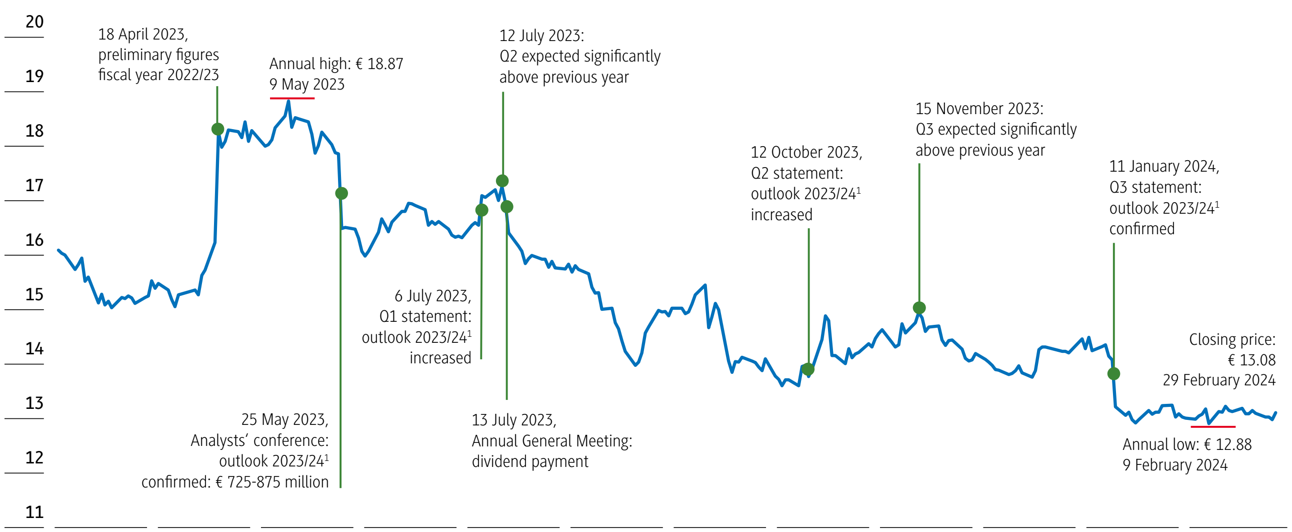
Developments on the stock exchanges during fiscal 2023/24 were shaped by the ongoing global crises. Alongside the continued effects of the Corona pandemic, the global consequences of the war being waged in Ukraine since February 2022 – including inflation, volatility of energy prices and worsening supply chain problems – continue to be felt. Nevertheless, the stock markets in particular proved resilient to the numerous negative events. The peak index levels reached in November 2021 were surpassed by some indices (Dow Jones, Nasdaq, DAX®), while the indices for small-cap stocks (MDAX® and SDAX®) were well below their highs at the time.

For example, turbulence in the banking sector in the USA (including Silicon Valley Bank) and Switzerland (Crédit Suisse) weighed on sentiment at the end of the first quarter of 2023. In the second quarter of 2023, concerns about the economy and potential recessions in Europe, along with the dispute over the debt ceiling in the US that was resolved at the last minute, significantly influenced market dynamics. In addition to the resurgence of inflation concerns due to the considerable increase in oil prices, the third quarter of 2023 saw numerous other events (such as growth concerns in the US, corporate earnings falling short of expectations and issues within the Chinese financial sector) that led to substantial interim declines in stock and bond prices. In the final quarter of the year, statements from Federal Reserve Chair Jerome Powell indicating that interest rates might remain "higher for longer" along with the onset of the conflict in the Middle East, initially caused uncertainty. In November 2023, however, a year-end rally in stocks and bonds set in, boosted by lower inflation figures in Europe and the USA along with repeated signals from central banks that the cycle of interest rate hikes had ended and statements indicating a shift towards interest rate cuts.

Prior to the pandemic-related economic crisis already emerging in early 2020, the U.S. Federal Reserve had cut the key interest rate to just 0.25 % in March 2020. From March 2022, several increases in the key interest rate were made to combat inflation to 5.25 % in July 2023. The European Central Bank subsequently followed this trend with key interest rate increases to 4.50 % in September 2023.

Südzucker's share price performance

1 March 2023 to 29 February 2024
Share price in €



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

DIAGRAM 001

Südzucker share data

		2023/24	2022/23
Market capitalization [1]	€ million	2,670	3,278
Freefloat-market capitalization [1]	€ million	752	951
Number of shares outstanding at € 1 [1]	shares	204,107,259	204,107,259
Xetra® closing price [1]	€	13.08	16.06
High for the year (Xetra®)	€	18.87	17.36
Low for the year (Xetra®)	€	12.88	10.05
Average trading volume / day [2]	thousands of shares	392	539
Cumulative trading turnover	€ million	1,523	1,894
Closing rate SDAX® [1]	points	13,772	13,383
Performance Südzucker share (1 March to 28/29 February) [3]	%	–15.1	35.5
Performance SDAX® (1 March to 28/29 February)	%	2.9	–7.5
Dividend [4]	€/share	0.90	0.70
Dividend yield	%	6.9	4.4
Earnings per share	€	2.72	1.93

[1] Balance sheet date.
[2] Total daily trading volume on all German stock exchanges where the share is admitted for trading.
[3] Südzucker total return index, considers share development and dividend distribution.
[4] 2023/24: Proposal.

TABLE 004

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

1 March 2019 to 29 February 2024
Index in %

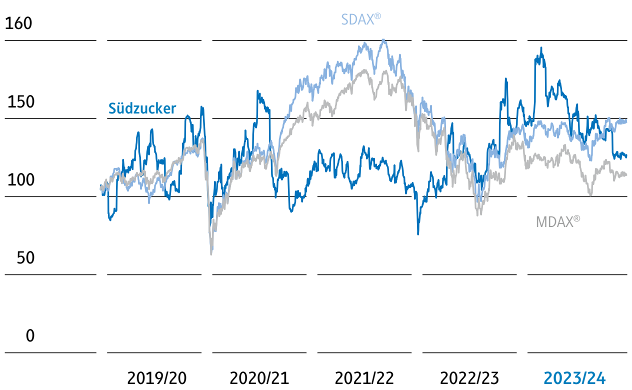


DIAGRAM 002

The yield on ten-year government bonds, which had been temporarily positive at the beginning of calendar year 2022, was + 2.28 % at the end of February 2024. As a result, there was still a difference in yield between ten-year government bonds and the dividend yield of the DAX®, which remains above 3 %.

The MDAX® and SDAX® reached their respective annual lows in parallel on 10 March 2023, while the DAX® reached its annual low on 27 October 2023. The DAX®, MDAX® and SDAX® exited at the end of February 2024 at 17,678, 25,825 and 13,772 points respectively.

Südzucker's share price performance

Starting from an opening price of € 16.10 on 1 March 2023, the Südzucker share price recorded its high for the year of € 18.87 on 9 May 2023 following the dividend announcement for fiscal 2022/23 and the forecast increase for the 2023/24 financial year. However, despite further forecast increases, it was not possible to maintain this level. The share price reached its low for the year of € 12.88 on 9 February 2024. Südzucker's share price closed at € 13.08 at the end of the fiscal year. The performance (–15.08 %) could by no means keep pace with that of the SDAX® (+ 2.91 %).

Shareholder structure stable

Südzucker AG continued to have two major long-term shareholders. As of 29 February 2024, Süddeutsche Zuckerrübenverwertungs-genossenschaft eG held 61.58 % of Südzucker AG's shares (own shares and fiduciary shares). Zucker Invest GmbH, the second major shareholder representing Austrian shareholders of Raiffeisengruppe, held 10.25 % of the shares. The free float portion of Südzucker shares, 28.17 %, is held by private investors, investment funds, pension funds and insurance companies mainly in Europe and North America.

Südzucker AG bonds

Bond	Coupon	Volume	ISIN	Listed on
Hybrid Bond 2005 Perpetual NC 10[1]	variable	€ 700 million	XS0222524372	Luxembourg (regulated market)
Bond 2016/2023[2]	1.250 %	€ 300 million	XS1524573752	Luxembourg (regulated market)
Bond 2017/2025	1.000 %	€ 500 million	XS1724873275	Luxembourg (regulated market)
Sustainability-Linked Bond 2022/2027	5.125 %	€ 400 million	XS2550868801	Luxembourg (regulated market)

[1] First issuer call right for Südzucker as of 30 June 2015; subject to Südzucker having issued, within the twelve months preceding the call becoming effective, parity securities and / or junior securities (hybrid capital or shares) under terms and conditions similar to those of the bond (according to § 6 para. 5 and 6 of terms and conditions).
[2] Repaid on 29 November 2023.

TABLE 005

Rating

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

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

On 13 June 2023, Moody's changed the outlook for the company's corporate and bond rating of Baa3 from "stable" to "positive". Moody's left the subordinated hybrid bond equity credit rating at 50 %.

S&P changed the outlook for the long-term corporate rating of BBB- from "stable" to "positive" on 9 June 2023. The subordinated hybrid bond was recognized at 50 % equity.

Communications with the capital markets

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

Südzucker share stock market data

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

TABLE 006

COMBINED MANAGEMENT REPORT

02

ABOUT THE GROUP

Group structure

Südzucker AG, a German stock corporation based in Mannheim, is the parent company of Südzucker Group and also its largest operating company. The consolidated financial statements include the parent company – Südzucker AG – and 138 (142) other entities, of which Südzucker AG is directly or indirectly the majority shareholder. A total of 15 (15) of those entities were accounted for in the consolidated financial statement using the equity method. For additional details about Südzucker's share ownership in other companies, please see the list of shareholdings in accordance with section 313 (2) HGB which is published together with the consolidated financial statements as of 29 February 2024 in the electronic Federal Gazette and separately on the company website.

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

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

Group management

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

SÜDZUCKER GROUP

SUGAR SEGMENT (3 Divisions)

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

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

Agriculture

SPECIAL PRODUCTS SEGMENT (3 Divisions)

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

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

PortionPack
- Portion packs
- 7 production locations

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

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

FRUIT SEGMENT (2 Divisions)

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

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

DIAGRAM 003

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

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

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

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

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

Value based management

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

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

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

Financing management

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

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

The cash flow comprises net earnings, depreciation of non-current assets, the change in accounting for non-current provisions including financial assets, (deferred) tax liabilities and deferred tax assets as well as other non-cash income and expenses.

Net financial debt consists of financial liabilities (bonds, promissory notes, liabilities to banks and lease liabilities) less current and non-current securities and cash and cash equivalents.

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

Business model

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

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

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

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

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

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

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

Our business model is based on sustainable operations, resource-friendly production by using low-emission and energy-efficient technologies and the use of agricultural raw materials to the greatest extent possible. Numerous production sites are part of rural regions where agriculture is of great importance. European standards for compliance, human rights and working conditions, and adherence to the requirements for healthy, safe food are considered as essential pillars of our business.

Our employees contribute diverse experience, skills, knowledge, personalities and cultures to Südzucker and play a key role in the success of our company.

Group strategy

Market environment

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

Global megatrends such as healthy ageing, neo-ecology, globalization and mobility coupled with the increasingly stringent regulatory framework in Europe, such as the ban on new registrations of combustion engines from 2035 or stricter laws for small packaging, are also changing the market conditions for our business.

Going forward, Südzucker Group sees these changes as both a challenge and an opportunity to meet the requirements of our customers and society even more effectively.

Group Strategy 2026 PLUS

Group Strategy 2026 PLUS aims to position Südzucker Group so that it is even more innovative, customer-focused and consistently aligned to sustainability and profitable growth. Our aim is to be the leading partner for plant-based solutions for an enjoyable, healthy and sustainable world.

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

Get the Power of Plants

GROUP STRATEGY 2026 PLUS

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

PURPOSE

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

MISSION

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

VISION

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

As a corporate group of companies, we not only grow organically, but also evaluate acquisition opportunities and innovations through cooperative ventures. To this end, we are mindful of the requirements and trends in the respective markets and analyze them at regular intervals.

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

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

Sustainability
Contributing to a sustainable world

Markets and customers
Improving access to markets and customers

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

Profitable growth
Growing more profitably and faster than competitors

These strategic fields of action include numerous focus initiatives. Our aim is to strike a balance between economy, ecology and social responsibility, to extend the value chain and to expand and complement our product portfolio.

Establishing the biobased chemicals business

Südzucker bridges the gap between agriculture and chemistry in the bio-based chemicals business segment. One of our key strategic objectives is to ensure our products for the chemical and converting industry play an active role in the transition to renewable carbon from all types of biomass as raw materials. This is one of the reasons why we are focusing on the defossilization of chemical production (moving away from fossil carbon sources) and closing loops in the sense of recyclability and/or biodegradability of plastics. Given this situation, it was a logical step to bundle the activities of the bio-based chemicals business sector at CropEnergies.

Beyond its extensive process expertise in manufacturing basic chemicals and (bio)polymers, Südzucker boasts a broad range and access to substantial quantities of renewable raw materials as potential carbon sources. Südzucker operates and owns industrial plants for both the biotechnological and chemical-catalytic conversion of carbohydrates and their derivatives and by-products. Purposeful conversion of raw materials into new products not only enables us to extend our value chain and enhance our product portfolio, it also allows us to make a meaningful contribution to the industry's crucial transformation.

The first milestone was the construction of a plant for the production of renewable ethyl acetate from sustainable ethanol at the Zeitz Chemical and Industrial Park. The project is scheduled for completion by the end of 2025. Ethyl acetate is a chemical that is used as a solvent in various products such as paints, coatings, adhesives, cosmetics and packaging solutions.

Moreover, we hold a stake via CropEnergies in the Dutch start-up company for bio-based chemicals Syclus B. V. in Maastricht, the Netherlands. The aim is to assess the technological and economic feasibility of a large-scale plant for the production of renewable bio-based ethylene from renewable ethanol.

Establishing the proteins business

Protein products have been a part of the Südzucker portfolio for over ten years thanks to its role in processing agricultural raw materials such as wheat and rice. Thus, the objective is to enhance the value of these existing protein sources, discover new protein sources and create additional business segments for their utilization.

Changing eating habits, climate protection, security of supply through domestic products and animal welfare aspects can increase long-term demand for plant-based protein products. As a result, Südzucker is pushing ahead with the implementation of a clear growth strategy as a supplier of ingredients and solutions for the food industry for plant-based meat and fish alternatives, for alternative dairy products and for sports nutrition.

We serve the sales market for meat and fish alternatives via the subsidiary Meatless, which was acquired during the 2022/23 fiscal year. Our Meatless products enable us to provide customers from the food industry with various ingredients/raw materials they can use to develop and produce vegan and hybrid products. Product innovations such as Chicken Chunks based on textured proteins expand the product portfolio. By establishing our own facility in Offstein for processing pulses, especially field beans, into proteins, we are poised to provide solutions for alternative dairy products, sports nutrition products and more.

Further development and implementation of our corporate sustainability strategy

Südzucker Group seeks to contribute to a sustainable world. That is why we are working on the further development and implementation of our group-wide sustainability strategy "Growing in Balance". Detailed information on our group-wide sustainability program and our defined focus areas can be found in → Sustainability.

Further development and implementation of the digitization strategy

For the Südzucker Group digitalization is an important step towards ensuring and advancing an adequate, efficient data and IT infrastructure that digitally connects as many areas of the company as possible while supporting both existing and emerging business models. In order to increase the use of modern technologies, we are continuing to drive forward the digitalization of our plants and digital solutions in the specialist areas. Overall, we can thus provide the basis for greater resource efficiency, strengthen our position in the competitive environment and make a decisive contribution towards sustainability.

We want to respond to the changes in farming and the increasing efforts to track carbon footprints by offering far-reaching digital solutions in the agricultural segment. Beet2go, for example, is a mobile application that digitizes the entire process from contract conclusion to beet harvesting.

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

Divisions' strategies

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

Sustainability

Sustainability strategy

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

growing in balance

OUR COMMITMENT TO A SUSTAINABLE WORLD.

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

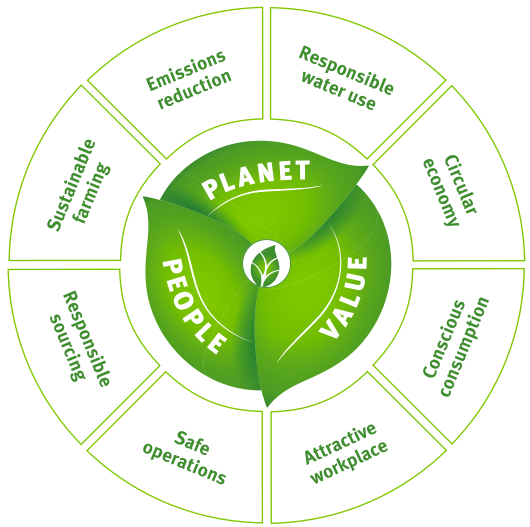
With our operating activities we have direct influence on and therefore a special responsibility for the people around us ("People"), protecting and restoring our environment ("Planet") and high-quality, innovative products and services as the basis for our economic success ("Value"). To meet this responsibility,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

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

In fiscal year 2023/24, the content of the focus areas was continued, a climate change scenario analysis for the agricultural supply chains was launched and human rights issues were further anchored in the company's organization and processes. We also managed to improve selected ESG ratings (→ Sustainability rating).

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

Our focus in the 2024/25 financial year will be on preparing for the implementation of the new requirements stipulated in the Corporate Sustainability Reporting Directive, which already apply to Südzucker Group for the 2024/25 financial year.



Sustainability management organization

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

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

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

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

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

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

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

Sustainability management organization

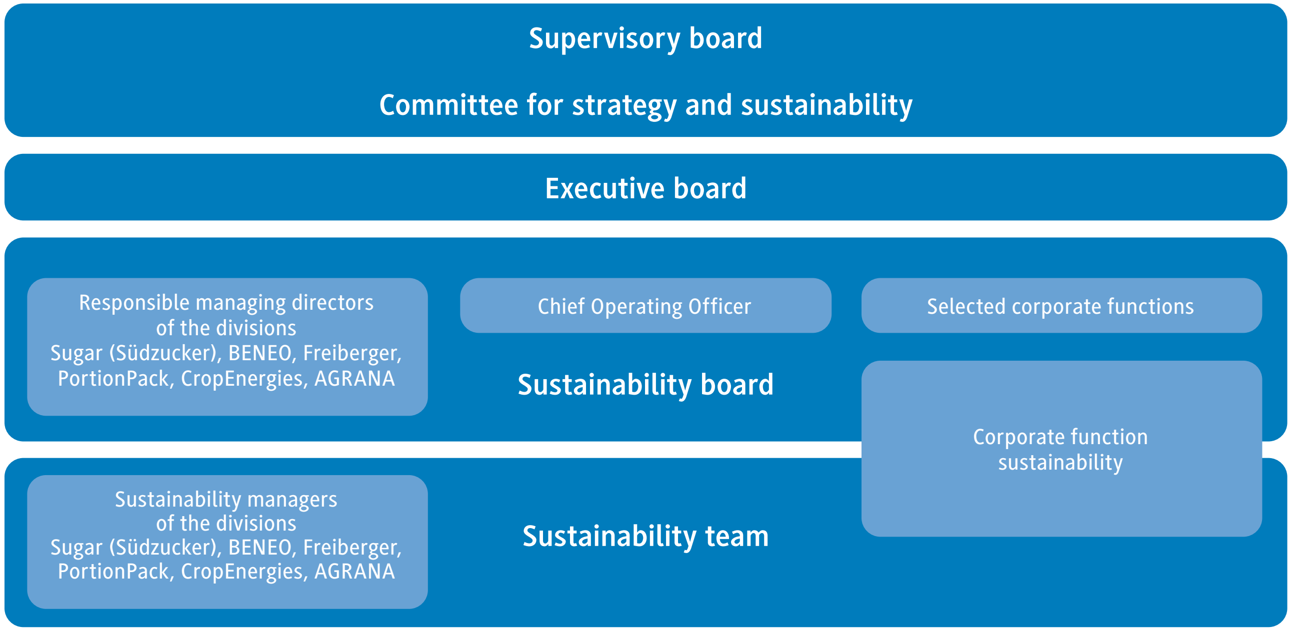


DIAGRAM 004

Stakeholder groups and communications methods

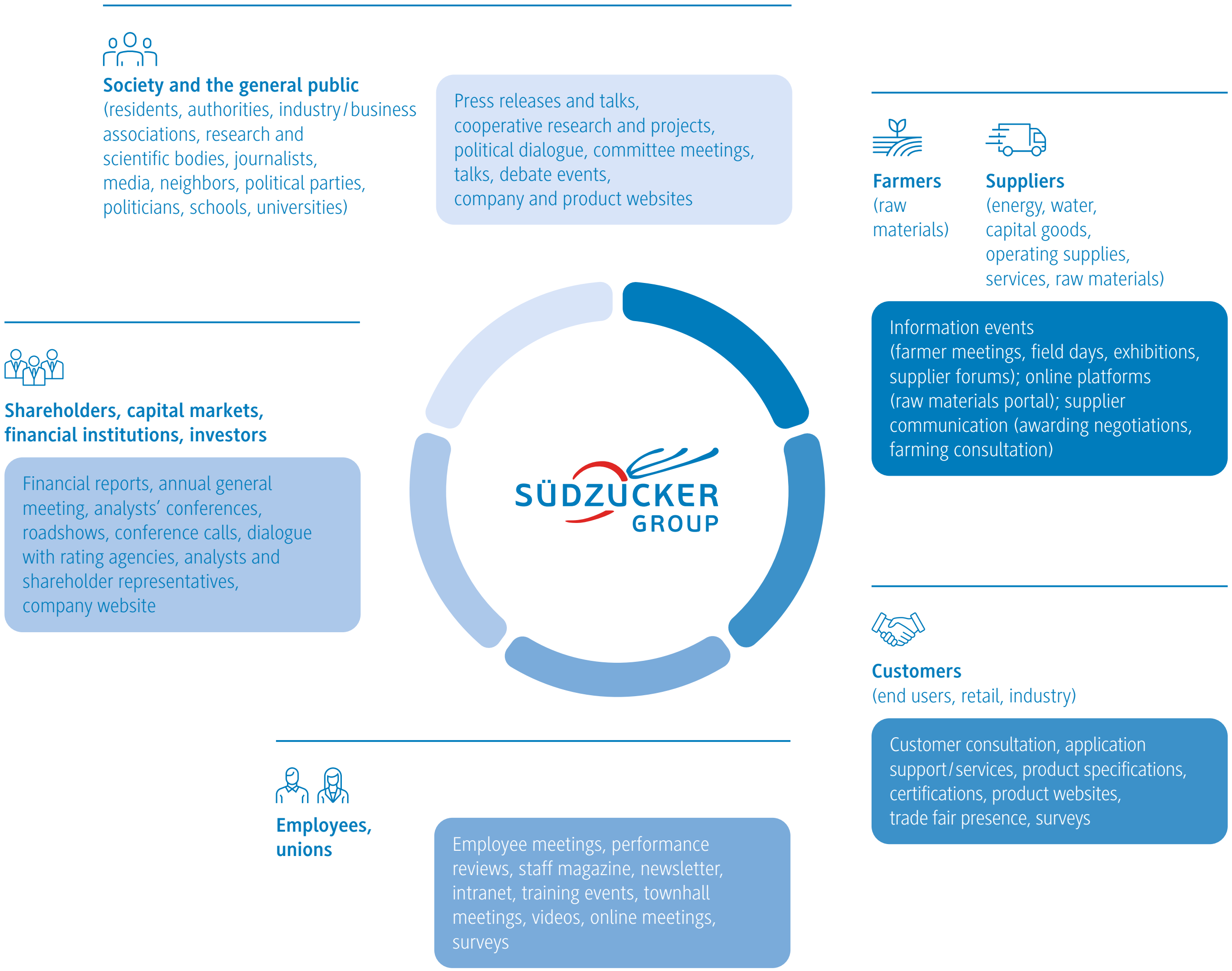


DIAGRAM 005

Stakeholders

Diagram 005 displays the stakeholder groups and communications methods we consider relevant or important. The stakeholder groups surveyed are the same as in previous years. Further information on stakeholder groups and communications methods can be found in the respective sections of this report (→ "Südzucker shares and capital market", "environment, energy and climate", "employees", "society", "research and development").

Materiality analysis

In accordance with the German Commercial Code (HGB), we conducted a materiality analysis and determined the impact of the company's activities on sustainability issues and their relevance for business success. The materiality analysis combined the external stakeholders' assessments with Südzucker's own evaluations. The internal estimation of relevance incorporated the economic, environmental and social impact of Südzucker Group's business activities. The material topics for Südzucker Group are shown in diagram 006. Within the chart, a distinction is made between topics with high and very high relevance.

Following the introduction of sustainability reporting in recent years, different stakeholder groups have been included in the materiality analysis process and asked to rate the degree of importance of issues relating to various sustainability aspects (environmental concerns, employee concerns, social concerns, human rights and bribes and corruption prevention). Südzucker Group employees, beet suppliers, customers, financial institutions and representatives of the major shareholders have been surveyed to date. The results of all surveys have been incorporated into the diagram 006. The topics were reviewed in the reporting year and considered to remain relevant. These are also material for Südzucker AG.

Assessment of the relevance of sustainability topics

DIAGRAM 006

The identified material topics are assigned to the corresponding sustainability aspects according to the German Commercial Code. Reporting, the respective guidelines and management approaches are integrated into the combined management report. Details can be found in this chapter (Sustainability) and in the respective topic chapters (→ Table 007). A detailed summary is provided in the Corporate Governance chapter in the “combined non-financial statement” section.

Group-wide targets and corresponding action programs have already been defined for the material topics of "climate protection/climate change", "occupational safety/health protection", "gender equality/diversity", "human rights" and "responsible corporate governance". Südzucker Group experts are currently working on a standardized framework as part of our group-wide sustainability program to develop strategies for the other focus areas derived from the materiality analysis. The framework includes specifications for defining key figures, targets and measures.

Summary of aspects subject to mandatory reporting

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

TABLE 007

Organizational and content-related reporting boundaries

Our reporting in the past was partly based on the calendar year (1 January to 31 December). In the previous financial year, we optimized our data collection processes in the field of sustainability and switched our reporting to the financial year.

This change applies from the 2023/24 financial year. Accordingly, all sustainability reporting for Südzucker Group relates to the financial year (1 March to 28/29 February). There were no significant changes in the environment segment in the previous year.

Organizational reporting boundaries

The sustainability information presented in this annual report applies to all fully consolidated Südzucker Group companies. The information on energy, emissions, water and waste applies exclusively to the main production locations. In the sugar segment, these are the sugar factories in Europe, the wheat starch plant in Zeitz and INSTANTINA Nahrungsmittel- und Produktionsgesellschaft m.b.H., Vienna, Austria. For the special products segment, the report covers the production locations of the BENEO and Freiberger divisions. All production locations are included in the CropEnergies, starch and fruit segments.

New locations wholly owned by Südzucker Group (either new via an acquisition or established by Südzucker) are recognized as of the fiscal year in which they are recognized in the companies included in consolidation for the full year. For locations that are shut down, data is recorded up to the complete cessation of production; for locations that are sold, data is recorded up to the financial year prior to the sale.

Content related reporting boundaries

(1) Assessment of suppliers regarding human rights aspects, work practices and environmental factors

Because of the importance of agricultural raw materials for production, Südzucker restricts the report to agricultural raw material suppliers (sugar beets, chicory, grain, potatoes, fruits) and to subsuppliers from the food industry (for example, dairies, vegetable growers and meat processing companies for pizza production).

(2) Energy consumption and emissions

Südzucker processes agricultural raw materials such as sugar beets, chicory, grain, potatoes and fruits of which quantity, sugar and starch contents as well as quality are subject to annual fluctuations due to various influencing factors during the growing and harvesting periods. As a result, information related to total energy consumption and/or emissions between individual reporting periods can fluctuate considerably.

The reports on energy consumption and emissions in line with GRI relate to production and are restricted to direct and indirect energy related emissions classified as Scope 1 and Scope 2 as defined by the Greenhouse Gas Protocol. Direct energy related emissions (Scope 1) comprise the direct use of fossil fuels (gas, oil and coal) and renewable energy fuels (biomass) to generate electricity and process heat in the company's own power stations. Indirect energy related emissions (Scope 2) relate to the consumption of purchased energy such as electricity or steam, that contribute to indirect energy related emissions. In order to avoid double counting, we report intragroup sales under Scope 2.

(3) Water withdrawal and water discharge

No data is provided on water use with regard to the production of agricultural raw materials in the upstream value chain due to limited data availability and reliability in the international procurement sector.

(4) Waste

The differentiation between products and waste is made in accordance with local waste legislation. Quantities of soil that are separated from the processed agricultural raw materials before processing are reported separately.

Key sustainability-oriented initiatives and organizations

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

Sustainability rating

In addition to financial ratings, sustainability ratings have a key role to play for capital market participants. Südzucker is in regular contact with selected rating agencies.

Südzucker Group has participated in the EcoVadis sustainability evaluation system since 2013. EcoVadis is an initiative that evaluates companies with respect to their acceptance of social responsibility. In the current EcoVadis rating, Südzucker Group was able to improve on last year's scoring result and once again achieve the silver medal. Südzucker Group is among the top 9 % of all rated

Key sustainability-oriented initiatives and organizations

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

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

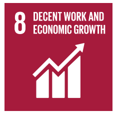
TABLE 008

companies based on the rating results. Among the rated companies in the “Production of other food products” category, we even rank in the top 5 %. Improvements were achieved particularly in the area of employee and human rights. Südzucker Group was awarded leader status in the "carbon management" area.

Südzucker Group has also participated in the CDP (formerly Carbon Disclosure Project) since 2020 to emphasize its own ambitions to reduce GHG emissions. CDP is a global non-profit organization that operates a worldwide system for disclosing environmental data and evaluates the measures taken by companies to combat climate change, among other things. In 2023, we had been scored with "B" again.

Sustainable Development Goals (SDGs)

Südzucker Group endorses the Sustainable Development Goals of the United Nations, establishing a framework for sustainable economic, ecological and social management. Südzucker AG is a member of the Global Compact, the world’s largest initiative for sustainable and responsible corporate management. By joining, we have committed to integrating universal sustainability principles into our daily activities and significantly promoting the Sustainable Development Goals. Our focus is on the four SDGs on which our business model has a particular influence and where we can bring about the greatest change:



SDG 8 Decent work and economic growth: We strive to promote sustained, inclusive and sustainable growth and ensure good working conditions in our company and in our supply chains.

SDG 12 Responsible consumption and production: We aim to contribute to more sustainable production through sustainable cultivation and the efficient use of natural resources and thus enable sustainable consumption.

SDG 13 Climate action: We aim to reduce our emissions along our entire value chain.

SDG 15 Life on land: As a group of companies that creates value from plants, we aim to protect and promote ecosystems.

However, Südzucker Group also considers other United Nations Sustainable Development Goals to be relevant and in line with our “Growing in Balance” sustainability strategy:

ENVIRONMENT, ENERGY AND CLIMATE

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

Management policy

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

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

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

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

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

We benchmark our production processes in order to set targets for the continuous reduction of their negative impact on the environment. Selected key figures are compared across all of Südzucker Group's material plants. In addition, targets and measures are set at plant level and adjusted in line with internal and external requirements.

Climate protection

Climate strategy

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

In addition to climate-neutral production, the measures to progressively achieve our climate targets also include minimizing the GHG emissions in our supply chains and providing climate-friendly, biomass-based products for the non-food sector.

Our action areas to achieve our climate goals:

- Climate neutral production (GHG emissions Scope 1 and 2)
  - **Increase energy efficiency**
  - **Reduction of Scope 1 GHG emissions**
    - Continuation of the coal phase-out no later than 2032
    - Fuel substitution (natural gas instead of coal or heating oil)
    - Use of renewable fuels (biogas, biomass, hydrogen)
    - (Partial) electrification of process heat generation
  - **Reduction of Scope 2 GHG emissions**
    - Purchase of electricity from renewable/non-fossil sources
    - Purchase of heat from renewable/non-fossil sources

- Supply chain decarbonization (Scope 3 GHG emissions)
  - **Reduction of GHG emissions from agricultural raw material production**
  - **Reduction of GHG emissions from raw material and product transportation**
- Provision of biomass-based products for the non-food sector (substitution of fossil-based products)
  - Production of **bioenergy**
  - Production of intermediate products for the manufacture of **bio-based plastics and/or bio-based chemicals**
  - **R&D measures** for the (further) development of technologies for the production of bio-based products
  - Production **of bio-based chemicals**

Climate-neutral production

With regard to Scope 1 and 2 emissions, we are addressing three issues. Our primary aim is to boost energy efficiency, i.e. by the

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

replacement of existing units with highly energy-efficient ones, followed by projects to reduce Scope 1 and/or Scope 2 GHG emissions. A major contribution here will come from replacing our coal-fired equipment step-by-step, but latest until 2032 the electrification and gradually converting to renewable fuels. In addition, we prepared a group-wide roadmap to obtain electrical energy from renewable sources. The list of actions is reviewed annually and updated if necessary.

Ultimately, selecting the climate neutrality path will depend on the policy framework in the respective country and the technical requirements at each site. The projects needed to reach the emission reduction targets that we identify in the various divisions will be sequentially included in the company's investment plans.

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

We are still planning to invest about € 600 million in the period from 2022 to 2030 – based on the 2022 action plan – to achieve our climate target for Scope 1 and 2 emissions.

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

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

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

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

Supply chain decarbonization

A further lever to implement our climate neutrality target for 2050 consists in taking steps to decarbonize our supply chains (reduction of Scope 3 emissions). Our Scope 3 emissions include all other indirect emissions generated by the production and transportation of procured raw materials and goods, the provision of required energy[1] and the distribution of manufactured products.

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

[1] Where not allocated to Scope 2.

Diagram 007 shows the distribution of our calculated emissions of 13.1 million tonnes of CO_2eq across Scope 1, 2 and 3 in 2018.

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

In fiscal 2023/24, several expert workshops were conducted in order to discuss how to proceed in the area of Scope 3 emissions. Key starting points include, for example, taking into account the product carbon footprint (PCF) and implementing regenerative farming practices in the procurement of raw materials (→ carbon farming project), reducing the product carbon footprint of delivered semi-finished goods (e.g. dairy) and reducing GHG emissions from transportation. We are also committed to harmonizing the methodological approaches for recording the Scope 3 emissions of processed agricultural raw materials in the food sector.

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

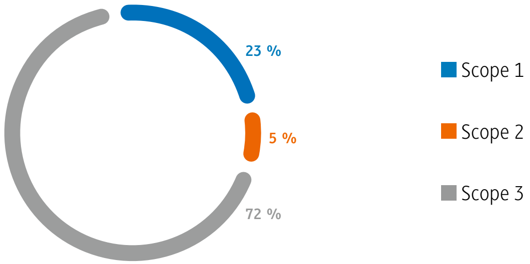


DIAGRAM 007

Carbon Farming Project

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

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

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

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

Provide biomass-based products for the non-food sector

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

Energy use and emissions from our production plants in the 2023/24 financial year

Since many of our manufacturing processes are very energy intensive, we have already focused on improving energy efficiency and thereby reducing GHG emissions for many years. Südzucker Group underscores its ambition to further reduce emissions by participating in the CDP (formerly the Carbon Disclosure Project) and the SBTi.

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

In fiscal 2023/24, energy consumption in the Südzucker group was below the previous year's level at 49.1 (49.7) million GJ. At 2.8 million tonnes of CO_2eq, absolute Scope 1 and 2 GHG emissions were also below last year's level. The share of renewable energies in the energy mix increased by around 8 % compared to the previous year, mainly driven by a larger amount of electrical energy from renewable sources and a higher amount of biomass for heat production.

In fiscal 2023/24, Südzucker AG's energy use totaled 10.5 million GJ, of which 0.4 million GJ was renewable energy. The GHG emissions Scope 1 and 2 of Südzucker AG amounted to 0.75 million tonnes of CO_2eq.

Südzucker successfully issued its first bond under the new Sustainability-Linked Financing Framework with a volume of € 400 million in October 2022. With the sustainability linked bond format, Südzucker is committed to the sustainability target anchored in its 2026 PLUS strategy and has pledged to reduce Südzucker Group's CO_2 emissions (Scope 1 + 2) (key performance indicator) by −32 % as of the observation date of 31 December 2026 compared to the historical reference date of 31 December 2018. Emissions (Scope 1 + 2) in 2023 totaling 2.8 million tonnes of CO_2eq could be reduced by about 23 % compared to the base year 2018 with CO_2 emissions (Scope 1 + 2) totaling 3.7 million tonnes of CO_2. More information on the Sustainability-Linked Financing Framework can be found on Südzucker's website at www.suedzuckergroup.com/en/investor-relations/anleihen/übersicht.

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

- We operate biogas plants at the sugar factories in Strzelin, Poland, Kaposvár, Hungary and Drochia, Moldova, which generate renewable energy from biomass – primarily fresh or fermented beet pellets or beet pellet silage – and partially feed it into the public grid. In addition, many sites generate biogas in anaerobic wastewater treatment plants and use it to reduce the demand for fossil fuels
- A biomass boiler at the Pemuco, Chile site generates steam and electricity mainly from forestry and wood processing waste.
- Combined heat and power (CHP) plants in the sugar segment to cut emissions
- Use waste heat to operate low-temperature drying systems at seven locations.
- Transition in part to electrical energy from renewable sources
- Coal phase-out at the locations in Sered, Slovakia, and Étrépagny, France
- Start of the coal phase-out at the Tienen location in Belgium (coal volume reduction of approx. 80 % compared to the baseline year 2018)
- Waste heat is used to heat the wastewater treatment plant at the Offstein factory
- Generation of electrical energy from hydropower at the Offenau location

In 2023, the following measures in particular were implemented:

- Commissioning of biomass power plant in Wanze, Belgium, to generate thermal and electric process energy from wood instead of natural gas
- Implementation of energy efficiency measures in Pemuco, Chile
- Fuel switch from coal to natural gas in chip drying at the Roye, France location
- Switch to electric power from renewable sources at additional locations
- Replacement of existing equipment with highly energy-efficient units, e.g. replacement of the extraction tower at the Tienen site in Belgium

The variety of products manufactured in the Südzucker Group requires different manufacturing processes and therefore different types of energy requirements; however, overall, most require heat as a process input.

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

Supply chain emissions in the 2023/24 financial year

We systematically capture the emissions of our supply chain (Scope 3 emissions) (→ Climate strategy).

Energy use (direct and indirect) at Südzucker Group

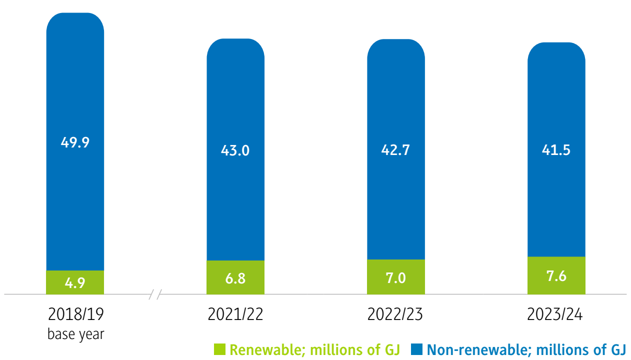


DIAGRAM 008

GHG emissions (Scope 1 and 2) at Südzucker Group

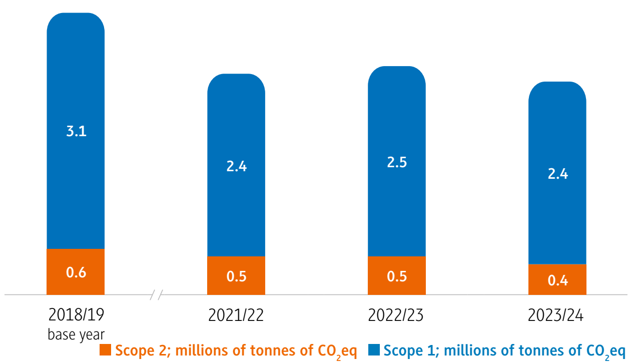


DIAGRAM 009

In fiscal 2023/24, we initiated the process of determining the reduction measures required to achieve our goal of reducing absolute GHG emissions in the value chain by at least 30 % by 2030 compared to 2018.

We use product carbon footprint analyses to determine the life cycle emissions and emission priorities of our products, for example for our organic beet sugar, based on demand.

Climate change adaption

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

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

Alongside the climate change scenario analysis for our production locations, we started analyzing climate risks across our agricultural value chains in the 2023/24 financial year.

A specific risk model was developed for Südzucker Group for this purpose, which can be used to systematically determine climate risks. As an initial step, we used selected indicators to determine the physical climate risk for sugar beet and examined the initial potential impact on yields. At the same time, we also evaluated options for increasing resilience.

The SSP1-2.6 and SSP5-8.5 scenarios were also used in this case; the current conditions and an optimistic and a pessimistic scenario up to 2029, 2040 and 2060 were considered. The analysis is based on the recommendations of the Task Force on Climate-Related Financial Disclosures (TCFD) in the relevant sectors (→ Table 126).

The next steps are derived on the basis of this analysis.

Sustainable use and protection of water resources

Water in the upstream value added chain

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

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

Südzucker Group understands the increasing importance of water availability and quality requirements from a climate change perspective and has conducted an initial climate change scenario analysis for the agricultural value chains in fiscal 2023/24 (→ Climate change adaption).

Water withdrawal and water use

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

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

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

At some locations we operate once through cooling systems. About 38 % of the water extracted is used exclusively for this purpose. This water is only used for cooling processes and then fed directly to the receiving streams.

Water drainage

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

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

Water balance

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

The following table outlines the water balance at Südzucker Group's production plants:

Difference between water withdrawal and water discharge / Production location's water balance at Südzucker Group

Million m³	2020/21	2021/22	2022/23	2023/24
Surface water	27.2	28.2	29.3	29.7
Groundwater	12.7	12.1	12.6	12.0
Water supplier	3.6	3.8	5.1	4.7
Water withdrawal	**43.5**	**44.1**	**46.9**	**46.4**
Water discharge	**54.5**	**54.5**	**54.3**	**56.2**
Water balance	**−11.0**	**−10.4**	**−7.4**	**−9.8**

TABLE 009

The water balance figure of −9.8 million m³ for the Südzucker group reflects the fact that the company returns much more water than it extracts, as the raw materials processed at the locations, such as sugar beet, chicory roots and apples, supply a great deal of water. Water withdrawal decreased by 0.5 million m³ compared to the previous year. Water withdrawal at Südzucker AG was 15.2 million m³ and water discharge 19.7 million m³, resulting in a water balance of −4.5 million m³.

Water balance in regions with water stress

In fiscal 2023/24, a total of 28 plants within the reporting boundaries (→ Sustainability / Organizational and content related reporting boundaries section) were located in areas with high or very high water stress according to the definition of the Aqueduct Water Risk Atlas – the majority of them in the global fruit segment. In the areas with water stress, the water balance is – 3.5 (–2.3) million m³. We therefore also returned significantly more water than we withdrew in the areas with water stress.

Water storage

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

Circular economy

Utilization of raw materials

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

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

We also rely on innovation to further develop our product streams. One key component is close cooperation with start-ups from the food and circular economy sectors, such as the EIT Food Accelerator Network. Moreover, "Mission KickStart!" is an internal program to accelerate collaboration with startups.

We intend to expand our portfolio in particular in the area of biomass-based products for the non-food sector as a substitute for fossil-based products.

Soil adhesion

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

Depending on weather conditions and soil composition, the volume of soil adhering to the raw material varies. In fiscal year 2023/24, the proportion was 0.07 tonnes of soil / tonnes of raw material.

Avoiding and reducing environmental pollution

Waste

Virtually all the raw materials used by Südzucker Group are processed into high-quality products. The total amount of waste is therefore very low in relation to the raw materials processed. Most of the waste is recycled, composted or used for energy. In terms of the quantity of raw materials processed, only 1.5 (1.4) kg of waste per tonne of raw material or 0.15 (0.14) % were generated in the 2023/24 financial year that were not recycled, composted or used for energy. The reason for this is that the majority of the waste produced can be used in the sense of a circular economy and is already being used. The amount of waste defined as hazardous within the meaning of the EU Waste Framework Directive is very low at 0.08 (0.1) kg/t raw material or 0.008 (0.01) %. This figure decreased slightly due to lower construction work.

The total amount of waste in the Süducker group increased by around 26,000 tonnes year-on-year and is thus within the range of previous years. The recovery rate is on a par with last year at around 92 (90) %, and the recycling rate is at the same level as last year at around 86 (83) %. The volume of waste at Südzucker AG totaled 103.3 thousand tonnes in fiscal 2023/24, including 0.5 thousand tonnes of hazardous waste.

Waste by disposal type in the Group

Thousands of tonnes	2020/21	2021/22	2022/23	2023/24
Recycling	236.8	251.9	252.1	290.1
Landfill	53.7	48.8	20.5	22.4
Composting	94.4	92.2	91.9	89.7
Incineration	32.9	28.2	24.5	12.7
Other	9.7	21.1	25.9	26.0
thereoff dangerous waste [1]	*2.4*	*2.5*	*3.5*	*2.7*
Total	**427.5**	**442.2**	**415.0**	**440.9**

[1] Mainly used lubrificants from production.

TABLE 010

Packaging

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

To minimize negative impacts of our product packaging we are avoiding disposable packaging as much as possible and we are giving strong preference to environmentally friendly packages.Our aim is to increase the proportion of recycled material or renewable raw materials in packaging and the proportion of recyclable and home-compostable packaging material in the necessary packaging we place on the market, for example when selling small quantities or to end consumers.

In the financial year 2023/24 all paper and cardboard packaging used in the sugar segment in Germany, France, Poland and Belgium has been made of FSC-certified material.

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

Freiberger has been committed to promoting the circular economy and conserving resources since 2018 as part of the "Rethinking plastic" initiative. The use of recyclable packaging materials, which have already been successfully tested in the facilities and are already being used in some cases, is a key part of this. The initiative aims to systematically separate plastic waste, increase the proportion of recycled materials and reduce the amount of plastic used.

As part of the initiative, Freiberger is also working with research institutions and other Südzucker Group companies on various research projects on plastic substitutes. In particular, possible applications for films based on renewable raw materials are being tested.

PortionPack is also working on optimizing packaging and minimizing material thickness as much as possible. Another goal is to use sustainable packaging material for all product groups, provided it is available.

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

The starch segment shipped around 78 % of its products in bulk and the fruit segment shipped around 80 % of its products in bulk resp. in reusable packaging.

Protection of biodiversity and ecosystems

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

Sustainable procurement of agricultural raw materials

Südzucker uses agricultural raw materials that are predominantly sourced from European production and thus meet the cross compliance standards that apply to agricultural production in the EU. Südzucker has also agreed only to procure agricultural raw materials that originate from demonstrably deforestation-free production.

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

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

Freiberger is the only division of the Südzucker Group that uses products of animal origin. Here as well, the focus on sustainability in the supply chain is increasing. For example, Freiberger intends to use dolphin-safe tuna and/or tuna with the Marine Stewardship Council (MSC) seal. Freiberger also has organic certification and produces organic pizzas with animal products from ecological farming.

Sustainable Agriculture Initiative Platform (SAI)

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

Südzucker and its sugar beet growers were again able to demonstrate adherence to the SAI sustainability criteria in 2023 by receiving the RedCert2 certificate. Every year, more than 200 external audits are carried out at the growers' premises as part of the certification process. In fiscal 2023/24, FSA Gold status – the highest FSA rating for sustainability – was achieved in Germany, Belgium, France and Poland. Chicory growers in Belgium also have FSA Gold status.

Within AGRANA, all farmer groups – with a few exceptions – achieved AGRANA's target of silver or higher FSA status.

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

Sustainable land use and management

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

The results of this in-house research are directly implemented in practice. Thanks to our research activities on the Board of Trustees for Sugar Beet Trials and Advice and our close links with the Institute for Sugar Beet Research in Göttingen, we are able to offer farmers a broad range of expertise. We have our own raw material consultants working throughout Europe. Support for decision-making on catch crop planning and weed identification as well as site-specific variety recommendations are offered via various communication channels. In 2023/24, we further developed our own app, in which the information from the advisory service is made available to growers digitally. We also offer special consulting services for organic growers.

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

Promoting biodiversity

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

In 2022, we developed our own biodiversity standard and implemented it in a pilot project near our production location in Offstein, Germany. In 2023/2024, we rolled out the project to the Wetterau region. Our goal is to promote agricultural biodiversity in partnership with farmers and customers. To achieve this goal, we have partnered with the Mannheim Institute for Agro-Ecology and Biodiversity (IFAB) to draft a catalog of biodiversity measures that exceed the minimum statutory requirements and are measurable and verifiable. Each measure is assigned a certain score depending on how effective it is in protecting biodiversity. Based on their scores, participating farmers receive a biodiversity premium per hectare of sugar beet cultivation area for implementing the measures. The measures are continuously evaluated for their feasibility and effectiveness and participating operations receive professional support.

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

We have offered our beet growers free seed mixtures for flower strips specially adapted to sowing in the sugar beet crop rotation since 2014. Flower strips not only beautify the surrounding landscape, but also create a habitat for insects, birds and small animals. In 2023, Südzucker purchased around 16 tonnes of flowering seed for planting flower strips; this amount enables the planting of 2,500 flower strips. This seed was distributed free of charge to sugar beet growers in Germany, France, Belgium and Poland.

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

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

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

The Südzucker Group is not only committed to increasing biodiversity in agriculture, but also at its own production locations. The focus in 2023/24 was on maintaining the projects implemented in previous years.

Disclosures as per EU Taxonomy

Information on taxonomy-eligible and taxonomy-aligned revenues, capital expenditure and operating expenses (maintenance, research and development) in accordance with the EU taxonomy is provided below. As already in the 2022/23 reporting year, Südzucker Group's economic activities had to be examined and analyzed with regard to their taxonomy eligibility and alignment with the climate-related environmental objectives. The four non-climate-related environmental objectives had to be examined and analyzed for their taxonomy eligibility for the first time in the reporting year. A transitional period also applies to the newly added economic activities under the climate-related environmental objectives, which means that only taxonomy eligibility is required to be reported for the 2023/24 reporting year. From the 2024/25 reporting year, taxonomy alignment must also be reported for the non-climate-related environmental objectives. The following key figures relate to the companies fully consolidated in the consolidated financial statements and were derived uniformly throughout the group using the IFRS data on which these consolidated financial statements are based.

An economic activity is considered taxonomy-aligned if it makes a substantial contribution to at least one of the following environmental objectives: climate change mitigation, climate change adaptation, sustainable use and protection of water and marine resources, transition to a circular economy, pollution prevention and control, and protection and restoration of biodiversity and ecosystems. In addition, the economic activity must not significantly harm the other environmental objectives (DNSH = do no significant harm) and must meet minimum safeguards, such as human rights. Taxonomy alignment is verified using the technical screening criteria per economic activity. These have been available for all environmental objectives since mid-2023.

The individual Südzucker Group divisions worked with the support of the corporate functions to identify the relevant taxonomy-eligible economic activities and determine the taxonomy-eligible and taxonomy-aligned shares for all six environmental objectives. The analysis steps for the identification and assessment of the relevant economic activities and the necessary interpretation of the EU taxonomy were performed according to central guidelines. The individual revenues, capital expenditures and operating expenses are each assigned to an economic activity. The economic activities "Construction of new buildings" and "Renovation of existing buildings" are taxonomy-eligible for both the environmental objective of climate change mitigation and the transition to a circular economy. Taking into account the technical screening criteria, the environmental objective of climate change mitigation was considered as more relevant for new construction and renovation projects carried out, so that project were assigned to this economic activity in the reporting form. Double counting when determining the key figures is therefore excluded. Where necessary, allocation keys were used to derive taxonomy-eligible and taxonomy-aligned revenues, capital expenditures and operating expenses.

The Scope of the report refers to the environmental objectives of climate change mitigation and transition to a circular economy, as no taxonomy-eligible economic activities were identified for the other environmental objectives. As in the two previous years, a large part of Südzucker's activities were not covered by the EU taxonomy in fiscal 2023/24 due to the legislative process still not being completed for all areas of activity, which is why they are not considered taxonomy-eligible. Our own sustainability targets, on the other hand, cover all of the group's economic activities and thus form the central steering tool in the further development of our business model and are therefore also relevant for the further development of our sustainable activities.

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

Taxonomy reporting of revenues

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

As in the previous year, the largest contribution in taxonomy-eligible revenues was attributable to the manufacture of ethanol for transport in the CropEnergies and starch segments (economic activity 4.13.). The share of the reported taxonomy-aligned revenues of € 146 million or 1.4 % also mainly relates to revenues from self-produced fuel ethanol from waste and residual materials.

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

The contribution to climate change mitigation and the impairment of other environmental goals for the taxonomy-aligned revenues from residue-based fuel ethanol was reviewed according to activity-specific criteria. Among other things, the review included an analysis of climate risks using a climate change scenario analysis (→ Climate change adaptation). To prove the avoidance of the adverse effects with respect to the environmental objectives of water protection, pollution prevention and biodiversity protection, factory-specific queries were used. One of the factors taken into account was that the CropEnergies BioWanze plant is less than one kilometer away from a biodiversity-sensitive area. The documents and expert opinions issued as part of the approval procedures for the plants concerned, e.g. in the area of emissions to air and water, formed the basis for checking compliance with the DNSH criteria. Finally, the criteria for minimum social safeguards, including a human rights-related due diligence process, were reviewed for the entire group across all activities. (→ Society / Compliance with human rights). Taxonomy-aligned ethanol revenues were generated exclusively from contracts with customers.

Share of taxonomy-eligible and taxonomy-aligned revenues

		2023/24		Substantial contribution criteria						DNSH criteria ("Does No Significant Harm")									
Economic activities	Code[1]	Turnover	Proportion of turnover	Climate change mitigation	Climate change adaptation	Water and marine resources	Pollution	Circular economy	Biodiversity	Climate change mitigation	Climate change adaption	Water and marine resources	Pollution	Circular economy	Biodiversity	Minimum safeguards	Proportion of Taxonomy-aligned (A.1.) or -eligible (A.2.) turnover 2022/23	Category enabling activity	Category transition activity
		€ million	%	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	E	T
A. Taxonomy-eligible activities																			
A.1. Environmentally sustainable activities (Taxonomy-aligned)																			
Manufacture of plastics in primary form	CCM 3.17.	1	0.0	Y	N/EL	N/EL	N/EL	N/EL	N/EL	–	Y	Y	Y	–	Y	Y	0.0		T
Manufacture of biogas and biofuels for use in transport and of bioliquids	CCM 4.13.	143	1.4	Y	N/EL	N/EL	N/EL	N/EL	N/EL	–	Y	Y	Y	–	Y	Y	2.0		
Anaerobic digestion of bio-waste	CCM 5.7.	2	0.0	Y	N/EL	N/EL	N/EL	N/EL	N/EL	–	Y	Y	Y	–	Y	Y	0.0		
Turnover of environmentally sustainable activities (Taxonomy-aligned) (A.1)		**146**	**1.4**	**1.4**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**–**	**Y**	**Y**	**Y**	**–**	**Y**	**Y**	**2.0**		
of which enabling		**0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**0.0**	**E**	
of which transitional		**1**	**0.0**	**0.0**						**–**	**Y**	**Y**	**Y**	**–**	**Y**	**Y**	**0.0**		**T**
A.2. Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																			
				EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL										
Electricity generation from bioenergy	CCM 4.8.	3	0.0	EL	N/EL	N/EL	N/EL	N/EL	N/EL								0.0		
Manufacture of biogas and biofuels for use in transport and of bioliquids	CCM 4.13.	718	7.0	EL	N/EL	N/EL	N/EL	N/EL	N/EL								10.2		
Turnover of Taxonomy-eligible but not environmentally sustainable activities (A.2)		**721**	**7.0**	**7.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**								**10.2**		
A. Total (A.1 + A.2)		**867**	**8.4**	**8.4**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**								**12.2**		
B. Taxonomy-non-eligible activities																			
Turnover of Taxonomy-non-eligible activities (B)		**9,422**	**91.6**																
Total (A + B)		**10,289**	**100.0**																

[1] The Code constitutes the abbreviation of the relevant objective to which the economic activity is eligible to make a substantial contribution, as well as the Section number of the activity in the relevant Annex covering the objective.

TABLE 011

Taxonomy reporting on capital expenditures (CapEx)

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

On the one hand, the share of taxonomy-eligible investments in fixed assets of around 16 % is attributable to the production locations at which taxonomy-eligible revenues are already being generated. These include investments in the CropEnergies segment in conjunction with the production of fuel ethanol (economic activity 4.13.). On the other hand, Südzucker Group invests in other production sites, for example in wastewater treatment (economic activities 5.1. to 5.3.) and, as part of the planned coal phase-out, in CHP plants (e.g. 4.20. and 4.30.). Excluding economic activity 4.13., these expenses fall under category c: Purchase of output from taxonomy-aligned economic activities.

As in the previous year, taxonomy-aligned investments exclusively comprise additions to fixed assets; their share of total investments was about 2 %.

The allocation key under economic activity 4.13., which is derived on the basis of the taxonomy-aligned share of revenues at the respective plant level, is among other things the reason for this.

The allocation key ensures that only those plants and production processes that are related to economic activity 4.13. are taken into account. The significantly lower taxonomy alignment compared to taxonomy eligibility can be attributed in particular to the fact that the obligation to provide evidence for CapEx category c must be provided by the suppliers. Compared to the previous year, the share of taxonomy-aligned investments in total investments remained almost constant.

Share of taxonomy-eligible and taxonomy-aligned capital expenditure

		2023/24		Substantial contribution criteria						DNSH criteria ("Does No Significant Harm")									
Economic activities	Code[1]	CapEx	Proportion of CapEx	Climate change mitigation	Climate change adaptation	Water and marine resources	Pollution	Circular economy	Biodiversity	Climate change mitigation	Climate change adaptation	Water and marine resources	Pollution	Circular economy	Biodiversity	Minimum safeguards	Proportion of Taxonomy-aligned (A.1.) or -eligible (A.2.) CapEx 2022/23	Category enabling activity	Category transition activity
		€ million	%	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	E	T
A. Taxonomy-eligible activities																			
A.1. Environmentally sustainable activities (Taxonomy-aligned)																			
Manufacture biogas and biofuels for use in transport and of bioliquids	CCM 4.13.	1	0.2	Y	N/EL	N/EL	N/EL	N/EL	N/EL	–	Y	Y	Y	–	Y	Y	0.6		
Production of heat/cool from bioenergy	CCM 4.25.	7	1.2	Y	N/EL	N/EL	N/EL	N/EL	N/EL	–	Y	–	Y	Y	Y	Y	0.6		
Construction, extension and operation of water collection, treatment and supply systems	CCM 5.1.	1	0.2	Y	N/EL	N/EL	N/EL	N/EL	N/EL	–	Y	Y	–	–	Y	Y	0.2		
Construction, extension and operation of waste water collection and treatment	CCM 5.3.	2	0.4	Y	N/EL	N/EL	N/EL	N/EL	N/EL	–	Y	Y	Y	–	Y	Y	0.2		
Transport by motorbikes, passenger cars and light commercial vehicles	CCM 6.5.	1	0.2	Y	N/EL	N/EL	N/EL	N/EL	N/EL	–	Y	–	Y	Y	–	Y	0.0		T
Installation, maintenance and repair of energy effciency equipment	CCM 7.3.	0	0.0	Y	N/EL	N/EL	N/EL	N/EL	N/EL	–	Y	–	Y	–	Y	Y	0.2	E	
CapEx of environmentally sustainable activities (Taxonomy-aligned) (A.1)		**12**	**2.2**	**2.2**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**–**	**Y**	**Y**	**Y**	**Y**	**Y**	**Y**	**1.8**		
of which enabling		**0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**–**	**Y**	**–**	**Y**	**–**	**Y**	**Y**	**0.2**	**E**	
of which transitional		**1**	**0.2**	**0.0**						**–**	**Y**	**Y**	**Y**	**Y**	**Y**	**Y**	**0.0**		**T**

Share of taxonomy-eligible and taxonomy-aligned capital expenditure

	2023/24			Substantial contribution criteria						DNSH criteria ("Does No Significant Harm")									
Economic activities	Code[1]	CapEx	Proportion of CapEx	Climate change mitigation	Climate change adaptation	Water and marine resources	Pollution	Circular economy	Biodiversity	Climate change mitigation	Climate change adaption	Water and marine resources	Pollution	Circular economy	Biodiversity	Minimum safeguards	Proportion of Taxonomy-aligned (A.1.) or -eligible (A.2.) CapEx 2022/23	Category enabling activity	Category transition activity
A.2. Taxonomy-Eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																			
				EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL										
Manufacture of hydrogen	CCM 3.10.	1	0.2	EL	N/EL	N/EL	N/EL	N/EL	N/EL								0.0		
Electricity generation using solar photovoltaic technology	CCM 4.1.	1	0.2	EL	N/EL	N/EL	N/EL	N/EL	N/EL								0.0		
Manufacture biogas and biofuels for use in transport and of bioliquids	CCM 4.13.	10	1.8	EL	N/EL	N/EL	N/EL	N/EL	N/EL								3.4		
District heating/cooling distribution	CCM 4.15.	0	0.0	EL	N/EL	N/EL	N/EL	N/EL	N/EL								0.4		
Installation and operation of electric heat pumps	CCM 4.16.	3	0.5	EL	N/EL	N/EL	N/EL	N/EL	N/EL								0.0		
Cogeneration of heat/cool and power from bioenergy	CCM 4.20.	0	0.0	EL	N/EL	N/EL	N/EL	N/EL	N/EL								0.2		
Production of heat/cool using waste heat	CCM 4.25.	8	1.4	EL	N/EL	N/EL	N/EL	N/EL	N/EL								0.0		
High-efficiency co-generation of heat/cool and power from fossil gaseous fuels	CCM 4.30.	19	3.3	EL	N/EL	N/EL	N/EL	N/EL	N/EL								0.4		
Construction, extension and operation of water collection, treatment and supply systems	CCM 5.1.	0	0.0	EL	N/EL	N/EL	N/EL	N/EL	N/EL								0.2		
Renewal of water collection, treatment and supply systems	CCM 5.2.	0	0.0	EL	N/EL	N/EL	N/EL	N/EL	N/EL								0.2		
Construction, extension and operation of waste water collection and treatment	CCM 5.3.	18	3.2	EL	N/EL	N/EL	N/EL	N/EL	N/EL								0.6		
Freight rail transport	CCM 6.2.	1	0.2	EL	N/EL	N/EL	N/EL	N/EL	N/EL								0.0		
Transport by motorbikes, passenger cars and light commercial vehicles	CCM 6.5.	3	0.5	EL	N/EL	N/EL	N/EL	N/EL	N/EL								0.0		
Construction of new buildings[2]	CCM 7.1./CE 3.1.	6	1.1	EL	N/EL	N/EL	N/EL	EL	N/EL								2.1		
Renovation of existing buildings	CCM 7.2./CE 3.2.	3	0.5	EL	N/EL	N/EL	N/EL	EL	N/EL								0.0		
Installation, maintenance and repair of energy effciency equipment	CCM 7.3.	5	0.9	EL	N/EL	N/EL	N/EL	N/EL	N/EL								1.3		
CapEx of Taxonomy-eligible but not environmentally sustainable activities (A.2)		**78**	**13.8**	**13.8**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**								**8.8**		
A. Total (A.1 + A.2)		**90**	**16.0**	**16.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**								**10.6**		
B. Taxonomy-non-eligible activities																			
Turnover of Taxonomy-non-eligible activities (B)		**479**	**84.0**																
Total (A + B)		**569**	**100.0**																

[1] The Code constitutes the abbreviation of the relevant objective to which the economic activity is eligible to make a substantial contribution, as well as the Section number of the activity in the relevant Annex covering the objective.
[2] Adjustment of prior year amount by 2.1 percentage points.

TABLE 012

Taxonomy reporting on operating expenses (OpEx)

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

The share of taxonomy-eligible maintenance expenses and costs of short-term leases is attributable to the production locations at which taxonomy-eligible revenues are already being generated. The share of taxonomy-eligible research and development costs is attributable primarily to process optimization projects to reduce energy consumption.

Only research projects for the reduction of carbon emissions related to the economic activity 4.13. fuel ethanol production, for which technical screening criteria are defined, were taken into account.

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

Share of taxonomy-eligible and taxonomy-aligned operating expenses

		2023/24		Substantial contribution criteria						DNSH criteria ("Does No Significant Harm")									
Economic activities	Code[1]	OpEx	Proportion of OpEx	Climate change mitigation	Climate change adaptation	Water and marine resources	Pollution	Circular economy	Biodiversity	Climate change mitigation	Climate change adaption	Water and marine resources	Pollution	Circular economy	Biodiversity	Minimum safe-guards	Proportion of Taxonomy-aligned (A.1.) or -eligible (A.2.) OpEx 2022/23	Category enabling activity	Category transition activity
		€ million	%	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	E	T
A. Taxonomy-eligible activities																			
A.1. Environmentally sustainable activities (Taxonomy-aligned)																			
Manufacture biogas and biofuels for use in transport and of bioliquids	CCM 4.13.	2	0.5	Y	N/EL	N/EL	N/EL	N/EL	N/EL	–	Y	Y	Y	–	Y	Y	0.0		
OpEx of environmentally sustainable activities (Taxonomy-aligned) (A.1)		**2**	**0.5**	**0.5**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**								**0.0**		
of which enabling		**0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**Y**	**Y**	**Y**	**Y**	**Y**	**Y**	**Y**	**0.0**	**E**	
of which transitional		**0**	**0.0**	**0.0**						**Y**	**Y**	**Y**	**Y**	**Y**	**Y**	**Y**	**0.0**		**T**
A.2. Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																			
				EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL										
Manufacture biogas and biofuels for use in transport and of bioliquids	CCM 4.13.	13	3.6	EL	N/EL	N/EL	N/EL	N/EL	N/EL								3.5		
Close to market research, development and innovation	CCM 9.1.	4	1.1	EL	N/EL	N/EL	N/EL	N/EL	N/EL								1.5		
OpEx of Taxonomy-eligible but not environmentally sustainable activities (A.2)		**17**	**4.7**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**								**5.0**		
A. Total (A.1 + A.2)		**19**	**5.2**	**5.2**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**								**5.0**		
B. Taxonomy-non-eligible activities																			
Turnover of Taxonomy-non-eligible activities (B)		**347**	**94.8**																
Total (A + B)		**366**	**100.0**																

[1] The Code constitutes the abbreviation of the relevant objective to which the economic activity is eligible to make a substantial contribution, as well as the Section number of the activity in the relevant Annex covering the objective.

TABLE 013

Additional information on the Scope of Taxonomy eligibility and alignment per environmental objective

Pursuant to Annex V of Commission Delegated Regulation 2023/2486 as of 27 June 2023, the disclosure requirements for revenues, CapEx and OpEx key performance indicators have been expanded. Non-financial undertakings are now additionally required to report the scale of the taxonomy-eligible and taxonomy-aligned activities for each environmental objective. The corresponding disclosures are shown in the tables below:

Share of revenues in total revenues per environmental objective

	Proportion of turnover/Total turnover	
Environmental objective	Taxonomy-aligned per objective	Taxonomy-eligible per objective
Climate change mitigation (CCM)	1.4 %	8.4 %
Climate change adaptation (CCA)	0.0 %	0.0 %
Water and marine resources (WTR)	0.0 %	0.0 %
Pollution (PPC)	0.0 %	0.0 %
Circular economy (CE)	0.0 %	0.0 %
Biodiversity (BIO)	0.0 %	0.0 %

TABLE 014

Share of capital expenditure in total capital expenditure per environmental objective

	Proportion of CapEx/total CapEx	
Environmental objective	Taxonomy-aligned per objective	Taxonomy-eligible per objective
Climate change mitigation (CCM)	2.2 %	16.0 %
Climate change adaptation (CCA)	0.0 %	0.0 %
Water and marine resources (WTR)	0.0 %	0.0 %
Pollution (PPC)	0.0 %	0.0 %
Circular economy (CE)	0.0 %	1.6 %
Biodiversity (BIO)	0.0 %	0.0 %

TABLE 015

Share of operating expenses in total operating expenses per environmental objective

	Proportion of OpEx/total OpEx	
Environmental objective	Taxonomy-aligned per objective	Taxonomy-eligible per objective
Climate change mitigation (CCM)	0.5 %	5.2 %
Climate change adaptation (CCA)	0.0 %	0.0 %
Water and marine resources (WTR)	0.0 %	0.0 %
Pollution (PPC)	0.0 %	0.0 %
Circular economy (CE)	0.0 %	0.0 %
Biodiversity (BIO)	0.0 %	0.0 %

TABLE 016

Complementary Delegated Act (EU) 2022/1214 – Disclosure standard templates in accordance with Article 8 paragraphs 6 and 7 of the Taxonomy Regulation

The following provides additional information regarding Südzucker Group's taxonomy-eligible and taxonomy-aligned nuclear energy and fossil gas related activities. The presentation is based on the standard reporting templates required by the Complementary Delegated Act (EU) 2022/1214.

Declaration form 1: Nuclear- and fossil-gas-related activities

Row	Nuclear-energy-related activities	
1	The undertaking carries out, funds or has exposures to research, development, demonstration and deployment of innovative electricity generation facilities that produce energy from nuclear processes with minimal waste from the fuel cycle.	No
2	The undertaking carries out, funds or has exposures to construction and safe operation of new nuclear installations to produce electricity or process heat, including for the purposes of district heating or industrial processes such as hydrogen production, as well as their safety upgrades, using best available technologies.	No
3	The undertaking carries out, funds or has exposures to safe operation of existing nuclear installations that produce electricity or process heat, including for the purposes of district heating or industrial processes such as hydrogen production from nuclear energy, as well as their safety upgrades.	No
Row	**Fossil-gas-related activities**	
4	The undertaking carries out, funds or has exposures to construction or operation of electricity generation facilities that produce electricity using fossil gaseous fuels.	No
5	The undertaking carries out, funds or has exposures to construction, refurbishment, and operation of combined heat/cool and power generation facilities using fossil gaseous fuels.	Yes
6	The undertaking carries out, funds or has exposures to construction, refurbishment and operation of heat generation facilities that produce heat/cool using fossil gaseous fuels.	No

TABLE 017

Declaration form 2: Taxonomy-aligned economic activities (denominator)

		Amount and proportion of revenue						Amount and proportion of CapEx						Amount and proportion of OpEx					
		CCM + CCA		Climate change mitigation (CCM)		Climate change adaptation (CCA)		CCM + CCA		Climate change mitigation (CCM)		Climate change adaptation (CCA)		CCM + CCA		Climate change mitigation (CCM)		Climate change adaptation (CCA)	
Row	**Economic activities**	**€ million**	**%**	**€ million**	**%**	**€ million**	**%**	**€ million**	**%**	**€ million**	**%**	**€ million**	**%**	**€ million**	**%**	**€ million**	**%**	**€ million**	**%**
1	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.26 of Annexes I and II to Delegated Regulation 2021/ 2139 in the denominator of the applicable KPI	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
2	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.27 of Annexes I and II to Delegated Regulation 2021/ 2139 in the denominator of the applicable KPI	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
3	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.28 of Annexes I and II to Delegated Regulation 2021/ 2139 in the denominator of the applicable KPI	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
4	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.29 of Annexes I and II to Delegated Regulation 2021/ 2139 in the denominator of the applicable KPI	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
5	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.30 of Annexes I and II to Delegated Regulation 2021/ 2139 in the denominator of the applicable KPI	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
6	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.31 of Annexes I and II to Delegated Regulation 2021/ 2139 in the denominator of the applicable KPI	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
7	**Amount and proportion of other taxonomy-aligned economic activities not referred to in rows 1 to 6 above in the denominator of the applicable KPI**	**146**	**1.4**	**146**	**1.4**	**–**	**–**	**12**	**2.2**	**12**	**2.2**	**–**	**–**	**2**	**0.5**	**2**	**0.5**	**–**	**–**
8	**Total applicable KPI**	**10,289**	**100**	**10,289**	**100**	**–**	**–**	**569**	**100**	**569**	**100**	**–**	**–**	**366**	**100**	**366**	**100**	**–**	**–**

TABLE 018

Declaration form 3: Taxonomy-aligned economic activities (numerator)

		Amount and proportion of revenue						Amount and proportion of CapEx						Amount and proportion of OpEx					
		CCM + CCA		Climate change mitigation (CCM)		Climate change adaptation (CCA)		CCM + CCA		Climate change mitigation (CCM)		Climate change adaptation (CCA)		CCM + CCA		Climate change mitigation (CCM)		Climate change adaptation (CCA)	
Row	Economic activities	€ million	%	€ million	%	€ million	%	€ million	%	€ million	%	€ million	%	€ million	%	€ million	%	€ million	%
1	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.26 of Annexes I and II to Delegated Regulation 2021/ 2139 in the numerator of the applicable KPI	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
2	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.27 of Annexes I and II to Delegated Regulation 2021/ 2139 in the numerator of the applicable KPI	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
3	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.28 of Annexes I and II to Delegated Regulation 2021/ 2139 in the numerator of the applicable KPI	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
4	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.29 of Annexes I and II to Delegated Regulation 2021/ 2139 in the numerator of the applicable KPI	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
5	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.30 of Annexes I and II to Delegated Regulation 2021/ 2139 in the numerator of the applicable KPI	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
6	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.31 of Annexes I and II to Delegated Regulation 2021/ 2139 in the numerator of the applicable KPI	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
7	**Amount and proportion of other taxonomy-aligned economic activities not referred to in rows 1 to 6 above in the numerator of the applicable KPI**	**146**	**100**	**146**	**100**	**–**	**–**	**12**	**100**	**12**	**100**	**–**	**–**	**2**	**100**	**2**	**100**	**–**	**–**
8	**Total applicable KPI**	**146**	**100**	**146**	**100**	**–**	**–**	**12**	**100**	**12**	**100**	**–**	**–**	**2**	**100**	**2**	**100**	**–**	**–**

TABLE 019

Declaration form 4: Taxonomy-eligible but not taxonomy-aligned economic activities

		Amount and proportion of revenue						Amount and proportion of CapEx						Amount and proportion of OpEx					
		CCM + CCA		Climate change mitigation (CCM)		Climate change adaptation (CCA)		CCM + CCA		Climate change mitigation (CCM)		Climate change adaptation (CCA)		CCM + CCA		Climate change mitigation (CCM)		Climate change adaptation (CCA)	
Row	**Economic activities**	**€ million**	**%**	**€ million**	**%**	**€ million**	**%**	**€ million**	**%**	**€ million**	**%**	**€ million**	**%**	**€ million**	**%**	**€ million**	**%**	**€ million**	**%**
1	Amount and proportion of taxonomy-eligible but not taxonomy-aligned economic activity referred to in Section 4.26 of Annexes I and II to Delegated Regulation 2021/ 2139 in the denominator of the applicable KPI	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
2	Amount and proportion of taxonomy-eligable but not taxonomy-aligned economic activity referred to in Section 4.27 of Annexes I and II to Delegated Regulation 2021/ 2139 in the denominator of the applicable KPI	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
3	Amount and proportion of taxonomy-eligable but not taxonomy-aligned economic activity referred to in Section 4.28 of Annexes I and II to Delegated Regulation 2021/ 2139 in the denominator of the applicable KPI	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
4	Amount and proportion of taxonomy-eligable but not taxonomy-aligned economic activity referred to in Section 4.29 of Annexes I and II to Delegated Regulation 2021/ 2139 in the denominator of the applicable KPI	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
5	Amount and proportion of taxonomy-eligable but not taxonomy-aligned economic activity referred to in Section 4.30 of Annexes I and II to Delegated Regulation 2021/ 2139 in the denominator of the applicable KPI	–	–	–	–	–	–	19	3.3	19	3.3	–	–	–	–	–	–	–	–
6	Amount and proportion of taxonomy-eligable but not taxonomy-aligned economic activity referred to in Section 4.31 of Annexes I and II to Delegated Regulation 2021/ 2139 in the denominator of the applicable KPI	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
7	**Amount and proportion of other taxonomy-eligable economic activities not referred to in rows 1 to 6 above in the denominator of the applicable KPI**	**721**	**7.0**	**721**	**7.0**	**–**	**–**	**59**	**10.5**	**59**	**10.5**	**–**	**–**	**19**	**5.2**	**19**	**5.2**	**–**	**–**
8	**Total applicable KPI**	**721**	**7.0**	**721**	**7.0**	**–**	**–**	**78**	**13.8**	**78**	**13.8**	**–**	**–**	**19**	**5.2**	**19**	**5.2**	**–**	**–**

TABLE 020

Declaration form 5: Taxonomy-non-eligible activities

Row	Economic activities	Amount and Share Revenue € million	Amount and Share Revenue %	Amount and Share CapEx € million	Amount and Share CapEx %	Amount and Share OpEx € million	Amount and Share OpEx %
1	Amount and proportion of economic activity referred to in row 1 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.26 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	–	–	–	–	–	–
2	Amount and proportion of economic activity referred to in row 1 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.27 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	–	–	–	–	–	–
3	Amount and proportion of economic activity referred to in row 1 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.28 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	–	–	–	–	–	–
4	Amount and proportion of economic activity referred to in row 1 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.29 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	–	–	–	–	–	–
5	Amount and proportion of economic activity referred to in row 1 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.30 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	–	–	–	–	–	–
6	Amount and proportion of economic activity referred to in row 1 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.31 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	–	–	–	–	–	–
7	**Amount and proportion of other taxonomy-aligned economic activities not referred to in rows 1 to 6 above in the denominator of the applicable KPI**	**9,422**	**91.6**	**479**	**84.0**	**347**	**94.8**
8	**Total applicable KPI**	**9,422**	**91.6**	**479**	**84.0**	**347**	**94.8**

TABLE 021

EMPLOYEES

Corporate responsibility

People from widely differing backgrounds and cultures work hand in hand at our globally active group of companies. We focus on their individual skills and talents. Every day, we work to create a climate of mutual trust at our group of companies, as well as a work environment free of any type of prejudice and discrimination, where everyone is accepted and can contribute with their talents, knowledge, experience and opinions. Südzucker Group's values – responsibility, creativity, respect and cooperation – also help us achieve our overarching goal: to leverage more power from the group.

Südzucker's code of conduct

The basis for Südzucker Group's interaction with employees and for the employees' behavior towards each other and towards external persons is the company's code of conduct. With the exception of AGRANA, which as a listed company has its own code of conduct, our code of conduct applies to the entire group and combines applicable law and international standards, operating procedures and rules, Südzucker corporate guidelines and employment-contract-related obligations toward Südzucker. Its contents are communicated via training measures and the provision of appropriate documents. Executives therefore take on a special role as both mentors and multipliers. They are trained specifically on this topic as part of management training courses. Adherence to Südzucker's code of conduct is supported by an anonymous whistleblower system. Parts of the code of conduct are also included in the planned and ad hoc audits by the internal audit department (→ Compliance).

Human rights protection

Strict adherence to applicable human rights protection regulations is an integrative component part of Südzucker Group's corporate responsibility. Every employee is obliged to respect the dignity and personal rights of every other employee and colleague, as well as other third parties (→ Society / Respect for human rights).

Group-wide HR strategy

Our group-wide HR strategy forms the basis for numerous measures and programs that cover topics such as leadership, digitalization, diversity, internationalization, talent management, incentive systems, teamwork and the work environment. The measures and programs are continuously developed and expanded.

Open communication

Südzucker Group fosters open communication with its employees. We use a group-wide magazine, townhall meetings, newsletters, video messages and our intranet to provide information about key developments within the company. In fiscal 2023/24, the focus was on implementing our corporate strategy along with working conditions and our compensation policy. Employee surveys were also conducted again on topics such as food safety culture in the sugar segment and the employee satisfaction at AGRANA. Another measure was to enhance the employee suggestion program to create a new, digital and transparent idea management system. Almost 1,000 (500) ideas were submitted via the group-wide idea management system last calendar year.

Number of employees [1]

Employees by segment at balance sheet date

The total number of Südzucker Group employees increased to 19,204 (18,341) as of 29 February 2024. At Südzucker AG, the number of employees grew to 2,368 (2,241).

Employees by segment at balance sheet date

28/29 February	2024	2023	+/– in %
Sugar	6,458	6,206	4.1
Special products	5,422	5,262	3.0
CropEnergies	515	480	7.3
Starch	1,167	1,148	1.7
Fruit	5,642	5,245	7.6
Group total	**19,204**	**18,341**	**4.7**

TABLE 022

Employees by region, relationship and gender

In fiscal 2023/24, the number of the company's workers permanently employed remained virtually unchanged to around 86 (88) %. Around 14 (12) % of employees were on fixed-term contracts. The majority of these were hired seasonally, mainly to help with harvesting and/or during processing campaigns. In fiscal 2023/24, Südzucker AG continued to employ around 87 % of its employees on permanent contracts and around 13 % on fixed-term contracts.

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

Germany had 4,784 (4,562) employees, as the country's share of the total increased moderately. The share of permanent employees thus rose slightly to 4,292 (4,028), or 90 (88) %. The remaining EU countries accounted for 7,870 (7,648) employees or around 39 (40) % of the total, while the other foreign countries accounted for 7,460 (6,813) or around 37 (36) %. About 7,476 (7,274) or unchanged around 95 % of employees in the rest of the EU and 5,579 (5,529) or around 75 (81) % of employees in countries outside the EU remain permanently employed. The share of part-time employees throughout the group remained unchanged at about 5 %; at Südzucker AG the figure remained unchanged at about 12 %.

Employees by region at balance sheet date (headcount)

28/29 February	2024	2023	+/– in %
Germany	4,784	4,562	4.9
Other EU	7,870	7,648	2.9
Other countries	7,460	6,813	9.5
Total	**20,114**	**19,023**	**5.7**

TABLE 023

As of 29 February 2024, the number of employees according to employment relationship and gender for the group overall were as follows:

Employees by contract type and gender

29 February 2024		Total	Permanent	Non-permanent
Full-time	Male	13,140	11,975	1,165
	Female	6,020	4,488	1,532
Part-time	Male	230	194	36
	Female	724	690	34
Total		**20,114**	**17,347**	**2,767**
28 February 2023				
Full-time	Male	12,899	11,767	1,132
	Female	5,251	4,279	972
Part-time	Male	170	152	18
	Female	703	663	40
Total		**19,023**	**16,861**	**2,162**

TABLE 024

Promoting diversity

As a signatory to the Diversity Charter, Südzucker AG has committed to promoting diversity and inclusion on behalf of the entire Südzucker Group. We are convinced that our ability to bring together a wide range of backgrounds and perspectives increases our company's innovative strength and our employees' motivation. We take a comprehensive, group-wide approach that encompasses the dimensions of age, gender, sexual orientation, physical and mental abilities, religion and ideology, social background, ethnic origin and nationality.

Südzucker Group has committed to the goal of increasing the proportion of women at the first and second management levels below the executive board to 25 % by 2027. In fiscal 2023/24, the proportion was 21 %. The measures that specifically address the subject of gender were expanded.

We also pushed ahead with the group-wide Empowering Women program launched in 2020, which aims to support women in management positions and foster networking between them. A total of 23 (11) women from different divisions, levels of hierarchy and international locations participated in 2023/24. A women's network has also recently been set up that aims to strengthen and support women within and outside the network in their career paths. The "Women in Tech" network has also been set up within the IT department to provide a platform for women in our technical professions.

On the occasion of International Women's Day in 2023, colleagues of all genders pledged to promote equal opportunities between the sexes in companies as part of a video campaign titled "Embrace Equity". On Girls' and Boys' Day in April 2023, students had the opportunity to visit our German production locations or learn more about careers in administrative areas at our headquarters in Mannheim.

Südzucker Group's very first cross-divisional mentoring program was launched in June 2023. A total of 12 tandem pairs, each comprising an experienced mentor and a young female professional, are supported and guided through a year-long mentoring process. There are plans to expand the project in the coming fiscal year.

To raise awareness across every dimension of diversity, the "Unconscious Bias" workshops were initiated in the spring of 2023, aiming to uncover and challenge unconscious forms of bias. Plans are in place to further expand these workshops in the coming fiscal year.

A virtual event on German Diversity Day as well as interviews on diversity management and the distribution of roles in the family are examples of communication measures carried out in the past fiscal year to heighten awareness among Südzucker Group employees regarding the topics of diversity, inclusion, family and career.

To respond even more decisively to the needs of our locations, an "Ambassador Program" was launched aimed at strengthening international networking efforts in the area of diversity and inclusion at the various locations.

Equality

The entire Südzucker Group has enshrined its policy of equal treatment and the prohibition of discrimination in its code of conduct. Employees are hired and promoted according to their suitability, qualifications and performance along with their willingness to learn. Equal opportunities are of paramount importance to us in the hiring process – we actively strive to ensure that all candidates receive equal opportunities and do not experience any form of direct or indirect discrimination. For instance, our job postings encourage all candidates (m/f/d) to apply, irrespective of their gender, nationality, religious or social background, sexual orientation or identity, origin, or physical or mental abilities.

In our standardized application process, all incoming applications undergo the same process, in which the candidates are compared with the requirements of the job profile. New employees are recruited based on their suitability and qualifications for the position to be filled, as well as their willingness to perform and learn. In Germany, a member of the local representative body for the severely disabled is consulted whenever people with a recognized severe disability apply for a job. As a result of the company's extraordinarily strong production and technology orientation, male employees still account for a significantly higher proportion of the workforce in almost all segments.

With collective bargaining agreements and a job architecture, we contribute to a transparent wage structure.

We inform all employees equally about continuing education, vacancies and promotion opportunities throughout the entire course of their careers.

The 41 % share of women in the group-wide trainee programs is encouraging. In the junior management programs, the proportion of women is 50 %.

Management[1]

29 February 2024	Total	Male		Female	
1st management level	128	117	91%	11	9%
2nd management level	330	246	75%	84	25%
Total	**458**	**363**	**79%**	**95**	**21%**
28 February 2023					
1st management level	131	122	93 %	9	7 %
2nd management level	347	260	75 %	87	25 %
Total	**478**	**382**	**80 %**	**96**	**20 %**

[1] 1st management level: management of the corporate departments and executive board/management of the segments/divisions; 2nd management level: management level that reports directly to the management of the corporate departments and management level that reports directly to the executive board/management of the segments/divisions.

TABLE 025

Women accounted for around 33 (31) % of the total workforce at Südzucker Group. The share of women working at management levels 1 and 2 increased slightly to 21 (20) %. At Südzucker AG, the share of women in the total workforce remained unchanged at around 24 %. The proportion of women working at management levels 1 and 2 rose slightly to 12 (11) %.

Age structure and length of service

The company's age structure continues to be relatively balanced and the average length of service within the group is almost unchanged from last year. Nearly 55 % have been working for the company for more than five years. The average length of service at Südzucker AG is significantly higher; about 65 % have worked for the company for more than five years and almost 12 % for more than 35 years. These figures are also reflected in the age structure. At just under 32 %, the number of employees over the age of 50 is higher than in the group.

Employees according to age group in %

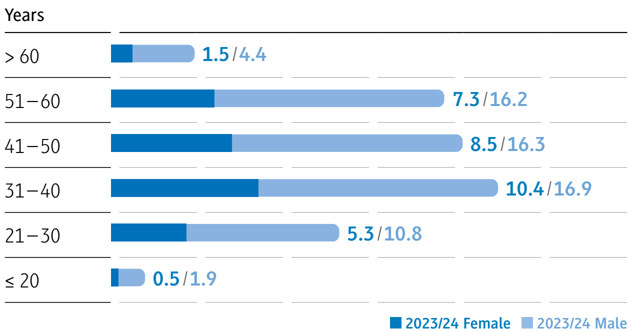


DIAGRAM 010

Length of service in years in %

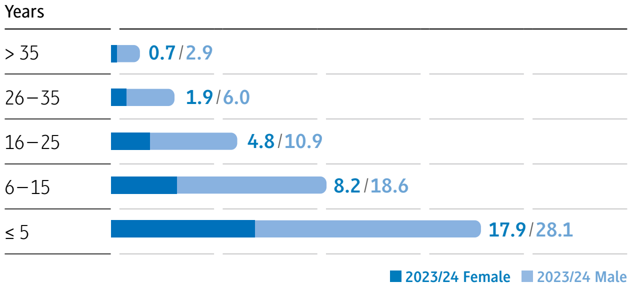


DIAGRAM 011

Südzucker – an attractive employer

As an attractive employer, we aim to give as many employees as possible access to a wide range of learning and development opportunities. In addition to providing the appropriate hardware and software, this also includes developing a culture of learning that enables employees to select educational opportunities within a certain framework and use them in a self-directed manner in order to advance their own personal and professional development. To jointly establish a culture of learning within the commercial sector, we will form a committee with various representatives from the production environment during the 2024/25 fiscal year to discuss the general conditions and measures required to establish and promote successful learning activities.

Apprenticeship

Südzucker AG's training initiative was continued in 2023/24 in order to simultaneously increase its visibility and appeal as a training company. Among other things, marketing measures were implemented throughout Germany and partnerships with schools and educational institutions were expanded.

Südzucker Group's apprenticeship program in about 20 different professions continues to be a key building block toward securing its own skilled workforce for the long term. The number of apprentices remained unchanged at 370 (370)[1] as of 29 February 2024. In total, 199 apprentices were enrolled in the dual system or as part of an in-company study program at Südzucker AG, Freiberger Group and AGRANA in Germany as of 29 February 2024. Here too, the focus is on sustainability. Last fiscal year marked the first time we offered an international business course focusing on sustainable business. In our companies in Algeria, France and Austria, 126 people are trained according to a system comparable to one in Germany. The remaining 45 trainees are employed in accordance with the training modalities applicable in the respective countries.

Personal development

We further expanded the range of group-wide and division-specific learning opportunities and development measures in the 2023/24 financial year. Our ambition is to develop a holistic, modular training program that supports both our managers and our employees in their individual development by means of different levels and formats. Our group-wide digital learning platform, the Südzucker Group Campus, plays a crucial role in providing this support.

On the one hand, Südzucker Group Campus provides support for the regular, documented mandatory training, as well as for the adherence to legal and other code requirements (work safety, compliance, data security, hygiene, environmental protection, human rights, etc.).

Since November 2023, the Südzucker Group Campus has also offered a new, significantly more extensive and steadily expanding range of online training courses to develop soft skills, such as presentation techniques, remote working and personal branding.

The catalog of training and further education courses is augmented by new self-directed online language training courses and additional face-to-face events aimed at improving specialist and methodological knowledge (e.g. conducting job interviews, agile project management) or strengthening personal or social skills (e.g. modern self-management and time management, strengthening personal resilience).

Naturally, employees receive support when selecting external seminars that extend beyond the Scope of our training catalog.

In addition, Südzucker conducts trainee programs and junior management development programs at regular intervals.

At regular feedback meetings, managers and their employees are encouraged to jointly develop ideas for their further training and individual development, among other things.

Executive development

A basic qualification for executives is intended to convey a modern, standardized management model based on the newly developed leadership principles to provide guidance on how to take appropriate action in their role as managers. In addition, new training courses such as "Lateral leadership – leading without disciplinary responsibility" and "From employee to manager" were developed and introduced. In order to address some of the special challenges in the production environment, additional specific training courses are also offered for foremen. Virtual training courses on labor law and occupational safety for managers were offered during the 2023/24 fiscal year to make it easier for interested parties to participate.

[1] The number of trainees is reported in FTEs.

Succession planning
Südzucker Group has identified the shortage of skilled workers as a strategic risk and has introduced preventive measures. A concept has been in place since the 2023/24 fiscal year to ensure that key positions in the company are filled in good time and in line with requirements. Systematic succession planning should also help secure valuable expert knowledge, motivate and retain employees by highlighting internal promotion/career opportunities and reduce recruitment costs.

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

International collaboration
The group-wide IOP onboarding program is designed to facilitate the networking of employees from different departments and locations, deepen insight into international group structures and promote mutual understanding and personal growth.

In order to share experience and knowledge and to support the timely implementation of key projects, we have held regular international, sometimes group-wide meetings of various group functions for many years.

Work-life balance
Our working conditions and the associated agreements offer – if possible – in all business areas a basis for work-life balance; for example, policies regarding remote work, flex time or temporary part-time work, childcare options during vacation periods or special leave for important family events.

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

Südzucker – a reliable employer

Occupational health and safety is a high priority throughout the Südzucker Group. The company is committed to implementing worker protection policies that guarantee employees a high level of health and safety at the production plants. The importance of this topic is also underscored by the fact that occupational safety is one of the eight focus areas in the group-wide sustainability strategy. We aim to reduce the accident rate[1] for the entire group by more than half from 11.1 in 2021 to 5.0 by 2026. Accordingly, our focus in fiscal 2023/24 was on cross-company initiatives and measures to further develop our safety culture. The group-wide target forms the framework for the group; there is no holistic management system for occupational health and safety.

Management policy
The occupational health and safety management systems of the divisions or companies, including Südzucker AG, describe processes and responsibilities and provide ways to evaluate and continuously improve them. The processes defined therein ensure compliance with occupational health and safety requirements. Our safety policy involves the employees of the partner companies working at our production locations in that safety rules are already contractually agreed and appropriate instructions are given on site.

Those responsibles for ensuring compliance with all occupational safety measures required by law or stipulated by the company are defined in the management system and receive technical support both from internally appointed occupational safety experts and, if required, from external specialists. Südzucker Group occupational health and safety experts work closely with one another to ensure a comprehensive exchange of ideas, problems and resolutions. The focus is on ways to implement best practice solutions, hazard analyses and training for employees and managers. Südzucker has also drawn up an action plan for occupational health and safety, which is implemented by the divisions and locations. Developing proactive management indicators (leading KPIs) is closely linked to these measures, which, in addition to accident/incident-related key figures, should also enable an assessment of prevention performance in the respective area.

We conduct internal audits to verify practical implementation of the management system processes and determine improvement potential.

[1] Lost working days are recorded if they lead to one or more days' absence. Accident rate and lot working rate are both based on one million work hours.

Workplace safety

We regularly identify and evaluate risks in the workplace with regard to occupational and plant safety. The necessary risk assessments are implemented to provide a basis for determining protective and preventive measures.

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

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

Learning from events

We document and investigate work-related accidents. We also intend to include so-called “near misses”. Events are communicated throughout the company by way of accident reports and lessons learned newsletters. In the event of serious accidents and incidents with a high hazard potential, a “Safety Flash” is also prepared and distributed in a timely manner to provide information about particular risks at short notice.

Safety culture

A strong traditional Südzucker safety culture is a prerequisite for accident-free work. Efforts must be made to systematically prevent unsafe work practices, to convert unconscious, improper actions into conscious and safe actions, and to create a common understanding of the values of occupational health and safety at all levels and in every division throughout the company. Therefore, we launched a process designed to further develop the Südzucker Group safety culture last fiscal year.

Besides workshops and seminars on safety culture, so-called Safety Days were held, for example at CropEnergies in Belgium and at the sugar division in Poland and Germany. We have introduced and refined various communication tools. One such tool is the so-called safety moment, in which a topic relevant to occupational safety is addressed at the beginning of meetings or conferences. Five plants in the Freiberger division were certified in accordance with ISO 45001 (occupational health and safety).

The following production locations, among others, operated accident-free during the past fiscal year: In the sugar segment, the factories in Drochia, Moldova; Étrépagny, France; Roye, France; Roman, Romania; and Ropczyce, Poland; in the starch segment, Tandarei, Romania; and Szabadegyhaza, Hungary; and in the CropEnergies segment, the plants in Loon-Plage, France, and Wilton, UK, as well as a number of other locations in the fruit segment. Accident-free plants were awarded as part of the annual occupational safety competition.

Occupational safety indicators[1]

	2020/21	2021/22	2022/23	2023/24
Injury rate	11.1	11.3	9.6	10.1
Lost working day rate	187	186	192	214
Number of injuries	377	383	366	377
Occupational fatalities	0	1	1	0

[1] From 2023/24, the figures are based on the financial year (March 1 to February 28/29), previously on the calendar year. Accident rate and lost working rate are both based on one million work hours. Lost working days are recorded if they lead to one or more days’ absence. Estimates may be made for new sites.

TABLE 026

The group-wide number of accidents rose to 377 (366). Accordingly, the accident rate climbed year-on-year from 9.6 to 10.1. Lost time per accident increased from 192 to 214. The number of hours worked in the reporting year was 37.3 million. There were no fatal accidents among our own employees. Unfortunately, one person from a partner company had a fatal accident in fiscal 2023/24. Fatal accidents at work are accidents at work that are considered to have caused the death of the injured person within one year. The number of accidents at Südzucker AG rose to 54 (41). The time lost per accident at work fell from 216 to 186. The number of hours worked totaled about 3.7 million and the accident rate was 14.3.

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

Health protection

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

The expertise of occupational physicians makes an important contribution to reducing the risks of work-related diseases; for example, external occupational health service providers or external physicians are commissioned within the framework of legal requirements. Occupational medical examinations are carried out to determine physical fitness for certain activities where necessary. Company doctors strictly adhere to personal health information confidentiality when advising on workplace design. Mental stress is also assessed as part of the risk assessment process. Organizational adjustments are made if necessary and employees are offered prevention training, such as stress management courses. Part-time retirement programs help older workers manage the transition to retirement according to their individual state of health.

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

Exceptional regulations associated with the coronavirus pandemic were lifted in the course of the past financial year, although the situation with regard to the occurrence of infectious respiratory diseases is still being closely monitored. Specific protective measures will be taken if necessary. The aim is to continue to achieve a high level of protection for the health of our employees.

Communication and training

The company sees communication and the participation of employees or their representatives in developing occupational safety and health protection programs as a high priority. For example, we have committees in which managers, experts and employees or their representatives regularly discuss topics relevant to occupational health and safety. Over 63 % of the workforce is represented by formal occupational health and safety committees. We actively practice the ways of co-determination described by law in a spirit of partnership. Employees also have access to systems for the structured communication of ideas and suggestions for improvement, such as digital idea management, which is accessible to employees via company PCs.

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

We developed a comprehensive group-wide communication concept to support the measures in the past financial year in line with the high importance of occupational health and safety in the company. The newly developed slogan is “Safety First. Because you matter”. The aim is to make the topics of occupational safety and health protection prominently known to all employees, create identification and recognition effects and make them an integral part of the corporate culture.

Further information and motivation campaigns with the new slogan are planned, e.g. a campaign to raise awareness of tripping and falling accidents.

Dialogue with employee representatives and unions

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

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

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

Südzucker Group has a total of 63 (62) % of its employees worldwide who are covered by collective bargaining agreements; in Germany, the ratio is 77 (71) %, and in the rest of the EU, 85 (88) %. Broken down by segment, the share in the starch segment is 99 (99) %, followed by the sugar 96 (89) %, CropEnergies 59 (71) %, fruit 41 (43) % and special products 40 (39) % segments.

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

Südzucker Group established a European Works Council over 25 years ago. It meets regularly with the executive board to discuss cross-border topics.

SOCIETY

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

We attach high priority to responsibility toward our employees (→ Employees) as well as compliance with human rights. Equal attention is given to responsibility with regard to the people who consume our products, social commitment and dialog with our stakeholder groups.

Respect for human rights

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

Management policy

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

Our code of conduct was also updated with regard to human rights in the 2023/24 financial year [1]. This applies to the entire group, with the exception of AGRANA, which has its own code of conduct as a listed company. The code of conduct sets out rules for our employees. They are binding for all managers and employees in the respective area of application. Among other things, the code of conduct bans child and forced labor and discrimination, and includes a requirement to protect human dignity. Its contents are communicated to employees via the intranet and posters among other means. Employees or third parties; for example, customers and business partners, may report code of conduct violations confidentially – even anonymously – by way of a whistleblower program (→ Compliance).

As a signatory of the UN Global Compact, we actively participate in the networks offered there to promote the exchange of best practices and experiences. We have taken these findings into account in the further development of our organizational structure and the design of new processes.

The Group Human Rights Committee convened four times in fiscal 2023/24. Various specialist departments collaborate closely under the chairmanship of the Compliance Officer of the Südzucker Group. This committee advises on and coordinates issues relating to human rights and environmental due diligence in the Südzucker Group. In particular, this includes consulting and coordinating on the assessment of risk analysis, further developing risk management and internal processes, drafting information and training offers and advising the divisions and specialist departments on how to anchor the topic within the company. These efforts help us ensure that we take a holistic approach to our responsibility for protecting human rights and that we continuously improve.

Südzucker Group further developed its management approach to respecting human rights in the 2023/24 financial year. Thus, for

[1] This update is to be published and applied in the 2024/25 financial year.

example, we developed a specific Südzucker training course on human rights due diligence for management in fiscal 2023/24, which was rolled out at the beginning of the 2024/25 financial year. We have also raised awareness of human rights among Südzucker Group employees by implementing further communication measures.

Similarly, the standardized group-wide risk analysis approach developed in the previous year was used for all of our own locations and our supply chains. This approach was also partially updated, with a focus on the detailed risk analysis for specifying, weighting and prioritizing the risks identified in the first step. We rely on close cooperation with the respective suppliers and have specifically surveyed selected suppliers on the implementation of their human rights obligations. For all Südzucker Group suppliers (with the exception of AGRANA), the code of conduct for suppliers[1], which was also amended in the 2023/24 financial year, applies as part of the orders. It includes guidelines for sustainable procurement and defines binding environmental, labor and social standards. Compliance with social criteria in material agricultural supply chains is evaluated and documented as part of the RedCert2 certification process, which demonstrates compliance with the sustainability criteria of the Sustainable Agriculture Initiative (SAI) (→ Environment).

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

We are not aware of any indications of human rights violations in the 2023/24 financial year.

SEDEX

Social audits are essential in the implementation of human rights due diligence. Südzucker is a member of the SEDEX[2] platform for improving responsible and ethical business practices in global supply chains and is regularly audited by independent institutions using the SMETA[3] methodology. This approach enables us to demonstrate compliance with the principles of social sustainability, especially respect for and observance of human and employee rights, and makes our sustainability management processes more transparent.

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

SMETA audits are usually held every three years. At the end of the 2023/24 financial year, a total of 63 (61) of Südzucker Group's locations had valid SMETA or comparable social audits in place. All production locations registered with SEDEX also conduct a SEDEX self-assessment.

Product responsibility and quality

Management policy

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

Key elements of quality management

HACCP

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

Employee expertise

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

[1] This update is to be published and applied in the 2024/25 financial year.
[2] Supplier Ethical Data Exchange.
[3] SEDEX Members Ethical Trade Audit.

Employees at the various sites are surveyed regularly to continuously advance the subject of food safety culture in a targeted manner. A survey on food safety was conducted among the employees of the sugar division (Südzucker) in the 2023/24 financial year.

Customer relationships

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

Supplier management

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

Certification

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

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

Various production locations have specific additional certificates for certain product groups, according to special customer requirements; for example, bio, fairtrade, Roundtable on Sustainable Palm Oil (RSPO), Kosher, Halal Marine Stewardship Council or free of genetic modifications.

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

Complaint, incident and crisis management

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

In fiscal 2023/24, there was 1 (2) recall affecting end consumers of products manufactured by the Südzucker Group. In this case as well, we analyzed the root causes, reviewed processes and adjusted them as needed.

Value added in rural areas

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

Social commitment

Südzucker Group is deeply committed to fostering social and community engagement. This is why we actively support projects that promote science and education – at universities and other organizations. In addition, we are helping to preserve the historical heritage of the sugar industry through our commitment to the Oldisleben Sugar Factory Cultural Heritage Foundation and the company archive in Offstein. We are also involved in various sports sponsorship activities and make donations to a wide range of social projects in the immediate vicinity of our locations.

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

In the 2023/24 fiscal year, Südzucker Group continued to support a number of events and associations in the region around its headquarters in Mannheim, such as Sportregion Rhein-Neckar e.V., Freunde der Universität Mannheim e.V., Förderkreis für die Reiss-Engelhorn-Museen and the Nationaltheater Mannheim. As part of the "Südzucker for Kids" initiative, Südzucker's German locations upheld their commitment to charitable projects for children that were proposed by employees and selected by a panel of judges at the respective location. The "Grant 5000" program, which also enables employees to suggest projects that are close to their hearts as recipients of corporate donations, was continued at Südzucker's locations in Poland. As part of Südzucker Group, BENEO sponsors a variety of health and medical projects in Belgium, for example with an annual blood drive for employees and a bicycle tour to raise money for children's cancer research. Freiberger supported the Sportclub Magdeburg athletics department in Osterweddingen during the 2023/24 fiscal year with a donation to help them on their journey to the 2024 Olympics in Paris. As part of a long-standing partnership with the DOBRÝ ANDĚL (Good Angel) Foundation in Prague, the PortionPack Group provided assistance again last year to families who found themselves in financial need due to illness. During the call for projects by the Agency for Local Development (ADL) in the municipality of Wanze, CropEnergies provided financial support to companies from Wanze at the BioWanze site in Belgium together with the Tienen refinery and helped them deploy projects in the areas of sustainable development, energy efficiency and renewable energies.

Dialogue with various stakeholder groups

Südzucker is in close contact with various social stakeholders. We are fully committed to maintaining a dialogue with politicians, institutions and nongovernment organizations. We are not only a member of relevant industry associations, but are also committed to supporting the work of these associations through active participation (→ Table 027). Here we also want to contribute to solving regulatory issues in a practical manner. Our communication is based on scientifically founded factual positions.

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

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

Südzucker is listed in the EU transparency registers and the Federal German Parliament, which track and monitor the activities of German and European stakeholders.

Selected memberships in industry associations and advocacy organizations

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

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

TABLE 027

RESEARCH AND DEVELOPMENT

The primary focus of Südzucker Group's research and development activities is on maintaining and expanding existing businesses and developing new business segments through innovation and diversification. The emphasis is on plant-based solutions across established and emerging value chains, considering new political and ecological challenges.

Sustainability and circular bioeconomy targets

Südzucker Group's sustainability strategy is aimed at achieving carbon-neutral production and fully utilizing our raw materials in the context of the circular bioeconomy. Novel technologies such as green hydrogen and CO_2 utilization are being evaluated in order to enable energy use along with new sustainable products.

Agricultural raw materials and new products

In agricultural raw materials, the focus in the fiscal year just ended was on trials to combat SBR (Syndrome Basses Richesses – low sugar content syndrome), a bacterial disease of sugar beet mainly transmitted by a species of cicada.

Another area of emphasis is the development of additional agricultural raw materials. The work centers on the extraction of proteins and functional fibers. Based on these new raw materials, innovative product concepts are developed for the market in coordination with Südzucker Group's business divisions and cover various applications in the food, non-food and animal feed sectors.

In the area of protein development, product concepts for vegan meat, fish and dairy-like alternatives are being pursued on the basis of Südzucker protein sources.

The carbohydrate sources available in Südzucker Group offer a raw material basis for the production of sustainable chemicals or building blocks for polymer materials. Producing bio-based chemicals from renewable ethanol is another key focus. Together with partners from industry and science, we are pursuing concepts for using renewable ethanol to manufacture higher-quality chemicals. Our first step will be to implement a chemical-catalytic process for the production of ethyl acetate.

Processing technologies and optimization

A large part of our research and development work is devoted to improving production processes and product quality, e.g. in the sugar, starch, functional carbohydrates, proteins and ethanol segments. New approaches to process optimization, yield increases and energy savings are being researched and implemented. In terms of future energy concepts, we are emphasizing electrification and pushing ahead with the deployment of high-temperature heat pumps in processes.

Collaboration and innovation initiatives

Südzucker's R&D team partners with research institutions, other companies, public authorities and universities, often within the framework of publicly funded projects, in order to identify innovation potential and embed it within Südzucker Group's development strategies. The department also collaborates with start-ups via accelerator programs, membership in industry clusters and the open Südzucker innovation platform "TheBarn".

Staff and budget

With 541 (534) employees in the field of research and development and spending of about € 62 (58) million, Südzucker is active in food and non-food applications and pharmaceuticals as well as agricultural research and testing to promote innovations and roll them out with customers, external partners and farmers.

BUSINESS REPORT

Overall economic situation and framework

Economic environment and currencies

For more than three years now, the economic environment has been shaped by a series of overlapping crises. After the global economy collapsed due to the Corona pandemic in 2020, 2021 as a whole was characterized by a strong trend toward recovery. In 2022, the global fight against inflation, Russia's war in Ukraine and a resurgence of Corona in China weighed on global economic activity.

Despite these adverse conditions, 2023 was characterized by growth in the major economies. Economic growth in the United States and in several large emerging and developing countries was stronger than expected in the second half of 2023. This increasing momentum was not experienced universally, with the eurozone in particular exhibiting muted growth. This was due to weak consumer sentiment, the ongoing impact of high energy prices and the weakness of the interest rate-sensitive manufacturing sector and corporate investments.

According to the International Monetary Fund (IMF), the overall growth rate of global gross domestic product (GDP) was lower than in the previous year at 3.2 (3.5) %. The eurozone recorded an increase of just 0.4 (3.4) % and the USA 2.5 (1.9) %. The world's second largest economy, China, was able to exceed the previous year's growth rate and achieved growth of 5.2 (3.0) %. The higher growth rate and the underlying absolute size of the Chinese economy once again made it one of the main drivers of global growth.

The growth rates of the largest EU economies varied greatly from those of the eurozone as a whole. For example, they amounted to –0.3 (1.8) % in Germany, 0.9 (2.5) % in France, 0.9 (3.7) % in Italy and 2.5 (5.5) % in Spain. In the UK, the increase was 0.1 (4.3) %.

Prior to the pandemic-related economic crisis that was already looming at the start of 2020, the US Federal Reserve lowered the key interest rate to just 0.25 % in March 2020. To combat inflation, the key interest rate was raised several times from March 2022 to 5.25 % in July 2023. Following this development, the European Central Bank raised the key interest rate to 4.50 % in September 2023 with a delay.

The euro exchange rate moved sideways in the reporting period and stood at USD/€ 1.08 (1.07) at the end of the financial year. However, the USD/€ exchange rate was much less volatile than in the previous year.

Energy and emissions trading

At the start of March 2023, the price of Brent crude was quoted at around 84 USD / barrel and the THE gas price at € 49/MWh; at the end of February 2024, the prices were quoted at around 82 USD / barrel and € 25/MWh respectively. The significant drop in gas prices reflects an easing of the supply situation and a simultaneous drop in demand. The oil price did not follow this trend, as OPEC pursued a shortage strategy.

The price of European CO_2 emission certificates on the spot market at the beginning of the 2023/24 financial year was around 94 €/t. At the end of February 2024, the price was quoted at 54 €/t. The lower gas prices caused the use of coal-fired power plants to become less attractive and thus curbed the demand for emission allowances.

Nutrition policies

Nutrition policy framework conditions in various forms as well as efforts at the political initiatives to further expand regulations surrounding nutrition directly impact Südzucker Group's market environment.

The EU's Green Deal, one of the most important political initiatives at the European level in which food policy projects play a role, remains an important factor. In the farm-to-fork strategy derived from the Green Deal, policymakers are addressing regulations for the agricultural sector that will supplement existing legislation in the future. However, the efforts of the European Commission are progressing slowly.

One particular focus of the farm-to-fork strategy was pesticides. A draft of the EU Sustainable Use Regulation (SUR) had also proposed a ban on pesticides in sensitive areas, which, however, did not receive majority support at the EU level. The proposal was ultimately rejected by the EU Commission.

There are further initiatives that have a direct impact on food policy in Germany. In January 2024, the federal cabinet adopted the German federal government's nutrition strategy. The strategy, titled "Good Food for Germany", was developed by the Federal Ministry of Food and Agriculture (BMEL) and consolidates around 90 planned and existing nutritional policy measures aimed at making it easier for everyone in Germany to access healthy food. The strategy to reduce fat, salt and sugar in processed foods could have a direct impact on Südzucker Group's market environment.

Südzucker is closely monitoring these wide-ranging nutritional policy developments.

Overall summary of business development

The 2023/24 fiscal year was extraordinarily successful for Südzucker Group. This allowed us to build on the already very positive previous year and further increase the group's result.

Despite ongoing conflicts such as the war being waged in Ukraine, persistent challenges in the raw materials supply situation, fluctuating energy prices, inflation and a cooling economy in Central Europe, group EBITDA increased by 23 % to € 1.3 (1.1) billion and the consolidated group operating result grew by 34 % to € 947 (704) million.

This very satisfactory development was largely driven by an extraordinary financial year for the sugar segment, which more than doubled its operating result to € 558 (230) million. However, the special products segment also reported a significant increase in its operating result to € 196 (102) million, with Freiberger division's frozen pizza business making the most noteworthy contribution. Conversely, the CropEnergies segment, facing declining ethanol prices and a volatile raw materials market, saw a significant drop in its operating result to € 60 (251) million. The starch segment, which operates in a difficult market environment, recorded losses in the operating result at € 48 (70) million, while the fruit segment was able to increase its operating result to € 85 (51) million. Südzucker Group's overall performance thus demonstrates the positive impact of the strategy we have pursued to diversify our operating activities.

This positive development is also reflected in the increase in cash flows by € 119 million to € 1,046 (927) million. Following significant cash outflows from the increase in working capital in the previous year, cash inflows from the decrease in working capital were generated again in the 2023/24 fiscal year. This led to a slight reduction in net financial debt to € 1,795 (1,864) million, despite significantly higher investment volume, the CropEnergies share buy-back and increased dividend payments in the 2023/24 fiscal year.

Higher investments in fixed assets in particular led to an increase in capital employed to € 7,187 (7,095) million. Nevertheless, this effect was more than compensated for by the increase in the operating result and the return on capital employed (ROCE) was further increased to 13.2 (9.9) %.

Group consolidated earnings

Business performance – Group

		2023/24	2022/23	+/– in %
Revenues	€ million	10,289	9,498	8.3
EBITDA	€ million	1,318	1,070	23.2
EBITDA margin	%	12.8	11.3	
Depreciation	€ million	–371	–366	1.4
Operating result	€ million	947	704	34.5
Operating margin	%	9.2	7.4	
Result from restructuring / special items	€ million	–35	–3	> 100
Result from companies consolidated at equity	€ million	2	30	–93.3
Result from operations	€ million	914	731	25.0
Investments in fixed assets and intangible assets	€ million	546	400	36.5
Investments in financial assets / acquisitions	€ million	1	67	–98.5
Total investments	€ million	547	467	17.1
Shares in companies consolidated at equity	€ million	80	78	2.6
Capital employed	€ million	7,187	7,095	1.3
Return on capital employed	%	13.2	9.9	
Working Capital	€ million	2,967	2,999	–1.1
Employees		19,204	18,341	4.7

TABLE 028

Income statement

€ million	2023/24	2022/23	+/– in %
Revenues	10,289	9,498	8.3
Operating result	947	704	34.5
Result from restructuring / special items	–35	–3	> 100
Result from companies consolidated at equity	2	30	–93.3
Result from operations	914	731	25.0
Financial result	–133	–51	> 100
Earnings before income taxes	781	680	14.9
Taxes on income	–133	–151	–11.9
Net earnings	648	529	22.5
of which attributable to Südzucker AG shareholders	589	412	43.0
of which attributable to other non-controlling interests	59	117	–49.6
Earnings per share (€)	2.72	1.93	40.93

TABLE 029

Revenues, EBITDA and operating result

Group revenues in fiscal 2023/24 rose moderately to € 10,289 (9,498) million. The sugar segment's significant increase and a moderate rise in the special products and fruit segments contrasted with a significant decline in the CropEnergies and starch segments.

Group EBITDA improved significantly to € 1,318 (1,070) million.

The Group's consolidated operating result also rose significantly to € 947 (704) million. The significant decline in the CropEnergies and starch segments was more than offset by significant growth in earnings in the sugar, special products and fruit segments.

Capital employed and return on capital employed (ROCE)

Capital employed rose to € 7,187 (7,095) million; the main reason for the increase was the rise in fixed assets. ROCE improved to 13.2 (9.9) % as a result of the disproportionately high increase in operating result to € 947 (704) million.

Result from operations
The result from operations of € 914 (731) million for fiscal 2023/24 includes the operating result of € 947 (704) million, the result from restructuring and special items of € –35 (–3) million and the result from companies consolidated at equity of € 2 (30) million.

Result from restructuring and special items
The result from restructuring and special items amounted to € –35 (–3) million and resulted primarily from impairment losses on fixed assets at the fruit segment's Asian production facilities. In addition, upfront costs were incurred in both the special products and CropEnergies segments in connection with the construction of new production facilities. Charges in the sugar segment mainly related to obligations to return properties to their original state for production locations that were shut down in previous years.

The result from restructuring and special items in the year prior was mainly attributable to the sugar and fruit segments. In the sugar segment, it was possible to release most of the provisions that were set aside as part of the fine proceedings initiated by the Austrian competition authority in 2010 following the final decision of the Supreme Court of Vienna, which resulted in a significant reduction of the charges. At the same time, the sugar segment recorded income from the reversal of the wheat starch plant in Zeitz.

Expenses in the fruit segment resulted primarily from impairment charges on goodwill and fixed assets. In addition, expenses were incurred in the Freiberger division in the special products segment in connection with the closure of a US production site.

Result from companies consolidated at equity
The result from companies consolidated at equity was almost exclusively attributable to the sugar and starch segments and totaled € 2 (30) million.

Financial result
The financial result was € –133 (–51) million including net interest result of € –89 (–42) million and a result from other financial activities of € –44 (–9) million. The higher interest expense was due to around € 266 million higher average net debt of about € 1.9 (1.7) billion compared to the same reporting period in the previous year. At the same time, average interest rates rose to around 3.0 (1.5) %. The downturn in the other financial result was mainly attributable to exchange rate losses from foreign currency loans of non-euro companies and the complete sale of a minority stake in the special products segment in the second quarter of 2023/24.

Taxes on income
Earnings before taxes of € 781 (680) million resulted in taxes on income of € –133 (–151) million, corresponding to a tax rate of around 17 (22) %.

Net earnings
Of the net earnings of € 648 (529) million, € 589 (412) million was attributable to Südzucker AG shareholders and € 59 (117) million to other non-controlling interests, which mainly relate to the co-owners of the AGRANA Group and the CropEnergies Group.

Earnings per share
Earnings per share totaled € 2.72 (1.93). The calculation is based on the time-weighted average of 204.1 (204.1) million shares outstanding. The 76,033 (76,033) shares repurchased in the current financial year for the share-based compensation system of the executive board have been reduced pro rata temporis.

Group financial position

Cash flow
Cash flow reached € 1,046 million after € 927 million in the previous year following the improvement in operating result. Cash flow as a percentage of revenues climbed to 10.2 (9.8) %.

Working capital
The cash inflow from the decrease in working capital totaled € 38 million – following a cash outflow of € 679 million from the increase in working capital in the previous year – and was mainly due to the build-up of sugar inventories as a result of higher raw material and energy costs, which was more than offset in particular by the simultaneous increase in liabilities to beet growers.

Investments in fixed assets
Investments in fixed assets (including intangible assets) totaled € 546 (400) million. Price increases and delays in projects were observed in all segments, in part due to long delivery times.

In the sugar segment, investments of € 257 (144) million were mainly attributable to replacement investments. Efforts were also launched to optimize processes and to secure the energy supply. The special products segment invested € 128 (145) million, most of which was related to the expansion and optimization of production capacities at BENEO and Freiberger or to preparations. The CropEnergies segment invested € 72 (47) million to replace production facilities or increase their efficiency. Investments in the starch segment amounting to € 41 (28) million were mainly used for optimization projects and compliance with regulatory requirements. The fruit segment's investments of € 48 (36) million mainly related to capacity expansions and energy savings.

Investments in financial assets

Investments in financial assets of € 1 (67) million were attributable to the increase in the shares in Syclus B.V., Maastricht, Netherlands, and East Energy GmbH, Rostock, Germany, by the CropEnergies segment.

Last year, financial investments related in particular to the complete acquisition of Meatless Holding B.V., Goes, Netherlands, by the BENEO division. In addition, the PortionPack division acquired 100 % of the shares in Orange Nutritionals Group B.V., Zaandam, Netherlands, the parent company of the Dutch portion pack manufacturer Crème de la Cream Group. The CropEnergies segment invested in the acquisition of 25 % of the share capital of East Energy GmbH, Rostock, Germany, and a 50 % stake in Syclus B.V., Maastricht, Netherlands.

Other cash flows from investing activities

In the reporting period, other cash flows from investing activities were mainly attributable to cash inflows in the amount of € 92 million from current financial assets, compared to cash outflows of € 56 million for investments in current financial assets in the same period of the previous year.

Increases in stakes held in subsidiaries

Increases in stakes held in subsidiaries in the amount of € 259 (1) million related almost entirely to CropEnergies AG. On 19 December 2023, Südzucker AG resolved to make a public delisting purchase offer in the form of a cash offer to the shareholders of CropEnergies AG to acquire all CropEnergies shares not already held by Südzucker AG. Both companies signed a delisting agreement to this effect on 19 December 2023.

Südzucker held around 69.2 % of the share capital of CropEnergies AG. The approximately 4.9 % of the share capital of CropEnergies AG directly held by Süddeutsche Zuckerrübenverwertungs-Genossenschaft eG (SZVG) was acquired by Südzucker AG on 19 December 2023 at the offer price.

Südzucker offered the shareholders of CropEnergies AG € 11.50 in cash per CropEnergies share, which represented a premium of around 36.9 % on the volume-weighted average price over the last six months and a premium of € 4.71 or around 69.4 % on the last Xetra® closing price of 18 December 2023.

Cash flow statement

€ million	2023/24	2022/23	+/– in %
Cash flow	**1,046**	**927**	**12.8**
Increase (–)/Decrease (+) in working capital	**38**	**–679**	**–**
Gain (–)/Loss (+) on disposal of items included in non-current assets and of securities	–11	–4	> 100
I. Cash flow from operating activities	**1,073**	**244**	**> 100**
Investments in fixed assets and intangible assets (–)	–546	–400	36.5
Investments in financial assets/acquisitions (–)	–1	–67	–98.5
Total investments	**–547**	**–467**	**17.1**
Other cash flows from investing activities	92	–56	–
II. Cash flow from investing activities	**–455**	**–523**	**–13.0**
Repayment (–)/Refund (+) of financial liabilities	–64	354	–
Increases in stakes held in subsidiaries/capital buyback (–)	–259	–1	> 100
Decrease in stakes held in subsidiaries/capital increase (+)	–	–	–
Dividends paid (–)	–237	–144	64.6
III. Cash flow from financing activities	**–560**	**209**	**–**
Change in cash and cash equivalents (total of I., II. und III.)	**58**	**–70**	**–**
Other change in cash and cash equivalents	–	1	–100.0
Decrease (–)/Increase (+) in cash and cash equivalents	**58**	**–69**	**–**
Cash and cash equivalents at the beginning of the period	247	316	–21.7
Cash and cash equivalents at the end of the period	**305**	**247**	**23.5**

TABLE 030

As part of the delisting of CropEnergies AG, Südzucker AG's stake increased to 94.2 % by 29 February 2024.

Dividends paid

Südzucker AG's annual general meeting on 13 July 2023 approved the distribution of a dividend of € 0.70 (0.40) per share or € 143 (82) million. Together with the dividends to the non-controlling shareholders of AGRANA and CropEnergies, dividends paid totaled € 237 (144) million.

Development of net financial debt

The cash inflow from operating activities of € 1,073 million includes, in particular, the cash flow of € 1,046 million and a reduction in working capital with a cash inflow of € 38 million. The financing of investments in fixed and financial assets totaling € 547 million, the increases in subsidiaries of € 259 million and the profit distributions of € 237 million were fully covered by the cash inflow from operating activities and net financial debt was reduced by € 69 million from € 1,864 million on 28 February 2023 to € 1,795 million on 29 February 2024.

Group assets

Non-current assets

Non-current assets were up on the previous year's level at € 4,445 (4,245) million. The decline in intangible assets to € 917 (942) million was mainly driven by exchange rate effects. The increase in the carrying amount of fixed assets to € 3,257 (3,109) million was primarily due to the greater investment volume. Other assets climbed to € 271 (194) million.

Balance sheet

€ million	29 February 2024	28. Februar 2023	+/– in %
Assets			
Intangible assets	917	942	–2.7
Fixed assets	3,257	3,109	4.8
Remaining assets	271	194	39.7
Non-current assets	**4,445**	**4,245**	**4.7**
Inventories	3,511	3,161	11.1
Trade receivables	1,456	1,409	3.3
Remaining assets	866	883	–1.9
Current assets	**5,833**	**5,453**	**7.0**
Total assets	**10,278**	**9,698**	**6.0**
Liabilities and shareholders´ equity			
Equity attributable to shareholders of Südzucker AG	2,846	2,572	10.7
Hybrid equity	654	654	–
Other non-controlling interests	773	973	–20.6
Total equity	**4,273**	**4,199**	**1.8**
Provisions for pensions and similar obligations	769	682	12.8
Financial liabilities	1,707	1,623	5.2
Remaining liabilities	377	378	–0.3
Non-current liabilities	**2,853**	**2,683**	**6.3**
Financial liabilities	513	660	–22.3
Trade payables	1,970	1,609	22.4
Remaining liabilities	669	547	22.3
Current liabilities	**3,152**	**2,816**	**11.9**
Total liabilities and equity	**10,278**	**9,698**	**6.0**
Net financial debt	1,795	1,864	–3.7
Equity ratio in %	41.6	43.3	
Net financial debt as % of equity (gearing)	42.0	44.4	

TABLE 031

Current assets

Current assets climbed € 380 million to € 5,833 (5,453) million. Inventories recorded an increase of € 350 million to € 3,511 (3,161) million, which – in addition to higher sugar inventories – resulted in particular from significantly higher sugar manufacturing costs for the 2023 campaign and overall higher manufacturing costs in all divisions caused by higher raw material costs and inflation-related cost increases. The € 47 million growth in trade receivables to € 1,456 (1,409) million largely reflects the higher revenues. Other assets decreased slightly to € 866 (883) million.

Shareholders' equity

The increase in shareholders' equity by € 74 million to € 4,273 (4,199) million resulted primarily from the positive earnings performance. As a result, Südzucker AG shareholders' equity rose to € 2,846 (2,572) million. With total assets increasing significantly by € 580 million to € 10,278 (9,698) million, the equity ratio amounted to 41.6 (43.3) %.

Non-current liabilities

Non-current liabilities climbed by € 170 million to € 2,853 (2,683) million. Provisions for pensions and similar obligations rose by € 87 million to € 769 (682) million; valuation was carried out at a lower market interest rate of 3.80 (4.35) % compared to the previous year's reporting date of 28 February 2023. The increase in non-current financial liabilities by € 84 million to € 1,707 (1,623) million was due to the further issue of promissory note loans and, in particular, higher liabilities to banks. At € 377 (378) million, other liabilities, which mainly comprise other provisions and deferred tax liabilities, were at previous year's level.

Current liabilities

Current liabilities rose by € 336 million to € 3,152 (2,816) million. The € 147 million decrease in current financial liabilities to € 513 (660) million was essentially the result of the repayment of the € 300 million bond 2016/2023 at the end of November 2023; this was offset by the increase in bank loans and the reclassification of promissory note loans to current financial liabilities. Trade payables recorded a rise of € 361 million to € 1,970 (1,609) million; the € 399 million increase in liabilities to beet growers included in this figure to € 1,107 (708) million resulted in particular from higher raw material costs. Other debts, consisting of other provisions, tax liabilities and other liabilities, were significantly higher than in the previous year at € 669 (547) million.

Net financial debt

Net financial debt as of 29 February 2024 was reduced slightly by € 69 million to € 1,795 (1,864) million; net financial debt represented 42.0 (44.4)% of equity.

The Group's long-term financing requirements as of 29 February 2024 were covered by € 896 (894) million in bonds, € 424 (409) million in promissory notes, € 317 (237) million in bank loans and € 70 (83) million in lease liabilities. Short-term financing was provided by bank loans of € 396 (328) million and € 32 (32) million in lease liabilities as well as a € 300 million bond, which was repaid in November 2023. Cash and cash equivalents together with investments in securities totaled € 425 (419) million. Südzucker Group had sufficient liquidity reserves of € 1.4 (1.2) billion available at the balance sheet date from the unutilized syndicated credit lines and other bilateral bank credit lines.

ROCE, capital structure and dividend

Capital employed was reported at € 7,187 (7,095) million, up slightly by € 92 million on the previous year. This was primarily due to the increase in fixed assets as a result of the high level of investment activity. With an operating result rising significantly by € 243 million to € 947 (704) million, return on capital employed (ROCE) climbed from 9.9 to 13.2 % in the financial year and is therefore once again higher overall than the cost of capital.

The debt ratio of net financial debt to cash flow showed a further improvement to now 1.7 (2.0), which is attributable to the significant increase in cash flow with slightly lower net financial debt. Net financial debt as of 29 February 2024 was 42.0 (44.4) % of the increased equity of € 4,273 (4,199) million. The equity ratio as of the balance sheet date was slightly below the previous year at 41.6 (43.3) %, as total assets increased by € 580 million to € 10,278 (9,698) million.

Return on capital employed (ROCE)

		2023/24	2022/23	2021/22	2020/21	2019/20
Operating result	€ million	**947**	**704**	**332**	**236**	**116**
Capital employed	€ million	7,187	7,095	6,325	6,222	6,388
Return on capital employed (ROCE)	%	13.2	9.9	5.3	3.8	1.8

TABLE 032

The dividend policy remains focused on continuity and the sustainable development of results. In view of the significant improvement in the group's operating result and cash flow and the outlook for the current fiscal year 2024/25, the executive board has decided to recommend an increase in the dividend for the past fiscal year 2023/24 to € 0.90 (0.70) per share.

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

Based on the 204.1 million shares outstanding, the total dividend distribution will be € 184 (143) million. The payout ratio in terms of earnings per share is 33.1 %. The dividend recommendation is subject to approval by the supervisory board on 15 May 2024 and shareholders at the annual general meeting to be held on 18 July 2024.

Capital structure

		2023/24	2022/23	2021/22	2020/21	2019/20
Debt factor						
Net financial debt	€ million	1,795	1,864	1,466	1,511	1,570
Cash flow	€ million	1,046	927	560	475	372
Net financial debt to cash flow ratio		1.7	2.0	2.6	3.2	4.2
Debt equity ratio						
Net financial debt	€ million	1,795	1,864	1,466	1,511	1,570
Shareholders' equity	€ million	4,273	4,199	3,699	3,536	3,644
Net financial debt as % of equity (gearing)	%	42.0	44.4	39.6	42.7	43.1
Equity ratio						
Shareholders' equity	€ million	4,273	4,199	3,699	3,536	3,644
Total assets	€ million	10,278	9,698	8,441	7,973	8,387
Equity ratio in %	%	41.6	43.3	43.8	44.3	43.4

TABLE 033

Dividend

		2023/24	2022/23	2021/22	2020/21	2019/20
Operating result	€ million	947	704	332	236	116
Cash flow	€ million	1,046	927	560	475	372
Earnings per share	€	2.72	1.93	0.32	−0.52	−0.60
Cashflow per share	€	5.12	4.54	2.74	2.33	1.82
Dividend per share[1]	€	0.90	0.70	0.40	0.20	0.20
Payout ratio	%	33.1	36.3	–	–	–

[1] 2023/24: Proposal.

TABLE 034

Sugar segment

At a glance

€ **4,162** million
Revenues

€ **558** million
Operating result

€ **3,347** million
Capital employed

16.7 %
ROCE

Strategy

While global demand for sugar continues to grow, the trend to consume more sugar is generally not reflected in Western Europe's markets, but there is increasing demand for specialty sugars, clean label and local products. Competitive pressure remains high in the EU. The strategic goals are therefore:

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

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

Markets

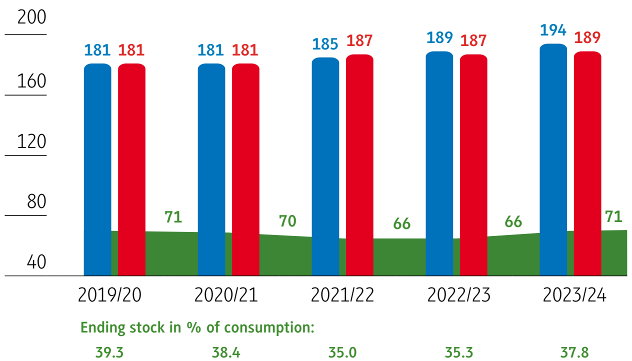
World sugar market

In its latest estimate of the global sugar balance from March 2024, market analyst S&P Global Commodity Insights reports a surplus of 0.7 million tonnes of sugar for the past 2022/23 sugar marketing year (SMY: 1 October to 30 September) after three deficit years in a row. A significant increase in sugar production in Brazil and Thailand contrasts with lower production in Mexico, China, the EU, India and Pakistan as well as almost stable consumption. The ratio of inventories to consumption remained at a very low level of around 35 %.

In the current 2023/24 sugar marketing year, S&P Global Commodity Insights now expects a surplus of 5.2 million tonnes of sugar alongside a further increase in production, particularly in Brazil, Pakistan, China and Europe, a decline in production in Thailand and Mexico and higher consumption. The ratio of inventories to consumption is expected to remain at a low level of just under 38 %.

Global sugar balance

Million of tonnes raw value



Source: S&P Global Commodity Insights, March 2024 ■ Production ■ Consumption ■ Stock

DIAGRAM 012

Global market sugar prices

1 March 2021 to 31 March 2024,
London, nearest forward trading month

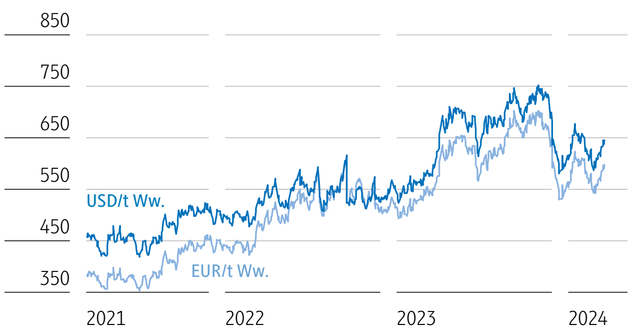


DIAGRAM 013

The world market price for white sugar continued to climb over the course of fiscal 2023/24 from around 540 €/t at the beginning of the financial year with high volatility over the course of the year, and reached a high of around 710 €/t of white sugar in November 2023. The global market price then initially fell again to around 530 €/t, but subsequently recovered and has since ranged between around 550 and 630 €/t. At the end of the reporting period, it was 568 €/t.

EU sugar market

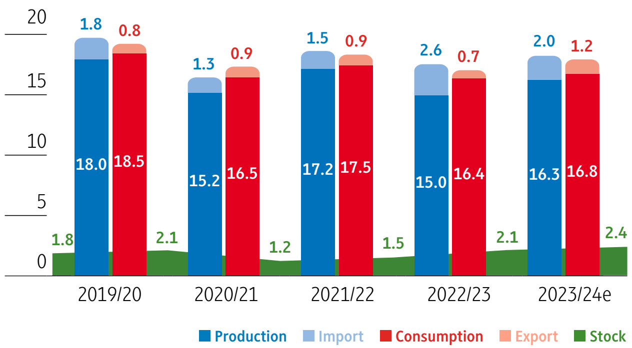
During the past 2022/23 sugar marketing year, sugar production (EU 27; including isoglucose) fell considerably to 15.0 (17.2) million tonnes with a further slight reduction in cultivation area and below-average yields due to the drought in summer 2022; the EU therefore remained a net importer of sugar.

For the current 2023/24 sugar marketing year, the EU Commission expects high beet yields but low sugar content with a slight increase in cultivation area. Production is therefore expected to increase to 16.3 (15.0) million tonnes. This would mean that the EU would remain a net importer of sugar despite rising exports and inventories.

For the upcoming 2024/25 sugar marketing year, market observers are forecasting slightly increasing cultivation areas in the EU 27.

EU sugar balance

Million of tonnes
white sugar value



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

DIAGRAM 014

The price for sugar (food and non-food, ex-factory) published by the EU Commission rose continuously at the beginning of the financial year 2023/24 from 804 €/t to 856 €/t by December 2023. Until the last available publication in February 2024, the price dropped to a level of 837 €/t. There are significant regional price differences between the deficit and surplus regions within the EU.

Sugar markets

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

After the demand for sugar in the EU recovered to 13.2 million tonnes in the 2021/22 sugar marketing year following the coronavirus pandemic, it fell to 12.4 million tonnes in the 2022/23 sugar marketing year, according to data from the EU Commission. The healthy eating trend thus continues and is even accelerating in some areas. In this context, the societal and political focus on sugar reduction and the associated consumer topics has sharpened further and is weighing on the sugar business. Consumers' purchasing power was also generally lower in 2023. Particularly in Eastern and Southern Europe, business is therefore extremely price-sensitive; due to lower wages, consumers now have to spend an even larger share of their income on food than before. The EU Commission expects consumption to recover to 12.7 million tonnes in the 2023/24 sugar marketing year. Falling inflation and the associated increase in purchasing power may have a supporting effect here.

Target markets for sugary byproducts

In the 2023/24 fiscal year, the markets for sugary byproducts were shaped by the continuing effects of the war in Ukraine and a certain degree of skepticism with regard to the development of demand.

Global molasses production[1] in the 2023/24 sugar marketing year is estimated at 67.4 (64.2) million tonnes. Forecasts predict an increase in production of around 10 % to 3.3 (3.0) million tonnes for the EU 27[1]; this had a negative impact on prices from August 2023.

Within the EU, the production of dried and molasses pulp is expected to decline again. Reasons for this include the continued appeal of utilizing fresh beet pulp in biogas plants and as silage, as well as the infestation of beets with Stolbur, which resulted in significantly lower quantities of beet pulp and beet pellets in some cases. As a result, the prices for dried beet pulp were sometimes significantly higher than those of feed wheat or feed barley.

Legal and political environment

Free trade agreements

The EU is negotiating potential free trade agreements with various countries and communities of states. In the event sugar and sugary products are not classified as sensitive products – contrary to current trade practice – additional sugar volumes could be imported into the EU at preferential tariff rates in future. Details on this topic can be found in the → Risk report.

EU sugar market international competitive position

The EU has one of the world's least regulated sugar markets. In contrast to other major sugar producing countries, sugar exports are not subsidized by the state. Unless the EU Commission takes action against these different competitive conditions, makes further import concessions or allows imports to circumvent the rules of origin, it can be assumed that this will have a negative impact on Südzucker.

Restrictions on duty-free sugar imports from Ukraine to the EU

The temporary suspension of customs duties and import quotas for sugar approved by the EU Parliament and the 27 EU member states in June 2022 due to the Ukraine crisis was extended in spring 2023 until June 2024. This temporary trade liberalization is subject to various conditions, including compliance with the rules of origin and a safeguard clause in particular. In the original agreement, which was concluded in 2014, Ukraine had duty-free access to the EU market for just 20,070 tonnes; in the 2022/23 sugar marketing year, duty-free sugar imports from Ukraine climbed to around 415,000 tonnes.

Ukrainian beet growers have significantly expanded their cultivation area for the 2023/24 season, meaning that sugar imports from Ukraine are currently expected to be higher than in 2022/23. In the first five months of the new sugar marketing year 2023/24, around 270,000 tonnes of sugar have already been imported from Ukraine to the EU. Market observers expect a total of up to 650,000 tonnes of sugar imports from Ukraine to the EU.

In April 2024, the special arrangement for the duty-free import of agricultural products from Ukraine to the EU was extended for the second time; this regulation applies from 6 June 2024 to 5 June 2025. However, an automatic safeguard mechanism has now been introduced to limit imports of sensitive products, including sugar. As a result, duty-free imports from Ukraine to the EU are to be limited to the average import level of the 2022 and 2023 calendar years and the second half of 2021. In the sugar sector, this means that the upper limit for duty-free exports from Ukraine to the EU in calendar year 2024 will be around 265,000 tonnes from 5 June 2024. A new duty-free import quota will be introduced for the period from 1 January to 5 June 2025. This should then correspond to five twelfths of the average import volume for the 2022 and

[1] Food & Agricultural Commodities Economics World Molasses & Feed Ingredients Report 18 October 2023 | Vol.22, No. 4 | ISSN 2515-8805.

2023 calendar years and the second half of 2021, i.e. around 110,000 tonnes. Quantities in excess of this will then be subject to the normal customs duty rate of 419 €/t when imported into the EU.

Continued coupled direct payments in the European domestic sugar market

Coupled premiums for sugar beets are still paid in 11 out of 19 beet-growing EU countries. As a result, these different competitive conditions continue to exist within the domestic European sugar market. This was the result of a study by Wageningen University in the Netherlands, for example. Coupled support for sugar beet is to be continued in the new funding period of the European Agricultural Policy until 2027.

Business performance

Revenues and operating result

The sugar segment's revenues rose significantly to € 4,162 (3,216) million in fiscal 2023/24. The higher sugar revenues were achieved despite declining sales volumes thanks to significantly higher average prices during the financial year. The price level in the EU in the 2023/24 sugar marketing year, which has been running since October 2023, is on a par with the 2022/23 sugar marketing year.

The operating result more than doubled to € 558 (230) million in the 2023/24 financial year. The sharp rise in costs in the 2022 campaign, particularly for raw materials and energy, was offset by higher prices since the end of the last financial year. In particular, the further significant increase in production costs with the new 2023 campaign led to a result in the fourth quarter that was significantly below the previous year.

Result from restructuring and special items

The result of restructuring and special items totaled € –6 (55) million and predominantly related to restoration obligations for locations closed in previous years.

Earnings in the previous year resulted from a provision that was formed as part of fine proceedings initiated by the Austrian competition authority in 2010, but was reversed to a considerable extent after the Supreme Court of Vienna found that the accusation had been significantly reduced. In addition, income was generated from the write-up of the wheat starch plant in Zeitz, Germany.

Result from companies consolidated at equity

The result from companies consolidated at equity amounted to € 0 (19) million. In the previous year, it related primarily to currency gains of around € 10 million. This was due to the discontinuation of the at equity consolidation of ED&F Man Holdings Limited, London, UK, which has been accounted for as other investments since 1 March 2022.

Business performance – Sugar segment

		2023/24	2022/23	+/– in %
Revenues	€ million	**4,162**	**3,216**	**29.4**
EBITDA	€ million	**714**	**381**	**87.4**
EBITDA margin	%	17.2	11.8	
Depreciation	€ million	–156	–151	3.3
Operating result	€ million	**558**	**230**	**> 100**
Operating margin	%	13.4	7.2	
Result from restructuring / special items	€ million	–6	55	–
Result from companies consolidated at equity	€ million	0	19	–100.0
Result from operations	€ million	**552**	**304**	**81.6**
Investments in fixed assets and intangible assets	€ million	257	144	78.5
Investments in financial assets / acquisitions	€ million	0	3	–100.0
Total investments	€ million	**257**	**147**	**74.8**
Shares in companies consolidated at equity	€ million	30	29	3.4
Capital employed	€ million	3,347	3,201	4.6
Return on capital employed	%	16.7	7.2	
Working capital	€ million	1,727	1,687	2.4
Employees		**6,458**	**6,206**	**4.1**

TABLE 035

Capital employed und return on capital employed (ROCE)

Based on an operating result that more than doubled to € 558 (230) million and a moderate increase in capital employed by € 146 million to € 3,347 (3,201) million, ROCE amounted to 16.7 (7.2) % in the 2023/24 financial year.

Investments in fixed assets

The sugar segment's investments amounted to € 257 (144) million. In addition to replacement investments, the focus was on process optimization, infrastructure improvements, measures to make energy supply and sugar production more flexible and secure, as well as investments to protect the environment and meet regulatory requirements. These efforts also include energy reduction measures and the reduction of greenhouse gas emissions at all locations. Implemented and ongoing projects include, for example, the replacement of extraction towers, investment in heat pumps and the optimization of energy processes.

Raw materials and production

Cultivation area

At around 354,000 (325,000) ha, Südzucker Group's beet cultivation area in 2023 was 9.2 % larger than in the previous year. The main reason for this increase in beet cultivation area is the positive outlook for the sugar market.

Planting and beet development

Cool and wet weather in spring meant that sowing did not take place until mid-March 2023 to early May 2023, i. e. around three to five weeks later than in the previous year; this led to negative conditions for yield expectations. As the season progressed, the dry and wet periods alternated again and again – rainfall in August ultimately favored beet growth. The sugar content, on the other hand, remained at a low level. At the same time, symptoms of Syndrome Basses Richesses (SBR) appeared, particularly in the catchment areas of the Offenau, Offstein and Ochsenfurt plants in Germany. For the first time, a new form of SBR, Stolbur, appeared on a large scale, leading to rubbery beets.

2023 campaign

The average campaign length went up from 107 to 128 processing days and was therefore significantly longer than in the previous year. Nevertheless, the average processing capacity fell by around 3 % due to technical difficulties and poor beet quality in some cases.

Persistent rainfall prevented harvesting from being completed on time. In addition, this was compounded by frost events followed by warm weather. This combination led to a deterioration in beet quality, particularly in Germany and Belgium.

Yields

Südzucker Group's beet yield rose to 76.7 (71.7) t/ha in the 2023 cultivation year. The total beet volume available for processing was thus 27.2 (23.3) million tonnes. An extremely below-average sugar content of 16.3 (16.8) % resulted in a theoretical sugar yield of 12.5 (12.1) t/ha.

Production of sugar and sugary byproducts

The group's total sugar production including cane sugar refining rose to 4.1 (3.7) million tonnes. The total volume of organic sugar produced at the Rain and Tulln plants also increased thanks to the higher beet yield. The volume of sugary byproducts produced also rose to 4.1 (3.8) million tonnes.

Volumes

Sugar

Consolidated sugar volumes in the group dropped by 8.3 % to 3.9 (4.2) million tonnes in fiscal 2023/24. Volumes at the companies in the EU fell by 13.2 %. Lower beet harvests and sugar production in the 2022/2023 campaign were the reasons for the decline, as was lower demand in the EU, which was reflected in a drop in volumes to both retail and industry. Sales to countries outside the EU were significantly higher due to lower sales volumes within the EU; volumes at the companies based in the Republic of Moldova and the Western Balkans were up on the previous year.

Sugary byproducts

Sales of sugary byproducts rose by around 3 % to 3.3 (3.2) million tonnes in the 2023/24 fiscal year – especially due to the higher production volume of pressed pulp in the 2023/24 campaign. Demand from the various customer segments was heterogeneous. On average, sales in fiscal 2023/24 were made at prices higher than in the previous year overall. However, a downward trend was observable beginning from the middle of the fiscal year.

Cultivation and production

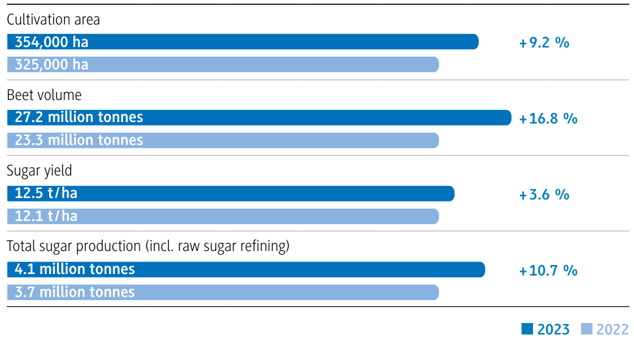


DIAGRAM 015

Special products segment

At a glance

€ **2,414** million
Revenues

€ **196** million
Operating result

€ **2,013** million
Capital employed

9.7 %
ROCE

Strategy

BENEO

BENEO's business performance is driven by sustained high interest in health-conscious and increasingly plant-based diets – both in the food and animal nutrition sectors. Global trends such as clean label and mental wellbeing are additional contributing factors

- Expand product portfolio to include textured plant proteins and dietary fibers with added benefits
- Achieve greater market penetration with competitive application solutions for plant-based fish, meat and dairy alternatives with a focus on the European market
- Reinforce international sales expertise by building on and adapting regional sales strategies

Freiberger

The Freiberger division's sales markets are benefiting from the steady demand for convenience food. Current trends such as organic, vegan, plant-based and ready-to-go food are consistently analyzed and integrated into the product range where appropriate.

- Actively and flexibly align and adapt the product portfolio to address current trends, develop new marketing concepts and channels
- Actively embrace innovations and sustainability topics and refine existing approaches
- Fortify market position in Europe, expand market position in North America, analyze and develop third markets

PortionPack

Investments in co-packing / co-manufacturing will dramatically reduce dependence on the out-of-home market and open up new growth segments.

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

Special products segment

At a glance

	BENEO	Freiberger	PortionPack
Production	Germany (1), Belgium (2), Italy (1), Netherlands (1), Chile (1)	Germany (4), UK (1), Austria (1), USA (4)	UK (1), Netherlands (3), Spain (1), South Africa (1), Czech Republic (1)
Distribution	Europe (3), USA (1), South America (2), India (1), Singapore (1)	Europe (3), UK (2), USA (2)	Europe (8), South Africa (1)
Raw materials	Beet sugar, rice, chicory root, wheat, barley, faba bean	Flour, milk (cheese), soybean oil, tomato paste, meat / salami / ham	Dry products (e. g. sugar, sweeteners), liquid products (e. g. sauces), chunky products (e. g. cookies)
Products	Ingredients offering additional benefits (dietary fibers, sugar substitutes, new sugars, rice starches, barley / rice flours, texturized wheat protein, vegetable texturates) for food, animal nutrition, non-food and pharmaceuticals	Convenience Food (chilled and frozen pizzas, pasta, baguettes, breadsnacks, sauces, dressings)	Portion packs (food and non-food), individual contract manufacturing and packaging
Markets	Worldwide	Europe, North America, South Korea	Primarily Europe, South Africa
Customers	Food, animal feed, pharmaceuticals industries	Food retailers	Hotels, restaurants, caterers (food service), food industry
Brands	Isomalt, Palatinose™, galenIQ™, Orafti® Inulin, Orafti® Oligofruktose, Orafti® ß-Fit, Remy, Meatless®	Private labels, Alberto, Pizzatainment	Hellma, Van Oordt

Markets

Markets

The special products segment's sales markets continued to be shaped by challenges such as persistently high global inflation and supply chain issues. This led to diverging developments in the sales markets for special products.

Consumers are keenly interested in health-conscious and sustainable diets. This interest is reflected in trends such as plant-based nutrition, clean label, sugar reduction, gut health and mental wellbeing. This development particularly benefited the functional sugar substitute Isomalt, which continued to record growing sales volumes. In the current inflationary environment, however, there has been a shift toward more affordable food in some core markets, resulting in lower demand for high-quality functional ingredients.

The frozen pizza market in Germany grew slightly, with private labels recording below-average growth. In France, sales of frozen pizzas were stagnant, but private labels were able to significantly increase their market share. In contrast, the sales market for frozen pizzas in the United Kingdom and the USA declined. In the UK, private labels were able to marginally increase their market share, while in the US the market share remained nearly stable. The UK chilled pizza market made minor gains. Private labels continued to expand their dominance through modest growth.

Raw materials markets

In the special products segment, various agricultural raw materials are processed to produce high-quality products for the food, animal feed and technical industries.

Chicory root harvesting and processing in Chile and Belgium was carried out under difficult conditions in some cases. Particularly in Belgium, prolonged rainfall complicated harvesting and processing. The yield was higher than in the previous year. The ongoing export ban on rice from India continued to present challenges in procurement. Overall, however, availability was sufficient. Following a temporary normalization of freight rates from Southeast Asia, they rose again significantly towards the end of the fiscal year due to the situation in the Red Sea. The cost of sugar as a raw material for functional carbohydrates was considerably higher than last year in line with general market developments.

The essential ingredients for producing frozen pizzas are mozzarella, salami and flour. Prices for dairy products such as butter and cheese rose markedly. Pork prices fell over the course of the year, and the price of wheat also recorded a noticeable decline. However, the price of flour did not depreciate to the same extent, as labor and energy costs had the opposite effect here.

Business performance

Revenues and operating result

The special products segment's revenues rose moderately to € 2,414 (2,217) million thanks to higher prices.

At € 196 (102) million, the operating result improved significantly compared to the previous financial year. Higher prices on the market were able to better compensate for the negative impact of higher raw material, packaging, energy and personnel costs, particularly in the previous year.

Result from restructuring and special items

The result from restructuring and special items of € –3 (–10) million in fiscal 2023/24 was attributable in part to the BENEO division and related to the start-up costs for the construction of a new production facility for the manufacture of protein concentrate from faba beans at the Offstein location. In the previous year, the expenses were mainly attributable to the Freiberger division and associated with the closure of the production site for sauces and dressings in Grundy Center, Iowa, USA, which belongs to the US pizza manufacturer Richelieu Foods, Inc.

Capital employed and return on capital employed (ROCE)

With an operating result of € 196 (102) million and slightly higher capital employed of € 2,013 (1,979) million, ROCE improved significantly to 9.7 (5.2) %.

Investments in fixed assets

Investments in fixed assets in the special products segment totaling € 128 (145) million in the BENEO division affected ongoing capacity expansion measures at almost all locations in addition to replacement spending. The second refining line was completed in Pemuco, Chile. Investments are also being made in energy-saving measures and the complete transition to renewable energy sources. Heat pumps were installed in Wijgmaal, Belgium. At the Offstein location, building work began on a new plant for the production of protein concentrate, which is scheduled to go into operation in February 2025. Investments in the Freiberger division were allocated to projects in the areas of automation, capacity expansion and quality improvement. In the PortionPack division, the new factory building at the Telford, UK location was completed to consolidate production capacity there.

Investments in financial assets

Investments in financial assets of € 0 (60) million in the previous year mainly related to the complete acquisition of Meatless Holding B. V., Goes, Netherlands, by the BENEO division and the complete acquisition of Orange Nutritionals Group B. V., Zaandam, Netherlands, the parent company of the Dutch portion pack manufacturer Crème de la Cream Group, by the PortionPack division.

Volumes

In fiscal 2023/24, we recorded a positive development in sales volumes for Isomalt, a functional sugar substitute, and for a short chain fructooligosaccharide from sugar beet, used to reduce sugar and enrich dietary fiber. Sales of rice ingredients, prebiotic fibers and meat and fish alternatives fell short of expectations as consumers switched to cheaper foods in an inflationary environment. Good progress was made in the business with galenIQ™, an Isomalt variant for the pharmaceutical market, and with animal feed and pet food.

Volumes of frozen and chilled products rose slightly year-on-year in Europe in the 2023/24 financial year, as high inflation prompted an increased demand from consumers for affordable private label products. In Germany, volumes via retail bakery stores (baguettes, mini pizzas, hot dogs) expanded substantially. In the US, pizza sales declined moderately.

In a challenging market environment for portion packs, we were able to extend our business in the areas of co-packing and co-manufacturing by acquiring the Orange Nutritionals Group B.V., Zaandam, Netherlands, in the previous year; overall sales volumes were slightly above the previous year's level.

Business performance – Special products segment

		2023/24	2022/23	+/– in %
Revenues	€ million	**2,414**	**2,217**	**8.9**
EBITDA	€ million	**279**	**183**	**52.5**
EBITDA margin	%	11.6	8.3	
Depreciation	€ million	–83	–81	2.5
Operating result	€ million	**196**	**102**	**92.2**
Operating margin	%	8.1	4.6	
Result from restructuring / special items	€ million	–3	–10	–70.0
Result from companies consolidated at equity	€ million	0	0	–
Result from operations	€ million	**193**	**92**	**> 100**
Investments in fixed assets and intangible assets	€ million	128	145	–11.7
Investments in financial assets / acquisitions	€ million	0	60	–100.0
Total investments	€ million	**128**	**205**	**–37.6**
Shares in companies consolidated at equity	€ million	0	0	–
Capital employed	€ million	2,013	1,979	1.7
Return on capital employed	%	9.7	5.2	
Working capital	€ million	536	510	5.1
Employees		**5,422**	**5,262**	**3.0**

TABLE 036

CropEnergies segment

At a glance

€ **1,091** million
Revenues

€ **60** million
Operating result

€ **540** million
Capital employed

11.1 %
ROCE

Strategy

Fuels with higher ethanol blends (E10 to E85) can help to reduce GHG emissions; they offer high revenues potential for CropEnergies. Growth opportunities are also arising from the broadening of the raw material base to include residual and waste materials and the increasing demand for protein-containing food and animal feed products as well as the use of biogenic CO_2. The strong demand growth for sustainable bio-based chemicals may give rise to new business opportunities for CropEnergies.

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

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

Markets

Ethanol market

Global ethanol production reached 131 (127) million m³ in 2023. Fuel ethanol accounted for around 85 % of this figure. The increase in total production is due to a significant rise in the production of fuel ethanol. In 2023, it was around 112 (107) million m³ and is also expected to reach this level in 2024. The remaining alcohol volume is used as neutral alcohol in beverages, cosmetics and pharmaceutical and industrial applications.

EU Ethanol volume balance

million m³	2021	2022	2023	2024e
Opening balance	**1.1**	**0.8**	**0.9**	**0.7**
Production	7.7	7.8	7.6	8.1
of which fuel ethanol	5.7	6.0	5.9	6.2
Consumption	−9.4	−10.4	−10.5	−11.1
of which fuel ethanol	−6.5	−7.6	−7.9	−8.5
Net imports	1.4	2.7	2.7	3.2
Closing balance	**0.8**	**0.9**	**0.7**	**0.9**

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

TABLE 037

The EU 27 and the UK produced 7.6 (7.8) million m³ of ethanol in 2023, slightly below the previous year's level. At the same time, ethanol consumption rose moderately to 10.5 (10.4) million m³. This was due to an increase in the consumption of fuel ethanol to 7.9 (7.6) million m³ and a simultaneous decrease in neutral alcohol to 2.6 (2.8) million m³. In 2024, the consumption of fuel ethanol is expected to increase further to 8.5 (7.9) million m³. Net imports to the EU 27 and the UK remained at a consistently high level of 2.7 (2.7) million m³ in 2023.

In Europe, ethanol prices fell noticeably from around 880 €/m³ at the beginning of March 2023 to around 650 €/m³ at the end of the financial year on 29 February 2024. The decline in ethanol prices reflects, among other things, the international price trend and high import volumes.

Protein market

Prices on the markets for protein food and animal feed products are based primarily on international soybean prices and European rapeseed meal prices. According to the International Grains Council (IGC), the global soybean harvest in 2023/24 will be above last year's level at 390 (375) million tonnes. Demand is expected to grow slightly to 383 (369) million tonnes, while inventories are set to rise to 66 (59) million tonnes. Soybean prices dropped throughout fiscal 2023/24 from around 15 USD / bushel at the beginning of March 2023 to around 12 USD / bushel on 29 February 2024. The EU rapeseed harvest in the 2023/24 marketing year is unchanged at around 20 (20) million tonnes. Quotations for European rapeseed meal followed international trends and fell from around 350 €/t at the beginning of March 2023 to around 265 €/t at the end of February 2024.

Raw material markets

Global grain production (excluding rice) is likely to reach a new record level of 2,304 (2,268) million tonnes in the 2023/24 grain marketing year (GMY; 1 July to 30 June). With global grain consumption of 2,306 (2,273) million tonnes, slightly lower inventories of 599 (602) million tonnes are expected.

According to the EU Commission, grain production in the EU is expected to be slightly above the previous year's level at around 270 (267) million tonnes in the 2023/24 grain marketing year. Consumption is likely to rise as well at 257 (255) million tonnes. European wheat prices on Euronext in Paris fell significantly in the course of fiscal 2023/24. Wheat was quoted at around 270 €/t at the beginning of the financial year, but grain prices continued to fall in the course of the financial year. On 29 February 2024, the price of wheat was around 190 €/t, its lowest level since September 2020.

Legal and political environment

European Green Deal

The EU aims to reduce GHG emissions by at least 55 % by 2030. As part of the European Green Deal, the EU is also striving for climate neutrality by 2050. Following this objective, numerous initiatives to adapt EU climate and energy policy have been discussed in the European Parliament and Council over the past two years and have now been largely successfully completed.

Renewable Energy Directive

The Renewable Energy Directive (RED III) was amended as a key element of the Fit for 55 initiatives to promote the use of renewable energy. After more than two years, the legislative process was completed with the publication of RED III in the Official Journal of the EU on 31 October 2023. The Renewable Energy Directive (RED III), which came into force on 20 November 2023 and must be transposed into national law by 21 May 2025, now stipulates that the energy share of renewable energies in the transport sector should increase to at least 29 % (previously: 14 %). Alternatively, the member states may also set a GHG reduction target of at least 14.5 %. The share of renewable fuels from arable crops in the member states is to remain unchanged at up to one percentage point above the level achieved in 2020, up to a maximum of 7 %. The agreement also sets a binding sub-target of 5.5 % for renewable biofuels from waste and residues as well as synthetic fuels in 2030. Synthetic fuels are to account for at least one percentage point.

Germany

In Germany, the GHG reduction quota is to gradually rise to 25 % by 2035. A further step in this process was taken with the increase from 8 to 9.25 % on 1 January 2024. The energy share of renewable fuels from arable crops should be able to contribute up to 4.4 %. The share of advanced biofuels is to be gradually increased to at least 2.6 % in 2030.

Other renewable fuel alternatives are to be subsidized in addition to the established biofuels, including synthetic fuels, which will count double and renewable electricity, which will count triple towards the GHG quota. Advanced biofuels that are blended in excess of the minimum quota can also count double towards the GHG reduction quota.

Business performance

Revenues and operating result

CropEnergies segment revenues fell markedly to € 1,091 (1,390) million. On the one hand, this was due to significantly lower sales volumes following scheduled maintenance shutdowns and, on the other hand, significantly lower prices. The ethanol prices, which reached record levels in fiscal year 2022/23, thus dropped to a significantly lower level since November 2023.

Compared to an exceptionally strong previous year, the operating result dropped significantly to € 60 (251) million, in line with the development of sales volumes and prices. Given the very low price level in the final months of the 2023/24 financial year, only a balanced result was achieved in the fourth quarter.

Capital employed and return on capital employed (ROCE)

Capital employed was on a par with the previous year at € 540 (535) million. On the back of a significantly lower operating result of € 60 (251) million, ROCE fell to 11.1 (46.9) %.

Result from restructuring and special items

The result from restructuring and special items in the CropEnergies segment totaled € –1 (0) million and related to the start-up costs for the ethyl acetate production plant at the Zeitz location in the 2023/24 financial year.

Investments in fixed assets

Investments in fixed assets totaled € 72 (47) million. A second biomass boiler was put into operation at the Wanze location in Belgium; power supply is now predominantly based on renewable raw materials. At the Zeitz location, planning progressed for the conversion of the energy supply from coal to gas; work also began on the construction of a plant for the production of renewable ethyl acetate. The total investment volume for the construction of the plant is between € 120 million and € 130 million. Additional measures were taken to increase plant availability and improve plant safety at Ensus in Wilton, UK. A project to significantly reduce

Business performance – CropEnergies segment

		2023/24	2022/23	+/– in %
Revenues	€ million	**1,091**	**1,390**	**–21.5**
EBITDA	€ million	**105**	**294**	**–64.3**
EBITDA margin	%	9.6	21.2	
Depreciation	€ million	–45	–43	4.7
Operating result	€ million	**60**	**251**	**–76.1**
Operating margin	%	5.5	18.1	
Result from restructuring / special items	€ million	–1	0	–
Result from companies consolidated at equity	€ million	0	0	–
Result from operations	€ million	**59**	**251**	**–76.5**
Investments in fixed assets and intangible assets	€ million	72	47	53.2
Investments in financial assets / acquisitions	€ million	1	4	–75.0
Total investments	€ million	**73**	**51**	**43.1**
Shares in companies consolidated at equity	€ million	3	5	–40.0
Capital employed	€ million	540	535	0.9
Return on capital employed	%	11.1	46.9	
Working capital	€ million	135	163	–17.2
Employees		**515**	**480**	**7.3**

TABLE 038

primary energy consumption was also kicked off, which is scheduled for completion in mid-2024 and will make an important contribution to reducing Ensus' fossil carbon footprint.

Investments in financial assets

Investments in financial assets of € 1 (4) million related to the increase in existing shareholdings in Syclus B.V., Maastricht, Netherlands, and East Energy GmbH, Rostock, Germany. In the previous year, shareholdings of less than 20 % in LXP Group GmbH, Teltow, Germany, 50 % in Syclus B.V., Maastricht, Netherlands, and 25 % in East Energy GmbH, Rostock, Germany, were acquired for the first time.

Raw materials and production

CropEnergies can produce 1.3 million m^3 of ethanol, more than 1 million tonnes of food and animal feed, and 400,000 tonnes of carbon dioxide, which can be liquefied for use in the food sector, among other applications. Ethanol production in fiscal 2023/24 was below the previous year's level at 1.0 (1.1) million m^3; food and animal feed production was also down on the previous year. Production capacity utilization in the course of the financial year was monitored in line with market conditions and in order to carry out regular maintenance work. The volume of CO_2 sold for liquefaction was also lower than in the previous year.

Starch segment

At a glance

€ **1,056** million
Revenues

€ **48** million
Operating result

€ **505** million
Capital employed

9.5 %
ROCE

Strategy

The starch business capitalizes in the long term on market growth in the food and non-food sectors. Overall, demand for starch-based products and generally for foods containing plant proteins and organic products is expected to rise sustainably, particularly in the animal nutrition, paper, textiles, construction chemicals, pharmaceuticals and cosmetics sectors.

- Grow market share in Europe; grow selectively outside Europe
- Further develop and expand specialization strategy for the product portfolio
- Innovate products and strengthen application consulting

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

Markets

Target markets

For the second time in a row, the European starch market saw a contraction in fiscal 2023/24, influenced by multiple crises such as the war in Ukraine and the conflict in the Middle East.

A significant decline in market demand in all product segments was observed in the first half of 2023/24 in particular. Consumption was generally lower, while surpluses from previous years were reduced. Moreover, customers were more reluctant to place orders in anticipation of falling raw material and energy prices. Accordingly, all competitors in the starch business aimed to secure their market share as effectively as possible, which led to price pressure in this environment.

In the food sector, volumes for native and modified starches stabilized at a lower but largely constant level until the end of the 2023 calendar year. In contrast, the consumer-driven decline due to inflation has made the organic business much more difficult.

The paper and packaging industry recorded significant declines and fluctuations in volumes throughout the financial year. The main reason for this was that customers cut back on their production lines as a result of reduced volumes. The construction sector experienced a particularly significant business slump; a market recovery in this area is not foreseeable in the short term.

Overcapacity and the reduction of safety inventories caused a drop in sales in the infant milk formula market. Customers do not expect business to pick up here until the second half of the 2024 calendar year.

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

Raw material markets

The CropEnergies segment report discusses in detail developments in the international grain markets. Global corn production is expected to reach 1,227 (1,163) million tonnes and consumption 1,212 (1,179) million tonnes. Corn prices on Euronext Paris significantly fell year-on-year to 178 (279) €/t as at the reporting date of 29 February 2024.

Business performance

Revenues and operating result

A moderate decline in both sales volumes and prices caused revenues in the starch segment to fall significantly to € 1,056 (1,193) million. Higher prices in other product groups were unable to fully compensate for substantially lower ethanol and native starch prices.

Business performance – Starch segment

		2023/24	2022/23	+/– in %
Revenues	€ million	**1,056**	**1,193**	**–11.5**
EBITDA	€ million	**94**	**118**	**–20.3**
EBITDA margin	%	8.9	9.9	
Depreciation	€ million	–46	–48	–4.2
Operating result	€ million	**48**	**70**	**–31.4**
Operating margin	%	4.5	5.9	
Result from restructuring / special items	€ million	0	0	–
Result from companies consolidated at equity	€ million	2	11	–81.8
Result from operations	€ million	**50**	**81**	**–38.3**
Investments in fixed assets and intangible assets	€ million	41	28	46.4
Investments in financial assets / acquisitions	€ million	0	0	–
Total investments	€ million	**41**	**28**	**46.4**
Shares in companies consolidated at equity	€ million	47	44	6.8
Capital employed	€ million	505	552	–8.5
Return on capital employed	%	9.5	12.7	
Working capital	€ million	171	214	–20.1
Employees		**1,167**	**1,148**	**1.7**

TABLE 039

The significant decline in operating result to € 48 (70) million was attributable to lower prices with lower sales volumes and higher other costs, particularly personnel costs, which could not be offset by lower raw material costs. Furthermore, a significant decline in ethanol quotations had a negative impact on earnings in the final months of fiscal 2023/24.

Result from companies consolidated at equity

The result of € 2 (11) million from companies consolidated at equity mainly related to the lower share of earnings from the starch and ethanol activities of the Hungarian Hungrana Group, due in particular to significantly lower sales volumes.

Capital employed and return on capital employed (ROCE)

A significant decline in operating result of € 48 (70) million and a simultaneous reduction in capital employed to € 505 (552) million drove ROCE down to 9.5 (12.7) %.

Investments in fixed assets

In fixed assets € 41 (28) million were invested in the starch segment. The investments related to wastewater treatment, spray drying to improve quality requirements and infrastructure along with process optimization with a focus on energy reduction.

Raw materials and production

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

The potato starch factory in Gmünd, Austria, processed about 170,600 (217,000) tonnes of industrial starch potatoes during the 2023/24 campaign. Food industry potato processing for long-life potato products was also down on the previous year. Unfavorable vegetation and growing conditions led to lower yields for both starch potatoes and potatoes for the food industry.

The Aschach and Pischelsdorf sites in Austria processed around 1.3 (1.4) million tonnes of corn and cereals in the past financial year. Corn processing declined by around 26 % while the share of specialty corn (especially waxy corn and organically produced corn) was about 24 %. Wheat grinding volumes for the production of wheat starch and bioethanol at the Pischelsdorf site were slightly higher in 2023/24 compared to the previous year. In Romania, the plant processed less yellow corn, while the processing volume of specialty corn remained constant.

Volumes

The starch segment was shaped by declining demand and increasing price pressure in fiscal 2023/24. Purchasing restraint due to inflation and the reduction in customer inventories led to a weak overall sales trend in the main sales markets. At the beginning of the 2023/24 financial year, raw material prices were still at a very high level, but then fell sharply with the new 2023 harvest and the emerging weakness in demand, which also led to significant declines in sales prices.

AGRANA's organic business, where the company has a strong presence, became much more difficult because of a consumption-related decline due to inflation.

Sales of building starch and starch derivatives for gluing paper bags were well below the previous year.

In Austria, the introduction of E10 provided an additional boost, resulting in record ethanol sales volumes.

Fruit segment

At a glance

€ **1,566** million
Revenues

€ **85** million
Operating result

€ **782** million
Capital employed

10.9 %
ROCE

Strategy

Fruit preparations

A possible increase in global demand for high-quality food and the trends towards convenience food, naturalness, sustainability and health could create further opportunities for AGRANA Fruit in the future. While the market for fruit yogurt in Europe and North America continues to stagnate, new growth prospects are emerging in industries such as food service and ice cream. In addition, there are attractive regional growth opportunities, particularly in the Middle East and North Africa.

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

Fruit juice concentrates

Growth opportunities for this sector are arising from the increasing demand for natural – as opposed to synthetically produced – ingredients in the EU and around the world. An increase in juice consumption is expected in the developing markets. In Europe, consumption trends such as the decline in the share of fruit juice and the increasing demand for directly pressed juices are having a dampening effect.

- Expand product portfolio
- Consolidate local and regional customer bases

Fruit segment

At a glance

	Fruit preparations	Fruit juice concentrates
Production	Austria (1), Germany (1), France (2), Poland (1), Russia (1), Turkey (1), Ukraine (2), Egypt (1), Algeria (1), Argentina (1), Australia (1), Brazil (1), China (2), India (1), Japan (1), Morocco (1), Mexico (1), South Africa (1), South Korea (1), United States (4)	Austria (1), Germany (1), Poland (5), Romania (1), Ukraine (1), Hungary (4), China (1)
Raw materials	Main raw material: strawberries	Main raw material: apples
Products	Fruit preparations	Fruit juice concentrates, not-from-concentrate juices (NFC), fruit wines, natural flavors and beverage compounds
Markets	Worldwide	Focus Europe
Customers	Dairy, ice cream and baked goods industries, food services	Beverage industry

Markets

Target markets

The market environment for fruit preparations is determined by consumer trends – enjoyment, affordability, convenience, naturalness, sustainability and health – in the global markets for dairy products, ice cream and food service. The persistently volatile market situation is partly curbing consumers' willingness to experiment, as evidenced by the lower number of new product launches on the market and the trend towards familiar flavors. In the food service sector, consumers remain more willing to experiment and the introduction of limited editions is increasing. Seasonal products are in particularly high demand here.

The tense global economic situation and multiple crises are slowing the market trend for fruit yogurts, the main sales market for fruit preparations. As a result, the market stalled in the 2023 calendar year, with a slightly positive growth rate of 0.4 % expected for 2024[1]. The global ice cream market grew slightly in the 2023 calendar year and is expected to grow by 1.2 % in 2024[1]. Key target markets for AGRANA in the food service sector are primarily quick service restaurants (QSR) and coffee & tea stores. In these sectors, an average annual growth of 4.8 % is expected for QSR and 4.6 % for coffee & tea stores until 2028[2].

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

[1] Source: Euromonitor, February 2024.
[2] Source: GlobalData.

Raw materials markets

For strawberries, the most important ingredient in fruit preparations in terms of volume, prices were stable overall – across all cultivation areas – with a slightly lower availability of raw materials. Price increases for peaches due to lower availability were offset by lower freight costs, and prices were below the previous year's level. Good yields of raspberries and blueberries led to significant drops in prices for frozen goods. There are signs of a moderate price increase for mangoes due to reduced availability of raw materials.

Business performance

Revenues and operating result

Revenues in the fruit segment rose moderately to € 1,566 (1,482) million. The increase in revenues was driven by fruit preparations, which grew in terms of both price and volume. In contrast, fruit juice concentrates achieved revenues moderately below the previous year's level; here, higher prices were unable to offset the decline in volumes.

Business performance – Fruit segment

		2023/24	2022/23	+/– in %
Revenues	€ million	**1,566**	**1,482**	**5.7**
EBITDA	€ million	**126**	**94**	**34.0**
EBITDA margin	%	8.0	6.3	
Depreciation	€ million	–41	–43	–4.7
Operating result	€ million	**85**	**51**	**66.7**
Operating margin	%	5.4	3.4	
Result from restructuring / special items	€ million	–25	–48	–47.9
Result from companies consolidated at equity	€ million	0	0	–
Result from operations	€ million	**60**	**3**	**> 100**
Investments in fixed assets and intangible assets	€ million	48	36	33.3
Investments in financial assets / acquisitions	€ million	0	0	–
Total investments	€ million	**48**	**36**	**33.3**
Shares in companies consolidated at equity	€ million	0	0	–
Capital employed	€ million	782	828	–5.6
Return on capital employed	%	10.9	6.2	
Working capital	€ million	398	425	–6.4
Employees		**5,642**	**5,245**	**7.6**

TABLE 040

At € 85 (51) million, the operating result improved significantly. The earnings contribution from fruit preparations showed clear signs of recovery. This was achieved through considerably higher margins with a slight increase in volume – despite higher costs. The earnings contribution from fruit juice concentrates increased slightly, despite a marked decline in volumes, thanks to significantly improved margins.

Capital employed and return on capital employed (ROCE)

With a moderate decrease in capital employed of € 782 (828) million due to impairment of fixed assets and a simultaneous uptick in the operating result of € 85 (51) million, ROCE rose to 10.9 (6.2) %.

Result from restructuring and special items

The result from restructuring and special items in the fruit segment totaled € –25 (–48) million. In the 2023/24 fiscal year, this related almost entirely to the impairment of fixed assets at the fruit segment's Asian production facilities in India, Japan and China. In the previous year, higher capital costs (WACC) led to goodwill impairment loss totaling € 50 million. During the previous year, offsetting special items related to reversals of loss carryforwards for receivables and inventories formed in connection with the Ukraine crisis.

Investments in fixed assets

Investments in the fruit segment amounting to € 48 (36) million were used to expand production facilities for fruit preparations in addition to replacement spending. Investments in the fruit juice concentrates division focused mainly on building a mechanical vapor compressor and a new apple cleaning station along with measures to maintain operations.

Raw materials and production

About 336,000 (340,000) tonnes of raw materials were purchased in the fruit preparations division in fiscal 2023/24. The decline in volumes is mainly due to reduced demand in the Chinese plants as a result of the declining yogurt market in China. Average raw material prices for fruit and ingredients were slightly lower overall than in the previous year. Higher sugar prices were offset by price reductions for fruit and stabilizers.

In the fruit juice concentrates division, the 2023 apple harvest was slightly weaker than in the previous year due to lower availability of raw materials in Poland and China. Despite the difficult conditions there, the Ukrainian site processed an average quantity of apples. Due to the high processing volumes of red berries from the 2022 harvest, the demand for colored juice concentrate in 2023/24 was significantly lower than in an average year; accordingly, around 30 % fewer red berries were processed in the 2023 campaign.

Volumes

In total, volumes in the fruit preparations division were higher than the previous year. An analysis of sales trends by product category showed increased sales volumes in the strategically important Beyond business area (ice cream and food service), while volumes in the core business area of products for the dairy industry (around 80 % of fruit preparation volumes sold) remained stable.

Customer call-offs for fruit juice concentrates were at a normal level in the 2023/24 fiscal year. Contracts for apple and colored juice concentrates from the 2023 harvest were concluded with excellent contribution margins, but it was not possible to match the very high contribution margin level reached in the year prior.

Volumes and contribution margins in added-value business performed positively. The growth targets set were achieved despite lower sales volumes due to improved contribution margins.

Logistical challenges that have disproportionately affected the export-heavy concentrate business since the COVID-19 pandemic continued to abate in the 2023/24 fiscal year.

CURRENT AND PROJECTED BUSINESS PERFORMANCE

Based on the 2022/23 consolidated financial statements, the following table compares the ongoing development of the forecast for the 2023/24 fiscal year with the actual consolidated financial statements for 2023/24 as part of the quarterly reporting.

Südzucker had already published its first forecast for the 2023/24 fiscal year in the 2022/23 fiscal year in a MAR announcement on 15 December 2022:

- Further increase in group revenues (fiscal year 2022/23: € 9.5 billion)
- Group EBITDA between € 1.0 and 1.2 billion
- Consolidated group operating result between € 650 and 850 million

In the MAR announcement on 18 April 2023, the forecast for the 2023/24 fiscal year, which was first published on 15 December 2022, was raised, mainly due to the stabilized energy supply situation, the hedged energy prices and the confirmation of the EU sugar price level:

- Continued increase in group revenues
- Group EBITDA between around € 1.1 and 1.3 billion
- Consolidated group operating result between € 725 and 875 million

The forecast was confirmed at the annual press and analysts' conference on 25 May 2023, and was supplemented with more specific details on group revenues and the forecast for the individual segments.

Prior to the release of the Q3 2023/24 quarterly statement on 11 January 2024, Südzucker had confirmed the forecast announced in the Q2 2023/24 half-year financial report in the MAR announcement on 15 November 2023 due to the positive development anticipated in Q3 2023/24:

Forecast / actual comparison

Publication date		5/25/2023	5/25/2022	7/6/2023	10/12/2023	1/11/2024	5/16/2024
		Q4 2022/23	Q4 2022/23[1]	Q1 2023/24	Q2 2023/24	Q3 2023/24	Q4 2023/24
		Act 2022/23	Forecast 2023/24				Act 2023/24
Group							
Revenues	€ billion	9.5	10.4 to 10.9	10.4 to 10.9	10.0 to 10.5	10.0 to 10.5	10.3
EBITDA	€ billion	1.1	1.1 to 1.3	1.2 to 1.4	1.3 to 1.4	1.3 to 1.4	1.3
Operating result	€ million	704	725 to 875	850 to 950	900 to 1,000	900 to 1,000	947
Return on capital employed	%	9.9	Significant increase	Significant increase	Significant increase	Significant increase	13.2
Sugar segment							
Revenues	€ million	3,217	Significant increase	Significant increase	Significant increase	Significant increase	4,162
Operating result	€ million	230	400 to 500	500 to 600	550 to 650	550 to 650	558
Special products segment							
Revenues	€ million	2,217	Significant increase	Significant increase	Significant increase	Significant increase	2,414
Operating result	€ million	102	Significant increase	Significant increase	Significant increase	Significant increase	196
CropEnergies segment							
Revenues	€ billion	1.390	Between 1.3 and 1.4	Between 1.3 and 1.4	Between 1.3 and 1.4	Between 1.1 and 1.2	1.091
Operating result	€ million	251	Between 95 and 145	Between 95 and 145	Between 95 and 145	Between 40 and 60	60
Starch segment							
Revenues	€ million	1,193	Significant increase	Significant increase	Moderate decrease	Moderate decrease	1,056
Operating result	€ million	70	Significantly below previous year's level	Significantly below previous year's level	Significantly below previous year's level	Significantly below previous year's level	48
Fruit segment							
Revenues	€ million	1,481	Moderate increase	Moderate increase	Moderate increase	Moderate increase	1,566
Operating result	€ million	51	Previous year's level	Previous year's level	Significant increase	Significant increase	85

[1] Published on the annual press and analysts' conference (consolidated management report 2022/23) on 25 May 2023.

TABLE 041

- Group revenues between € 10.0 and 10.5 billion
- Group EBITDA between € 1.3 and 1.4 billion
- Consolidated group operating result between € 900 and 1,000 million

OUTLOOK

Economic environment

In its January 2024 winter outlook, the International Monetary Fund (IMF) forecast further significant global economic growth of 3.2 (3.2) % for 2024. Compared with the October 2023 outlook, this represents an increase of 0.1 percentage points.

In its spring report of 16 April 2024, the IMF accepted the economic forecast of 3.1 % for the global economy in 2024. The IMF expects China's growth rate to be lower at 4.6 (5.2) %. In the USA, growth is expected to rise to 2.7 (2.5) %.

For the euro zone, the EU Commission forecast growth of 0.8 (0.5) % in its winter report of February 2024. The IMF's spring report assumes an increase in growth to 0.8 (0.4) %.

Volume and raw material markets

For the 2023/24 sugar marketing year (1 October 2023 to 30 September 2024), a surplus of 5.2 million tonnes of sugar is now expected for the global market, with the ratio of inventories to consumption remaining low. After peaking at around 710 €/t at the end of 2023, the global market price for white sugar subsequently fell and then stabilized at a level that remained high.

In the EU, beet sugar production saw a dramatic decline in the 2022/23 sugar marketing year due to a poor harvest, necessitating high import volumes to cover EU market demand. Given the favorable conditions in the global market environment, it was possible to pass on in some cases substantial cost increases to the market. An increase in sugar production in the 2023/24 sugar marketing year with continued rising import volumes from Ukraine led to a sufficient supply of sugar in the EU and rising global market exports. In the 2024/25 sugar marketing year, we expect to see an expansion of the cultivation area in the EU on the one hand and a limitation of import volumes from Ukraine on the other.

The EU 27's and the UK's consumption of fuel ethanol and neutral alcohol in 2024 is expected to continue to rise to 11.1 (10.5) million m³. Demand is likely to be offset by domestic production of 8.1 (7.6) million m³. Net imports are also expected to rise again to around 3.2 (2.7) million m³ and thus remain at a very high level.

With the extensive use of E10, many EU member states are increasingly taking advantage of the potential of sustainably produced ethanol as a low-CO_2, high-quality and cost-effective alternative to fossil fuels. In Germany, the EU's largest fuel market, demand for E10 continued to develop positively in 2023. E10 was last introduced in Poland in January 2024. However, to achieve transportation climate and energy targets, E10 would have to be used everywhere together with an increasing use of fuels with higher ethanol content.

According to the International Grains Council (IGC), global grain production (excluding rice) is set to increase slightly to 2,304 (2,268) million tonnes in 2023/24. Despite the expected growth in consumption, global inventories are expected to rise slightly to 602 (599) million tonnes.

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

Business outlook

The ongoing war in Ukraine continues to exacerbate the already high volatility on the sales and procurement markets. The future impact of the negative influences stemming from the EU's extended duty-free access for agricultural imports from Ukraine, which is now limited in terms of volume, remains uncertain. The implications of the war that broke out in the Middle East last October are likewise difficult to assess.

In fact, it is proving quite difficult overall to assess the economic and financial ramifications along with the potential duration of these temporary crises.

Group

We expect consolidated group revenues in fiscal 2024/25 between € 10.0 and 10.5 (2023/24: 10.3) billion.

Group EBITDA is anticipated between € 0.9 and 1.0 (2023/24: 1.3) billion.

We predict the consolidated operating result to be between € 500 and 600 (2023/24: 947) million.

We expect capital employed to decline slightly. Based on the expected deterioration in the operating result, we anticipate a significant decline in ROCE (2023/24: 13.2 %).

Sugar segment

Amid rising production and sales volumes – assuming prices are falling on average over the year – we anticipate a moderate increase in revenues (2023/24: € 4.2 billion). In this context, we assume that there will be no intensification of the negative effects previously expected from duty-free imports from Ukraine.

We expect the sugar segment's operating result to range between € 200 and 300 (2023/24: 558) million. The significant decline in the result is due in particular to the further significant increase in production costs in the 2023 campaign, which we already referred to in our third quarterly statement. For the 2024 campaign, we expect a decrease in production costs; however, the anticipated decline in sugar prices on average over the fiscal year is likely to have a negative impact on the result.

Special products segment

We will likely experience an overall rise in production and sales volumes in the special products segment during the 2024/25 fiscal year. We expect revenues to grow slightly, driven mainly by higher volumes (2023/24: € 2.4 billion). It was largely possible to pass on the significantly increased raw material and energy costs to the market with a delay in fiscal 2023/24. For 2024/25, we anticipate a further rise in costs, which can now only be passed on to the market with a delay. Consequently, we predict a moderate decline in the operating result for 2024/25 as a whole compared to the result achieved again in 2023/24 following weak years (2023/24: € 196 million).

CropEnergies segment

CropEnergies is projecting again lower ethanol prices in the 2024/25 fiscal year despite stable demand for renewable ethanol, in particular due to the expectation of continued high import volumes. The overall reduction in raw material costs is offset by substantially lower prices for the food and animal feed produced. Based on these projections, CropEnergies forecasts revenues between € 0.9 and 1.1 (2023/24: 1.1) billion and an operating result between € 20 and 60 (2023/24: 60) million.

Starch segment

For the 2024/25 fiscal year, the starch segment is forecasting a slight decline in revenues due to price factors (2023/24: € 1.1 billion). It is assumed that manufacturing costs will not decrease to the same extent as sales prices. As a result, we expect a significant decline in the operating result (2023/24: € 48 million).

Fruit segment

In the fruit segment we expect to see a slight decline in revenues for the 2024/25 fiscal year (2023/24: € 1.6 billion) and a significant decline in the operating result (2023/24: € 85 million). The fruit preparations division anticipates stable volumes, but ebbing prices will have a negative impact on the development of revenues and results. In the fruit juice concentrates division, revenues for the current fiscal year 2024/25 are predicted to be above the previous year's level. Due to the contracts concluded to date from the 2023 harvest, the earnings situation in the 2024/25 fiscal year is expected to remain positive.

RISK AND OPPORTUNITY REPORT

Risk management

Risks and opportunities policy

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

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

Purpose of risk management

The risk management is embedded in Südzucker Group's value-oriented management and planning system. The purpose of the risk management system is to detect existing risks early and systematically, to evaluate them and to provide the relevant decision makers with properly organized risk information. This is accompanied by improving the internal transparency of all processes that have an element of risk and driving a culture of risk awareness among all employees. One of the key risk management tasks is to limit strategic, operative financial and compliance risks.

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

Internal control and risk management system

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

Risk management organization

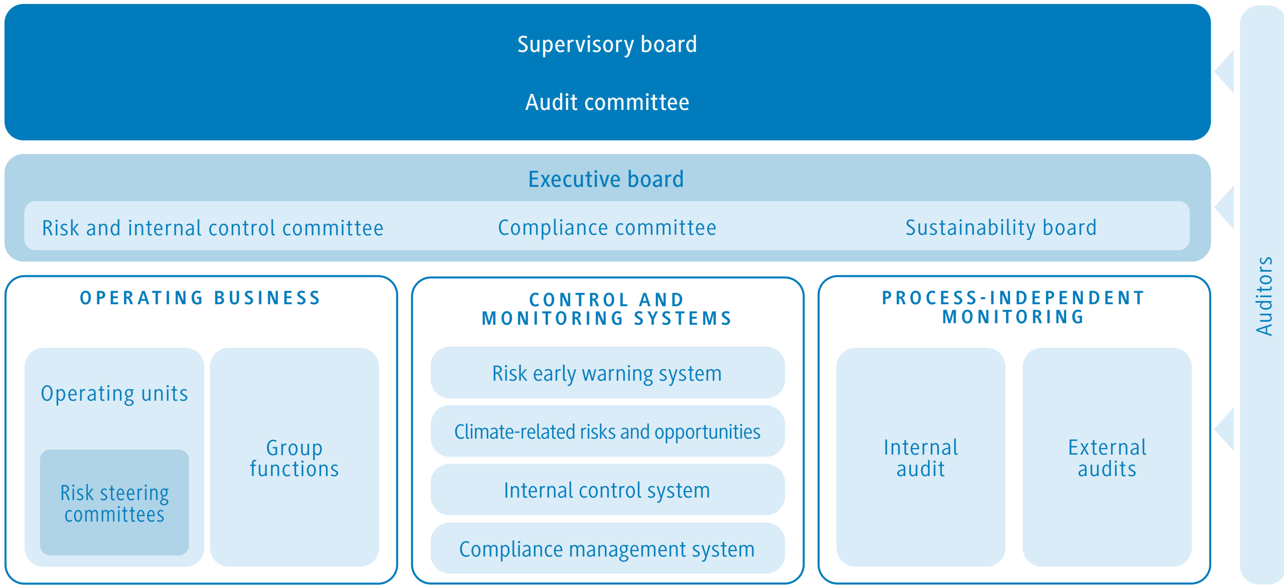


DIAGRAM 016

necessary. In addition, the risk and internal control committee continuously monitors material risks, including cross-business risks and control requirements, and alerts those responsible if action is necessary. It also informs the audit committee of the supervisory board at least once a year about the status of the risk management and internal control system and significant developments. The supervisory board also examines the effectiveness of the risk management and internal control system as part of its executive board monitoring responsibility.

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

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

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

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

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

Internal audit

The internal group auditors are a process-independent entity that monitors the parent company and the group companies. The department reports directly to the chairman of the executive board. It systematically and precisely assesses the effectiveness of the risk management system, control methods, management and monitoring processes on the basis of independent, objective auditing and consultation, focusing on continuously improving them and the underlying business processes. An annual audit plan approved by the executive board forms the basis for the audit procedures; ad hoc audits are carried out at the request of the executive board if necessary. The executive board and the responsible management team are promptly informed of audit results via audit reports. Implementation of proposed measures is tracked and, if relevant, verified through follow-up audits. In addition, Internal audit reports to the supervisory board's audit committee once a year.

Risk communication

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

Summary of the risk and opportunity situation

The price trends for the input agricultural raw materials and the sugar, ethanol and starch products made from them have a significant influence on the future development of the Südzucker Group. Key drivers that impact these changes, such as the regulation of agricultural production conditions, crop protection restrictions, weather and harvest conditions, climate policy for CO_2 reduction, blending targets for renewable raw materials and the demand for and supply of competing raw materials and substitutes, can only be affected by the company to a limited extent in the short term. Demand growth for foodstuff is undergoing changes that are accompanied by changes in the nutritional behavior of consumers, but also by increasing EU consumer policy regulations.

Südzucker Group operates production facilities in the fruit segment in Russia and Ukraine. The impact of the suspension of production at Südzucker's locations due to the war in Ukraine is not included in the earnings forecast for 2024/25.

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

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

The CropEnergies, starch and fruit segments and the BENEO and Freiberger divisions contribute significantly to balancing Südzucker Group's risk and opportunity profile. The focus of climate policy on renewable energies has increased the short and medium-term opportunities for additional market growth in the CropEnergies segment.

The overall risk position of the group remains high, but has decreased slightly compared to the 2022/23 financial year. Nevertheless, there are no risks endangering the company's existence at this time, nor are any such risks foreseeable.

Summary of short-term risks and opportunities

The persons responsible for risk management quantify identified short-term risks and opportunities according to the dimensions of probability of occurrence and financial impact in the event of their occurrence. Subsequently, they are aggregated into risk factors using statistical methods such as Monte Carlo simulation and variance-covariance matrices for exchange rates.

The following section describes the main current risk and opportunity factors for Südzucker and outlines their significance, considering the potential financial impact and likelihood of their occurrence on the results of the 2024/25 financial year. The calculation is based on a value-at-risk approach. The effect of countermeasures taken is thereby considered in each case.

Risk and opportunities categories and financial impact

	Significance	Possible financial effects
Low	○○●	< € 5 million
Medium	○●●	€ 5 – 20 million
High	●●●	> € 20 million

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The greatest individual risks remain the availability and price volatility of raw materials, product volume risks and unchanged high product price volatility. The risks arising from political changes and the opportunities resulting from operational exchange rate fluctuations have increased compared to the previous year.

The potential financial impact of the other risks outlined in this report is comparably minor.

Risk and opportunities categories and their financial impact in fiscal 2024/25

	Risks	Opportunities
Environment and industry		
Market and competition	●●●	●●●
Product price volatility	●●●	●●●
Operational exchange rate risks	○●●	●●●
Changes in the legal and political framework	●●●	○○○
Company-specific opportunities and risks		
Production and logistics	○●●	○○○
Production safty and environment	○○●	○○○
Product quality	○●●	○○○
Personnel and risks from work interruptions	○○●	○○○
Information technology	○●●	○○○
Legal risks	○○●	○○○
Fraud and corruption risks	○○●	○○○
Finance		
Exchange rate fluctuations	○●●	○●●
Other financial opportunities and risks	●●●	●●●

TABLE 043

Description of the risk and opportunity situation

Procurement and target markets

Availability and price volatility of raw materials and energy

Südzucker Group processes over 30 million tonnes of agricultural raw materials annually. In addition to 27 (23) million tonnes of sugar beet in the 2023/24 financial year, this includes substantial annual quantities of corn, wheat, barley, rice, triticale, chicory, potatoes and fruit.

Südzucker Group is exposed to various procurement risks as the processor of these raw materials. These risks relate mainly to fluctuations of harvest yields, due primarily to extreme weather conditions (climate change) as well as pests and diseases affecting crops. What's more, beets compete with other crops when farmers decide what to grow, which poses a procurement risk in the sugar segment.

Alongside availability-related procurement risks, agricultural raw materials are also subject to price fluctuations, which are currently being influenced by the war in Ukraine. The war initially led to a sharp rise and extreme volatility in raw material prices, which had a direct impact on the price of European ethanol and the world market price of sugar and, in particular, grain prices in the sugar, CropEnergies and starch segments. Currently, many raw material prices are significantly lower again, although not at the level they were at before the start of the war. Political measures such as export bans imposed by major exporters can also lead to increased short-term price volatility. Procurement risk is particularly affected by poor weather and any plant diseases that may arise. Poor harvests resulting from these factors can have a negative impact on both the availability and cost of raw materials. Price trends for these agricultural raw materials, which cannot always be directly passed on to the market, have a significant influence on the future development of the Südzucker Group.

Furthermore, the Südzucker Group is exposed to energy price risks due to the considerable amount of energy required to manufacture its products. Higher energy prices and the high inflation currently being observed are leading to a structural increase in production costs in the EU. In this context, we are also noticing a greater reluctance on the part of our customers to purchase our products.

Ongoing global uncertainties make it impossible to predict how raw material availability and prices will develop in the future. Price fluctuations may also present opportunities if developments are favorable.

Global warming and shifting climate zones

The consequences of global warming and shifting climate zones include rising average temperatures and lower rainfall as well as greater climate variability in the medium to long term. Changes in the frequency, severity, volume expansion and duration of weather events lead to extremes such as heavy rainfall, droughts, flooding, storms or hail. Flooding and low water levels are expected to increase as a result.

Agriculture is directly dependent on weather and climate. Higher temperatures, heavy rainfall or water shortages have an immediate impact on agricultural production, including above-normal fluctuations in harvest yields. An extended vegetation period and higher temperatures can lead to higher yields if the soil contains sufficient water, but lower yields when water is scarce. Due to fewer frost days and faster soil warming, an extended growing season would also result in competition with other crops when farmers decide what to grow. Changes in the availability and thus the prices of agricultural products directly affect Südzucker's business activities.

In addition, shifting climate zones resulting from a general rise in temperature can promote the emergence of new pests into crop areas for raw materials. These include Cixiidae, which infest sugar beets, among other crops, and transfer bacteria that cause Syndrome Basses Richesses – low sugar content syndrome or stolbur. This poses a threat to beet cultivation in the affected regions.

Damage due to extreme weather and flooding at Südzucker's sites and those of its business partners can influence the availability of raw materials, production and products. The navigability of inland waterways or damage to roads, railways, traffic control systems, overhead power lines and pylons can impede both raw material and product logistics as well as the ability of employees and service providers to access locations.

Higher temperatures increase the demand for cooling energy and cooling water in production processes. Lower water levels and higher water temperatures in rivers can result in a shortage of cooling water, thereby lowering production output.

Südzucker Group is currently conducting an investigation to assess climate-related risks. The first step will be to examine the impact of climate change on our 100 or so locations around the world. The investigation is based on generally accepted data and scenarios (e.g. from the IPCC SSP1-2.6 and SSP5-8.5 or the World Resources Institute) on the current status or future development of climate change. Initial results indicate that the availability of water and the impact of droughts and heat waves pose the greatest risks. The impact is highest on the fruit segment.

To supplement the climate change scenario analysis for Südzucker Group's locations, we began analyzing climate risks along our agricultural value chains in the 2023/24 fiscal year.

For this purpose, a specific risk model was developed for the Südzucker Group to enable the systematic identification of climate risks. In the first step, the physical climate risk for sugar beet was determined based on selected indicators, and preliminary potential impacts on yields were examined. Resilience measures were also discussed.

The scenarios SSP1-2.6 and SSP5-8.5, recommended by the Intergovernmental Panel on Climate Change (IPCC), commonly referred to as the World Climate Council, were applied. The analysis considered the current conditions, as well as both an optimistic and a pessimistic scenario through to 2029, along with extended forecasts for 2040 and 2060. The analysis is guided by the recommendations promulgated by the Task Force on Climate-Related Financial Disclosures (TCFD) in the relevant areas (→ table 126).

During this transformation phase to achieve greenhouse gas neutrality, a range of regulatory measures will be taken in the EU that entail risk as a result of significantly higher procurement prices. This primarily affects energy itself. However, in the medium term it will certainly also impact other areas such as transport, logistics or the procurement of raw materials and thus all activities in the Südzucker Group. Südzucker's sugar, CropEnergies and starch segments and the BENEO division are subject to the regulations set forth by the European Emissions Trading System and are directly affected by potential adjustments. Moreover, further adjustments will be necessary in the medium term. We are currently working hard to evaluate various technologies on a site-by-site basis. Risks resulting from the technical deployment of the individual measures will rise in the coming years, as will the corresponding demand for investments and associated financial risks.

Price volatility of products

While sugar and starch volumes in the EU are currently declining slightly, the most important markets for animal feed, functional ingredients for food and animal feed, frozen products, ethanol and fruit are characterized by comparatively stable or rising demand.

In the sugar segment Südzucker is exposed to risks arising from price fluctuations in the world sugar market, the European Union (EU) common market and animal feed markets. If the surplus on the world sugar market rises more than expected, world market prices may also fall. The world market price trend also influences the sugar price level in the EU. The duty-free imports of sugar and grain from Ukraine to the EU have put enormous pressure on prices in the EU. However, since many of Südzucker's sales contracts are signed for one year at a fixed price, short-term market price changes have only a limited or delayed impact on earnings.

Ethanol prices in Europe are affected by various factors such as supply and demand at the local level, the price level and availability in the United States, Brazil and other exporting countries, as well as general political conditions. They dropped in the past few months in line with the price development of other energy sources and may continue to be subject to strong fluctuations.

In summary, a change in market prices for Südzucker Group's products, for whatever reason, can have a significant positive or negative impact on Südzucker Group's performance.

Operational currency exchange risks

Currency exchange risks arise at Südzucker's operations when sales revenues or the cost of materials and / or merchandise are denominated in a currency other than the local currency.

In the sugar segment, sugar exports to the world market are subject to US dollar exchange rate risks, and are always hedged from the date of entering the sugar futures contract to the date of payment receipt. Raw sugar refining is exposed to currency risk from raw sugar purchases denominated in US dollars. In the special products segment, foreign exchange risks arise in the BENEO division from US dollar sales revenues for which the underlying production costs are mostly incurred in euros and Chilean pesos. Revenues of the Freiberger Group in the UK are exposed to currency risk related to the British pound sterling. Raw material purchases and product sales in the CropEnergies segment are mainly made in euros. The company is only exposed to currency risks when purchasing raw alcohol in US dollars and selling industrial alcohol in euros. These transactions are hedged using forward exchange contracts immediately after purchasing the raw alcohol. Currency risks in the fruit segment relate primarily to volumes sold in euros or US dollars, while raw material and operating costs are denominated in the respective local currency. When raw materials and / or sales are denominated in foreign currencies, the currency risk is partly hedged using forward exchange contracts.

Changes in currency exchange rates could have a significant impact on the Südzucker Group's net assets, financial position and performance.

Structural or political changes

Changes to economic and agricultural policy in the EU, international trade relations and national tax and customs regulations, as well as interpretation by regional authorities, pose further risks associated with general legal and political conditions.

Despite common policies among all member states, considerable differences remain in the national agricultural policy frameworks within the EU. In the EU sugar market, necessary capacity adjustments in non-competitive EU regions will continue to be obstructed by nationally coupled premiums for sugar beet cultivation. In addition to subsidies, the approval of fertilizers and plant protection products is still subject to different national regulations. In some cases, this can give processors of agricultural raw materials significant cost advantages or disadvantages due to their location in the EU, which also prevents inefficient competitors from exiting the market. The resultant higher pressure on end products leads to corresponding earnings risks.

An international comparison also reveals considerably greater differences in political frameworks, in terms of environmental, energy or social policy, for instance. This results in substantial competitive differences between the individual businesses operating in the global marketplace. The growing importance of free trade agreements with corresponding preferences, particularly duty-free or duty-reduced imports in the EU, leads to a risk of increasing import volumes, especially for sugar and ethanol, which further compound price pressure. The political negotiations over a free trade agreement between the EU and Mercosur concluded without a resolution in December 2023. It is currently unclear when the negotiations will resume. Similarly, no agreement on a free trade deal with Australia had been reached by the end of October 2023, which led to the termination of negotiations. By the same token, new trade restrictions may jeopardize export market sales. The measures to support Ukraine have led to duty-free imports of sugar into the EU. This is linked to a significant increase in the cultivation areas for sugar beets and thus sugar production in Ukraine for the upcoming campaign, which will put additional pressure on the EU sugar market. Potential trends towards renationalization in various industries and countries could also have a corresponding impact on sales potential.

Südzucker Group operates production facilities in the fruit segment in Russia and Ukraine. As a result of the war, the facilities in Ukraine can still only be operated at reduced capacity. A deterioration in the economic situation in Russia may also have a negative impact on production and the market environment. The further development of the conflict and the resulting financial impacts remain very difficult to assess. Südzucker Group has formed crisis teams to limit the negative effects as much as possible, especially with regard to our employees. The impact of the discontinuation of production at the Südzucker locations is not included in the 2024/25 earnings forecast.

Any changes in the political framework also entail risks associated with investment activities. Investment plans might be abandoned or delayed due to regulatory uncertainties, which could lead to operational risks. At the same time, investment decisions are also based on the adoption of certain regulatory frameworks. If unforeseeable deviations arise, there could be considerable risks to returns. This might include consumer control measures such as labeling requirements or taxes on individual products and even blending targets for ethanol. On 30 November 2022, the European Commission introduced a draft of an EU packaging regulation aimed at making it easier to recycle packaging and reduce the waste that is associated with it in the EU. Any changes to the existing regulation that may result from this could have a negative impact on the PortionPack division in particular. Evolving legislation and regulatory conditions in areas such as hygiene or ingredients can present risks as well.

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

The need for all sectors of the economy to significantly reduce their fossil carbon footprint has led to new development options for biomass-based products, for example in the field of biochemicals as a sustainable alternative to petrochemical products.

As part of the negotiation of initiatives for the EU's "Fit-for-55" reform package, co-legislators have agreed to reduce CO_2 emissions from cars and vans by 100 % in 2035. Internal combustion engines are unable to meet these requirements; in such cases, vehicles equipped with these engines will no longer be able to obtain new registrations. An accompanying electrification of road transport will significantly reduce the sales market for fuel ethanol in Europe.

Changing consumer behavior and the trend towards sustainable consumption

Industrialized countries are witnessing a progressing decline in per capita consumption of individual products, especially sugar consumption in the EU. As the population in many developed countries becomes more health conscious, consumer preferences are changing, leading to a decline in overall consumption of foods containing full-calorie sweeteners. Concerns about weight gain or dental hygiene are prompting some consumers to avoid sugary products or choose products with reduced sugar content or low-calorie sweeteners. Regulatory measures such as the introduction of sugar taxes and the public health debate and media mindset are further factors stimulating this development. A significant decline in demand for sugar and sweeteners in saturated markets that is not offset by sales volume increases in developing countries or new end markets or market share gains may have an adverse effect on the Südzucker Group.

Südzucker's strategic orientation calls for an expansion of activities in the plant protein sector. While sales of animal feed could face a long-term threat from declining consumption of fish and meat products, the plant proteins market segment is growing considerably in an effort to cater to vegetarian or vegan dietary habits. We see considerable opportunities here based on our positioning, especially in light of the long-standing protein deficit in the EU.

Greenhouse gas emissions associated with manufacturing and marketing products have a significant impact on consumer behavior. Products that are favorably labeled or even carbon neutral will generate significant sales potential. Overall, Südzucker believes it is poised to take advantage of these developments not only with its high-quality, non-genetically modified and regional products, but also especially thanks to its activities in the functional food sector.

In the biofuels market, ethanol competes with established fuels, other alternative fuels and new propulsion technologies such as electric drives. Methanol and butanol from biomass are examples of competing products. Alternative fuels and new propulsion technologies may be more successful than ethanol in the biofuels market due to the availability of raw materials and price volatility, lower production costs, greater environmental benefits, tax levels or other more favorable product attributes. Alternative fuels could also benefit from tax incentives or other favorable subsidy measures at the expense of first-generation ethanol, which could have a negative impact on the performance of the Südzucker Group.

Company-specific riks and opportunities

Production and logistics

The Südzucker Group cannot rule out the possibility of technical, IT, logistical or other disruptions causing a temporary failure of individual systems or system components that are critical to the production process. Likewise, it is also possible that interruptions in the supply of raw materials or energy could temporarily restrict production or require a temporary halt to production. In particular, the availability of suitable transportation means for timely delivery of raw materials and finished products is also subject to fluctuation. For example, particularly high or low water levels, especially on the Rhine, can result in limited availability and loading capacity of inland waterway vessels and thus higher logistics costs. The shortage of truck drivers is also putting a strain on production and distribution. The resulting production downtime could impair the Südzucker Group's ability to meet its delivery obligations to its customers and, in the event of incomplete or delayed deliveries, might even lead to claims by these customers (particularly claims for damages) and the permanent loss of customers.

At the beginning of the war in Ukraine, the operation of the plants in Ukraine had to be largely discontinued. Production has since resumed, albeit at a reduced capacity. A weaker economy can have a negative impact on production locations in the fruit segment and the market situation in Russia.

Production safety and the environment

Südzucker operates plants for the production of sugar and starch products, bioethanol, animal feed, fruit preparations and fruit juice concentrates, etc. As the owner of the properties on which these plants are located, the Südzucker Group may be subject to causal liability or liability as the property owner or property holder or by third parties under civil law if the soil or groundwater there is or becomes contaminated. As the owner or operator of plants, the Südzucker Group is also liable under both public and civil law for non-compliance with public law regulations and any resulting damages. The Südzucker Group may not be able to maintain an environmental management system that ensures compliance with all environmental regulations. Even with a functioning environmental management system, human error can result in environmental impacts for which Südzucker Group, as the plant operator, can be held liable directly or by way of recourse.

Product quality

One of Südzucker's stated objectives is to supply customers with safe, high-quality products at all times. Serious violations of safety standards for food and other products could adversely affect consumer health, damage Südzucker's reputation and reduce sales volumes of our products. Despite introducing and maintaining a strict quality management system and complying with all applicable legal standards, we cannot rule out a scenario in which the quality of one or more Südzucker products receives a negative assessment or some products do not meet internal or external quality standards. In such cases, the Südzucker Group could be exposed to liability claims and reputational risks that might have a material adverse effect on Südzucker's financial position.

Personnel and risks from work interruptions

One of Südzucker's most important success factors is the knowledge and expertise of its employees, which is why it is essential to attract and employ qualified talent in sufficient numbers. Südzucker Group competes intensely with other companies for trained personnel and is thus exposed to the risk of being unable to suitably fill vacancies. Alongside technical and scientific qualifications, this also applies to the IT sector in particular. In addition, employee turnover carries the risk of knowledge loss. There is no guarantee that Südzucker will be able to recruit and retain the required number of qualified specialists and managers in the future.

Furthermore, Südzucker may not be able to conclude satisfactory new agreements with works councils and trade unions once existing collective bargaining agreements expire or reach such new agreements without walkouts, strikes or similar labor disputes. Any walkouts, strikes or similar actions taken by the workforce could have a negative impact on the Südzucker Group.

Acquisitions, restructuring, joint ventures and alliances

Südzucker Group has acquired companies, products and technologies in the past to complement or expand its business and expects to continue making such acquisitions in the future.

Südzucker management's negotiations of potential acquisitions and alliances, as well as the integration of acquired companies, products or technologies, require the time, focus and resources of management and the workforce. Acquisitions involve many additional risks, including: the inability to a) successfully integrate acquired businesses, technologies, products or management systems; b) retain key employees; c) avoid assuming significant unknown liabilities, incurring debt or significant cash expenditures; or d) establish, reestablish or maintain internal controls. There are also risks associated with integrating different corporate cultures and processes. In addition, acquired companies may not perform as expected, which may also have an adverse effect on operating margins and income.

Restructuring programs may result in expenditures that exceed original estimates, while anticipated savings may not be achieved. Risks associated with restructuring production locations and administrative areas may impact the respective businesses and production processes.

Beyond this, the Südzucker Group owns shares in joint ventures and associated companies and holds additional investments. These companies are subject to the business environment specific to their respective activities. With a minority interest, the possibility of integration and influence at these companies is limited.

Finally, Südzucker has also joined alliances for various purposes, including the development of new products, and expects to continue forming such alliances in the future. There are no assurances that such objectives will be successfully achieved or that Südzucker will not incur significant unexpected liabilities in connection with such agreements. Consequently, there is no way to exclude the possibility of Südzucker failing to benefit from such acquisitions or alliances as expected or of the company being adversely affected.

Reputational risks

Südzucker is exposed to potential damage to its image in the event of negative media – including social media – coverage of the corporate brand or individual brands, especially in the consumer goods sector. This negative reporting may result in a decline in revenues and reduce Südzucker's operating result.

Information technology

The management of our group is largely dependent on a sophisticated computer system, which is exposed to information security risks from internal and external sources. We apply appropriate processes and programs to protect the availability, confidentiality and integrity of business-related information and data processing systems. The processes and programs rely on relevant standards, and are operated, monitored and continuously updated by qualified internal and external experts.

As part of the critical infrastructure, Südzucker Group companies are subject to both national and EU-level regulations. Resulting requirements are included in the continuous optimization of measures, but can also lead to fines in the event of non-compliance.

Innovations

All projects in research and development as well as innovations carry both opportunities and risks. The general market environment for the Südzucker Group is characterized by an increasing degree of change, volatility and uncertainty. Even though risks from, for example, disruptive innovations in the market or the entry of new market participants with new business models cannot be completely ruled out, we primarily see innovation as an opportunity: Through active innovation management and enhanced collaboration among our various business units, we aim to identify new trends and market or customer needs early on and develop corresponding solutions – whether through the advancement of existing business areas or the establishment of new ones. We are able to draw on the core competencies within the Südzucker Group along with available bio-based raw materials, a wide range of production capabilities, and broad market and customer access.

Südzucker Group addresses key strategic fields through its internal R&D and new business development expertise as well as its collaborative efforts with international industry, research and start-up partners from the AgriFoodTech and bioeconomy sectors.

Legal risks

Südzucker is exposed to potential changes in the legal environment, particularly as relates to food and environmental laws. Such risks are documented without delay, their impact on the group's business activities evaluated and appropriate action taken if necessary.

Südzucker analyzed the obligations and risks contained in the EU general data protection regulation and implemented the organizational steps in order to guarantee the protection and security of personal data, especially of its employees, customers, suppliers and other business partners.

There is a general risk that antitrust authorities may interpret the conduct of company organs and employees as violating antitrust laws, and that they may initiate proceedings. Such proceedings always negatively impact the company's reputation and can result in high fines and potentially, unfounded claims for compensation from third parties.

Südzucker is continuously pursuing antitrust compliance measures, in particular by conducting audits and in the area of internal reporting. Training courses and audits to prevent antitrust law violations are conducted at regular intervals.

As expected, following the conclusion of the German sugar cartel fine proceedings in February 2014, customers filed claims for damages and in some cases sued citing alleged cartel-related price surcharges. Südzucker is defending itself against the claims on the basis that customers did not suffer any disadvantages during the period identified by the Federal Cartel Office. The legal proceedings pending at various German regional courts are costly and tedious. The majority of the lawsuits have not yet been adjudicated. Individual lawsuits have already been dismissed with costs. There are still no legally binding rulings that would confirm Südzucker's liability for damages. Südzucker will likely also have to continue to deal with these proceedings in the coming years.

In connection with the German sugar cartel fine proceedings, the Austrian Federal Competition Authority filed a claim in 2010 for a fine to be imposed on Südzucker AG and AGRANA Zucker GmbH, Vienna / Austria, totaling about € 28 million for suspected anticompetitive agreements. After a legal dispute lasting several years, a decision by the Supreme Court of Vienna in the fall of 2022 legally established a significant reduction of the original charge. Following this decision, an agreement was reached with the Austrian Federal Competition Authority. The fine of € 4.2 million accepted in this case was confirmed by the court in the 2023/24 fiscal year and is legally binding. It is significantly lower than the provisions that were set aside when the proceedings were initiated, which were already correspondingly reduced in the 2022/23 fiscal year.

Fraud and corruption risks

Fraud and corruption risks can arise when Südzucker Group employees or managers break laws, contravene internal regulations or fail to comply with regulatory standards recognized by Südzucker. Persons outside the company may also commit fraud using forged identities to initiate payments or deliveries. Training courses are held regularly in order to provide support to ensure that each and every employee behaves in a proper manner regarding legal conformity and social ethics. Specific recommendations on selected topics were developed and made available to employees. Adherence to compliance rules is supported by a whistleblower system.

Sanctions and embargo risks

A key tool used to prevent business criminality is to check business partner details. This is done by automatically scrutinizing applicable sanctions lists in a harmonized database. Südzucker also has an appropriate framework to prevent value added tax fraud within the EU.

Finance

Because it conducts business worldwide, Südzucker Group is exposed to a variety of financial risks. This includes risks associated with fluctuating currency exchange and interest rates, liquidity risks, as well as credit rating and default risks.

Exchange rate fluctuations

Financial impacts of exchange rate fluctuations are mainly due to intra-group financing of subsidiaries in currencies other than the local currency. In the US, the UK, Mexico and Eastern Europe, Südzucker Group finances some subsidiaries through intragroup loans denominated in euros. To a lesser extent, Group companies in the eurozone also provide financing to subsidiaries in their differing national currencies.

Other financial risks and opportunities

Südzucker Group is exposed to a limited extent to the impact of changes in interest rates on variable-rate or short-term financial obligations and investments. Exposure to these loans and investments fluctuates significantly over the course of the year because of campaign-related financing requirements. Südzucker successfully issued its first sustainability-linked financing instrument under the new Sustainability-Linked Financing Framework in October 2022 with a volume of € 400 million. With this sustainability-linked bond, Südzucker has committed to paying investors a redemption premium of 0.50 % of the nominal value if the target of reducing the Südzucker Group's Scope 1 + 2 CO_2 emissions (performance indicator) by −32 % compared to the historical reference date of 31 December 2018 is not met by the target observation date of 31 December 2026.

Employees in the Südzucker Group are granted benefits under defined contribution or defined benefit plans. Company pension obligations are primarily covered by corresponding provisions in the balance sheet and partially by outsourced pension assets. In order to limit the risks of changing capital market conditions, the offer of defined contribution plans is now restricted.

The rating agencies Moody's and Standard & Poor's assess Südzucker's creditworthiness. Südzucker is committed to maintaining a stable investment grade rating. A downgrade in the assigned rating could negatively impact the group's cost of capital for future financing needs.

Südzucker Group mitigates liquidity risks using long-term capital market and bank financing by way of issuing euro bonds, promissory note loans and bank loans. Short-term liquidity is secured through the commercial paper program and syndicated and bilateral bank credit lines. Securities investments and emission certificates also offer liquidity reserves.

Detailed information regarding credit, liquidity, currency exchange, interest rate and price risks, including the use of derivative financial instruments for hedging risks, is provided in the notes to the consolidated financial statements (31) "Risk management of financial instruments".

Südzucker is subject to a number of tax laws and regulations. Changes in this area could lead to higher tax expenses and tax payments and also have an impact on recognized current and deferred tax assets and liabilities. Tax risks exist for all open assessment periods, with provisions being recognized in sufficient amounts for known tax risks. Unused tax loss carryforwards could be used in the future, for example due to further positive earnings development in the sugar segment, resulting in lower tax burdens.

Internal control and risk management system as it applies to accounting systems

Essentials

The aim of the risk management system in the accounting process is the identification, evaluation and management of risks, which are offset by the publication of a standards-based annual group report. Südzucker AG's accounting-related internal control system thus aims to ensure that its financial reporting and accounting practices comply with recognized standards, are reliable and effective, and that they truly reflect the company's assets, financial and earnings situation at all times. The system is embedded in the underlying business processes in all relevant legal entities and central departments and is being enhanced. The main elements of the system are the principles, procedures and controls that ensure thorough and complete financial reporting; for example, consistent accounting, valuation and balance sheet procedures, processes and practices throughout the group.

IFRS reporting guideline

Südzucker Group's accounting and valuation guidelines, including the accounting principles as per International Financial Reporting Standards (IFRS), ensure that the accounting and valuation systems used for all business transactions by the German and foreign subsidiaries included in Südzucker's consolidated financial statements are consistent throughout the group. Südzucker's internal IFRS Reporting Guideline ensures that IFRS is applied as applicable to Südzucker and explains accounting topics. The contents of the IFRS Reporting Guideline are prepared centrally and are regularly updated.

Internal audit system in relation to the accounting process

The group accounting process starts with the group's individual companies. Individual organizational entities prepare and check their financial statements and send them to Südzucker AG's central consolidation department by uploading the data to the consolidation system. Clearly structured authorization rules are in place for all of the group's accounting-related IT systems.

Südzucker AG's central consolidation department is in charge of completing the overall consolidation and preparing the group management report and consolidated financial statements. It also oversees the group's binding standard chart of accounts and manages the IT consolidation tool.

External auditors are regularly appointed as part of the preparation of the financial statements for the valuation of provisions, primarily those for personnel.

Südzucker Group's internal monitoring system has two components: controls integrated into the processes and process-independent controls. There is a strong emphasis on the principle of segregation of duties and the principle of dual control, as well as compliance with guidelines and rules related to key business processes.

Automated validation rules and plausibility checks, especially in the IT-based consolidation system, ensure that the data entered by the individual companies is complete and correct.

Segregating the administrative, executive, accounting and approval functions and making different persons responsible greatly restricts the opportunities to engage in criminal activity. Nevertheless, it is impossible to fully exclude every eventuality, especially arbitrary personal decisions with negative ramifications, erroneous audits, criminal activities or other circumstances.

The monitoring steps taken to ensure proper and reliable accounting include, for example, analyzing business developments on the basis of specific key indicator analyses, as well as analyzing individual transactions in detail. At the group level, specific audit activities to ensure that the group accounting is being properly and reliably carried out include analyzing and, if necessary, adjusting the individual group company financial statements, taking into consideration the external auditors' reports and/or the audit debriefings.

As part of the integration of newly acquired companies, the existing internal control systems are quickly adapted to meet Südzucker Group's high standards.

Internal audit

The internal audit department audits the internal control system, compliance with legal requirements and internal corporate guidelines, as well as the risk management system. It makes recommendations and develops any necessary process changes accordingly, thereby contributing to continuous improvement of the internal control and risk management systems.

The audit committee deals mainly with compliance, monitoring the accounting process and the annual audit of the financial statements. It also reviews and verifies the effectiveness of the internal control systems, the risk management process and the internal auditing process.

External audit

The external auditor checks that the early risk identification procedure integrated into the risk management system is entirely suitable for timely identification of existential risks. The auditor also reports to the supervisory board any material weaknesses found in the internal control and risk management system. During the audit of the closing financial statements, the auditor confirmed that Südzucker's early warning system is capable of timely detection of existential risks.

CORPORATE GOVERNANCE

Reporting on corporate governance considers the recommendations of the German Corporate Governance Code and contains a statement on corporate governance in accordance with articles 289f and 315d of the German Commercial Code and all necessary disclosures and explanations in accordance with articles 289a and 315a of the German Commercial Code. The disclosures in the corporate governance declaration are not included in the audit in accordance with article 317 para. 2 item 6 of the German Commercial Code.

Corporate Governance declaration in accordance with articles 289f and 315d of the German Commercial Code

The corporate governance declaration in accordance with articles 289f and 315d of the German Commercial Code (HGB) provides information on the key elements of Südzucker AG's corporate governance structures, relevant corporate governance practices, the composition and working methods of the executive and supervisory boards and their committees, as well as the objectives to be defined and the approaches to be implemented in the composition of the executive and supervisory boards.

Declaration of Compliance as per section 161 of the German Corporation Act (AktG)

In November 2023, the executive and supervisory boards issued a declaration of compliance with the GCGC recommendations in the version dated 28 April 2022 as per section 161 of the German Stock Corporation Act (AktG). Südzucker AG complies with the recommendations of the code with the exception of the items outlined in the declaration of compliance. There are no recommendations in the code that do not apply to Südzucker AG due to overriding legal requirements. The complete version of the 2023 declaration of compliance – as well as the declaration of compliance for prior years – is posted on Südzucker AG's website (www.suedzucker-group.com/en/Entsprechenserklaerung).

Publication of compensation report and compensation system

A separate report on executive and supervisory board compensation is published on Südzucker's website.

The compensation report, including the auditor's report pursuant to § 162 of the German Stock Corporation Act (AktG), will be made publicly available at www.suedzuckergroup.com/en/investor-relations/corporate-governance/verguetungsberichte after approval by the annual general meeting; in advance of this, the compensation report for the last financial year can be viewed as part of the invitation to the upcoming annual general meeting that will pass a resolution on this report when the documents are published.

The current compensation system approved by the annual general meeting as well as the last compensation resolution can be accessed at Südzucker's website (www.suedzuckergroup.com/en/investor-relations/corporate-governance/verguetungssysteme).

Disclosures on corporate governance practices

Responsible management and control of the company with a focus on long-term value creation (corporate governance) have always been of great importance to Südzucker. The basis for this is an effective collaboration between the executive and supervisory boards, respect for the interests of the workforce and other groups associated with the company (stakeholders), open corporate communications and compliance with legal provisions and internal company policies.

The German Corporate Governance Code contains recognized standards of good, responsible and sustainable corporate governance. Consequently, Südzucker consistently aligns its corporate governance with the recommendations and suggestions of the GCGC and follows them with the individual exceptions presented.

Südzucker views corporate governance as an ongoing process and continues to develop its understanding outside of the code. Corporate governance practices that go beyond the legal requirements and the recommendations of the GCGC are derived from our vision and our shared values. The main guidelines are primarily summarized in our compliance guidance, in the code of conduct for managers and employees of Südzucker Group and in the code of conduct for suppliers.

Compliance / Compliance management system

Compliance with laws and internal policies is an integral part of Südzucker AG's successful and sustainable business activities.

Compliance is thus embedded in Südzucker Group's corporate mission and documented in a compliance management system (CMS). Südzucker's CMS contains all rules and measures required to guarantee that everyone at the company knows they must conduct themselves in accordance with the law and to recognize associated risks. It specifies responsibilities, training measures and reporting channels and is based on the seven basic elements of IDW auditing standard 980 "Auditing of compliance management systems" published by the German Institute of Auditors (IDW).

Compliance culture

At Südzucker Group, practicing compliance is the responsibility of the executive board, as well as the managers of all the group departments, divisions and subsidiaries or companies in which Südzucker Group holds a stake. Through their actions and communications, the executive board and managers should create an environment that makes very clear the importance of compliance within the company ('tone from the top')

Compliance objectives

The aim of CMS at Südzucker is to guarantee that the company and its employees conduct themselves in accordance with applicable laws, that non-compliance risks are recognized early and that such risks are prevented through appropriate countermeasures. Any violations shall be tracked and communicated to the responsible parties.

The prevention of corruption and bribery within Südzucker Group is also one of the objectives.[1]

Compliance risks

Compliance risks arise when there is any kind of non-conformance with laws and regulations. The main focus at Südzucker is in the areas of antitrust laws, corruption and bribery prevention, capital market/reporting obligations and data security.

Compliance program

Südzucker Group's compliance program contains all of the steps required to achieve the aforementioned objectives. Among other things, it comprises establishing appropriate guidelines, internal safeguards to maintain capital market reporting and documentation obligations and using a software solution to guarantee third-party compliance.

All of the company's divisions conduct regular training on compliance topic. These training courses are actively assigned. In fiscal 2023/24 approximately 7,106 employees including the executive board were trained throughout the company. This represents about 93 % of the target group (active employees, including the executive Board and management staff with IT access[2]). The e-learning program, which is mandatory, covers a multi-year training program on compliance basics, antitrust law, corruption and bribery prevention, IT security, data protection, capital market compliance, and fraud through identity forgery. On completion of the program, participants must complete and pass a final test.[1]

Compliance organization

A groupwide compliance structure with clearly defined reporting paths for all operating companies and key departments forms the core of Südzucker's compliance organization. All reports of potential violations are tracked.

The compliance officers of the main operating subsidiaries and/or the compliance officers of the Südzucker AG departments considered to be material submit case-related and periodic reports to the compliance officer and executive board of Südzucker AG. The executive board in turn regularly reports to the supervisory board and Südzucker AG's audit committee regarding compliance issues.[1]

In addition, the company has set up a compliance committee that discusses fundamental and current issues at regular meetings.

Compliance communication

All employees were informed about Südzucker's code of conduct (→ www.suedzuckergroup.com/en/Unternehmen/Verhaltenskodex/) and, for AGRANA employees, the AGRANA code of conduct (→ www.agrana.com/ueber-agrana/compliance-bei-agrana/verhaltenskodex) and the corporate compliance principles (→ www.suedzuckergroup.com/en/Unternehmensgrundsaetze/). Posters were put up at the company sites to raise employee awareness of compliance principles during their day-to-day activities. Suspected violations of the code of conduct or the corporate compliance principles may be reported using a dedicated telephone number or e-mail address, as well as via an Internet-based anonymous whistleblower program.

In fiscal 2023/24, 35 notifications were received throughout the group via these channels. We follow up each report with care and confidentiality.[1]

Compliance monitoring and development

Südzucker's internal audit department carries out scheduled and ad hoc audits and thereby monitors adherence to all legal requirements and internal guidelines. In fiscal 2023/24, selected departments, such as purchasing or logistics, were also audited for corruption and fraud at 44 % of the locations. No material violations of statutory regulations could be identified.[1]

No cases of corruption were identified in fiscal year 2023/24.[1]

Südzucker AG is considered a critical infrastructure operator and is thus subject to an audit of its information technology systems in accordance with the German Federal Office for Information Security Act (KRITIS audit). The last audit required in fiscal 2022/23 did not report any material findings.[1]

[1] This paragraph is part of the summarized non-financial statement.
[2] Employees on parental leave, partial retirement or long-term sickness are not included in the defined group of persons.

Internal control and risk management system

Responsible management of business risks is fundamental to good corporate governance. Südzucker AG's executive board and Südzucker Group's managers make use of group-wide, company-specific reporting and control systems to detect, evaluate and manage these risks. The executive board regularly keeps the supervisory board apprised of existing risks and how they evolve. The audit committee deals mainly with monitoring the accounting process, compliance and the annual audit of the financial statements. It also reviews and verifies the effectiveness of the internal control systems, the risk management system and the internal auditing system. Details regarding risk management are outlined in the risk and opportunity report.

Key features of the internal control and risk management systems

The Südzucker Group's internal control and risk management systems are based on the principles, guidelines and measures prescribed by the executive board. They include managing opportunities and risks related to achieving business objectives, ensuring internal and external accounting processes function properly and reliably and complying with relevant legal requirements and regulations.

Management of risks and opportunities covers sustainability aspects and also encompasses processes and systems used to record and process sustainability-related data, which we are continuously improving.

The internal control and risk management system framework determines the elements and sets the benchmark for assessing the appropriateness and effectiveness of these systems. It connects the risk management process with financial reporting and internal control – two systems that complement each other. All divisions and corporate departments in the Südzucker Group are part of the internal control and risk management systems. The scope of activities and measures to be carried out by each division and corporate department differs depending on the importance of the individual division for the consolidated financial statements and the specific opportunities and risks associated with its operating activities.

Overall responsibility for the internal control system and risk management lies with the executive board. The Risk and Internal Control Committee pools and integrates internal control and risk management processes and helps the executive board create and maintain appropriate and effective processes for implementing, monitoring and reporting internal control and risk management activities.

The management of each division and corporate department is required to implement an appropriate and effective internal control system and risk management system in its area of responsibility based on principles that are mandatory throughout the group. Risk officers and, if necessary, risk committees are deployed in the individual divisions and corporate departments to achieve this aim.

Risk management, which is based at Südzucker Group headquarters, is responsible for monitoring and coordinating all processes to ensure the appropriateness and effectiveness of the internal control system and risk management system within the group.

Details regarding risk management are outlined in the risk and opportunity report.

The internal control system and risk management, along with their contributing elements, are regularly the subject of audit activities conducted by internal auditing.

These audits are performed either in connection with the risk-based annual audit plan or on request as part of audits scheduled throughout the year.

Based on the processes and measures described above, the executive board of Südzucker AG has no evidence that the internal control system and risk management system as a whole were not appropriate or effective as of 29 February 2024.

Nevertheless, there are inherent limitations to the effectiveness of any risk management and control system and the need to continuously enhance existing systems, identify potential for improvement and implement corresponding measures.

No system – even if it has been assessed and deemed appropriate and effective – can, for example, guarantee that all risks that actually arise will be identified in advance or that any violation of the process can be ruled out under all circumstances. The audit committee is regularly embedded in the internal control and risk management systems. Its chief tasks include monitoring financial accounting, the financial accounting process and the appropriateness and effectiveness of internal control systems, risk management and the internal auditing process.

Company organs

Südzucker AG is a German stock corporation and as such has a dual management structure consisting of an executive board and supervisory board, each having members with independent expertise in different areas. The executive and supervisory boards work on the basis of mutual trust and closely cooperate to manage and supervise the company.

Executive board

The executive board, as a management body, conducts the company's business in the interest of the corporation with the aim of generating sustainable value on its own responsibility and in accordance with the statutory provisions, the articles of association and the rules of procedure, which are in force in the version dated 24 May 2023.

Südzucker AG's executive board currently consists of five members including its chairman.

Some executive board members have dual responsibilities with respect to the subsidiary AGRANA Beteiligungs-AG, Vienna, Austria. The CEO of AGRANA Beteiligungs-AG is also a member of Südzucker AG's executive board. One member of the executive board of Südzucker AG is also a member of the executive board of AGRANA Beteiligungs-AG.

The supervisory board aims to select an executive board composition that guarantees that the board will be fully able to discharge its duties. For this purpose, the supervisory board primarily focuses on candidates' personal suitability, their professional skills and experience, their integrity and independence, as well as their motivation and capabilities to ensure that they can responsibly fulfill their duties at the company.

The executive and supervisory boards work together to ensure long-range succession planning for board members. The following criteria are especially important for systematic management development and long-term succession planning:

- Early identification of suitable candidates from different disciplines, professional and personal experience, internationality and different genders
- Systematic development of managers
- Demonstrable strategic and operative creative drive and leadership skills
- Proven role model of implementing corporate objectives in line with corporate values.

The supervisory board also takes into account aspects such as age, gender, internationality and various educational and professional backgrounds. To this end, the supervisory board has adopted a diversity concept, which is in force in the version dated 23 February 2022. According to this concept, the supervisory board is guided by the following objectives when deciding on the appointment of new members of the executive board:

- Number: Given the size of the company and the current organizational and responsibility structure at Südzucker Group, it is recommended that Südzucker AG have at least five executive board members. The supervisory board can appoint a chairperson or speaker from this panel.
- Age: An executive board member should hold office no longer than the end of the fiscal year in which he or she reaches the age of sixty-five.
- Internationality: It is recommended that the executive board have at least one member with international experience or specialized knowledge in one of the company's key non-German markets.
- Education and career: The educational and career background of members of Südzucker AG's executive board should satisfy the required competencies of general executive board duties, as well as of the member's specific portfolio assignment.
- Gender: The supervisory board prioritizes qualifications rather than gender when selecting candidates for the executive board. Südzucker AG's executive board consists of more than three persons. Pursuant to article 76, paragraph 3a, sentence 1 of the German Stock Corporation Act, at least one woman and at least one man must then be a member of the executive board.

In fiscal 2023/24, the aforementioned objectives were again taken into account when selecting new members of the executive board. The CVs of the executive board members with information on their age, education and professional background are published on the website www.suedzuckergroup.com/en/unternehmen/vorstand.

Supervisory board

The supervisory board supervises and advises the executive board in its management of the company. It is involved in strategy and planning, as well as all issues of material importance to the company. For important business processes, such as budgeting and strategic planning, acquisitions and divestments, the company's articles of incorporation and the rules of procedure of the executive board stipulate that decisions are subject to approval by the supervisory board. The chair of the supervisory board coordinates the supervisory board's work, chairs the meetings and speaks on behalf of the panel to the outside world.

The executive board submits comprehensive, timely reports regarding planning, business developments and the group's positioning to the supervisory board – in writing and at regular meetings. Risk management and compliance are additional key reporting topics. If necessary, extraordinary meetings are held with the supervisory board to discuss important issues. The supervisory board has established rules of procedure for its work, which are in force as per the version dated 10 November 2022 and published on the website of Südzucker AG (www.suedzuckergroup.com/en/investor-relations/corporate-governance/aufsichtsrat). The shareholder representatives and employee representatives always meet separately to prepare the supervisory board meetings.

Südzucker AG's supervisory board consists of 20 members as per the articles of incorporation, of which as per the Codetermination Act ten are elected by the shareholders and ten by the employees. The term of office, which is identical for all supervisory board members, runs for the period until the end of the annual general meeting which ratifies the actions of the supervisory board for fiscal 2026/27 (that is, until the end of the annual general meeting in 2027).

The current supervisory board members are presented in the notes to the financial statements under item 37 "Supervisory board and executive board".

The supervisory board aims to select a composition that guarantees that the board will be fully able to discharge its duties. In its proposals for the election of supervisory board members, the supervisory board supervisory primarily focuses on candidates' personal suitability, their professional skills and experience, their integrity and independence, as well as their motivation and capabilities.

Moreover, when selecting suitable candidates, the supervisory board considers different professional backgrounds and experience, internationality and appropriate gender representation.

In this regard, the supervisory board has adopted a diversity policy and competence profile, which is in force in the version dated 23 February 2023. The supervisory board is mainly aiming for the following targets and competence profiles for the full board in its future composition, in consideration of the requirements of the GCGC, the sector, the size of the company and the share of international business activity:

- All supervisory board members shall have adequate corporate or operational experience.
- All supervisory board members shall be given sufficient time to fulfill their supervisory board duties.
- Each member of the supervisory board shall demonstrate the required reliability and personal integrity to fulfill the board's supervisory duties.
- At least two supervisory board shareholder representatives shall be "independent" within the meaning of recommendation C.7 of the GCGC.
- Not more than two former members of the executive board shall be members of the supervisory board.
- The audit committee shall have at least one member with expertise in the field of accounting (including internal control and risk management systems) and at least one other member having expertise in the field of auditing (financial experts). The knowledge of the financial experts shall also extend to sustainability reporting and its audit.
- The supervisory board's expertise shall comprise special knowledge mainly in the following
  - **Functional competencies:**
    - Corporate governance and strategy
    - Accounting / auditing, control and risk management systems
    - Legal / corporate governance / compliance
    - Human resources / social sustainability
    - Environmental sustainability
  - **Sectoral competencies:**
    - Food production / distribution and related value chains
    - Agriculture and raw materials
    - International business / foreign markets
    - Innovation / research and development
    - Other business sectors outside Südzucker's core business
- The German Stock Corporation Act (AktG) stipulates in article 96 (2) that the supervisory board must be composed of at least 30 % women and at least 30 % men. The employee representatives have objected to the overall fulfillment of the quota. The supervisory board shall therefore have at least three female and three male members to represent the employees and shareholders.
- No candidate older than 70 shall be recommended for election or reelection to the supervisory board, unless it would be in the interests of the company.

There is no rule regarding the maximum term of office of a supervisory board member. This is to ensure continuity and long-term expertise on the supervisory board.

According to the supervisory board, the current composition is in line with the objectives of the diversity concept and the competence profile.

All members of the supervisory board have the knowledge, skills and entrepreneurial or operational experience required to properly perform their duties. They are familiar with the sector in which Südzucker AG conducts business. There are no former Südzucker AG executive board members on the supervisory board. The CVs of the supervisory board members including information on age, education and professional background are published on the website www.suedzuckergroup.com/en/investor-relations/corporate-governance/aufsichtsrat.

The board has at least two independent members, which, considering the ownership structure, is in compliance with requirements. Susanne Kunschert, Stuttgart, Germany, and Julia Merkel, Wiesbaden, Germany, are independent of Südzucker AG, its executive board and the controlling shareholder Süddeutsche Zuckerrübenverwertungs-Genossenschaft eG (SZVG).

The supervisory board includes at least three persons who meet the requirements of the GCGC for financial experts: Susanne Kunschert, Stuttgart, Germany, chair of the audit committee; Helmut Friedl, deputy chair of the audit committee; and Dr. Claudia Süssenbacher, Vienna, Austria, member of the audit committee.

Due to her professional background, her work as an auditor and, in particular, her many years of experience as managing partner of Pilz GmbH & Co. KG, where she is responsible for finance, Susanne Kunschert has amassed a wealth of expertise in auditing and financial accounting, including knowledge and experience in applying financial accounting principles and internal controlling and risk management systems. Her professional expertise also extends to preparing and auditing sustainability reports. Ms. Kunschert is – together with her brother and co-shareholder Thomas Pilz – responsible for preparing and auditing sustainability reports at Pilz GmbH & Co. KG and receives regular training in this area.

Dr. Claudia Süssenbacher has many years of experience in risk management and, in particular, as managing director of Raiffeisen-Holding Niederösterreich-Wien reg. Gen.m.b.H., in each case with responsibility for risk management, compliance, legal and infrastructure & IT security. Moreover, she is an expert in the areas of auditing and financial accounting, including the associated knowledge and experience in applying accounting principles and internal control and risk management systems. Her expertise also extends to reporting on sustainability and its audit. Dr. Süssenbacher regularly participates in further training courses.

Similarly, Helmut Friedl has expertise in auditing financial statements as a result of extensive further training and his many years of service on Südzucker AG's audit committee, most recently for five years as audit committee chairman. This also includes preparing and auditing sustainability reports. Mr. Friedl also regularly attends training courses on these subjects and chairs Südzucker's committee for strategy and sustainability, which is responsible for this topic.

The special expertise required by the diversity concept and the competence profile is represented on the supervisory board and is summarized in the qualification matrix as per recommendation C.1 of the GCGC (→ table 044).

Education and training

Two information events on sustainability reporting were held in the 2023/24 financial year. Members of the supervisory board are solely responsible for any education and training measures they may require in fulfilling their duties. They are appropriately supported by Südzucker AG.

Supervisory board self-assessment

The supervisory board regularly assesses how effectively it and its committees fulfill their duties. This is done annually using a questionnaire, with no outside assistance. Each year, the questionnaire is regularly revised and amended according to the latest revision of the code. The questionnaires are evaluated and the results and improvement suggestions discussed at each November meeting. The aim is to continuously improve the work of the supervisory board and its committees.

Supervisory board committees

The supervisory board has formed an executive committee, audit committee, agriculture and raw material markets committee, strategy and sustainability committee, social committee, mediation committee and nomination committee from among its members. These committees prepare and supplement its work. The executive and mediation committees each consist of four members. The audit committee and the social committee have six members each, the strategy and sustainability committee and the agriculture and raw material markets committee have eight members each with an equal number of shareholder and employee representatives. The nomination committee is composed of four shareholder representatives.

The duties of the executive board and the other committees are outlined in the supervisory board rules of procedure version dated

Qualification matrix

	Supervisory board	Audit committee
Functional competencies		
Corporate Governance and strategy	●●	●●
Accounting/auditing, control and risk management systems	●●	●●●
Legal/corporate governance/compliance	●●	●●
Human resources/social sustainability	●●●	●●●
Environmental sustainability	●●	●●
Sectoral competencies		
Food production/distribution and related value chains	●●	●
Agriculture and raw materials	●●	●●
International business/foreign markets	●●	●●
Innovation/research and development	●	●
Other business sectors outside Südzucker's core business	●●	●●

● At least one member has special expertise in the respective area.
●● At least 25 % of the members have special expertise in the respective area.
●●● The majority of the members have special expertise in the respective area.

TABLE 044

10 November 2022. The audit committee's rules of procedure version dated 10 November 2022 apply equally to the audit committee. The current members of the committees and their respective terms of office are presented in the notes to the financial statements under note 37 "Supervisory board and executive board".

The chairman of the supervisory board is not simultaneously the chairman of the audit committee.

Shareholders and annual general meeting

Südzucker AG's shareholders exercise their voting and control rights at general meetings held at least once a year. At an annual general meeting, shareholders vote on all issues as per the statutory requirements. The decisions are binding for all shareholders and the company. Shareholders are entitled to one vote for each share held. Every shareholder who meets the general requirements for participating and exercising voting rights and who registered by the due date is entitled to participate in the annual general meeting. Shareholders who are unable to attend personally have the option of exercising their voting rights by proxy by a financial institution, a shareholder association, Südzucker AG appointees who are bound by the directives of the shareholders or by some other authorized representative of their choice. Shareholders also have the option of submitting their vote in advance of the general meeting via Südzucker AG's website (www.suedzuckergroup.com/en/investor-relations/hauptversammlung/) or by assigning power of attorney to Südzucker AG's proxies or to a third party.

Gender quota

Ingrid-Helen Arnold, the only woman on the executive board, left the company at her own request on 31 January 2024. This resignation took place before the end of her term of office. There were no new appointments to the executive board between her departure and the reporting date. The supervisory board will elect a qualified successor for Ingrid-Helen Arnold as soon as possible and appoint her to the executive board.

The supervisory board has seven female members, four from the employee side and three from the shareholder side. The legal gender quota requirement is thus fulfilled.

Pursuant to article 76 (4) of the German Stock Corporation Act, the executive board is required to set targets for the proportion of women in the first and second management levels below the executive board. In April 2022, Südzucker AG's executive board raised the targets for the proportion of women in the first two management levels from 9 % and 13 % respectively to 20 % in each case. These targets should be achieved by 2027.

The proportion of women at Südzucker AG as of 29 February 2024 was 17 % at the first management level below the executive board and 9 % at the second management level below the executive board.

Further disclosures

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

No member of the executive or supervisory board owns shares or related financial instruments that either directly or indirectly represent more than 1 % of Südzucker AG's total share capital. Furthermore, the total shareholdings of all executive and supervi sory board members are less than 1 % of the total shares issued by the company.

The company was not notified of any managers' transactions in accordance with article 19 MAR (Market Abuse Regulation) in the 2023/24 financial year.

Disclosures on takeovers

The following disclosures provide further details in accordance with articles 289a, paragraph 1 and 315a, paragraph 1 of the German Commercial Code and an explanatory report as per article 176, paragraph 1, sentence 1 of the German Stock Corporation Act (AktG); they form part of the audited group management report.

Composition of subscribed capital and voting rights

As of 29 February 2024, Südzucker's issued subscribed capital amounts unchanged to € 204,183,292 million and consists of 204,183,292 ordinary bearer shares, each of which represents a notional holding of € 1 per share. The company held 76,033 treasury shares as of the balance sheet date. The treasury shares are held by the company for the multi-year compensation component as part of the executive board members' compensation.

Voting rights, share transfers

All shares entitle holders to the same rights and each share is worth one vote at the annual general meeting. Voting rights for the shares may be restricted as per German Stock Corporation Act regulations. Under certain conditions, shareholders may not be entitled to vote (article 136 of the German Stock Corporation Act [AktG]).

A voting agreement exists between Süddeutsche Zuckerrübenverwertungs-Genossenschaft eG (SZVG), Ochsenfurt, Germany, and Zucker Invest GmbH (Zucker Invest), Vienna, Austria, which is one of the companies of the registered Raiffeisen Holding Niederösterreich-Wien cooperative with limited liability (Raiffeisen-Holding), Vienna, Austria. Furthermore, SZVG has an option to buy Südzucker shares held by Zucker Invest and Zucker Invest has an option to buy Südzucker shares held by SZVG.

Südzucker AG shareholdings exceeding 10 %

Südzucker AG knows of two direct equity investments in the company that exceed 10 %: SZVG owns 61.58 % of total share capital and Zucker Invest 10.25 %. Raiffeisen-Holding and its associated companies hold a direct interest via Zucker Invest. The shareholdings are reciprocally attributed to the companies, so that each holds a share of about 72 % of total share capital, according to the German Securities Trading Act.

Shares with special rights, voting rights control for shares held by employees

Shares with special rights that would impart controlling authority do not exist at Südzucker. No employees who hold shares of Südzucker AG are subject to voting rights control.

Appointment and dismissal of executive board members

Executive board members are appointed and dismissed by the supervisory board in accordance with articles 84 and 85 of the German Stock Corporation Act (AktG) and article 31 of the German Codetermination Act (MitbestG). In accordance with article 5, item 2 of Südzucker AG's articles of incorporation in the current version dated 13 July 2023, the supervisory board determines the number of executive board members and the supervisory board has the authority to appoint deputy members.

Amendments to the articles of association

Amendments to the articles of association are governed by articles 179 and following of the German Stock Corporation Act (AktG). Article 22 of the articles of incorporation (current version as of 13 July 2023) authorizes the supervisory board to make amendments to the company's articles of association that only affect the wording.

Authority of the executive board, especially as relates to issuing and share buy-back

Subject to approval by the supervisory board, the executive board is authorized to increase the company's share capital once or several times up until 13 July 2028 by up to € 20 million by issuing new no-par value bearer shares in exchange for cash contributions and / or contributions in kind, for the entire amount or in tranches (Authorized Capital 2023). Subject to approval by the supervisory board and according to article 4, paragraph 4 of the articles of incorporation, the executive board may exclude subscription rights of shareholders in certain cases, provided the shares issued under exclusion of the subscription rights do not exceed 10 % of total share capital, neither at the time of the coming into force of this authorization, nor at the time of exercising same. Details are outlined in article 4, paragraph 4 of the articles of association. Authorized Capital 2023 has not been utilized to date.

Shareholders at the 13 July 2023 annual general meeting authorized the executive board to buy back up to 10 % of the company's total share capital existing at that time until 12 July 2028 in accordance with article 71, paragraph 1, item 8 of the German Stock Corporation Act (AktG). The shares may be acquired on the open stock market or via a public offer to purchase to all shareholders. The costs of buying back own shares may be charged against net retained earnings or other revenue reserves. The executive board was also authorized, subject to approval by the supervisory board, to sell the shares bought back to third parties and to exclude shareholder subscription rights in the case of corporate mergers or when purchasing companies or parts of companies or shares of companies. Details are provided in the authorization approved at the annual general meeting on 13 July 2023. To date, the board has not exercised the right granted to purchase own shares.

Change of control and compensation agreements

Südzucker AG has signed an agreement with a banking consortium providing access to a line of credit in the amount of € 600 million. In the event of a change of control, each member of the bank consortium would under certain conditions have the right to terminate the line of credit and its share of the outstanding loans, and demand immediate repayment of same, including interest. Other than that, there are no material agreements pursuant to articles 289a, paragraph 1, sentence 1, item 8 and 315a, paragraph 1, sentence 1, item 8 of the German Commercial Code that would be affected by a change of control resulting from a takeover offer. Compensation agreements with members of the executive board or in favor of employees that would come into effect in the event of a change of control do not exist either.

Combined non-financial statement

Südzucker Group uses the GRI standards of the Global Reporting Initiative (GRI) guideline, CORE, an international framework, to collect and present the non-financial data that relates to its business activities. The standards will be further explained at the end of this annual report. The combined non-financial statement (NFS) is integrated into this combined management report and includes, to the extent possible, the disclosures for Südzucker Group and Südzucker AG as the parent company in accordance with articles 315b and 315c in conjunction with the articles 289b to 289e of the German Commercial Code (HGB). The combined non-financial statement includes the chapters "Sustainability (materiality analysis)" "Environment, energy and climate", "Employees" and "Society" as well as in the chapter "Corporate governance" the paragraphs marked with a footnote in the "Compliance / Compliance Management System" section. References to the information regarding the contents of the combined non-financial statement are listed in the table at the end of this section. In addition, information on the business is included in the section "About the Group". The combined non-financial statement also includes the disclosures required in accordance with article 8 of the Regulation (EU) 2020 / 852 of the European Parliament and of the Council of 18 June 2020 on the establishment of a framework to facilitate sustainable investment, and amending Regulation (EU) 2019 / 2088 (→ Disclosures according to EU Taxonomy).

The financial performance indicators are described in the chapter on value management. The expected development is presented in the outlook section. At the present time, no non-financial performance indicators exist at the Südzucker Group level as defined in article 289c, paragraph 3, item 5 of the German Commercial Code.

The risk and opportunities report provides a summary of the non-financial corporate risks from the outside-in perspective. Non-financial risks pursuant to article 289c, paragraph 3, items 3+4 of the German Commercial Code (HGB) represent the inside-out perspective. These non-financial risks arise at Südzucker Group as a result of the impact of its own activities on the environment, employees and society. The same applies to its activities surrounding associated business relationships. There are no material non-financial corporate risks associated with Südzucker's business activities, business relationships and products that are very likely to have or will have a serious negative impact on the non-financial aspects in accordance with article 289c, paragraph 2 of German Commercial Code.

The combined non-financial statement applies equally to Südzucker AG because of the similar risk profile of the group and Südzucker AG.

As part of the annual audit of the group financial statements, KPMG AG Wirtschaftsprüfungsgesellschaft (KPMG), Mannheim, Germany verified that the combined non-financial statement was presented in accordance with article 317, paragraph 2, sentence 4 of the HGB. In addition, the supervisory board commissioned KPMG to perform a limited assurance review of the combined non-financial statement in accordance with ISAE 3000 (Revised).

A note from the independent public auditor after performing a limited assurance engagement on selected details of the non-financial report in the reporting period is reproduced in its entirety at the end of this annual report at the end of the section "Further information".

The combined non-financial statement in the combined group management report and the results of the audit form part of Südzucker AG's 2023/24 annual report. They are also accessible at Südzucker's website at www.suedzuckergroup.com/en/investor-relations/publikationen/finanzberichte#2023/24.

[1] The GRI standards are not part of the audit of the non-financial statement

Information regarding the contents of the combined non-financial statement[1]

Aspects of the non-financial items according to section 289 of the HGB	Items according to material topics	Section
Environmental issues	Climate protection / Climate change	Environment, energy and climate / Climate protection, Environment, energy and climate / Adapting to climate change
	Water	Environment, energy and climate / Sustainable use and protection of water resources
	Waste	Environment / Avoiding and reducing environmental pollution / Waste
	Packaging	Environment, energy and climate / Avoiding and reducing environmental pollution / Packaging
	Procurement / vendor selection	Environment, energy and climate / Protection of biodiversity and ecosystems
	Biodiversity	Environment, energy and climate / Protection of biodiversity and ecosystems / Promoting biodiversity
	Participating in and adhering to voluntary commitments	About the group / Sustainability
Employee issues	Human rights	Employees / Corporate responsibility, Society/Respect for human rights
	Gender equality and diversity	Employees / Promoting diversity
	Talent and personnel development	Employees / Südzucker – an attractive employer
	Workplace health and safety	Employees / Südzucker – a reliable employer
	Participating in and adhering to voluntary commitments	About the group / Sustainability
Social issues	Vendor selection / procurement	Society / Respect for human rights
	Product safety and consumer protection	Society / Product responsibility and quality
	Customer satisfaction	Society / Product responsibility and quality
	Adding value and creating jobs	Society / Value added in rural areas
	Dialogue with communities and consideration of local concerns	Society / Dialogue with various stakeholder groups, Social commitment
	Dialogue with political institutions, political lobbying	Society / Dialogue with various stakeholder groups
	Sustainability communication	About the group / Sustainability
Human rights protection	Vendor selection / procurement	Society / Respect for human rights
	Human rights	Employees / Corporate responsibility Society / Respect for human rights
Bribery and corruption control	Vendor selection / procurement	Society / Respect for human rights
	Responsible corporate governance	Corporate Governance / Compliance / Compliance management system

[1] This information is not part of the statutory audit.

TABLE 045

SÜDZUCKER AG

In addition to reporting on Südzucker Group, Südzucker AG's performance is outlined below.

Südzucker AG, based in Mannheim, is the parent company of Südzucker Group and performs the corresponding management and group functions. Südzucker AG also has seven sugar factories, a wheat starch factory and the agriculture division, making it the largest operational unit of the Südzucker Group in Germany. In addition, the net earnings for the year are influenced to a considerable extent by the results of the directly and indirectly held subsidiaries and interests.

Südzucker AG's annual financial statements are prepared in accordance with the provisions of the German Commercial Code and the German Stock Corporation Act. The consolidated financial statements comply with the International Financial Reporting Standards as adopted by the EU. This results in differences in accounting and measurement. These differences mainly relate to provisions, financial instruments, leasing transactions and deferred tax assets. The financial statements and Südzucker AG's combined management report together with the consolidated financial statements for fiscal 2023/24 must be submitted electronically to the company register office for filing in the company register.

Earnings situation

Südzucker AG income statement

€ million	2023/24	2022/23	+/– in %
Revenues	**2,061**	**1,748**	**17.9**
Change in work in progress and finished goods and internal costs capitalized	248	88	> 100
Other operating income	51	62	–17.7
Cost of materials	–1,596	–1,242	28.5
Personnel expenses	–277	–306	–9.5
Depreciation of immaterial and material assets	–66	–65	1.5
Other operating expenses	–259	–251	3.2
Operating result	**162**	**34**	**> 100**
Investment result	331	148	> 100
Depreciation of financial assets and marketable securities	–226	–7	> 100
Interest income / expense	–22	–22	–
Result from ordinary activities	**245**	**153**	**60.1**
Income taxes	–1	–4	–75.0
Net earnings	**244**	**149**	**63.8**
Profit carried forward from previous year	14	8	75.0
Allocations to other retained earnings	0	0	–
Net earnings available for distribution	**258**	**157**	**64.3**

TABLE 046

Business performance

The 2023/24 fiscal year was characterized by high sugar prices across the EU, which resulted in a substantial increase in revenues. The operating result improved despite the sharp rise in raw material costs in the 2023/24 campaign. Alongside the significant increase in revenues, this was due to lower allocations to pension provisions than in the previous year and the reversal of the provision for tax risks.

Revenues increased in the 2023/24 fiscal year from € 1,748 million by € 313 million or 17.9 % to € 2,061 million. Despite lower sales volumes, this is due in particular to the EU-wide increase in sugar prices.

Changes in work in progress and finished goods inventories and internal costs capitalized rose from € 88 million to € 248 million due to the year-on-year increase in production costs and higher inventory levels at the end of the fiscal year.

Other operating result in the amount of € 51 (62) million includes € 31 (31) million in income from prior periods, which largely resulted from the reversal of provisions.

The increase in the cost of materials by € 354 million to € 1,596 (1,242) million was due to higher raw material costs and a year-on-year increase in production volumes in the 2023/24 campaign.

Despite an increase in the average number of employees, personnel expenses fell by € 29 million to € 277 (306) million. This was due to the fact that expenses for pension benefits were € 66 million lower than in the previous year, mainly as a result of changes to the actuarial parameters for pension obligations.

At € 66 (65) million, depreciation was on par with the previous year. No write-downs were necessary.

Other operating expenses increased by € 8 million to € 259 (251) million.

The operating result improved by € 128 million compared to the previous year. However, at € 162 (34) million, it remains below our expectations despite positive revenue development.

Income from investments totaled € 331 (148) million, substantially exceeding the previous year's level, as both the dividends received and the profit and loss transfers from subsidiaries were significantly higher.

Write-downs of financial assets and marketable securities of € 226 (7) million were necessary due to impairments on shares in affiliated companies, resulting from lower earnings expectations in the sugar business.

The net interest result remained constant at € –22 (–22) million. Included in the net interest result are expenses from the accretion of pension provisions and other provisions and long-term liabilities totaling € 15 (14) million.

The result from ordinary activities increased by € 92 million to € 245 (153) million.

Taxes on income of € –1 (–4) million – taking into account tax-free income from investments – result from the allocation for taxes in the fiscal year amounting to € 15 million and the reversal of tax provisions from previous years amounting to € 14 million.

Consequently, net earnings were € 244 (149) million.

As in the previous year, no withdrawals from or allocations to revenue reserves were made in the 2023/24 fiscal year. With the profit carried forward from the previous year of € 14 (8) million, the retained earnings total € 258 (157) million.

Financial position

Investments

Investments in fixed assets and intangible assets totaled € 120 (58) million in the fiscal year. Investments focused on environmental, replacement and optimization measures in the sugar factories.

Financing

The group financing company Südzucker International Finance B.V., Oud-Beijerland/Netherlands, has issued bonds with a total volume of € 1.6 (1.9) billion, of which € 0.7 billion is attributable to the hybrid bond 2005 Perpetual NC 10, and uses the financing funds throughout the group. Südzucker AG has financial liabilities to Südzucker International Finance B.V. of € –27 (–226) million. Südzucker AG has issued guarantees for all bonds.

A commercial paper program with a volume of € 600 million is also available for seasonal campaign financing. This was not utilized at 29 February 2024 as at the previous balance sheet date.

The seasonal liquidity requirements are also secured by the € 600 million syndicated credit line concluded through July 2026.

Net financial debt

Net financial debt of Südzucker AG

€ million	29 February 2024	28 February 2023	+/– in %
Securities	–109	–104	4.8
Cash and cash equivalents	–58	–5	> 100
Receivables as part of group financing	–323	–93	> 100
Bonds	100	0	–
Financial liabilities to banks	261	59	> 100
Liabilities as part of group financing	770	908	–15.2
Net financial debt	**641**	**765**	**–16.2**

TABLE 047

Net financial debt totaled € 641 (765) million as of 29 February 2024, € 124 million less than the previous year. Cash flow rose to € 532 (310) million. Due to increased liabilities to raw material suppliers, the capital tied up in working capital decreased (increased) by € –111 (163) million. Investments in fixed assets and intangible assets rose to € 120 (58) million. Investments in financial assets amounted to € 256 (0) million and related to the increase in the stake in CropEnergies AG. The dividend distribution for the 2022/23 fiscal year was € 143 (82) million.

Net assets

Südzucker AG balance sheet (condensed)

€ million	29 February 2024	28 February 2023	+/– in %
Assets			
Intangible assets	10	9	11.1
Property, plant and equipment	498	447	11.4
Financial assets	2,795	2,764	1.1
Fixed assets	**3,303**	**3,220**	**2.6**
Inventories	928	719	29.1
Receivables and other assets	827	611	35.4
Securities	109	104	4.8
Cash and cash equivalents	58	5	> 100
Current assets	**1,922**	**1,439**	**33.6**
Accrued and deferred items	**6**	**3**	**100.0**
Total assets	**5,231**	**4,662**	**12.2**
Liabilities and equity			
Equity	2,172	2,071	4.9
Special items with an equity portion	28	28	–
Provision for pensions and similar obligations	874	852	2.6
Other provisions	262	257	1.9
Liabilities	1,895	1,454	30.3
Total liabilities and equity	**5,231**	**4,662**	**12.2**

TABLE 048

Südzucker AG's total assets as of 29 February 2024 were € 5,231 (4,662) million, which was higher than the previous year's level.

Fixed assets totaled € 3,303 (3,220) million, which is € 83 million higher than the previous year's value. The increase results from the acquisition costs for shares in affiliated companies due to the increase in the stake of CropEnergies AG in the current financial year through the purchase of shares as part of a public delisting tender offer. This was offset by depreciation of SZ Holding GmbH in the amount of € 226 million.

The increase in inventories to € 928 (719) million is due to higher sugar inventories and the higher production costs of finished goods for the 2023/24 campaign compared to the previous year.

At € 827 (611) million, receivables and other assets were higher than the year prior. In addition to the sales-related increase in trade receivables, there was also an increase in intragroup loans to affiliated companies.

Equity increased to € 2,172 (2,071) million. The equity ratio is 41.5 (44.4) %. As in the preceding year, Südzucker AG's fixed assets at the balance sheet date were financed entirely through medium and long-term capital; the asset coverage ratio decreased slightly to 114.8 (117.9) %.

Pension provisions rose from € 22 million to € 874 (852) million. The adjustment of the discount rate to 1.82 (1.79) % had a value-reducing effect, which was offset by the effects of the actual inflation-related increase in salaries and pensions.

Other provisions amounting to € 262 (257) million involve taxes, personnel expenses, litigation risks and recultivation obligations.

Liabilities rose from € 1,454 million by € 441 million to 1,895 million. In addition to higher liabilities to banks and debt securities, liabilities to beet growers also increased. The decline in intragroup financing had the opposite effect.

Anticipated development and significant risks and opportunities

Südzucker AG's expected development with its main risks and opportunities is essentially identical to that of Südzucker Group. This applies directly to the forecast for Südzucker AG's operating activities in the sugar segment and the associated risks and opportunities. Südzucker AG participates in the risks and opportunities of its subsidiaries and interests in proportion to its stake in them. The effects on the investment result may also arise from legal and contractual contingent liabilities with or from financial receivables from subsidiaries and investments as well as from write-downs on financial assets. According to our assessment, there are still no significant risks that could jeopardize Südzucker AG's continued existence. As the parent company of Südzucker Group, Südzucker AG plays a key role in the group-wide internal control and risk management system. Accordingly, the above statements in the forecast report and the risk and opportunity report for Südzucker Group also apply to Südzucker AG.

Proposed appropriation of earnings

The executive and supervisory boards will propose a dividend of € 0.90 (0.70) per share at the annual general meeting on 18 July 2024. With dividend-bearing capital of € 204 (204) million, this represents a total dividend payout of € 184 (143) million. The dividend is scheduled to be paid on 23 July 2024.

Concluding declaration regarding the dependent company report pursuant to section 312 (3) of the Stock Corporation Act (AktG)

According to notice received from Süddeutsche Zuckerrübenverwertungs-Genossenschaft eG (SZVG), Ochsenfurt, the entity holds a majority interest in our company through its own holdings of Südzucker shares and the shares it holds in trust for its associated shareholders. The report in this regard, based on article 312 of the German Stock Corporation Act, closes with the following declaration:

"For the legal transactions or measures listed in the report regarding the relationship to SZVG, the Association of Süddeutsche Zuckerrübenanbauer e. V., Ochsenfurt, its regional associations and beet farmers, our company received appropriate compensation for every legal transaction in accordance with the conditions known at the time such transactions were undertaken."

CONSOLIDATED FINANCIAL STATEMENTS

03

INCOME STATEMENT

1 March 2023 to 29 February 2024

€ million	Notes	2023/24	2022/23	+/– in %
Revenues	**(06)**	**10,289**	**9,498**	**8.3**
Change in work in progress and finished goods inventories and internal costs capitalized	(07)	533	544	−2.0
Other operating income	(08)	169	176	−4.0
Cost of materials	(09)	−7,337	−6,951	5.6
Personnel expenses	(10)	−1,192	−1,061	12.3
Depreciation	(11)	−393	−342	14.9
Goodwill impairment	(11)	0	−47	−100.0
Other operating expenses	(12)	−1,157	−1,116	3.7
Result from companies consolidated at equity	(13)	2	30	−93.3
Result from operations	**(14)**	**914**	**731**	**25.0**
Financial income	(15)	82	75	9.3
Financial expense	(15)	−215	−126	70.6
Earnings before income taxes		**781**	**680**	**14.9**
Taxes on income	(16)	−133	−151	−11.9
Net earnings	**(18)**	**648**	**529**	**22.5**
of which attributable to Südzucker AG shareholders [1]		589	412	43.0
of which attributable to other non-controlling interests		59	117	−49.6
Earnings per share (€) – undiluted	**(18)**	**2.72**	**1.93**	**40.9**
Earnings per share (€) – diluted	**(18)**	**2.72**	**1.93**	**40.9**

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

TABLE 049

Further disclosures regarding the income statement are outlined in notes (06) to (18) of the notes to the group consolidated financial statements.

STATEMENT OF COMPREHENSIVE INCOME

1 March 2023 to 29 February 2024

€ million	Notes	2023/24	2022/23	+/– in %
Net earnings		**648**	**529**	**22.5**
Market value of hedging instruments (cash flow hedge) after deferred taxes		–71	15	–
Revaluation not affecting income		–168	110	–
Realization resulting in a profit or loss		73	–75	–
Deferred taxes		24	–20	–
Market value of debt instruments (securities) after deferred taxes		5	–3	–
Revaluation not affecting income		7	–7	–
Deferred taxes		–2	4	–
Exchange differences on net investments in foreign operations after deferred taxes		–5	10	–
Revaluation not affecting income		–7	13	–
Deferred taxes		2	–3	–
Foreign currency translation differences/hyperinflation		–6	24	–
Share from companies consolidated at equity		1	–19	–
Income and expenses to be recognized in the income statement in the future	**(19)**	**–76**	**27**	**–**
Market value of equity instruments (securities) after deferred taxes		0	0	–
Revaluation not affecting income		0	0	–
Deferred taxes		0	0	–
Remeasurement of defined benefit pension plans and similar obligations after deferred taxes	(27)	–64	192	–
Revaluation not affecting income		–89	214	–
Deferred taxes		25	–22	–
Share from companies consolidated at equity		0	–3	–100.0
Income and expenses not to be recognized in the income statement in the future	**(19)**	**–64**	**189**	**–**
Other comprehensive result	**(19)**	**–140**	**216**	**–**
Comprehensive income		**508**	**745**	**–31.8**
of which attributable to Südzucker AG shareholders [1]		477	622	–23.3
of which attributable to other non-controlling interests		31	123	–74.8

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

TABLE 050

Further disclosures regarding the statement of comprehensive income are outlined in notes (19) and (27) of the notes to the group consolidated financial statements.

CASH FLOW STATEMENT

1 March 2023 to 29 February 2024

€ million	Notes	2023/24	2022/23	+/– in %
Net earnings		648	529	22.5
Goodwill impairment (+)		0	47	–100.0
Depreciation and amortization of intangible assets, fixed assets and other investments (+)		393	342	14.9
Decrease (–) / Increase (+) in non-current provisions and (deferred) tax liabilities and increase (–) / decrease (+) in deferred tax assets		–37	33	–
Other income (–) / expenses (+) not affecting cash		42	–24	–
Cash flow		**1,046**	**927**	**12.8**
Decrease (–) / Increase (+) in current provisions		1	–16	–
Increase (–) / Decrease (+) in inventories, receivables and other assets		–427	–1,201	–64.4
Decrease (–) / Increase (+) in liabilities (excluding financial liabilities)		464	538	–13.8
Increase (–) / Decrease (+) in working capital		**38**	**–679**	**–**
Gain (–) / Loss (+) on disposal of items included in non-current assets and of securities		–11	–4	> 100
I. Cash flow from operating activities		**1,073**	**244**	**> 100**
Investments in fixed assets and intangible assets (–)		–546	–400	36.5
Investments in financial assets / acquisitions (–)		–1	–67	–98.5
Total investments		**–547**	**–467**	**17.1**
Cash received on disinvestments (+)		0	0	–
Cash received on disposal of non-current assets (+)		29	21	38.1
Cash paid (–) / received (+) for the purchase / sale of other securities		63	–77	–
II. Cash flow from investing activities		**–455**	**–523**	**–13.0**

€ million	Notes	2023/24	2022/23	+/– in %
Issuance of bond 2022/2027 (+)		0	396	–100.0
Repayment of bond 2011/2018 (–)		–300	0	–
Repayment (–)/Issuance (+) of commercial papers		0	–150	–100.0
Repayment (–)/Issuance (+) of promissory note loans		100	228	–56.1
Repayment (–) of lease liabilities		–35	–34	2.9
Other repayment (–)/Refund (+) of financial liabilities		171	–86	–
Repayment (–)/Refund (+) of financial liabilities		**–64**	**354**	**–**
Increases in stakes held in subsidiaries/capital buyback (–)		–259	–1	>100
Decrease in stakes held in subsidiaries/capital increase (+)		0	0	–
Dividends paid (–)		–237	–144	64.6
III. Cash flow from financing activities		**–560**	**209**	**–**
Change in cash and cash equivalents (total of I., II. und III.)		**58**	**–70**	**–**
Change in cash and cash equivalents				
due to exchange rate changes		0	0	–100.0
due to changes in entities included in consolidation/other		0	1	–100.0
Decrease (–)/Increase (+) in cash and cash equivalents		**58**	**–69**	**–**
Cash and cash equivalents at the beginning of the period		247	316	–21.7
Cash and cash equivalents at the end of the period		**305**	**247**	**23.5**
Dividends received from companies consolidated at equity/other participations	(20)	4	14	–71.4
Interest receipts	(20)	22	12	83.3
Interest payments	(20)	–83	–30	>100
Income taxes paid	(20)	–99	–115	–13.9

TABLE 051

Further disclosures on the cash flow statement are included in note (20) of the notes to the group consolidated financial statements.

BALANCE SHEET

29 February 2024

€ million	Notes	29 February 2024	28 February 2023	+/– in %
Assets				
Intangible assets	(21)	917	942	– 2.7
Fixed assets	(22)	3,257	3,109	4.8
Shares in companies consolidated at equity	(23)	80	78	2.6
Other investments	(23)	10	15	–33.3
Securities	(30)	18	18	–
Other assets	(25)	45	32	40.6
Deferred tax assets	(16)	118	51	> 100
Non-current assets		**4,445**	**4,245**	**4.7**
Inventories	(24)	3,511	3,161	11.1
Trade receivables	(25)	1,456	1,409	3.3
Other assets	(25)	409	432	–5.3
Current tax receivables	(16)	50	50	–
Securities	(30)	102	154	–33.8
Cash and cash equivalents	(30)	305	247	23.5
Current assets		**5,833**	**5,453**	**7.0**
Total assets		**10,278**	**9,698**	**6.0**

€ million	Notes	29 February 2024	28 February 2023	+/– in %
Liabilities and equity				
Equity attributable to shareholders of Südzucker AG		2,846	2,572	10.7
Hybrid equity		654	654	–
Other non-controlling interests		773	973	–20.6
Total equity	(26)	**4,273**	**4,199**	**1.8**
Provisions for pensions and similar obligations	(27)	769	682	12.8
Other provisions	(28)	184	202	–8.9
Financial liabilities	(30)	1,707	1,623	5.2
Other liabilities	(29)	6	8	–25.0
Tax liabilities	(16)	4	4	–
Deferred tax liabilities	(16)	183	164	11.6
Non-current liabilities		**2,853**	**2,683**	**6.3**
Other provisions	(28)	77	76	1.3
Financial liabilities	(30)	513	660	–22.3
Trade payables	(29)	1,970	1,609	22.4
Other liabilities	(29)	485	403	20.3
Current tax liabilities	(16)	107	68	57.4
Current liabilities		**3,152**	**2,816**	**11.9**
Total liabilities and equity		**10,278**	**9,698**	**6.0**
Net financial debt		1,795	1,864	–3.7
Equity ratio in %		41.6	43.3	
Net financial debt as % of equity (gearing)		42.0	44.4	

TABLE 052

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

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

1 March 2023 to 29 February 2024

					Other equity accounts								
€ million	Issued subscribed capital	Nominal value own shares	Capital reserve	Other reserves	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
1 March 2022	**204**	**0**	**1,615**	**372**	**66**	**−7**	**−2**	**−119**	**−2**	**2,127**	**654**	**918**	**3,699**
Net earnings[1]				412						412		117	529
Other comprehensive result				190	17	−3	9	14	−17	210		6	216
Comprehensive income[1]				**602**	**17**	**−3**	**9**	**14**	**−17**	**622**		**123**	**745**
Distributions[1]				−82						−82	−24	−42	−148
Claim hybrid investors[1]				−24						−24	24		0
Basis adjustment[2]					−83					−83		−29	−112
Other changes[1]	0	0	0	12						12	0	3	15
28 February 2023	**204**	**0**	**1,615**	**880**	**0**	**−10**	**7**	**−105**	**−19**	**2,572**	**654**	**973**	**4,199**
1 March 2023	**204**	**0**	**1,615**	**880**	**0**	**−10**	**7**	**−105**	**−19**	**2,572**	**654**	**973**	**4,199**
Net earnings				589						589		59	648
Other comprehensive result				−63	−52	6	−4	0	1	−112		−28	−140
Comprehensive income				**526**	**−52**	**6**	**−4**	**0**	**1**	**477**		**31**	**508**
Distributions				−143						−143	−44	−52	−239
Claim hybrid investors				−44						−44	44		0
Increase in stakes held in subsidiaries	0		0	−55	−6	0	0	0	0	−61	0	−196	−257
Basis adjustment[2]					35					35		14	49
Other changes	0	0	0	10						10	0	3	13
29 February 2024	**204**	**0**	**1,615**	**1,174**	**−23**	**−4**	**3**	**−105**	**−18**	**2,846**	**654**	**773**	**4,273**

[1] Further information on the adjustment is provided in Note (01) to the consolidated financial statements.
[2] Gains and losses on cash flow hedges, eliminated from other comprehensive income not affecting profit and loss.

TABLE 053

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

SEGMENT REPORT

€ million	2023/24	2022/23	+/– in %
Südzucker Group			
Gross revenues	**10,811**	**9,949**	**8.7**
Consolidation	–522	–451	15.7
Revenues	**10,289**	**9,498**	**8.3**
EBITDA	**1,318**	**1,070**	**23.2**
EBITDA margin	12.8 %	11.3 %	
Depreciation	–371	–366	1.4
Operating result	**947**	**704**	**34.5**
Operating margin	9.2 %	7.4 %	
Result from restructuring / special items	–35	–3	> 100
Result from companies consolidated at equity	2	30	–93.3
Result from operations	**914**	**731**	**25.0**
Investments in fixed assets including intangible assets	546	400	36.5
Investments in financial assets / acquisitions	1	67	–98.5
Total investments	**547**	**467**	**17.1**
Shares in companies consolidated at equity	80	78	2.6
Capital employed	7,187	7,095	1.3
Return on capital employed	13.2 %	9.9 %	
Working capital	2,967	2,999	–1.1
Employees	**19,204**	**18,341**	**4.7**

€ million	2023/24	2022/23	+/– in %
Sugar segment			
Gross revenues	**4,435**	**3,440**	**28.9**
Consolidation	–273	–224	21.9
Revenues	**4,162**	**3,216**	**29.4**
EBITDA	**714**	**381**	**87.4**
EBITDA margin	17.2 %	11.8 %	
Depreciation	–156	–151	3.3
Operating result	**558**	**230**	**> 100**
Operating margin	13.4 %	7.2 %	
Result from restructuring / special items	–6	55	–
Result from companies consolidated at equity	0	19	–100.0
Result from operations	**552**	**304**	**81.6**
Investments in fixed assets including intangible assets	257	144	78.5
Investments in financial assets / acquisitions	0	3	–100.0
Total investments	**257**	**147**	**74.8**
Shares in companies consolidated at equity	30	29	3.4
Capital employed	3,347	3,201	4.6
Return on capital employed	16.7 %	7.2 %	
Working capital	1,727	1,687	2.4
Employees	**6,458**	**6,206**	**4.1**

€ million	2023/24	2022/23	+/– in %
Special products segment			
Gross revenues	**2,430**	**2,232**	**8.9**
Consolidation	–16	–15	6.7
Revenues	**2,414**	**2,217**	**8.9**
EBITDA	**279**	**183**	**52.5**
EBITDA margin	11.6 %	8.3 %	
Depreciation	–83	–81	2.5
Operating result	**196**	**102**	**92.2**
Operating margin	8.1 %	4.6 %	
Result from restructuring / special items	–3	–10	–70.0
Result from companies consolidated at equity	0	0	–
Result from operations	**193**	**92**	**> 100**
Investments in fixed assets including intangible assets	128	145	–11.7
Investments in financial assets / acquisitions	0	60	–100.0
Total investments	**128**	**205**	**–37.6**
Shares in companies consolidated at equity	0	0	–
Capital employed	2,013	1,979	1.7
Return on capital employed	9.7 %	5.2 %	
Working capital	536	510	5.1
Employees	**5,422**	**5,262**	**3.0**

€ million	2023/24	2022/23	+/– in %
CropEnergies segment			
Gross revenues	**1,214**	**1,488**	**–18.4**
Consolidation	–123	–98	25.5
Revenues	**1,091**	**1,390**	**–21.5**
EBITDA	**105**	**294**	**–64.3**
EBITDA margin	9.6 %	21.2 %	
Depreciation	–45	–43	4.7
Operating result	**60**	**251**	**–76.1**
Operating margin	5.5 %	18.1 %	
Result from restructuring / special items	–1	0	–
Result from companies consolidated at equity	0	0	–
Result from operations	**59**	**251**	**–76.5**
Investments in fixed assets including intangible assets	72	47	53.2
Investments in financial assets / acquisitions	1	4	–75.0
Total investments	**73**	**51**	**43.1**
Shares in companies consolidated at equity	3	5	–40.0
Capital employed	540	535	0.9
Return on capital employed	11.1 %	46.9 %	
Working capital	135	163	–17.2
Employees	**515**	**480**	**7.3**

€ million	2023/24	2022/23	+/– in %
Starch segment			
Gross revenues	**1,164**	**1,306**	**–10.9**
Consolidation	–108	–113	–4.4
Revenues	**1,056**	**1,193**	**–11.5**
EBITDA	**94**	**118**	**–20.3**
EBITDA margin	8.9 %	9.9 %	
Depreciation	–46	–48	–4.2
Operating result	**48**	**70**	**–31.4**
Operating margin	4.5 %	5.9 %	
Result from restructuring / special items	0	0	–
Result from companies consolidated at equity	2	11	–81.8
Result from operations	**50**	**81**	**–38.3**
Investments in fixed assets including intangible assets	41	28	46.4
Investments in financial assets / acquisitions	0	0	–
Total investments	**41**	**28**	**46.4**
Shares in companies consolidated at equity	47	44	6.8
Capital employed	505	552	–8.5
Return on capital employed	9.5 %	12.7 %	
Working capital	171	214	–20.1
Employees	**1,167**	**1,148**	**1.7**

€ million	2023/24	2022/23	+/– in %
Fruit segment			
Gross revenues	**1,568**	**1,483**	**5.7**
Consolidation	–2	–1	100.0
Revenues	**1,566**	**1,482**	**5.7**
EBITDA	**126**	**94**	**34.0**
EBITDA margin	8.0 %	6.3 %	
Depreciation	–41	–43	–4.7
Operating result	**85**	**51**	**66.7**
Operating margin	5.4 %	3.4 %	
Result from restructuring / special items	–25	–48	–47.9
Result from companies consolidated at equity	0	0	–
Result from operations	**60**	**3**	**> 100**
Investments in fixed assets including intangible assets	48	36	33.3
Investments in financial assets / acquisitions	0	0	–
Total investments	**48**	**36**	**33.3**
Shares in companies consolidated at equity	0	0	–
Capital employed	782	828	–5.6
Return on capital employed	10.9 %	6.2 %	
Working capital	398	425	–6.4
Employees	**5,642**	**5,245**	**7.6**

TABLE 054

Südzucker reports on the five segments sugar, special products, CropEnergies, starch and fruit. As outlined in IFRS 8 (operating segments), the reporting segments of Südzucker Group are aligned with the internal reporting structure in the direction of the group executive board. For further details, please refer to the section on group management in the management report.

Sugar segment

The sugar segment produces and markets sugar, sugar specialties, starch-based products such as glucose syrup, and animal feed. The segment comprises the sugar division activities (Südzucker) including the five production locations in Belgium (Raffinerie Tirlemontoise S.A., Tienen), Germany (Südzucker AG, Mannheim), France (Saint Louis Sucre S.A.S., Roye), Moldova (Südzucker Moldova S.R.L., Chişinău) and Poland (Südzucker Polska S.A., Wrocław), the wheat starch plant of Südzucker AG in Zeitz, Germany as well as distributors in Greece, Italy, Spain and UK. The sugar division activities (AGRANA) comprise sugar production in Austria, Romania, Slovakia, Czech Republic and Hungary as well as the Austrian sales company. Furthermore, the agricultural division consists of Südzucker AG's agricultural business unit, Loberaue Agrar GmbH, Rackwitz, with its subsidiaries, and Terra Sömmerda GmbH, based in Sömmerda. AGRANA Studen Group (including sugar production in Bosnia), betaine producing Austrian joint venture Beta Pura GmbH based in Tulln, Austria and the Italian joint venture Maxi S.r.l. based in Bozen are consolidated at equity.

Special products segment

The special products segment includes the three divisions BENEO, Freiberger and PortionPack. BENEO produces and sells ingredients made from various raw materials for food products and animal feed with nutritional and technological benefits. Freiberger Group is a producer of chilled and frozen pizzas, frozen pasta dishes and snacks with a clear focus on private label business in Europe and the USA. PortionPack Group specializes in developing, packaging and marketing portion packs.

CropEnergies segment

The CropEnergies segment bundles the ethanol activities of Südzucker Group at the four production sites in Germany, Belgium, France and the United Kingdom. CropEnergies is a leading manufacturer of sustainably produced ethanol for the European fuel sector and a producer of food and animal feed. CropEnergies also holds a 50 % stake in CT Biocarbonic GmbH, which operates a plant in Zeitz for the production of food-grade liquid CO_2; this company is consolidated at equity.

Starch segment

The Starch segment includes the AGRANA Group's starch and ethanol business with the Austrian potato, corn and wheat starch production, the corn starch factory in Romania and the ethanol production in Austria. The starch and ethanol activities of Hungrana Group in Hungary are consolidated at equity.

Fruit segment

The fruit segment comprises the fruit preparations (AGRANA Fruit) and fruit juice concentrates divisions (AUSTRIA JUICE). Companies in the fruit segment are active across the globe and serve international food companies from the dairy, baked goods, ice cream and beverage industry.

Result from operations

The result from operations reported in the income statement breaks down into the operating result, the result from restructuring and special items and the result from companies consolidated at equity. Result from operations is a key ratio that represents a benchmark for entities with different financial structures and tax systems by which the net earnings are adjusted for the financial result and the tax expense.

Operating result

Operating result is the result from operations adjusted for special items and effects from at equity consolidation. The operating result serves as a basis for internal corporate management. Special items are non-recurring or not regularly recurring as well as aperiodic influences on earnings in ongoing business operations, which are further defined below.

Result from restructuring and special items

Income and expenses incurred within a specific period due to operational activities materially deviating from the planned or customary business use, or arising from unplanned one-time or not regularly recurring events with a material impact on the financial position and performance, are classified under the result from restructuring and special items. Therefore, effects resulting from efficiency programs that are carried out as part of ongoing and unchanged business operations or are conducted on a regular, recurring basis must be reported in the operating result. Typical examples of the result from restructuring and special items include:

- Profit and loss from the disposal of significant asset groups / business units
- Material impairment of assets following unusual operating events (e.g. following the closure of plants) and income from the pro rata reversal of previously recognized impairment losses
- Losses or gains from legal claims that are outside the normal course of business
- Expenses and income from staff reduction and restructuring measures (e.g. as part of plant closures)
- Material expenses incurred during construction and thus before a new plant or system is ready for operation.

The table below shows the items in the income statement reporting the result from restructuring and special items.

Breakdown of the result from restructuring and special items

€ million	2023/24	2022/23
Operating result	**947**	**704**
Revenue	0	0
Change in work in progress and finished goods inventories and internal costs capitalized	0	0
Other operating income	2	30
Cost of materials	1	−2
Personnel expenses	−6	−2
Depreciation (including impairment and reversals)	−22	24
Goodwill impairment	0	−47
Other operating expenses	−10	−6
Restructuring result	**−35**	**−3**
Result from companies consolidated at equity	2	30
Result from operations	**914**	**731**

TABLE 055

The material facts are described in the notes to the income statement under notes (06) to (12), where relevant.

EBITDA

EBITDA is the operating result adjusted for depreciation and amortization.

Capital employed

Capital employed reflects operating capital tied up in the segments and in the group. It consists of fixed assets, including intangible assets, and working capital (inventories, trade receivables and other assets less trade accounts payable, other liabilities and current provisions). In order to uniformly present the actual capital employed from a group perspective, the carrying amounts of goodwill items from the fruit segment are fully disclosed as at the level of the immediate parent company, AGRANA Beteiligungs-AG.

Working capital includes only inherently non-interest bearing receivables and payables.

Transactions between segments – with revenues of € 522 (451) million – were conducted at market conditions.

ROCE – Return on capital employed

ROCE (return on capital employed) represents the ratio of operating result to capital employed.

Capital employed

€ million	2023/24	2022/23
Operating result	**947**	**704**
Goodwill	739	742
Concessions, industrial and similar rights	224	245
Fixed assets	3,257	3,109
Non-interest bearing receivables	1,839	1,796
Inventories	3,511	3,161
./. Current provisions	−77	−76
./. Non-interest bearing liabilities	−2,306	−1,882
Working capital	2,967	2,999
Capital employed	**7,187**	**7,095**
Return on capital employed	**13.2 %**	**9.9 %**

TABLE 056

Segmentation by country and region

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

Carrying amount fixed and intangible assets by region (excluding goodwill)

€ million	2023/24	2022/23
Germany	**1,090**	**1,007**
Belgium	570	537
France	258	257
Austria	470	473
Poland	160	120
Remaining EU	184	181
Other EU	**1,642**	**1,568**
UK	164	129
USA	278	297
Remaining countries	308	353
Other countries	**750**	**779**
Total	**3,482**	**3,354**

TABLE 057

The carrying amount on fixed and intangible assets (excluding goodwill) is allocated by country and the carrying amount of employees by region in which the subsidiaries of Südzucker Group are headquartered. As a general rule, information on the number of employees in the group by segment is presented under note (10) “Personnel expenses”. The breakdown of third-party revenues by segment and delivery destination is reported under note (06) “Revenues”.

Employees by region (Full-time equivalents)

28/29 February	2024	2023
Germany	4,516	4,260
Other EU	7,668	7,421
Other countries	7,020	6,660
Total	**19,204**	**18,341**

TABLE 058

GENERAL EXPLANATORY NOTES

(01) Principles of preparation of the consolidated financial statements

Südzucker AG is headquartered at Maximilianstrasse 10 in 68165 Mannheim, Germany. The company, which has the legal form of a stock corporation under German stock corporation law, is registered as a corporation in the commercial register under HRB No. 42 at the district court of Mannheim. According to article 2 of the Articles of Incorporation of the company dated 13 July 2023, the corporate purpose of the company is the production of sugar, its sales, the utilization of its by-products and conducting agricultural operations. The company is also authorized to participate in other undertakings in any permissible form, to acquire such undertakings and to enter into any transactions that appear directly or indirectly beneficial to achieving or promoting the corporate purpose.

The consolidated financial statements present the operations of Südzucker AG and its subsidiaries. Südzucker has prepared the consolidated financial statements in accordance with International Financial Reporting Standards (IFRSs) issued by the International Accounting Standards Board (IASB), London, United Kingdom, based on the interpretations of the IFRS Interpretations Committee (IFRS IC) as to be applied in the EU. The statutory commercial requirements as set out in section 315e, paragraph 1 of the German Commercial Code (HGB) have also been considered. All IFRSs issued by the IASB that were effective and applied by Südzucker AG at the time these consolidated financial statements were prepared have been adopted by the European Commission for application in the EU.

The consolidated financial statements for the period ended 29 February 2024 were prepared on 26 April 2024 by the executive board. The audit committee will audit the consolidated financial statements on 7 May 2024, which will then be subsequently audited and approved by the supervisory board on 15 May 2024. The publication date of the consolidated financial statements including the combined management report (annual report) is 16 May 2024.

Südzucker prepares and presents the consolidated financial statements in euros; unless otherwise indicated, all amounts are disclosed in millions of euros (€ million). The previous year's numbers are generally shown in parentheses. Numbers and percentages may be subject to differences due to rounding; where necessary, figures in the sugar segment are rounded to reconcile the segment figures with the group figures.

The consolidated financial statements include the income statement, the statement of comprehensive income, the cash flow statement, the balance sheet and the statement of changes in shareholders 'equity. The disclosures in the notes to the consolidated financial statements also include segment reporting.

Certain items on the balance sheet and in the statement of comprehensive income have been combined and subtotals included in order to improve the clarity of presentation. These items are shown separately and described in the notes to the financial statements. The income statement is part of the statement of comprehensive income and has been prepared using the nature of expense method.

The consolidated financial statements are prepared based on historical cost, provided no other method is reported under note (05) "Accounting policies".

First-time adoption of IFRSs and IFRIC

The standards shown in table 059 were mandatory for the first time in the 2023/24 financial year.

On 23 May 2023, the IASB issued the amendment "International Tax Reform – Pillar 2 Model Rules" to IAS 12 "Income Taxes", which was adopted by the EU on 8 November 2023 and was already

Accounting standards applied for the first time

Standard		Passed by IASB	Adopted by the EU
IAS 1	Presentation of Financial Statements (amendment)	2/12/2021	3/2/2022
IAS 8	Accounting Policies, Changes in Accounting Estimates and Errors (amendment)	2/12/2021	3/2/2022
IAS 12	Income Taxes (amendment)	5/7/2021	8/11/2022
IAS 12	Income Taxes (amendment)	5/23/2023	11/8/2023
IFRS 17	Insurance Contracts	6/25/2020	11/19/2021
IFRS 17	Insurance Contracts (amendment)	12/9/2021	9/8/2022

TABLE 059

applicable in the 2023/24 financial year. The amendment mandates simplifications in the recognition of deferred taxes and includes a temporary, compulsory exception from recognition of deferred taxes arising from the introduction of the global minimum tax as well as specific disclosure requirements to provide financial statement users with an understanding of the extent to which a company is affected by the minimum tax, especially before the laws come into effect. Please refer to note (16) "Taxes on income" for further information.

The remaining new or amended standards listed above that were applicable for the first time were not relevant in the 2023/24 fiscal year or had no effect on the presentation of the financial position and performance.

Future application of IFRSs and IFRIC

The following is a summary of the standards and interpretations that must be applied as of the 2024/25 financial year or later, because they have already been accepted by the EU or that were published by the IASB, but have yet to be recognized by the EU. The expected effective date is provided for standards that have not yet been recognized by the EU. Südzucker has not opted for the early adoption of any of the new or amended requirements below. The information on the content is based on whether and in what form the provisions are relevant to Südzucker; if future requirements do not apply to Südzucker, no information on content is provided.

Future application standards

Standard / Interpretation	Passed by IASB	Adopted by the EU	Mandatory application for Südzucker as of financial year	Content and, if relevant, expected impact on Südzucker
IAS 1 Presentation of Financial Statements (amendment)	1/23/2020 and 7/15/2020	12/19/2023	2024/25	The amendments clarify that the classification of liabilities as current or non-current should be based on rights to defer settlement by at least twelve months. Classification depends on the reporting entity's right and expectation. Südzucker does not expect any material effects from the amendment to the standard.
IAS 1 Presentation of Financial Statements (amendment)	10/31/2022	12/19/2023	2024/25	The amendments relate to requirements introduced with the classification of liabilities with ancillary conditions as current or non-current and determine under which conditions entities must classify financial liabilities as current or non-current. Only ancillary conditions that an entity must fulfill on or before the reporting date affect the maturity of a liability. However, an entity must report in the notes to the financial statements that there is a risk of non-current liabilities with ancillary conditions becoming repayable within twelve months. Südzucker currently assumes that the regulations may not be relevant.
IAS 7 Statement of Cash Flows (amendment)	5/25/2023	No	2024/25	The amendments relate to provisions in connection with supplier relationship agreements such as supply chain financing, financing of trade payables and reverse factoring agreements. Supplier relationships are not defined, instead, the characteristics of such agreements are outlined, specifying the information that must be disclosed. If such agreements exist, information on the effects of the agreements on debt, cash flows and liquidity risk or on the effects of the discontinuation of the agreements must be disclosed in the notes to the financial statements. Such agreements are not relevant within Südzucker Group.
IFRS 16 Leasing (amendment)	9/22/2022	11/22/2023	2024/25	This statement clarifies how a seller-lessee makes subsequent measurements of sale and leaseback transactions accounted for as set out in IFRS 15. In the absence of any corresponding transactions, these regulations are not relevant within Südzucker Group.
IAS 21 The Effects of Changes in Foreign Exchange Rates (amendment)	8/15/2023	No	2025/26	The amendment concerns the rules in the event that a currency is not convertible and the associated determination of the exchange rate. Südzucker currently assumes no or no material effect on the presentation of the financial position and performance.
IFRS 7 Financial Instruments: Disclosures (amendment)	5/25/2023	No	2024/25	The amendment directly relates to the amendment to IAS 7 and pertains to supplier relationship agreements. If available, information must be provided on the terms, conditions, carrying amounts of the liabilities, the balance sheet items affected and the maturity dates. Such agreements are not relevant within Südzucker Group.

TABLE 060

Prior-year adjustments according to IAS 8

As the payments to the hybrid capital providers do not constitute a distribution of profits, no share of the net earnings will now be allocated to them. Südzucker AG shareholders' share of net earnings and comprehensive income will therefore increase by € 17 million in 2022/23. In the statement of changes in shareholders' equity, the claim of the hybrid capital providers is recognized on a new line. The associated payments are now reported gross under "Distributions" and the corresponding tax effect under "Other changes". For the fiscal year 2022/23, there was thus a redistribution resulting from the distributions for the hybrid equity capital and the other changes amounting to € 8 million. This had no effect on the opening and closing balance of equity, net earnings or on earnings per share.

(02) Companies included in consolidation

Fully consolidated subsidiaries

In addition to Südzucker AG, all material domestic and foreign subsidiaries in which Südzucker AG has direct or indirect control are fully consolidated in the consolidated financial statements. 138 (142) companies in addition to Südzucker AG were included in the consolidated financial statements at the balance sheet date.

First-time consolidation of acquired companies

No companies were acquired in the 2023/24 financial year.

Companies consolidated at equity

15 (15) companies were accounted for using the equity method. This applies to the joint ventures of Hungrana and AGRANA Studen Group, Beta Pura GmbH, CT Biocarbonic GmbH and Maxi S.r.l. For the at-equity method the prorated earnings are recognized in profit or loss; the effects of market value measurements and exchange rate differences attributable to Südzucker are shown in equity under other comprehensive income.

Changes in the scope of consolidation

	2023/24	2022/23
1 March	**142**	**134**
First-time consolidations		
Investments previously carried at cost	0	2
Acquisitions	0	10
Companies established	1	2
Total	**1**	**14**
Deconsolidations		
Mergers	−3	−3
Liquidations	−2	−3
Divestments / Other	0	0
Total	**−5**	**−6**
28/29 February	**138**	**142**

TABLE 061

(03) Consolidation methods

Consolidation based on the purchase method

Under IFRS all business combinations are to be accounted for using the purchase method. The purchase price for the acquired subsidiary is allocated to the assets acquired and liabilities and contingent liabilities assumed. The value ratios at the date the possibility of control of the subsidiary is obtained are considered to be significant. Assets and assumed liabilities and contingent liabilities that qualify for recognition are recognized – independent of the investment amount – in full at their fair value. Intangible assets are recognized separately from goodwill if they are separable from the entity or if they result from contractual or other legal rights. Remaining differences are capitalized as goodwill and tested for impairment at least annually. Negative goodwill arising from initial consolidation is recognized directly in profit or loss. Costs related to an acquisition are recognized as an expense when they are incurred.

Transactions involving non-controlling interests are treated the same as transactions with shareholders. The difference between the amount paid for a non-controlling interest and the corresponding share of the carrying amount of the net assets of the subsidiary is recognized in equity. Costs arising from reductions in non-controlling interests without loss of control are also recognized in equity.

Equity method measurement

Investments in important joint ventures and associates are included in the consolidated financial statements using the equity method as from their date of acquisition or when the application requirements of IFRS 11 (Joint Arrangements) or IAS 28 (Investments in Associates) have been met. Associates are companies over which significant influence over management can be exercised and that are not subsidiaries, joint ventures or joint operations. This is typically demonstrated by a share of voting rights between 20 and 50 %.

Business combinations achieved in stages

In the case of business combinations achieved in stages, the shares of the entity being sold are purchased in stages. In other words, the control of the entity is gained in several steps. IFRS 3 is to be applied to the combination as soon as the acquirer gains control. Before control is gained, the interest is reported as investments in associates, as joint arrangements or as financial instruments – depending on which rules are relevant. The fair value of assets and liabilities including the purchased entity's goodwill is remeasured until the point control is gained with the fundamental option in the case of business combinations of recognizing either the entire goodwill (full goodwill method) or only the goodwill inferred based on the proportionate revalued net assets and corresponding effects on the minority interest in equity (purchased goodwill method). Obtaining control triggers a complete revaluation of all assets and liabilities. Any adjustments to a previously held equity interest are recognized in profit or loss once control is obtained.

Elimination of intragroup transactions

Intragroup revenues, expenses and income and all receivables, liabilities and provisions between consolidated entities are eliminated. Intercompany results included in non-current assets and inventories and arising from intragroup deliveries are eliminated.

(04) Foreign currency translation

Transactions in foreign currencies are translated into the functional currency using the exchange rates on the date of the transaction.

The annual financial statements are prepared in the functional currency of the respective entity. With the exception of the distributor BENEO Asia Pacific Pte. Ltd. in Singapore, which uses euros, the subsidiaries' functional currency corresponds to the country currency in which the respective subsidiary has its headquarters.

When the financial statements of foreign group companies are prepared in a functional currency other than euros – Südzucker's reporting currency – translation of assets and liabilities takes place at ECB reference rates or other published reference rates at the balance sheet date (closing rate). As a general rule, the overall result is translated at the average annual rates. However, if the application of the average annual rates leads to incorrect results, translation of the affected items takes place at an adjusted average rate. The remaining income and expense items have been translated unchanged at the average annual rate. In the case of subsidiaries in hyperinflationary economies, all expenses and income are translated at the closing rate.

Movements in exchange rates of the significant currencies

1 € = Local Currency

Country	Currency code	Year-end rate 29.02.2024	Average rate 2023/24	Year-end rate 28.02.2023	Average rate 2022/23	Year-end rate 28.02.2022
Egypt	EGP	33.39	33.35	32.40	22.45	17.54
Argentina	ARS	909.49	–	209.10	–	120.81
Australia	AUD	1.67	1.64	1.58	1.51	1.55
Brazil	BRL	5.41	5.37	5.53	5.36	5.78
Chile	CLP	1,047.53	928.79	879.86	909.40	894.23
China	CNY	7.79	7.67	7.37	7.10	7.07
Mexico	MXN	18.50	18.91	19.45	20.71	22.90
Moldova	MDL	19.28	19.46	19.94	19.90	20.34
Poland	PLN	4.32	4.48	4.72	4.71	4.69
Romania	RON	4.97	4.96	4.92	4.93	4.95
Russia	RUB	99.45	95.73	79.62	70.29	115.48
Czech Republic	CZK	25.36	24.19	23.50	24.46	25.00
UK	GBP	0.86	0.87	0.88	0.86	0.84
Ukraine	UAH	41.30	39.86	38.61	35.18	33.17
Hungary	HUF	393.48	380.85	377.68	396.39	369.72
USA	USD	1.08	1.08	1.06	1.04	1.12

TABLE 062

Intragroup loans for long-term financing of subsidiaries primarily represent a part of the net investment in these foreign operations; exchange rate fluctuations resulting from the year-end valuation are recognized directly in equity and reported in comprehensive income as a component of income and expense recognized directly in equity in the item "Exchange differences on net investments in foreign operations."

Hyperinflationary countries Argentina and Turkey

Argentina has been considered hyperinflationary since 2018 and Turkey since 2022; the financial statements of subsidiaries located in Argentina and Turkey have been adjusted accordingly as outlined in IAS 29 (Financial Reporting in Hyperinflationary Economies).

The financial statements of subsidiaries in hyperinflationary economies were prepared based on the concept of historical cost. They are adjusted to reflect changes in the general purchasing power of the functional currency (Argentine peso or Turkish lira) and were therefore disclosed in the measuring unit current at the balance sheet date. For this purpose, consumer prices published by the Instituto Nacional de Estadistica y Censos (National Institute of Statistics and Censuses) in Argentina and by the Türkiye Istatistik Kurumu (Turkish statistical institute; TUIK) in Turkey were used as a basis.

Change in % of index

	Argentina		Turkey	
	2023/24	2022/23	2023/24	2022/23
March	7.7	6.7	2.3	5.5
April	8.4	6.0	2.4	7.3
May	7.8	5.1	0.0	3.0
June	6.0	5.3	3.9	5.0
July	6.3	7.4	9.5	2.4
August	12.4	7.0	9.1	1.5
September	12.7	6.2	4.8	3.1
October	8.3	6.3	3.4	3.5
November	12.8	4.9	3.3	2.9
December	25.5	5.1	2.9	1.2
January	20.6	6.0	6.7	6.7
February	15.0	5.8	5.0	3.2

TABLE 063

The application of IAS 29 negatively impacted the currency translation result as a component of the other financial result of € 2 (2) million.

(05) Accounting policies

The relevant accounting policies under IFRS are to be applied uniformly for similar transactions and other events in similar circumstances when preparing the consolidated financial statements of group companies. An explanation of the accounting policies is given only if the relevant standards provide accounting and measurement options or when the principles are specified in greater detail. In particular, the text of the respective standards is not repeated nor are the basic rules restated.

Intangible assets

Acquired goodwill is recognized on the balance sheet as part of intangible assets. Goodwill and intangible assets with indefinite useful lives are not amortized, but are subject to an impairment test (impairment-only approach) at least annually or when there is an indication of impairment (triggering events). The procedure adopted in carrying out this impairment test is described more fully in the notes on balance sheet items below. Acquired intangible assets (without goodwill) with finite useful lives are generally stated at acquisition cost less straight-line depreciation. The respective useful life is determined based on the term of the underlying contract or the estimated consumption of the intangible asset's utilization potential. Intangible assets with indefinite useful lives include mainly the brand name of US pizza manufacturer Richelieu Foods Inc. purchased as part of the acquisition. They are measured at acquisition cost; an impairment test is carried out annually or when there is an indication of impairment. Lease accounting is not applied to intangible assets.

Fixed assets

Fixed assets are stated at acquisition or production cost less linear or campaign related depreciation and impairment. Items of fixed assets are depreciated pro rata temporis in the year of their acquisition. Government subsidies and grants are deducted from acquisition cost.

Depreciation of fixed assets and of intangible assets with limited useful lives is charged based on the following useful lives:

Useful lives

	Years
Intangible Assets	2 to 15
Buildings	10 to 50
Technical equipment and machinery	5 to 25
Other equipment, factory and office equipment	3 to 15

TABLE 064

Leasing of fixed assets

In accordance with IFRS 16, the lessee capitalizes all leases by recognizing the present value of the lease payments and showing them as lease assets (right-of-use assets) on the balance sheet. The present value is determined based on the current incremental borrowing rate of interest with appropriate terms unless the underlying interest rate for the lease payments is available. The right of use is regularly depreciated over the term of the lease. Unaccrued interest is added to the lease liability using the effective interest method and paid off through lease payments; the resulting interest expense is reported in the financial result. The right of use is subject to the impairment test in accordance with IAS 36 (Impairment of Assets).

Südzucker avails itself of the non-capitalization option for low-value assets and short-term leases. Intra-group leasing transactions are presented as operating leasing in the segment reporting.

Securities

Initial measurement of securities takes place at market value plus transaction costs at the settlement date. Debt instruments are primarily assigned to the measurement category “At fair value through equity in comprehensive income (including recycling)”, but also to the measurement category “at amortized cost”. Shares in investment funds and loan-stock rights (cooperative shares) in the balance sheet item securities are allocated to the category “at fair value through profit or loss” and are recognized at fair value upon initial recognition. Equity instruments intended to be held on a long-term basis are allocated to the category “at fair value through other comprehensive income (excluding recycling)”. Securities are generally classified as current assets since these also serve as a liquidity reserve and are thus sold when required.

Other investments

Due to lack of materiality, other investments comprise non-consolidated affiliated companies or associates and joint ventures not accounted for using the equity method. These fall within the scope of IFRS 10 (Consolidated Financial Statements) or IAS 28 (Investments in Associates and Joint Ventures). The remaining other investments are classified as “recognized at fair value through profit or loss in the income statement” (“held for trading”).

Inventories

Inventories are stated at acquisition or production cost. The FIFO (first in – first out) method is used for the production companies. Production cost includes all production related costs determined assuming normal levels of production capacity. In detail, it includes directly attributable costs, fixed and variable production overheads as well as depreciation of production machinery. Finance charges are not considered here. Where necessary, the lower net realizable value less costs to complete is used. Sugar is primarily produced from September to January. This is why depreciation on systems used for the campaign is predominantly applied in the third and fourth quarter of the Südzucker financial year. Any material, personnel and other operating expenses incurred in preparation for production prior to the next sugar campaign are capitalized during the financial year via changes in inventories and recognized on the balance sheet under inventories as work in progress. In the subsequent sugar production these are then taken into account when determining production costs of the sugar produced and thus recognized under inventories as part of finished goods.

Trade receivables and other financial assets

The recognized trade receivables are measured at their transaction price at the time of initial recognition and other financial assets are recognized at the market price plus transaction costs at the time of initial recognition; subsequent measurement takes place at amortized cost using the effective interest method. Südzucker has applied a simplified impairment model. Adequate individual allowances are made in separate accounts for bad debts and other risks in receivables; portfolio-based allowances are also made in separate accounts for bad debts based on historical loss rates depending on how overdue the receivables are in the division concerned. The expected future loss development is also factored in. The nominal value less any necessary impairment corresponds to the fair value. In the case of receivables more than 90 days overdue, retention of the valuation approach is always based on a case-by-case analysis excluding portfolio-based value adjustments. Südzucker assumes that a receivable is in default if it is more than 90 days overdue or if there are concrete indications of illiquidity, such as the opening of insolvency proceedings. Attention is also directed to the individual case when writing off uncollectible receivables.

CO_2 emissions rights

The accounting of CO_2 emission rights includes the emission rights issued in the EU trading system (EU Allowances – EUA) as well as emission certificates issued by individual EU countries and traded locally, such as Green Certificates in Belgium.

EUA are recognized in accordance with IAS 38 (Intangible Assets), IAS 20 (Government Grants) and IAS 37 (Provisions). EUA issued or granted at no charge for each calendar year are intangible assets, which are classified as other current assets. They are measured at cost, which, in the case of emissions rights issued at no charge, is zero.

If actual emissions exceed the EUA allocated, a provision for CO_2 emissions is recognized in the cost of materials as a component of energy costs. The provision is measured reflecting the acquisition cost of additional certificates or the market value of emissions certificates at the balance sheet date.

"Green Certificates" issued by the government based on real-world energy generation from renewable raw materials are recognized according to IAS 20.29 in the amount of their recovery proceeds as a reduction in the cost of materials. This applies to energy generation for ethanol production at the Belgian location in Wanze, for instance.

Cash and cash equivalents

Cash and cash equivalents include cash on hand and cash balances with financial institutions that have a remaining term of one to three months. Cash and cash equivalents in foreign currencies are assessed using closing rates at the balance sheet date.

Hybrid capital

Pursuant to IAS 32 (Financial Instruments: Presentation) the terms and conditions of the hybrid capital issued in summer 2005 call for the reporting of this as shareholders' equity of Südzucker Group. Interest payment is dependent on the capital markets. The tax-deductible interest is not reported as interest expense but rather is treated the same as dividend payments to Südzucker AG shareholders.

Provisions for pensions and similar obligations

Provisions for pensions and similar obligations for defined benefit plans are determined as set out in IAS 19 (Employee Benefits) using the projected unit credit method. With the projected unit credit method, not only the pensions known at the effective date and acquired benefits are considered but also future adjustments to salaries and pensions. The calculation relies on actuarial reports taking biometric data into account.

Payments for defined contribution plans are recognized as an expense when due and reported under personnel expenses. Payments to state benefit plans are treated in the same way as payments to defined contribution plans. The group does not have any other obligations beyond the payment contributions.

Other provisions

Other provisions cover risks arising from legal disputes and proceedings (litigation), provided there is a more than 50 % likelihood of occurrence and a reliable estimate can be made. Assessment and estimation of the provision amount takes place through factual assessment of the situation, by considering the level of the claims – including the results of comparable procedures – and by getting independent legal opinions.

Income tax

Reported income tax comprises taxes on taxable income plus changes to deferred tax assets and liabilities as applicable in the individual countries.

Current income tax

Current income tax is reported as the amount of tax expected to be payable based on the applicable or enacted legislation as of the balance sheet date.

Tax assets and liabilities

Income tax liabilities from the fiscal year just ended are reported on the balance sheet under current tax liabilities, and receivables from prepayments under current tax assets. Non-current tax liabilities primarily comprise income tax for prior year periods that have not yet been conclusively audited and the corresponding tax risks. Tax liabilities are also recognized in the event that amounts recognized in the tax returns are unlikely to be realized (uncertain tax positions). The amount is determined from the best possible estimate of the expected tax payment (expected value or most probable value of the tax uncertainty). Tax assets from uncertain tax positions are recognized if it is probable that they will be realized. Tax liabilities or tax assets for these uncertain tax positions are not recognized in the presence of a tax loss carryforward or an unused tax credit. Deferred tax assets for unused tax loss carryforwards and tax credits are adjusted instead.

Deferred tax

Deferred tax is recognized on temporary differences between the values of assets and liabilities in the IFRS balance sheet and the tax balance sheet, as well as on tax loss carryforwards, to the extent they can be offset against future taxable income. Deferred tax assets and deferred tax liabilities are recognized separately on the face of the balance sheet. Deferred tax assets have been offset against deferred tax liabilities to the extent the related taxes on income are imposed by the same tax authorities and there is a legally enforceable right to set-off. A resulting excess of deferred tax assets is only recognized to the extent that it is likely that taxable income will be available against which deferred taxes can be offset. Individual companies forecast the recoverability of deferred tax assets, among other things, based on the future earnings situation at the respective group company.

Deferred tax liabilities that arise as a result of temporary differences in connection with investments in subsidiaries and companies consolidated at equity are recognized unless the timing of the reversal of the temporary differences can be controlled by the group and it is likely that the temporary differences will not reverse as a result of this controlling influence within the near future.

Deferred tax is calculated according to IAS 12 (Income Taxes), taking into consideration the respective applicable national income tax rates or those that have been substantively enacted as of the balance sheet date and that are expected to apply when the related deferred income tax asset is recognized or the deferred tax liability is settled. Deferred tax assets and liabilities associated with earnings and expenses directly recognized in shareholders' equity are treated identically.

Trade payables and other financial liabilities

Non-current and current financial liabilities are initially measured at market value less transaction costs and subsequently measured at amortized cost.

Financial liabilities

Financial liabilities comprising bonds issued in particular are shown net of their issue discount and transaction costs. Unwinding of the discount takes place using the effective interest method.

Derivative financial instruments

Derivative financial instruments are recognized as assets or liabilities and measured – independent of their purpose – at fair value. Changes to this value are recognized in profit or loss unless the derivatives are in a hedging relationship with a hedged item. In this case, recognition of the changes in fair value is based on the nature of the hedge. Initial recognition is on the trading day.

Fair value hedges are used to hedge the exposure of recognized assets or liabilities to changes in the fair value. Here, changes in the fair values of both the hedges and the associated hedged items are recognized in the income statement. If the hedged items and hedges are already measured as primary instruments at their fair values, the application of the special rules for fair value hedge accounting can be waived to achieve the fair value hedge.

Cash flow hedges are used to hedge the exposure to variability in future cash flows that is either attributable to a particular risk associated with a recognized asset or liability or a highly probable forecast transaction. When there is a cash flow hedge, the unrealized gains and losses of the hedge transaction – if effective – are initially recognized in other comprehensive income. They are not transferred to the income statement until the hedged item is recognized in profit or loss. If the transactions lead at a balance sheet date to the recognition of non-financial assets or liabilities, e.g. for the acquisition of inventories, the amounts recognized directly in equity are offset with the initial recognition of the carrying amount of the asset or liability (base adjustment).

Revenues

Revenues are recognized in the amount of the consideration expected to be received for the sale of goods in the ordinary course of business. Revenues are reported less discounts and price reductions, without sales tax, and after eliminating intragroup sales. Revenues are recognized when control over the products and goods has been transferred to the customer. The timing of this transfer is usually determined in accordance with INCOTERMS (International Commercial Terms). Accordingly, revenues are generally recognized on a time basis, which takes place promptly after dispatch of the products and goods due to the short delivery times. The costs of sales initiation are largely short-term with regard to their relation to sales and are recognized immediately as an expense. The payment term is usually 60 days or less and therefore revenue recognition does not include any financing components. In addition to contracts for spot sales there are also customer agreements, particularly as annual and campaign contracts, which also means that the disclosure of performance obligations remaining only for the short term can be omitted.

Estimations, discretionary scope and assumptions

The preparation of financial statements in accordance with IFRS requires discretionary decisions and assumptions as well as estimates to be made. These management assessments can impact the valuation of the assets and liabilities recognized, the income and expenses, and the disclosure of contingent liabilities. Significant matters affected by such estimates and discretionary decisions are outlined below.

Further explanatory notes on the underlying assumptions and estimates made for these consolidated financial statements are given in the disclosures on individual items in the financial statements.

The determination of the useful life of the depreciable fixed asset, the net selling price of the inventories and the fair value of intangible assets, fixed assets and liabilities acquired in business combinations is also based on estimates.

Certain contracts require an assessment whether they should be treated as derivatives or as so-called own-use contracts and be accounted for as executory contracts. For sales contracts with variable price agreements, an estimate of the expected final prices for revenue recognition must also be made for each individual contract.

There are no discretionary decisions with a significant influence on amounts in the financial statements. The following matters are of particular importance for estimates.

Goodwill (intangible assets)

The recoverability of goodwill is assessed based on forecasts for the cash flows of cash generating units for the next five years using a discount rate adjusted for the business risks and – where necessary due to the existing uncertainties – on the basis of various occurrence scenarios. Further details on this are reported under note (21) “Intangible assets”.

Deferred tax assets, income tax (taxes on income)

Deferred tax assets are recognized to the extent that the recoverability of future tax benefits is probable. The actual tax result situation of subsequent periods and therefore the actual utility of deferred tax assets can vary from the assessment at the time of recognition of the deferred taxes. Income tax can be subject to uncertainties with regard to the probability and amount of the expected tax payment or refund. This requires the company to make an estimate. Additional information on this is available in note (16) “Taxes on income”.

Provisions for pensions and similar obligations

With regard to provisions for pensions and similar obligations, the discount rate is one of the key factors that can lead to a significant adjustment to the recognized value within a financial year. The discount rate for pension obligations is determined by reference to market yields observable at the balance sheet date on high-quality, fixed-rate corporate bonds, making analytically derived assumptions about the age at entry into the pension benefits, life expectancy, staff turnover rates and future wage and pension trends. Please see the sensitivity analysis disclosures under note (27) “Provisions for pensions and similar obligations” for information on the impact of changes to individual actuarial assumptions on the amount of the defined benefit pension obligations.

Other provisions (provisions for litigation risks and risk precautions)

Assumptions and estimates are also related to the accounting and measurement of other provisions. Uncertainties may arise in the accounting of other provisions or the disclosure of contingent liabilities because it is necessary – especially in connection with pending or potential legal disputes – to make estimates and assumptions, e.g. about the probability of the outcome of proceedings as well as the use of provisions and thus the determination of maturity. Please refer to note (28) “Other provisions” for further information.

Circumstances and assessments at the balance sheet date, differences between the actual amounts

All assumptions and estimates are based on the circumstances and assessments at the balance sheet date. In assessing the expected business development, the future economic environments in which the group will operate, and which are assumed to be realistic at the balance sheet date were also considered. The actual amounts may vary from the estimates should the conditions develop counter to our assumptions. If this is the case, the assumptions are adjusted and, where necessary, the carrying amounts of the affected assets and liabilities as well.

Climate-related effects

Südzucker Group aims to operate in a carbon-neutral manner by 2050 at the latest in line with the EU Green Deal. Our measures toward achieving our climate targets include ensuring carbon-neutral production, minimizing greenhouse gas emissions (GHG2) in our supply chains and preparing climate-friendly biomass-based products for the non-food sector. To reach these targets, we are working on solutions to reduce GHG emissions in the value chain. Specifically with regard to our more energy-intensive divisions, measures are being developed to increase energy efficiency, reduce GHG emissions and work on electrification and further, gradual conversion to renewable fuels.

At the same time, Südzucker Group is conducting studies to assess climate-related risks. The first step will be to examine the impact of climate change on our 100 or so locations around the world.

On the basis of the assumptions and estimates made – in light of the circumstances and assessments at the balance sheet date – no indications of a significant need for impairment or adjustment of the remaining useful lives of non-current assets were identified. The assumptions made are subject to ongoing review and are revised as needed, including but not limited to modifications to the legal framework in relation to climate change.

NOTES TO THE INCOME STATEMENT

(06) Revenues

Third-party revenues from contracts with customers are broken down below – recognized based on date – according to segments and delivery destinations:

Revenues according to segments and delivery destinations

€ million	Sugar	Special products	CropEnergies	Starch	Fruit	Group
2023/24						
Germany	1,315	409	281	269	161	2,435
Belgium	303	77	103	6	51	540
France	506	119	105	24	135	889
Austria	408	29	1	291	56	785
Poland	231	73	29	11	51	395
Other EU	1,129	315	199	338	169	2,150
EU	**3,892**	**1,022**	**718**	**939**	**623**	**7,194**
UK	48	514	312	17	47	938
USA	1	544	0	31	305	881
Other countries	221	334	61	69	591	1,276
Total	**4,162**	**2,414**	**1,091**	**1,056**	**1,566**	**10,289**
2022/23						
Germany	999	369	272	323	139	2,101
Belgium	229	71	161	7	44	513
France	367	89	115	24	125	720
Austria	332	24	1	306	50	712
Poland	169	55	12	16	40	292
Other EU	968	271	399	413	143	2,194
EU	**3,064**	**879**	**959**	**1,088**	**541**	**6,532**
UK	35	461	390	14	41	941
USA	1	596	0	35	327	958
Other countries	116	281	41	56	573	1,067
Total	**3,216**	**2,217**	**1,390**	**1,193**	**1,482**	**9,498**

TABLE 065

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

€ million	2023/24	2022/23
Change in work in progress and finished goods inventories		
Sugar segment	552	417
Special products segment	15	44
CropEnergies segment	–22	13
Starch segment	–22	41
Fruit segment	–1	23
Total segments	**522**	**538**
Internal costs capitalized	11	6
Total	**533**	**544**

TABLE 066

Change in work in progress and finished goods also includes write-downs of inventories to net disposal proceeds and reversals of impairment losses; see note (24) "Inventories" for explanations.

(08) Other operating income

€ million	2023/24	2022/23
Foreign exchange and currency translation gains	45	42
Gain on sales of current and non-current assets	19	9
Income from derivatives	8	25
Income from special items	2	30
Other income	95	70
Total	**169**	**176**

TABLE 067

Income from the disposal of non-current and current assets in fiscal 2023/24 mainly related – as in the previous year – to the disposal of non-operating real estate assets in Poland and France.

Given the extremely high volatility mainly last year on the raw material and energy markets and the corresponding adjustment of capacity utilization to market conditions, some hedging relationships were canceled in the CropEnergies segment due to the discontinuation of the underlying hedged item. In this case, the derivative result was reclassified from the hedge reserve to income from derivatives within other operating income.

Last year, income from special items included in particular income from the reversal of a provision that had been recognized in the sugar segment relating to fine proceedings initiated by the Austrian competition authority in 2010. The final decision of the Vienna Supreme Court in fiscal 2022/23 resulted in a significant reduction in the charges; this also reduced the amount of the threatened fine and the associated provision requirement accordingly.

Other income includes, among others, insurance settlements and other compensation, agricultural compensation payments and grants, income from services performed and from rents and leases, income from prior periods (exl. Income taxes and interest) and income from the reversal of provisions.

(09) Cost of materials

€ million	2023/24	2022/23
Cost of raw materials, consumables and supplies and of purchased merchandise	6,911	6,567
Cost of purchased services	426	384
Total	**7,337**	**6,951**

TABLE 068

In the CropEnergies segment, the biomass boilers installed in Wanze produce green electricity. In line with the regulations currently in force in Wallonia until 2039 to promote sustainably generated energy, it is sold on the Belgian electricity market or consumed by the company itself. The green certificates issued by the government for the generation of this green electricity are recognized in the amount of their recovery proceeds as a reduction in the note "Cost of raw materials, consumables and supplies, purchased goods and services" within material expenditure.

Comparable provisions involving the credit of Green Certificates apply to other production facilities that generate their own energy in Belgium, Poland and Romania. During the reporting period the corresponding recovery of proceeds from Green Certificates was € 21 (24) million in total; the majority of these were for the Belgian location in Wanze.

(10) Personnel expenses

€ million	2023/24	2022/23
Wages and salaries	953	849
Contributions to statutory old-age insurance	59	53
Social security, pension and welfare expenses	180	159
Total	**1,192**	**1,061**

TABLE 069

Of the total personnel expenses of € 1,192 (1,061) million, € 6 million are included in the result from restructuring and special items and in the reporting year relate primarily to personnel changes on AGRANA Beteiligungs-AG's executive board and restructuring measures in the fruit segment. Last year, the expenses from restructuring and special items of € 2 million were mainly attributable to personnel provisions set up in connection with the optimization of the Freiberger division's plant structures in the US.

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

	29 February 2024	2023/24 quarterly average	29 February 2023	2022/23 quarterly average
Sugar segment	6,458	6,617	6,206	6,398
Special products segment	5,422	5,319	5,262	5,207
CropEnergies segment	515	496	480	470
Starch segment	1,167	1,171	1,148	1,152
Fruit segment	5,642	5,730	5,245	5,575
Group	**19,204**	**19,333**	**18,341**	**18,802**

TABLE 070

The number of employees in the group as of 29 February 2024 increased moderately year-on-year at a total of 19,204 (18,341) full-time equivalents. The higher average number of employees throughout the quarterly reporting dates of the financial year (31 May, 31 August, 30 November and 28/29 February) was mainly due to the seasonal increase in employment as part of the individual harvesting and processing campaigns.

(11) Amortization (including impairment losses and reversal of impairment losses)

€ million	2023/24	2022/23
Intangible assets	27	27
Fixed assets	343	337
Depreciation and amortization	**370**	**364**
Intangible assets	2	47
Fixed assets	21	12
Impairment losses	**23**	**59**
Income from reversal of impairment losses	**0**	**–34**
Net depreciation	**393**	**389**
thereof operating result	371	366
thereof result from restructuring / special items	22	23
Impairment according to segments		
Sugar	1	6
Special products	0	2
CropEnergies	0	0
Starch	0	0
Fruit	22	51
Total	**23**	**59**

TABLE 071

An additional goodwill impairment of € 47 million was required for the fruit CGU in the previous year, which is recognized in the impairment of intangible assets. Please refer to note (21) "Intangible assets" for further explanations.

Impairment losses on intangible assets (customer list) and fixed assets in the 2023/24 financial year were mainly attributable to the fruit segment's Asian production locations in Japan and China.

Last year, impairment losses on fixed assets were mainly related to the closure of the production site of Richelieu Foods, Inc. a US pizza manufacturer of the Freiberger Division. In addition, impairment losses were recognized at the French sugar production sites and on fixed assets at the fruit segment's locations in South Africa and India. Impairment losses on fixed assets relate to assets that are not subject to any further operational use.

These impairment losses were recognized in result from restructuring and special items in the reporting year and in the previous year.

The income from reversal of impairment losses in the previous year in the amount of € 34 million related to Südzucker AG's wheat starch plant in Zeitz (Asset CGU) as a result of realized earnings improvements and a positive outlook on earnings. An impairment loss was thus canceled in the 2018/19 financial year.

(12) Other operating expenses

€ million	2023/24	2022/23
Selling and advertising expenses	504	539
Operating and administrative expenses	405	349
Advertising expenses	42	36
Expenses due to restructuring / special items	10	6
Expenses from lease and service agreements	52	50
Losses on disposals of current and non-current assets	4	6
Bad debt allowances	3	2
Foreign exchange and currency translation losses	48	44
Expense from derivatives	13	11
Other taxes	22	34
Other expenses	54	39
Total	**1,157**	**1,116**

TABLE 072

Selling and logistics costs of € 504 (539) million mainly comprise freight and external storage expenses and were slightly lower than in the previous year.

Operating and administrative expenses of € 405 (349) million comprise items such as office, communication and travel expenses, consulting fees, fees and contributions, insurance premiums, employee training, employee benefits and outsourced maintenance and repair services.

Expenses from restructuring and special items of € 10 (6) million mainly related to the dismantling obligations for sites in the sugar segment that were shut down in previous years as well as start-up costs associated with the construction of new production facilities in the special products and CropEnergies segments. Last year, expenses were incurred for optimizing the Freiberger division's plant locations in the USA, including necessary compensation payments to customers for suspending existing supply contracts.

Other taxes totaled € 22 (34) million and comprise taxes on income and property, excise tax and transport taxes.

Other operating expenses in the amount of € 54 (39) million include items such as research and development costs, market research fees, license fees and other services.

(13) Result from companies consolidated at equity

The result from companies consolidated at equity of € 2 (30) million includes the share of earnings from the joint ventures of Hungrana Group, AGRANA Studen Group, Beta Pura GmbH, CT Biocarbonic GmbH and Maxi S.r.l. Last year, both the prior year and the current year also included impairment losses on Beta Pura GmbH. In the previous year, this figure also included impairment losses on Beta Pura GmbH and income from the recognition in profit or loss of the currency gains previously recognized directly in equity as a result of the discontinuation of the at-equity consolidation of the investment in ED&F Man Holdings Limited, London, UK, at the beginning of the 2022/23 financial year. The previous year's result also benefited from the high sugar trading margins of the Studen Group.

Further information on the development of income from companies consolidated at equity is found under note (23) "Shares in companies consolidated at equity, other investments".

(14) Result from operations

€ million	2023/24	2022/23
Result from operations	**914**	**731**
thereof operating result	947	704
thereof result from restructuring / special items	−35	−3
thereof result from companies consolidated at equity	2	30

TABLE 073

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

(15) Financial income and expense

€ million	2023/24	2022/23
Interest income	22	13
Interest expense	−111	−55
Interest income and expense, net	**−89**	**−42**
Other financial income	60	61
Other financial expense	−104	−70
Other financial income and expense, net	**−44**	**−9**
Financial expense, net	**−133**	**−51**
thereof financial income	82	75
thereof financial expense	−215	−126

TABLE 074

Net interest expense totaled € −89 (−42) million and was due to a € 266 million increase in net average debt compared to the previous year to around € 1,935 (1,669) million and a simultaneous rise in interest rates to 3.0 (1.5) %. The net interest expense also contains the net expense from compounding the provisions for pensions and similar obligations of € 28 (16) million, the expense from compounding other non-current provisions and liabilities of € 1 (0) million as well as the expense from the accrual of interest on leasing liabilities of € 4 (3) million.

The other financial result dropped to € −44 (−9) million. It includes a higher negative currency result of € −38 (−5) million, which resulted in particular from currency losses on foreign currency loans issued by non-euro companies. Argentina has been considered hyperinflationary since 2018, Turkey since 2022 and thus requirements of IAS 29 (Financial Reporting in Hyperinflationary Economies) have applied accordingly. This had a negative impact on the above-mentioned foreign exchange loss of € 2 (2) million. The remaining other financial result was also negatively impacted by the complete sale of a minority company in the special products segment in the second quarter of 2023/24.

(16) Taxes on income

€ million	2023/24	2022/23
Current taxes	148	137
Deferred taxes	−15	14
Taxes in income	**133**	**151**

TABLE 075

The unchanged projected theoretical tax expense of 29.1 % was calculated by applying the German corporate income tax rate comprising the solidarity surcharge of 15.8 % and the trade tax on income of 13.3 %.

Deferred taxes

€ million	2023/24	2022/23
Deferred tax expense (+) / gain (−)	**−15**	**14**
thereof change in temporary differences	25	42
thereof change in tax loss carryforwards	−40	−28

TABLE 076

Tax rate reconciliation

€ million	2023/24	2022/23
Earnings before taxes on income	**781**	**680**
Theoretical tax rate	29.1 %	29.1 %
Theoretical tax expense (+)	**227**	**198**
Change in theoretical tax expense as a result of:		
Different tax rates	−30	−27
Tax reduction for tax-free income	−17	−21
Tax increase for non-deductible expenses	15	29
Tax effects from prior periods	−7	3
Tax effects from the recognition and measurement of capitalized losses carried forward and temporary differences	−63	−34
Other	6	2
Taxes on income (+)	**133**	**151**
Effective tax rate	17.0 %	22.2 %

TABLE 077

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

The sugar segment's continued improvement in earnings, as well as the option to the partially subsequent recognition of loss carryforwards for the surplus of deferred tax liabilities, is reflected in the item tax effects from the recognition and measurement of capitalized losses carried forward and temporary differences. The use of previously unrecognized tax losses resulted in a tax reduction of € 12 (0) million in current income tax. A further € 69 (40) million in deferred tax assets were recognized on previously unrecognized tax loss carryforwards.

Deferred tax is the result from temporary differences between tax accounting measures and the assets and liabilities recognized as set out in IFRS as well as from tax loss carryforwards. Active deferred taxes are being recognized in cases where realization of respective tax benefits is probable. This value assessment is based on internal company forecasts relating to the future earnings development of the respective entity. Deferred tax assets of € 121 (81) million were recognized for tax loss carryforwards that are expected to be used against future taxable income. This applies primarily to cases in which the capitalization is offset by sufficient deferred tax liabilities. No deferred taxes were recognized for tax loss carryforwards in the amount of € 677 (1,067) million, as it is unlikely that the tax assets will be realizable in the near future. Of these unrecognized tax loss carryforwards € 662 (1,058) million do not expire; of the remaining amount totaling € 15 (8) million, a large share will expire within a period of up to eight years. An impairment loss of € 13 (5) million was recognized on deferred tax assets for tax loss carryforwards and deductible temporary differences recognized in previous years.

The total amount of unrecognized taxable temporary differences in connection with shares in subsidiaries is € 88 (95) million, since these gains are intended to be reinvested indefinitely and a reversal of these differences is thus not foreseeable.

During the reporting year, deferred tax assets increased income and expenses recognized directly in equity by a total of € 48 (–41) million.

In addition, shareholders' equity-decreasing income taxes of € –6 (36) million were recognized directly in equity.

Deferred tax assets and liabilities by balance sheet and tax loss carryforwards

€ million	Deferred tax assets		Deferred tax liabilities	
28/29 February	2024	2023	2024	2023
Fixed assets and intangible assets (incl. special tax items)	22	15	252	249
Inventories	22	22	101	66
Other assets	9	17	29	32
Provisions	98	74	4	8
Liabilities	59	41	8	9
Tax loss carryforwards	121	81	0	0
Total	**330**	**251**	**395**	**364**
Offsets	–212	–200	–212	–200
Balance sheet	**118**	**51**	**183**	**164**

TABLE 078

The current tax assets of € 50 (50) million reported include, in particular, tax prepayments made.

Non-current tax liabilities in the amount of € 4 (4) million primarily comprise income taxes for prior year periods that have not yet been conclusively audited.

Current tax liabilities of € 107 (68) million relate to income tax liabilities from the financial year just ended and back duties still expected from previous years.

Südzucker falls within the scope of "Pillar 2" of the OECD model rules. The relevant "Pillar 2" legislation was adopted in Germany, the tax jurisdiction in which Südzucker AG is domiciled as the parent company and will be applied for the first time in the financial year beginning on 1 March 2024. Südzucker conducted an analysis on the reporting date to determine the general impact and the jurisdictions in which the group is exposed to potential effects in connection with Pillar 2. Based on country-by-country reporting for the 2023/24 financial year, the effective tax rate per country is over 15 % for almost all Südzucker Group companies, with the exception of Bulgaria and Hungary. Südzucker does not expect this to result in any material additional tax expense.

Südzucker Group is applying the temporary, mandatory exemption with regard to the recognition of deferred taxes resulting from the introduction of the global minimum tax. The global minimum tax is recognized as actual income tax at the time of occurrence.

(17) Research and development costs

Research and development activities are carried out by 541 (534) employees. Research and development costs amounted to € 62 (58) million and were fully recognized as an expense.

(18) Earnings per share

€ million	2023/24	2022/23
Net earnings of the year	**648**	**529**
of which attributable to shareholders of Südzucker AG[1]	589	412
claim hybrid capital investors after tax	−33	−17
Earnings of shareholders of Südzucker AG after adjustment of hybrid capital investors	**556**	**395**
Time-weighted average number of shares outstanding	204,107,259	204,132,407
Earnings in € per share[2]	**2.72**	**1.93**

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

TABLE 079

The earnings per share calculation (IAS 33) was based on the time-weighted average shares outstanding. This includes a pro rata temporis reduction of the 76,033 (76,033) shares reacquired as of the current fiscal year for share-based executive board compensation. There was no dilution of earnings per share.

NOTES TO THE STATEMENT OF COMPREHENSIVE INCOME

(19) Other comprehensive income

Other comprehensive income totaling € −140 (216) million includes income and expenses recognized directly in equity of Südzucker shareholders and other non-controlling interests.

The income and expenses of € −76 (27) million to be recognized in the income statement in the future include the market value measurement of securities (cash flow hedge) and the market value measurement of debt instruments as well as foreign currency translation from net investments in foreign subsidiaries, effects of consolidation-related foreign currency translation and the share from companies consolidated at equity.

Foreign currency differences of € −6 (24) million were largely attributable to the strengthening of the Polish zloty, which was offset by the weakening of the Chilean peso and the Russian rouble. Last year, the currency differences were mainly the result of the strengthening of the US dollar, the Russian rouble and the Mexican peso, compared to the weaker British pound and the Polish zloty.

The amounts not to be recognized in the income statement in the future primarily relate to the remeasurement of defined benefit pension plans and similar obligations after tax in the amount of € −64 (192) million, resulting in particular from the reduction in the discount rate to 3.80 (4.35) % as of 29 February 2024, which had a negative impact on equity. In the previous year, equity was reduced overall by the increase in the discount rate – with offsetting effects from the increase in the salary and pension trends.

In the minority interest the other comprehensive income in the current year relates in particular to the market value measurement of securities and the foreign currency differences from consolidation.

NOTES TO THE CASH FLOW STATEMENT

(20) Cash flow statement

Increase (+) / Decrease (–) in operating activities

The cash inflow (+) / outflow (–) from operating activities is divided into two key blocks for reasons of transparency. The main purpose of this is to ensure sustainable cash flow from operating activities for the medium term and to isolate the strong seasonal fluctuations of working capital throughout the quarters. The latter is a special feature of the Südzucker business model with seasonal campaign operations existing in different segments (e. g. sugar).

Cash flow

Cash flow reached € 1,046 million compared to € 927 million the year prior.

The recognized cash flow comprises net earnings, depreciation of non-current assets, the change in accounting for non-current provisions including financial assets, (deferred) tax liabilities and deferred tax assets as well as other non-cash income and expenses. Cash flow is used to determine the key ratio "debt factor" (ratio of net financial debt to cash flow). The conditions of the hybrid bond stipulate that a coupon suspension is triggered if consolidated cash flow falls below 5 % of the group's consolidated revenues. Cash flow in the 2023/24 financial year corresponded to 10.2 (9.8) % of the group's consolidated revenues.

Change in working capital

The cash inflow from the decrease in working capital was € 38 million – following a cash outflow of € 679 million from working capital increases in the previous year – and arose chiefly due to the growth in sugar inventories as a result of higher raw material and energy costs, which was more than offset mainly by the simultaneous increase in liabilities to beet growers.

The change in working capital consists of the change in current provisions, inventories, (trade) receivables and other assets and liabilities; the latter also comprise long-term positions of minor importance. Items affected primarily by seasonal fluctuations are recognized separately as a result.

Decrease (–) / Increase (+) in investment activities

Investments in fixed assets

Investments in fixed assets and intangible assets totaled € 546 (400) million. Price increases and delays in projects were observed in all segments, in part due to long delivery times.

In the sugar segment, investments totaling € 257 (144) million were mainly allocated toward replacement spending. Additionally, process optimizations were implemented and energy supply investments were initiated. In the special products segment, € 128 (145) million was mainly spent on expanding and optimizing production capacities at BENEO and Freiberger and on preparations. The CropEnergies segment invested € 72 (47) million to replace production facilities or increase their efficiency. In the starch segment, investments of € 41 (28) million were mainly for optimization work and to comply with legal requirements. Investments of € 48 (36) million in the fruit segment were mainly for capacity expansions and energy savings.

Investments in financial assets

Investments in financial assets amounting to € 1 (67) million related to the expansion of the shareholdings in Syclus B. V., Maastricht, Netherlands, and East Energy GmbH, Rostock, Germany, made by the CropEnergies segment.

Last year's financial investments were mainly attributable to the complete acquisition of Meatless Holding B. V., Goes, Netherlands, by the BENEO division. The PortionPack also acquired 100 % of the shares in Orange Nutritionals Group B. V., Zaandam, Netherlands, the parent company of the Dutch portion pack manufacturer Crème de la Cream Group, and the CropEnergies segment invested in the acquisition of 25 % of the share capital of East Energy GmbH, Rostock, and a 50 % stake in Syclus B.V., Maastricht, Netherlands.

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

Increases / decreases in stakes and capital increase / redemption

Increases in stakes held in subsidiaries totaling € 259 (1) million mainly related to the investment in CropEnergies AG in the amount of € 256 million. On 19 December 2023, Südzucker AG resolved to make a public delisting purchase offer in the form of a cash offer to the shareholders of CropEnergies AG to acquire all CropEnergies shares not already held by Südzucker AG. Both companies signed a delisting agreement to this effect on 19 December, 2023.

Prior to the announcement of the delisting on 19 December 2023, Südzucker held around 69.2 % of the share capital of CropEnergies AG. The approximately 4.9 % of the share capital of CropEnergies AG directly held by Süddeutsche Zuckerbeverwertungs-Genossenschaft eG (SZVG) was acquired by Südzucker AG on 19 December 2023 at the offer price.

Südzucker offered the shareholders of CropEnergies AG € 11.50 in cash per CropEnergies share, which represents a premium of around 36.9 % on the volume-weighted average price over the last six months and a premium of € 4.71 or around 69.4 % on the last Xetra® closing price of 18 December 2023.

As part of the delisting of CropEnergies AG, Südzucker AG's stake increased to 94.2 % by 29 February 2024.

In the previous year, only the share buy-backs under the share-based executive board compensation system in force at the time were reported under the item "Increases in stakes held in subsidiaries / capital redemption".

Dividends paid

Südzucker AG's annual general meeting on 13 July 2023 approved the distribution of a dividend of € 0.70 (0.40) per share or € 143 (82) million. Together with the dividend to shareholders of the hybrid equity capital and the non-controlling shareholders of AGRANA Beteiligungs-AG and CropEnergies AG, dividends paid totaled € 237 (144) million.

Financing and repayment of financing

In the 2023/24 financial year, the 2016/2023 bond with a nominal volume of € 300 million maturing at the end of November 2023 was redeemed; in the previous financial year, the 2022/2027 sustainability bond with a nominal volume of € 400 million was issued at the end of November 2022. In addition, promissory note loans of € 100 (235) million were issued and simultaneously repaid in the amount of € 0 (7) million. The commercial paper program remained undrawn in the 2023/24 financial year; in the previous financial year, commercial papers (CPs) in the amount of € 150 million were repaid in full. The commercial paper program is used to finance seasonal fluctuations in working capital; the CPs issued therefore generally have a maximum term of three months.

The repayment from leasing liabilities amounted to € 35 (34) million.

General financial liabilities were repaid in the current year in the amount of € 171 million net; in the previous year, the receipt of net financial liabilities amounted to € 86 million.

Cash and cash equivalents at the end of the period

Cash and cash equivalents, which comprise cash assets and bank balances, correspond to the balance sheet item "Cash and cash equivalents". Due to foreign exchange regulations, access to cash and cash equivalents at subsidiaries is restricted in Argentina, Russia and Ukraine and Argentina.

Income taxes paid, interest payments and dividends received

Income taxes paid

The balance of income taxes paid amounted to € 99 (115) million. Cash outflows from income taxes paid are generally allocated to operating activities.

Interest payments and dividends received

Interest paid and interest and dividends received are allocated to the increase / decrease from operating activities.

NOTES TO THE BALANCE SHEET

(21) Intangible assets

€ million	Goodwill	Concessions, industrial and similar rights	Total
Intangible assets 2023/24			
Acquisition costs			
1 March 2023	2,035	542	2,577
Change in companies incl. in the consolidation and other changes	0	0	0
Changes due to currency translation	−3	−7	−10
Additions	0	10	10
Transfers	0	2	2
Disposals	0	−2	−2
29 February 2024	2,032	545	2,577
Amortization and impairment losses			
1 March 2023	−1,338	−297	−1,635
Change in companies incl. in the consolidation and other changes	−1	1	0
Changes due to currency translation	0	2	2
Amortization for the year	0	−27	−27
Impairment losses	0	−2	−2
Transfers	0	0	0
Disposals	0	2	2
Reversals of impairment losses	0	0	0
29 February 2024	−1,339	−321	−1,660
Net carrying amount 29 February 2024	**693**	**224**	**917**

€ million	Goodwill	Concessions, industrial and similar rights	Total
Intangible assets 2022/23			
Acquisition costs			
1 March 2022	1,998	495	2,493
Change in companies incl. in the consolidation and other changes	27	28	55
Changes due to currency translation	10	15	25
Additions	0	7	7
Transfers	0	2	2
Disposals	0	−5	−5
28 February 2023	2,035	542	2,577
Amortization and impairment losses			
1 March 2022	−1,291	−269	−1,560
Change in companies incl. in the consolidation and other changes	0	−1	−1
Changes due to currency translation	0	−4	−4
Amortization for the year	0	−27	−27
Impairment losses	−47	0	−47
Transfers	0	0	0
Disposals	0	4	4
Reversals of impairment losses	0	0	0
28 February 2023	−1,338	−297	−1,635
Net carrying amount 28 February 2023	**697**	**245**	**942**

TABLE 080

Goodwill

When carrying out impairment tests, goodwill in Südzucker Group is allocated to the sugar and fruit segments and the BENEO, Freiberger and PortionPack divisions as relevant cash generating units (CGUs). Impairment tests are used on a regular basis to compare the respective carrying amounts of the CGUs to the value in use (leading value concept at Südzucker) in order to identify possible impairment.

Südzucker carries out the regular valuation for the carrying amounts of goodwill after the mid-term planning process at the end of the financial year.

The recoverable amount is the present value of future cash flows a CGU is expected to generate. The value in use is determined based on a business valuation model (discounted cash flow). Future cash flows are determined based on the five-year plan valid at the time of carrying out the impairment test. These budgets are based on experience and expectations of future market developments as well as on key macroeconomic data.

The cost of capital is calculated as a weighted average of the costs of equity and debt (borrowing costs) for each CGU. The cost of equity is calculated based on a risk-free basic interest rate, a business risk premium and a country risk premium. The 30- year yield on German Government Bonds (BUND) was used as the risk-free interest rate. Business risk is a product of the general market risk premium of 7.0 % and the applicable business risk for Südzucker derived from capital market data. The cost of equity derived in this way is individualized for each CGU by considering the respective country risks and business risks derived from a separate peer group in each case. The borrowing costs comprise the risk-free base interest rate, a country risk premium and a credit spread derived from the capital market.

We have assumed a price-related growth rate in the current year of 1.5 % for the sugar CGU and 2.0 % (previous year: at least 1.3 %) for all other CGUs for the extrapolation of cash flows beyond the planning period. Capital expenditure in the planning period is based on the adopted investment plans and takes into account replacement investment requirements.

The following table presents an overview of the tested goodwill carrying amounts and the cost of capital before tax used for the respective impairment tests at the regular measurement date 29 February 2024 (previous year: 28 February 2023). The cost of capital before taxes as of 29 February 2024 compared to 28 February 2023 reflects the general increase in interest rates for German Government Bonds (prime rate), the updated company risk and the respective market environment.

Goodwill

€ million	Goodwill		Weighted average cost of capital	
28/29 February	2024	2023	2023/24	2022/23
CGU Sugar	108	108	9.3 %	10.0 %
CGU Freiberger	379	382	8.9 %	7.4 %
CGU BENEO	107	107	10.0 %	9.4 %
CGU PortionPack	48	48	9.2 %	7.6 %
CGU Fruit	51	52	8.9 %	9.5 %
Total	**693**	**697**	–	–

TABLE 081

The goodwill impairment test is based on future assumptions that determine the value in use of the CGUs. The amount of the respective value in use depends on the expected future cash flows in the corporate planning and the underlying cost of capital.

At the measurement date of 29 February 2024, the values in use were significantly higher than the carrying amounts of goodwill in all CGUs, which meant that no impairment had to be recognized in all CGUs. As a result of these surpluses, the 10 % reduction of the planned sustainable cash flows expected in a sensitivity analysis or a half percentage point increase in the cost of capital after tax resulting on the capital market – for example due to rising interest rates – does not create a need for impairment at any of these CGUs.

Our estimates of a slight decline in EU beet cultivation, sugar production and sugar consumption are the most important planning assumptions for the sugar CGU. The sugar price trend – which is not expected to remain at the high level of the 2023/24 financial year – and the ability to pass on rising gas/energy prices to customers as well as the strengthening of the cost structure will determine the CGU's competitiveness and profitability.

With regard to the ban on neonicotinoids and climate change, there is an increased risk of lower yields per hectare and lower sugar production volumes. A significant reduction in beet cultivation areas, especially in Austria, could make AGRANA Zucker's fixed assets (Asset CGU) subject to impairment.

We assume medium-term sales growth for the Freiberger CGU, which has the highest amount of goodwill, and the Beneo CGU.

Due to the war between Russia and Ukraine that began on 24 February 2022, there are still high uncertainties in connection with the unpredictable development of the war and its consequences, including extraordinary cost increases, declines in demand, rising capital costs due to macroeconomic developments and volatility on the sales and procurement markets (particularly in the energy and grain sectors). Our planning is based on the assumption that the physical supply of energy and raw materials remains assured and that increased raw material prices can be passed on in customer contracts.

As a result of the high level of uncertainty regarding future developments, two additional possible scenarios for were formulated for the fruit CGU and the respective production locations in Ukraine and Russia based on the basic assumptions presented regarding the effects of the Ukraine conflict and on the most recent planning calculations approved by management (basic planning). Commercial risks such as the development of revenues and operating margins as well as climate-related risks such as crop failures due to droughts or flooding play a key role here. In addition, one scenario assumes war damage at the locations in Ukraine and a more severe market slump in Russia.

The value in use as of 29 February 2024 based on the most recent planning approved by management using scenario weighting did not show any further need for impairment. In the previous year, there was a necessary impairment of goodwill for the fruit CGU in the amount of € 47 million.

Customer list, concessions, industrial and similar rights

Customer list, concessions, industrial and similar rights amounting to € 224 (245) million are mainly attributable to the US pizza manufacturer Richelieu.

(22) Fixed assets including leasing

Acquired fixed assets 2023/24

€ million	Land, land rights and buildings including buildings on leased land	Technical equipment and machinery	Other equipment, factory and office equipment	Assets under construction	Total
Acquisition costs					
1 March 2023	2,301	5,812	509	290	8,912
Change in companies incl. in the consolidation and other changes	0	−6	−1	1	−6
Changes due to currency translation	−21	−17	−3	−6	−47
Additions	49	134	33	320	536
Transfers	51	136	8	−197	−2
Disposals	−23	−92	−18	0	−133
29 February 2024	2,357	5,967	528	408	9,260
Depreciation and impairment losses					
1 March 2023	−1,200	−4,319	−401	0	−5,920
Change in companies incl. in the consolidation and other changes	2	1	−3	0	0
Changes due to currency translation	2	11	3	0	16
Depreciation for the year	−57	−219	−32	0	−308
Impairment losses	−9	−11	0	0	−20
Transfers	0	0	0	0	0
Disposals	18	90	17	0	125
Reversals of impairment losses	0	0	0	0	0
29 February 2024	−1,244	−4,447	−416	0	−6,107
Net carrying amount 29 February 2024	**1,113**	**1,520**	**112**	**408**	**3,153**

Leased fixed assets 2023/24

€ million	Land, land rights and buildings including buildings on leased land	Technical equipment and machinery	Other equipment, factory and office equipment	Assets under construction	Total
1 March 2023	83	26	8	0	117
Additions	11	5	7	0	23
Depreciation for the year	−22	−8	−5	0	−35
Changes due to currency translation	0	0	0	0	0
Disposals	0	0	0	0	0
Impairment losses	−1	0	0	0	−1
Disposals	0	0	0	0	0
Change in companies incl. in the consolidation and other changes	0	0	0	0	0
Net carrying amount 29 February 2024	**71**	**23**	**10**	**0**	**104**
Total net carrying amount of fixed assets	**1,184**	**1,543**	**122**	**408**	**3,257**

TABLE 082

Investments are reduced by government investment grants in the amount of € 5 (4) million. Borrowing costs of € 1 (0) million were capitalized in the 2023/24 financial year; the interest rate is based on an average interest rate for general Group financing by means of senior bonds issued and most recently was at 2.99 % p. a.

The application of IAS 29 (Financial Reporting in Hyperinflationary Economies) is explained under note (4) “Foreign currency translation”.

Impairments are shown under note (11) “Amortization and impairment losses”.

Südzucker uses leasing in storage and logistics and agricultural operations when leasing agricultural land. There are frequently annual renewable options for leases on agricultural land. There are also long-term lease contracts for buildings in administration and production. Total lease payments were € 44 (42) million, of which € 35 (34) million were fixed payments and € 0 (0) million were variable payments, as well as € 9 (8) million from costs of short-term and low-value leases.

The weighted average incremental borrowing rate as of 29 February 2024 for the recognition of leasing liabilities was 3.3 (2.6) %.

Acquired fixed assets 2022/23

€ million	Land, land rights and buildings including buildings on leased land	Technical equipment and machinery	Other equipment, factory and office equipment	Assets under construction	Total
Acquisition costs					
1 March 2022	2,211	5,753	488	199	8,651
Change in companies incl. in the consolidation and other changes	7	3	2	1	13
Changes due to currency translation	11	9	4	1	25
Additions	62	113	25	193	393
Transfers	31	61	2	−96	−2
Disposals	−21	−127	−12	−8	−168
28 February 2023	2,301	5,812	509	290	8,912
Depreciation and impairment losses					
1 March 2022	−1,167	−4,228	−376	0	−5,771
Change in companies incl. in the consolidation and other changes	−3	−5	−2	0	−10
Changes due to currency translation	−5	−5	−3	0	−13
Depreciation for the year	−53	−220	−32	0	−305
Impairment losses	−4	−7	−1	0	−12
Transfers	0	0	0	0	0
Disposals	18	126	13	0	157
Reversals of impairment losses	14	20	0	0	34
28 February 2023	−1,200	−4,319	−401	0	−5,920
Net carrying amount 28 February 2023	**1,101**	**1,493**	**108**	**290**	**2,992**

Leased fixed assets 2022/23

€ million	Land, land rights and buildings including buildings on leased land	Technical equipment and machinery	Other equipment, factory and office equipment	Assets under construction	Total
1 March 2022	84	15	9	0	108
Additions	20	18	3	0	41
Depreciation for the year	−21	−7	−4	0	−32
Changes due to currency translation	0	0	0	0	0
Disposals	0	0	0	0	0
Impairment losses	0	0	0	0	0
Disposals	0	0	0	0	0
Change in companies incl. in the consolidation and other changes	0	0	0	0	0
Net carrying amount 28 February 2023	**83**	**26**	**8**	**0**	**117**
Total net carrying amount of fixed assets	**1,184**	**1,519**	**116**	**290**	**3,109**

TABLE 083

(23) Shares in companies consolidated at equity, other investments

Shares in companies consolidated at equity

€ million	2023/24	2022/23
1 March	**78**	**77**
Change in companies incl. in the consolidation and other changes	4	−8
Changes due to currency translation	−2	−1
Additions	0	2
Share of profits	4	23
Transfers	0	0
Disposals / dividends	−4	−13
Impairment losses including special items	0	−2
Reversals of impairment losses	0	0
28/29 February	**80**	**78**

TABLE 084

The companies consolidated at equity comprise the stakes in AGRANA Studen Group, Vienna, Austria, Beta Pura GmbH, Vienna, Austria and the sales joint venture Maxi S.r.l., Bolzano, Italy in the sugar segment, the stake in Hungrana Group, Szabadegyháza, Hungary in the special products segment, and the stake in CT Biocarbonic GmbH, Zeitz in the CropEnergies segment.

Financial position and performance of joint ventures

28/29 February	2024			2023		
€ million	Total	Hungrana-Group	Other	Total	Hungrana-Group	Other
Non-current assets	191	126	65	188	120	67
Inventories	152	36	116	200	68	131
Receivables and other assets	138	58	80	122	47	74
Cash, cash equivalents and securities	18	3	15	47	36	12
Current assets	308	97	211	368	151	217
Total assets	**499**	**223**	**276**	**556**	**272**	**284**
Equity	142	93	49	144	87	57
External financial liabilities	34	10	24	23	1	22
Other liabilities	12	1	11	7	2	6
Non-current liabilities	46	11	35	30	3	28
External financial liabilities	103	66	37	163	113	50
Other liabilities	208	53	155	219	69	150
Current liabilities	311	119	192	382	182	200
Total liabilities and equity	**499**	**223**	**276**	**556**	**272**	**284**
Revenues	837	336	501	921	458	463
Depreciation	–20	–14	–6	–20	–13	–6
Other expenses	–802	–310	–492	–837	–403	–434
Result from operations	**15**	**12**	**3**	**65**	**42**	**23**
Interest income	0	0	0	0	0	0
Interest expense	–8	–4	–4	–3	–2	–2
Other financial expense	–1	–2	1	–3	–3	–0
Earnings before income taxes	**6**	**6**	**0**	**58**	**37**	**21**
Taxes on income	–3	–2	–1	–19	–15	–4
Net earnings	**3**	**4**	**–1**	**40**	**22**	**18**
Income and expenses recognized in other comprehensive income	3	2	1	–18	–17	–0
Comprehensive income	**6**	**6**	**0**	**22**	**5**	**17**

TABLE 085

The carrying amount for Hungrana Group, as a significant joint venture, is derived below:

€ million 28/29 February	2024	2023
Equity	**93**	**87**
+/– Adjustments (in substance other minority interests)	0	0
= Equity attributable to shareholders	**93**	**87**
thereof Südzucker-share in equity	*47*	*43*
+ Goodwill	0	0
= Shares in companies consolidated at equity (carrying amount)	**47**	**43**
Dividends paid to Südzucker	0	12

TABLE 086

Other investments

Other investments of € 10 (15) million also comprise subsidiaries, joint ventures and associated companies that are not included in consolidation due to their relative insignificance.

(24) Inventories

€ million 28/29 February	2024	2023
Raw materials and supplies	617	748
Work in progress and finished goods		
Sugar segment	2,157	1,607
Special products segment	283	272
CropEnergies segment	58	80
Starch segment	92	117
Fruit segment	192	194
Total of work in progress and finished goods	2,782	2,270
Merchandise	112	143
Total	**3,511**	**3,161**

TABLE 087

The increase in inventories was mainly due to higher sugar production costs of the 2023 campaign combined with higher inventories as a result of increased sugar production.

Write-downs on inventories of finished goods and work in progress in the sugar segment amounted to € 54 million as of 29 February 2024. Write-downs as of 28 February 2023 had the opposite effect on lower net disposal proceeds of € 9 million, which were realized from sales in the 2023/24 financial year.

In addition, write-downs totaling € 1 (3) million were necessary in the special products segment, € 3 (0) million in the CropEnergies segment, € 6 (0) in the starch segment and € 6 (3) million in the fruit segment.

Write-downs of net disposal proceeds of € 1 (0) million were required on merchandise inventories in the sugar segment, € 0 (3) million in the CropEnergies segment, € 2 (0) million in the starch segment and € 3 (0) million in the fruit segment.

(25) Trade receivables and other assets

Trade receivables and other assets by remaining term

€ million 28/29 February	2024	Remaining term to 1 year	Remaining term over 1 year	2023	Remaining term to 1 year	Remaining term over 1 year
Trade receivables	**1,456**	**1,456**	**0**	**1,409**	**1,409**	**0**
Positive market value derivatives	36	36	0	45	45	0
Remaining financial assets	97	78	19	94	89	5
Other financial assets	**133**	**114**	**19**	**139**	**134**	**5**
Other taxes recoverable	184	184	0	190	190	0
Assets from overfunded pension plans	26	0	26	27	0	27
Remaining non-financial assets	111	111	0	108	108	0
Non-financial assets	**321**	**295**	**26**	**325**	**298**	**27**
Other assets	**454**	**409**	**45**	**464**	**432**	**32**

TABLE 088

Trade receivables of € 1,456 (1,409) million were slightly higher than last year reflecting the increase in sales revenues.

Remaining financial assets mainly include financial receivables from non-consolidated companies, investments, employees and other third parties, as well as securities provided in connection with hedging transactions.

Remaining non-financial assets are related to advances made, accruals/deferrals and mainly the acquisition costs of CO_2 emissions certificates totaling € 70 (62) million.

Carrying amount of trade receivables after allowances

€ million 28/29 February	2024	2023
Total trade receivables	1,469	1,422
Value adjusted	−13	−13
Net carrying amount	**1,456**	**1,409**

TABLE 089

Bad debt allowances on trade receivables not only comprise individual allowances for actual credit risk but now also include an impairment provision for expected future credit losses (e.g. in the event of customer insolvency or being more than 90 days overdue without reliable information on value security).

Impairments recognized for expected future credit losses are calculated based on historical loss rates depending on how overdue the trade receivables are, by affected division. (Portfolio-based impairment). Where relevant, the expected future loss development is also considered.

Development of bad debt allowances on trade receivables

€ million	2023/24	2022/23
1 March	**13**	**16**
Change in companies incl. in the consolidation / currency translation / other changes	0	0
Additions	3	2
Use	−2	−3
Reversal	−1	−2
28/29 February	**13**	**13**

TABLE 090

The following table shows information related to the credit risk associated with the trade receivables. Trade receivables that were not subject to individual allowances totaled € 1,456 (1,409) million; € 1,328 (1,313) million of this amount was not yet due.

Past-due receivables and loss rates used for determining portfolio-based impairment

28/29 February	2024		2023	
	€ million	Default rate	€ million	Default rate
Receivables not past due before allowances	1,328	< 0.1 %	1,313	< 0.1 %
Past-due receivables without specific-debt allowances	128		96	
of which up to 30 days	89	0.3 %	65	0.2 %
of which 31 to 90 days	22	1.0 %	18	0.9 %
of which over 90 days	17	–	14	–
Net carrying amount	**1,456**		**1,409**	
Portfolio-based value adjustments	1		1	
Receivables including specific-debt allowances	12		12	
Total trade receivables (gross)	**1,469**		**1,422**	

TABLE 091

Südzucker mitigates default risks on accounts receivables by constantly monitoring the creditworthiness and payment history of debtors and granting commensurate lines of credit. In addition, risks are predominantly capped using credit insurances and bank guarantees. We expect payment to be received for past due trade receivables that have not been impaired; these receivables are also included in Südzucker Group's trade credit insurance program.

(26) Shareholders' equity

Subscribed capital

As of 29 February 2024, the issued subscribed capital remains unchanged at € 204,183,292 and consists of 204,183,292 bearer shares; this exclusively concerns no-par value ordinary shares, each of which represents a notional holding of € 1 per share. Each individual ordinary share represents one voting right and one dividend entitlement. Südzucker AG held 76,033 (76,033) treasury shares as of the balance sheet date corresponding to an outstanding subscribed capital of € 204,107,259 (204,107,259). In the 2023/24 financial year 0 (51,642) treasury shares were acquired by the company to service the newly implemented share-based executive board compensation system. The acquisition costs of € 0 (1) million attributable to this were deducted from the subscribed capital in the amount of € 0 (51,642) and offset against other reserves in the amount of the excess.

Subject to approval by the supervisory board, the executive board is authorized to increase the company's share capital once or several times up until 12 July 2028 by up to € 20 million by issuing new no-par value bearer shares in exchange for cash contributions and/or contributions in kind, for the entire amount or in tranches (Authorized Capital 2023). Subject to approval by the supervisory board and according to article 4, paragraph 4 of the articles of incorporation, the executive board may exclude subscription rights of shareholders in certain cases, provided the shares issued under exclusion of the subscription rights do not exceed 10 % of total share capital, neither at the time of the coming into force of this authorization, nor at the time of exercising same. Details are outlined in article 4, paragraph 4 of the articles of association. Authorized Capital 2023 has not been utilized to date.

Capital reserve

The capital reserve applies to Südzucker AG. It includes the inflows of external funds required to be included as per section 272 HGB, which resulted from the share premium from capital increases or the agreement on option premiums taking into account the mandatory IFRS reduction of associated costs including applicable taxes.

See "Disclosures on takeovers" in the group management report in the "Corporate governance" section for more information.

Other reserves and other comprehensive income

Other reserves include undistributed profit for the period, dividends, claims of the hybrid capital investors and the effects resulting from the remeasurement of defined benefit pension commitments and from transactions with non-controlling shareholders. The share premium is directly deducted from other reserves if treasury shares are purchased, or added directly to other reserves again if there is a later issue.

Other comprehensive income includes the income and expenses recognized directly in equity of Südzucker AG shareholders to be recognized in the income statement in the future. In the current fiscal year, the note "Increases in stakes held in subsidiaries" mainly includes the effects from the increase in shares in the CropEnergies subgroup as a result of the delisting offer. The increase from 69.2 % to 94.2 % at the end of the fiscal year results in a reclassification of the corresponding minority interest to equity interest. At the same time, equity is reduced by the acquisition costs of the acquired shares – including transaction costs – in the amount of € 256 million recognized directly in equity.

Hybrid capital

Hybrid capital of € 654 (654) million comprises the hybrid bond issued in the summer of 2005 with a nominal value of € 700 million. Additional information regarding the hybrid bond is available under note (30) "Financial liabilities, securities and cash and cash equivalents (net financial debt)" and on the Südzucker corporate website.

Other non-controlling interests

Other non-controlling interests of € 773 (974) million are attributable to the minority interest in the subgroup AGRANA in the amount of € 715 (719) million and mainly to the minority interest in the subgroup CropEnergies in the amount of € 58 (255) million. The following information on the financial position and performance is also provided for the last time for the CropEnergies Group as a result of the high minority interest in CropEnergies in the previous year.

Name of parent company from subgroup	Country	Südzucker share in %	Minority share in %	Business area
AGRANA Beteiligungs-AG	Vienna, Austria	41.9	58.1	Fruit, starch, sugar
CropEnergies AG	Mannheim, Germany	94.2	5.8	Ethanol

TABELLE 092

Financial position and performance of the two subgroups AGRANA and CropEnergies

28/29 February	2024		2023	
€ million	AGRANA	CropEnergies	AGRANA	CropEnergies
Non-current assets	1,031	432	1,041	394
Current assets	1,858	553	1,962	653
Total assets	**2,889**	**985**	**3,003**	**1,047**
Non-current liabilities	618	56	658	56
Current liabilities	1,024	172	1,088	207
Total liabilities	**1,641**	**228**	**1,747**	**263**
Net assets	**1,248**	**758**	**1,257**	**784**
Revenues	3,787	1,215	3,637	1,488
Result from operations	151	59	88	251
Earnings before income taxes	98	68	62	255
Taxes on income	–28	–22	–37	–59
Net earnings	**69**	**45**	**25**	**197**
Income and expenses recognized in other comprehensive income	–32	–45	–2	22
Comprehensive income	**38**	**0**	**23**	**219**
Dividend payment in fiscal year	58	52	48	39
thereof attributable to other minority interest outside the Südzucker Group	34	16	28	12

TABLE 093

Südzucker holds a 41.9 % stake in AGRANA Beteiligungs-AG; 39.2 % indirectly via AGRANA Zucker, Stärke und Frucht Holding AG as well as 2.7 % directly. In addition to Südzucker, Zucker-Beteiligungsgesellschaft m.b.H. holds a 50 % stake minus one share in AGRANA Zucker, Stärke und Frucht Holding AG. The Austrian AGRANA co-owners (among others, Raiffeisen-Holding Niederösterreich-Wien and representatives of Austrian beet producers) have consolidated interests in Zucker-Beteiligungsgesellschaft m.b.H. The details of the collaboration between Südzucker and Zucker-Beteiligungsgesellschaft m.b.H. are governed by a syndicate agreement, which grants Südzucker a right at any time to a majority of the voting rights in AGRANA Zucker, Stärke und Frucht Holding AG and thus to a controlling influence over subgroup AGRANA. Upon exercising the voting majority by Südzucker, Zucker-Beteiligungsgesellschafts m.b.H. is granted property rights defined by contract; in this case, the company is also entitled – subject to a minimum one-year period – to establish an equality of votes among the syndicate partners.

(27) Provisions for pensions and similar obligations

Defined contribution plans

As part of defined contribution retirement benefit plans, Südzucker Group companies pay contributions, either based on statutory or contractual requirements or on a voluntary basis, to state or private insurers. Current contributions are recognized as personnel expenses. The largest share by far of the payments related to state pension plans treated as defined contribution plans and amounted to € 59 (53) million for the group.

Defined benefit plans

Pension plans within Südzucker Group mainly consist of defined benefit obligations. Pension benefits are normally granted based on years of service with the company and benefit-related remuneration. There are also similar obligations, particularly relating to foreign group companies. They are calculated actuarially taking into account estimates of future cost trends.

Südzucker Group’s recognized net liability is derived from both the pension-funded defined benefit obligation and from the defined benefit obligation funded by a separate fund less the fair value of plan assets. Assets from overfunded pension plans are reported under other assets and defined benefit obligations from the current financial year onwards, extending the balance sheet.

Provisions for pensions

€ million 28/29 February	2024	2023
Defined benefit obligation for direct pension benefits	882	790
Fair value of plan assets	−139	−135
Net defined benefit obligation	**743**	**655**
thereof assets from overfunded pension plans	−26	−27
thereof provision for pensions and similar obligations	769	682
Discount rate (significant pension plans)	3.80 %	4.35 %

TABLE 094

Retirement and severance plans:

	Defined benefit plans						Severance plans	
€ million	Südzucker AG	Germany remaining	Belgium	France	Austria	Other foreign countries	Worldwide	Total
28 February 2023								
Defined benefit obligation for direct pension benefits	567	53	61	25	41	6	37	790
Fair value of plan assets	−1	−1	−78	−32	−15	−6	−2	−135
Provision for pensions and similar obligations (net defined benefit obligation)	**565**	**52**	**−17**	**−6**	**26**	**−0**	**35**	**655**
thereof assets from overfunded pension plans								−27
thereof provision for pensions and similar obligations								682
29 February 2024								
Defined benefit obligation for direct pension benefits	631	66	71	29	41	6	39	882
Fair value of plan assets	−1	−1	−80	−31	−18	−6	−2	−139
Provision for pensions and similar obligations (net defined benefit obligation)	**630**	**65**	**−9**	**−3**	**23**	**0**	**37**	**743**
thereof assets from overfunded pension plans								−26
thereof provision for pensions and similar obligations								769

TABLE 095

Germany
Südzucker AG employees in Germany have access to employer-funded commitments for company pensions based on the employee's basic salary and years of service. Südzucker AG pension obligations are funded by provisions and thus represent the largest pension plan in place at Südzucker Group. The remaining German pension plans at CropEnergies, BENEO, and other companies are in their structure comparable with the rules of Südzucker AG for active employees and are likewise nearly exclusively provision funded.

Belgium
Employees at the Belgian companies Raffinerie Tirlemontoise S. A., BENEO-Orafti S.A. and Biowanze S.A. have access to funded pension plans. The company pension commitments are determined based on the basic salary and years of service at the company; the payouts include both periodic pension payments and one-time payments.

France
The pension plan for employees of Saint Louis Sucre S.A. France is likewise funded by a separate fund. Benefits from the plan are calculated as a percentage of the average salary paid prior to retirement from which the state pension and other company pensions are deducted.

Austria
The primary pension plans in Austria are the closed plans of AGRANA Zucker GmbH and AGRANA Stärke GmbH, which are provision funded. Plan assets are largely associated with the pension commitments of AGRANA Beteiligungs-AG for active and former executive board members; these are outsourced to a pension fund.

Severance plans
Provisions for similar obligations are largely related to pension plans for settlements. The largest severance plans are in place in Austria and France, but there are also corresponding commitments in Mexico, Poland, Romania, Russia, South Korea and Ukraine. The commitments in Austria and France relate to statutory benefit obligations with regard to one-time payments for the termination of employment upon entering retirement or in case of death of the employee, but not in the event the employment relationship is terminated by the employee.

Development of net financial debt

Development of pension obligations and plan assets

€ million	Defined benefit obligation	Fair value of plan assets	Provision for pensions and similar obligations
1 March 2022	**999**	**−133**	**865**
Current service costs	21		21
Past service costs	−1		−1
Gains and losses on curtailments or settlements	–		–
Interest expense (+) / income (–)	18	−2	16
Expenses for company pension plans (Income Statement)	**39**	**−2**	**37**
Gains (–) and losses (+) on actual return on plan assets		−3	−3
Gains (–) and losses (+) from change of demographic assumptions	–		–
Gains (–) and losses (+) from changes in financial assumptions	−247		−247
Gains (–) and losses (+) on experience adjustments	36		36
Remeasurements (other comprehensive income)	**−211**	**−3**	**−214**
Change in consolidated companies (and other)	3	–	3
Effect of exchange rate differences	–	0	0
Employer contributions to plan assets	–	−4	−4
Plan participants contributions	0	0	–
Benefit payments	−40	8	−33
Benefit payments, contributions, change in consolidated companies (and other)	**−37**	**4**	**−33**
28 February 2023	**790**	**−135**	**655**

Development of pension obligations and plan assets

€ million	Defined benefit obligation	Fair value of plan assets	Provision for pensions and similar obligations
1 March 2023	**790**	**−135**	**655**
Current service costs	17		17
Past service costs	−1		−1
Gains and losses on curtailments or settlements	–		0
Interest expense (+) / income (–)	33	−5	28
Expenses for company pension plans (Income Statement)	**49**	**−5**	**44**
Gains (–) and losses (+) on actual return on plan assets		6	6
Gains (–) and losses (+) from change of demographic assumptions	–		0
Gains (–) and losses (+) from changes in financial assumptions	56		56
Gains (–) and losses (+) on experience adjustments	27		27
Remeasurements (other comprehensive income)	**83**	**6**	**89**
Change in consolidated companies (and other)	–	–	0
Effect of exchange rate differences	0	0	0
Employer contributions to plan assets	–	−11	−11
Plan participants contributions	0	0	0
Benefit payments	−40	6	−34
Benefit payments, contributions, change in consolidated companies (and other)	**−40**	**−5**	**−45**
29 February 2024	**882**	**−139**	**743**

TABLE 096

Expenses for company pension plans

Expenses from the unwinding of the discount for claims acquired in prior years less the return on plan assets are reported in the financial result. Costs representing additional entitlements acquired in the financial year, past service cost and the effects of curtailments or settlements are included under personnel expense.

Revaluation recognized directly in equity

The revaluation of the pension obligations amounted to € 89 (−214) million and resulted from the adjustment of the discount rate to 3.80 (4.35) % in fiscal 2023/24 for material pension plans as well as from experience adjustments. The trend in salaries and pensions of 2.75 (2.75) % and 2.50 (2.50) %, remained unchanged. The revaluation was recognized directly in equity. Last year the change was due to the reduction of the discount rate, the increase of salary and pension trends and experience adjustments.

The experience adjustments reflect the effects on the existing pension obligations arising from the discrepancy between the actual portfolio growth and the assumptions made at the beginning of the fiscal year. In the assessment of the pension obligations, this includes in particular wage and salary increases, pension adjustments, staff turnover and biometric data such as invalidity and mortality rates.

Assumptions

Provisions for pensions and similar obligations are calculated actuarially using the projected unit credit method and estimated future trends in accordance with IAS 19 (Employee Benefits).

Assumptions for material pension plans

28/29 February	2024	2023
Interest rate	3.80 %	4.35 %
Salary growth	2.75 %	2.75 %
Pension growth	2.50 %	2.50 %

TABLE 097

These discount rates are based on yields of high-quality corporate bonds with durations that correspond to the weighted average duration of the obligations. The use of different interest rates takes into account the different durations of plans. The following interest rates were used when determining pension and severance provisions in the euro zone.

Duration and discount rates

Plan composition Euro zone	Actual duration in years	2/29/2024	2/28/2023
Plans primarily comprising pensioners	9	3.80 %	4.25 %
Plans with a mixed portfolio of active employees and pensioners	11	3.65 %	4.30 %
Main plans (Südzucker AG) – Mixed portfolio with surplus of pensioners	15	3.80 %	4.35 %
Plans predominantly comprising active employees	23	3.85 %	4.45 %

TABLE 098

The biometric calculations were based on recognized current country-specific life expectancy tables, such as the Heubeck 2018 G actuarial tables in Germany.

Sensitivity analysis

The sensitivity analysis presented below considers each change to an assumption with the other assumptions remaining unchanged compared to the original calculation. Possible correlation effects between individual assumptions are not taken into account.

Sensitivity – pensions

28/29 February		2024		2023	
€ million	Change in actuarial assumption	Defined benefit obligation	Change	Defined benefit obligation	Change
Present value of the obligation		882	–	790	–
Discount rate	Increase by 0.5 percentage points	825	−6.5 %	741	−6.2 %
	Decrease by 0.5 percentage points	948	7.4 %	845	6.9 %
Salary growth	Increase by 0.25 percentage points	890	0.9 %	797	0.9 %
	Decrease by 0.25 percentage points	875	−0.9 %	784	−0.8 %
Pension growth	Increase by 0.25 percentage points	904	2.4 %	808	2.3 %
	Decrease by 0.25 percentage points	862	−2.3 %	773	−2.2 %
Life expectancy	Increase by one year	915	3.7 %	819	3.6 %
	Decrease by one year	849	−3.8 %	761	−3.7 %

TABLE 099

If the discount rate had been increased or decreased by one percentage point, the defined benefit obligation would have been reduced by about 13 % or increased by about 15 % respectively.

Plan assets

The primary investment objective for the pension plan assets is to provide full coverage of benefit obligations associated with the respective pension commitments. The plan assets thus consist mainly of debt securities (bonds) with an associated risk structure that guarantees long-term fulfillment of the obligations. Plan assets also include equity securities and insurance contracts, and, to a limited extent, property. The fixed-interest bonds are guided by the returns expected from government bonds. A guaranteed minimum interest rate is assumed for the insurance contracts. Plan assets do not comprise own financial instruments or owner-occupied property.

The plan assets were invested under the following categories as of the period end. Market prices in active markets were used to the specified extent as a basis to determine the fair value of plan assets for the following asset categories:

Plan assets by asset categories at fair value and thereof quoted market prices in active markets

28/29 February	2024		2023	
€ million	Fair value	thereof market prices in active markets	Fair value	thereof market prices in active markets
Debt instruments	18	18	16	16
Equity instruments	19	19	18	18
Real estate funds	2	1	1	1
Assets held by assurance company	93	0	92	0
Other	7	0	6	4
Total	**139**	**38**	**135**	**38**

TABLE 100

Risks

Südzucker Group is exposed to various risks associated with defined benefit pension plans. Besides general actuarial risks such as actuarial interest rate change risk and longevity risk, there are also other risks in the deviation from actuarial assumptions including those related to wage and salary trends, pension trends, retirement age and employee turnover. Further risks associated with plan assets include capital market risk, credit risk and investment risk. There are also other risks due to currency fluctuations and inflation rate changes.

The return on plan assets is assumed to be the same as the discount rate. If the actual return on plan assets is below the discount rate applied, the net obligation from pension plans increases accordingly. The amount of the net obligation is largely influenced by the discount rate; however, the current low interest rate level contributes to the relatively high obligation. A decline in returns on corporate bonds would lead to a further increase in defined benefit obligations; the positive market value development of the corporate bonds included in the plan assets can only compensate for this to a limited extent.

The possible risk of inflation, which could lead to an increase in defined benefit obligations, exists indirectly if salaries rise due to inflation during the active phase or if inflation-related pension adjustments are made.

Weighted duration, employer contributions and future payments

The weighted average duration of the present value of all defined benefit obligations is approximately 14.5 (13.7) years. Employer contributions to plan assets are expected to total € 10 (10) million in the 2023/24 financial year.

Future pension and severance payments

Period	€ million
2024/25	44
2025/26	42
2026/27	43
2027/28	43
2028/29	45
2029/30 to 2033/34	243
Total	**460**

TABLE 101

(28) Other provisions

€ million 28/29 February	2024	Remaining term to 1 year	Remaining term over 1 year	2023	Remaining term to 1 year	Remaining term over 1 year
Personnel-related provisions	60	8	52	60	13	47
Provisions for litigation risks and risk precautions	121	20	101	127	26	101
Other provisions	80	49	31	91	37	54
Total	**261**	**77**	**184**	**278**	**76**	**202**

TABLE 102

The recognition of other provisions as current or non-current as presented in the table above gives an indication whether use is expected in fiscal 2023/24 or in subsequent years.

Development of other provisions

€ million	Personnel-related provisions	Provisions for litigation risks and risk precautions	Other provisions	Total
1 March 2023	**60**	**127**	**91**	**278**
Change in companies incl. in the consolidation and other changes	−1	0	2	1
Changes due to currency translation	0	0	0	0
Additions and unwindings	22	7	46	75
Use	−18	−3	−26	−47
Reversal	−3	−10	−33	−46
29 February 2024	**60**	**121**	**80**	**261**

TABLE 103

Personnel-related provisions

Personnel-related provisions are primarily made up of largely non-current provisions for long-service awards, provisions for part-time early retirement and provisions for termination benefit plans.

Provisions for litigation risks and risk precautions

Provisions for litigation risks and risk precautions include provisions for market regulation proceedings, proceedings from operational contractual relationships and antitrust risks (fines and claims for damages). In the sugar segment, the final decision of the Vienna Supreme Court in a fine proceeding initiated by the Austrian competition authority in 2010 resulted in a significant reduction of the charges. As a result, the amount of the impending fine was also reduced accordingly and a significant portion of the provision recognized when the proceedings were initiated could be reversed last year. Regarding the amount of the provision for antitrust litigation, the company has made discretionary assessments concerning the affected period and the resulting price premium in particular. IAS 37.92 is used in the presentation of these changes in provisions in order to prevent any impairment of the company in these ongoing proceedings.

Other provisions

Other provisions primarily concern non-current provisions for restoration obligations, risk provisions for long-term logistics contracts in the sugar segment against the backdrop of the planned capacity reduction, as well as current and non-current provisions for recultivation and environmental obligations largely related to sugar production as well as current provisions for fees for the acquisition of CO_2 emissions certificates.

Additions and compoundings

Additions comprise the creation of new and the adjustment of existing provisions, which are recognized in profit or loss in the relevant types of operating expense. Also included in this item is the unwinding of the discount for non-current provisions that mainly affect personnel-related provisions. Compoundings are recognized in the interest expense as part of the financial result and amounted to € 1 (0) million.

(29) Trade payables and other liabilities

€ million	28/29 February	2024	Remaining term to 1 year	Remaining term over 1 year	2023	Remaining term to 1 year	Remaining term over 1 year
Liabilities to beet growers		1,107	1,107	0	708	708	0
Liabilities from other trade payables		863	863	0	901	901	0
Trade payables		**1,970**	**1,970**	**0**	**1,609**	**1,609**	**0**
Negative market value derivatives		87	87	0	72	72	0
Remaining financial liabilities		126	120	6	114	106	8
Other financial liabilities		**213**	**207**	**6**	**186**	**178**	**8**
Liabilities for personnel expenses		195	195	0	156	156	0
Liabilities for other taxes and social security contributions		67	67	0	56	56	0
Remaining non-financial liabilities		16	16	0	13	13	0
Non-financial liabilities		**278**	**278**	**0**	**225**	**225**	**0**
Other liabilities		**491**	**485**	**6**	**411**	**403**	**8**

TABLE 104

Liabilities to beet growers accounted for € 1,107 (708) million of the higher trade payables of € 1,970 (1,609) million.

Other financial liabilities comprise liabilities to customers (bonuses, etc.) and contingent liabilities. Interest liabilities are also included.

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

Remaining non-financial liabilities primarily include on-account payments received on orders totaling € 3 (4) million as well as accrued and deferred items.

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

Of the financial liabilities totaling € 2,220 million, € 1,707 million, or about 77 %, is available to Südzucker Group in the long-term.

€ million 28/29 February	2024	Remaining term to 1 year	Remaining term over 1 year	2023	Remaining term to 1 year	Remaining term over 1 year
Bonds	896	0	896	1,194	300	894
Promissory note loans	509	85	424	409	0	409
Liabilities to banks	713	396	317	565	328	237
Leasing liabilities	102	32	70	115	32	83
Financial liabilities	**2,220**	**513**	**1,707**	**2,283**	**660**	**1,623**
Securities (non-current assets)	−18			−18		
Securities (current assets)	−102			−154		
Cash and cash equivalents	−305			−247		
Securities and cash and cash equivalents	**−425**			**−419**		
Net financial debt	**1,795**			**1,864**		

TABLE 105

Non-cash changes of € 1 (45) million mainly include lease additions and currency changes.

Development of financial liabilities

€ million	2023/24 Bonds / Commercial Paper	2023/24 Promissory note loans	2023/24 Liabilities to banks	2023/24 Leasing liabilities	2023/24 Total	2022/23 Bonds / Commercial Paper	2022/23 Promissory note loans	2022/23 Liabilities to banks	2022/23 Leasing liabilities	2022/23 Total
1 March	**1,194**	**409**	**565**	**115**	**2,283**	**947**	**181**	**650**	**106**	**1,884**
Cash changes	−300	100	171	−35	−64	246	228	−86	−34	354
Non-cash changes	2	0	−23	22	1	1	0	1	43	45
28/29 February	**896**	**509**	**713**	**102**	**2,220**	**1,194**	**409**	**565**	**115**	**2,283**

TABLE 106

Financial management

The financing of Südzucker Group is based on sustainable cash flows, strong relationships with the shareholder groups behind the company, access to international capital markets and reliable banking relationships. Südzucker clearly aims to confirm its investment grade rating.

Südzucker uses an optimal mix of financial instruments, taking into consideration terms to maturity and interest rates. These include hybrid bonds, bonds, commercial paper, promissory notes, bank loans and syndicated or bilateral bank credit lines. The bonds are generally issued by the Dutch financing company Südzucker International Finance B. V. and used throughout the group. Acquisitions and investments are financed in consideration of the financial ratios that must be maintained to keep the company's investment grade rating.

The unique financing requirements during the fiscal year due to the seasonality of the sugar sector (financing beet purchases and inventories) means that securing short-term cash is an important aspect of our financing structure. Short-term financing requirements are covered by a Euro commercial paper program of € 600 million or a syndicated credit line of € 600 million for Südzucker and syndicated credit lines of € 400 million for subgroup AGRANA.

At present, Südzucker is primarily financed through the following financial instruments:

Hybrid bond

Südzucker International Finance B. V. issued an infinite, subordinated hybrid bond with a volume of € 700 million in July and August 2005. Since 30 June 2015, Südzucker is supposed to call the bond and repay it early at the nominal value (issuer call option). The bond can only be called in full and not in installments. The call option is subject to the condition that Südzucker has issued securities of equal rank and / or subordinated securities with similar features within 12 months of the effective date of the call with proceeds from the issue equaling the amount to be paid for calling the hybrid bond (as per section 6 (5) and (6) of the conditions of issue of the bond). The requirements for termination and repayment of the bond by Südzucker are currently not met.

Since 30 June 2015, the hybrid bond has a floating rate coupon based on the three month Euribor plus 3.10 % p. a. The rate was set at 7.025 % for the period 29 December 2023 to 28 March 2024 (exclusively). The quarterly coupon interest payments are payable in the subsequent quarter.

Furthermore, the conditions of issue of the bond provide Südzucker, in the event of a dividend event, with the option to defer the interest coupon payments. An optional (voluntary) interest coupon payment suspension may occur if no dividend was approved for shares of Südzucker AG at the last annual general meeting. In the event of a cash flow event, Südzucker is obliged to cancel the interest coupon payment. A mandatory coupon suspension is being triggered when consolidated cash flow falls below 5 % of the group's consolidated revenues. Measurement is based on the consolidated financial statements of Südzucker AG. On 29 February 2024, cash flow of € 1,046 (927) million accounted for 10.2 (9.8) % of consolidated revenues of € 10,289 (9,498) million.

The rating agency Moody's has classified the equity share of the subordinate bond at 50 % and Standard & Poor's at 50 %, which improves the group's rating-related debt ratios. The subordinated bond is recognized as equity in accordance with IFRS – see also explanatory notes in note (26) "Shareholders' equity".

Bonds and commercial paper program

Bonds and commercial papers

€ million	Due date	Coupon	Carrying amount	Fair value	Nominal value
29 February 2024					
Bond 2017/2025	11/28/2025	1.000 %	499	477	500
Bond 2022/2027	10/31/2027	5.125 %	397	414	400
Commercial paper			0	0	0
Bonds and Commercial paper			**896**	**891**	**900**
28 February 2023					
Bond 2016/2023	11/29/2023	1.250 %	300	295	300
Bond 2017/2025	11/28/2025	1.000 %	498	468	500
Bond 2022/2027	10/31/2027	5.125 %	396	409	400
Commercial paper			0	0	0
Bonds and Commercial paper			**1,194**	**1,171**	**1,200**

TABLE 107

All bonds were fixed-interest bearing and had a combined carrying amount of € 896 (1,194) million.

2016/2023 bond

On 22 November 2016, Südzucker International Finance B.V. issued a bond with a nominal value of € 300 million and a 1.25 % coupon. The bond was repaid on 29 November 2023.

2017/2025 bond

On 21 November 2017, Südzucker International Finance B.V. issued a bond with a nominal value of € 500 million and a 1.00 % coupon. The bond is guaranteed by Südzucker AG and has a term of eight years, maturing on 28 November 2025.

Sustainability bond 2022/2027

On 24 October 2022, Südzucker International Finance B.V.,- Südzucker AG successfully placed the first issue under the new "Sustainability-Linked Financing Framework". With the sustainability linked bond format, Südzucker is committing to the sustainability target anchored in its 2026 PLUS strategy.

The non-subordinated bond, which is guaranteed by Südzucker AG, has a volume of € 400 million, a coupon of 5.125 % and a term of five years with maturity on 31 October 2027. The proceeds of the issue will be used for general corporate purposes, including the refinancing of the 2016/2023 bond, which matures in November 2023.

With this sustainability linked bond, Südzucker has committed to pay investors a redemption premium of 0.50 % of the nominal value. This premium will be paid if the sustainability target of reducing Südzucker Group's carbon dioxide emissions (scope 1 + 2) (performance indicator) by −32 % compared to the historical reference date of 31 December 2018 is not met as of the observation date as of 31 December 2026.

Additional information regarding these bonds is available on the Südzucker corporate website.

Commercial paper program

The Euro commercial paper program (CP program) serves short-term financing in the capital markets. Investors in CPs are mainly institutional investors. The CP program has a total line of € 600 million and enables Südzucker to issue short-term debt securities based on requirements and the market situation. No CPs were issued on 29 February 2024 or on the previous year's reporting date.

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.

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.

Promissory notes and liabilities to banks

€ million 28/29 February	2024	Remaining term to 1 year	Remaining term over 1 year	2023	Remaining term to 1 year	Remaining term over 1 year	Average effective rate of interest in % 2023/24	Average effective rate of interest in % 2022/23
Promissory note								
fixed coupon	207	85	122	208	0	208	2.02	2.03
variable coupon	302	0	302	202	0	202	5.37	4.20
Promissory note total	**509**	**85**	**424**	**409**	**0**	**409**	**4.00**	**3.10**
Liabilities to banks								
Fixed coupon								
EUR	310	230	80	157	69	89	3.60	1.19
CNY	1	1	0	1	1	0	3.60	4.53
DZD	5	4	1	5	4	1	6.76	6.99
HUF	7	2	5	6	0	6	4.86	4.86
USD	118	24	94	88	30	58	4.74	4.56
Total	**441**	**261**	**180**	**257**	**103**	**154**	**3.96**	**2.55**
Variable interest rate								
EUR	237	100	137	267	184	84	4.50	3.09
CNY	0	0	0	2	2	0	–	3.60
EGP	1	1	0	1	1	0	22.43	19.46
KRW	8	8	0	4	4	0	5.24	4.99
TRY	0	0	0	1	1	0	48.82	26.00
USD	26	26	0	33	33	0	7.27	6.49
ZAR	0	0	0	0	0	0	9.75	1.08
Total	**272**	**135**	**137**	**308**	**225**	**84**	**4.91**	**3.58**
Liabilities to banks	**713**	**396**	**317**	**565**	**328**	**237**	**4.32**	**3.11**

TABLE 108

Promissory notes and liabilities to banks

The promissory notes of € 509 (409) million mature in the years 2024 to 2029.

Liabilities to banks increased to € 713 (565) million. The table below shows the breakdown by currency of issue, maturity and interest rate terms. As of the balance sheet date, liabilities to banks of € 12 (11) million were secured by mortgage rights and € 38 (8) million by other liens.

Revolving and syndicated credit facilities

Südzucker has a revolving credit line of € 600 million for the purpose of general corporate financing and to use as a backup credit line to the CP program. The syndicated credit line has a term until July 2026. The line of credit is with a consortium of twelve banks, which form Südzucker Group's core banking group. In addition to Südzucker AG, CropEnergies AG can draw on this credit line for an amount up to € 100 million as an alternate borrower. As in the previous year, no funds had been drawn against the credit line as of 29 February 2024.

AGRANA can utilize syndicated credit facilities of € 250 million or 150 million, respectively, for the purpose of general corporate financing. The syndicated credit lines have terms until August 2024 and December 2025. The credit facility is made available by a banking syndicate. These credit lines were not drawn down as of 29 February 2024; in the previous year, this credit line was drawn down in the amount of € 140 million as at the reporting date.

Securities and cash and cash equivalents

Investments in securities totaling € 120 (172) million were mainly in fixed-interest securities. The investments in securities in fiscal 2023/24 related in particular to a subordinated callable fixed-income bond 2021/2031 and time deposits in Polish zloty.

OTHER NOTES

(31) Risk management of financial instruments

The group is exposed to credit risk (default and credit risks) and liquidity risk. The Südzucker Group is also exposed in many ways to market price risk. In operations, this primarily relates to commodity price risk from sugar and ethanol sales, energy, grain and corn purchases as well as currency risk associated with sales and procurement. Similar price risk exists in the financial area from interest rate and exchange rate risks. The following credit risk management, liquidity management and price risk management strategies have been implemented throughout the group to manage these risks.

Credit risk management

The receivables of Südzucker Group are primarily due from companies in the food industry, the chemical industry and in retail.

Overdue or uncollectible receivables can have a negative impact on the success of Südzucker Group. Südzucker has early warning systems in place to monitor potential bad debts.

The principles of credit risk management in Südzucker Group are:

- Creditworthiness checks for potential new customers and continuous monitoring of the credit rating of existing customers
- Taking out commercial credit insurance policies for each customer as part of an international credit insurance program that can be supplemented as needed with additional securities such as bank guarantees or letters of credit
- System-based credit limit checks for each order in the operational systems
- Standardized dunning

Each operational unit is responsible for implementing and monitoring the corresponding processes.

Individual allowances are created to cover residual risk from trade receivables as credit risk becomes apparent. In addition, portfolio-based allowances are made based on historical loss rates depending the due date of the receivables and the relevant divisions. Where relevant, expected future default trends are also taken into account. In accordance with internal group policies, all amounts recognized for receivables are regularly adjusted via allowances as a separate item. The credit risk from the respective total trade receivables outstanding is largely limited to the retention (excess) amount, which is usually 5 % for the concluded commercial credit insurance. The carrying amounts of past due trade receivables and receivables for which specific debt allowances have been recognized are disclosed in note (25) of the notes to the group financial statements.

The maximum credit risk from other assets corresponds to the carrying amounts of these instruments; in the opinion of Südzucker Group, this risk is not material. There are no significant concentrations of risk.

Counterparty risk in the financial area primarily exists when there is excess liquidity. The main criterion for the selection of a bank as a business partner is particularly its short-term deposit rating in conjunction with its long-term rating, which is reviewed regularly.

Liquidity management

The main objectives of liquidity management are to ensure solvency at all times, guarantee the ability to meet contractual payment obligations on time, and optimize costs within Südzucker Group.

Within the scope of cash and liquidity management, Südzucker International Finance B. V., Oud-Beijerland, Netherlands makes the borrowed funds available to the group companies. In addition, there are cash pools in shared treasury centers.

Liquidity planning is integrated into corporate planning and takes the special seasonal funding requirements associated with the sugar campaigns into account. Throughout the year, the plan is updated through three plan forecasts. The strategic financing plan is prepared on the basis of the five-year plan.

Seasonal liquidity requirements are financed on short notice in the form of overnight or term loans or through the issuance of commercial papers. In order to guarantee financial flexibility of Südzucker Group and to ensure that it is able to meet its payment obligations at any time, a liquidity reserve is maintained in the form of syndicated and bilateral credit lines, securities and, if necessary, in the form of cash funds.

Long-term debt financing is primarily carried out by issuing bonds, promissory notes and bank loans.

See note (30) "Financial liabilities, securities and cash and cash equivalents (net financial debt)" for details on group financial instruments used by Südzucker.

Maturity of financial liabilities

€ million	Carrying amount	Contractually agreed cash outflows: Total	to 1 year	1 to 2 years	2 to 3 years	3 to 4 years	4 to 5 years	over 5 years
29 February 2024								
Bonds	896	992	26	526	20	420	0	0
Promissory note	509	558	102	105	91	173	52	35
Liabilities to banks	713	775	408	125	82	34	73	53
Liabilities from finance leasing	102	143	34	24	15	8	6	56
Financial liabilities	**2,220**	**2,468**	**570**	**780**	**208**	**635**	**131**	**144**
Liabilities to beet growers	1,107	1,107	1,107	0	0	0	0	0
Trade payables	863	863	863	0	0	0	0	0
Remaning financial liabilities	126	126	120	6	0	0	0	0
Forex futures – cash out	8	1,219	1,219	0	0	0	0	0
Forex futures – cash in	–	–1,210	–1,210	0	0	0	0	0
Interest rate swaps – cash out	0	12	3	3	3	2	1	0
Interest rate swaps – cash in	–	–18	–5	–4	–4	–3	–2	0
Commodity derivatives	79	79	60	5	5	9	0	0
Other financial liabilities	**2,183**	**3,406**	**3,372**	**14**	**8**	**11**	**1**	**0**
Total financial liabilities	**4,403**	**5,874**	**3,942**	**794**	**216**	**646**	**132**	**144**

All outgoing payment flows are undiscounted and comprise interest and principal payments.

The undiscounted payment outflows are subject to the assumption that the settlement of the liability takes place at the earliest possible due date. The interest payments on variable-rate financial instruments are calculated on the basis of the most recent applicable interest rates.

Price risk management

Price risk management encompasses currencies, interest rates and commodity prices. The following information provides details about risks and risk management concerning these three areas.

Currency risk

Currency risk arises from the global orientation of Südzucker Group, and such risks from exchange rate fluctuations are inherent in the operating activities as well as the financial result and cash flows.

Currency risk arises in operating activities when revenues are realized or the cost of materials and/or merchandise used is incurred in a currency other than the local currency (functional currency). The currency risk associated with the financial result primarily results from group-internal financing of subsidiaries using a different local currency.

Currency risk management

The aim of currency risk management is to reduce exchange rate risks. The divisions make decisions on the type and scope of operational currency hedging in coordination with the Corporate Finance department. Derivatives in the form of forward exchange transactions are used to hedge operational exchange rate risks.

€ million	Carrying amount	Contractually agreed cash outflows						
		Total	to 1 year	1 to 2 years	2 to 3 years	3 to 4 years	4 to 5 years	over 5 years
28 February 2023								
Bonds	1,194	1,321	329	26	526	21	421	0
Promissory note	409	460	13	97	103	90	121	37
Liabilities to banks	565	588	334	41	59	103	19	33
Liabilities from finance leasing	115	161	35	27	20	11	9	59
Financial liabilities	**2,283**	**2,531**	**711**	**191**	**707**	**224**	**569**	**129**
Liabilities to beet growers	708	708	708	0	0	0	0	0
Trade payables	901	901	901	0	0	0	0	0
Remaning financial liabilities	114	114	106	8	0	0	0	0
Forex futures – cash out	12	795	795	0	0	0	0	0
Forex futures – cash in	0	–783	–783	0	0	0	0	0
Interest rate swaps – cash out	0	13	3	3	3	3	2	0
Interest rate swaps – cash in	0	–14	–3	–3	–3	–3	–2	0
Commodity derivatives	60	60	60	0	0	0	0	0
Other financial liabilities	**1,795**	**2,592**	**2,573**	**11**	**3**	**3**	**2**	**0**
Total financial liabilities	**4,078**	**5,122**	**3,284**	**201**	**710**	**227**	**572**	**129**

TABLE 109

Sensitivity analysis

The sensitivity analysis presented below shows what effects there would have been on the net result or shareholder's equity before tax had existing foreign currency receivables and liabilities required translation using different exchange rates at the balance sheet date.

The currency exposure is equivalent to the net amount of the financial receivables and liabilities exposed to currency risk. These primarily consist of trade receivables and trade payables as well as receivables and liabilities from financing activities and include intragroup balances. Existing currency hedges are not considered in the analysis if they are not precisely allocated to a receivable or payable. A negative amount means there is a surplus of liabilities.

The sensitivity analysis assumes a 10 % gain or 10 % drop in the exchange rates for the currencies against the respective functional currency as of 29 February 2024.

The following shows the currency exposure and the hypothetical impact on the net result before tax as gain (+) or loss (–).

Currency sensitivity

€ million	28/29 February	Exposure 2024	Exposure 2023	Sensitivity (+) 2024	Sensitivity (+) 2023	Sensitivity (–) 2024	Sensitivity (–) 2023
USD		60	−1	−6	0	7	−0
GBP		223	96	20	−9	25	11
PLN		−1	2	0	−0	0	0
CAD		11	4	−1	−0	1	0
CNY		4	1	0	−0	1	0
RON		−18	0	2	0	−2	0
CZK		−6	−33	1	3	−1	−4
Other currencies		47	−92	−4	8	5	−10

TABLE 110

Currency exposure from the remaining currencies concerns euro receivables or payables of group companies in countries with other functional currencies. A long-term intra-group euro loan in the amount of € 220 (226) million has been granted in the USA. The loan qualifies as a net investment in a foreign operation, which is why the resulting currency fluctuations are recognized directly in equity. If the value of the euro against the US-dollar had dropped, or climbed by 10 %, shareholders' equity before tax would have increased by € 20 (21) million, or decreased by € 25 (25) million, respectively.

Interest rate sensitivity

€ million	2023/24 Total	2023/24 thereof with floating rate	2023/24 Effect from interest rate sensitivity	2022/23 Total	2022/23 thereof with floating rate	2022/23 Effect from interest rate sensitivity
Promissory notes	**509**	302	−3	**409**	202	−2
Liabilities to banks	**713**	272	−3	**565**	308	−3

TABLE 111

Interest rate risk

Südzucker is exposed to interest rate risk from floating rate financial liabilities, or financial investments. This interest rate risk mainly results from typical fluctuations in liquidity levels during the campaign season, or existing or planned floating rate debt.

Interest rate risk management

Südzucker utilizes a financing structure that is optimized to meet liquidity requirements, and which also includes fixed-rate financial instruments to minimize interest rate risk. See note (30) "Financial liabilities, securities and cash and cash equivalents (net financial debt)" for details. Derivative instruments such as interest rate swaps are also used to a limited extent as part of interest rate risk management.

Sensitivity analysis

Most bonds and long-term bank debt are agreed with fixed interest rates. Had market interest rates increased by one percentage point applied to floating rate liabilities to banks as of 29 February 2024 without considering concluded interest rate swaps, interest expense would have increased as follows:

A decline of half a percentage point in market interest rates would have resulted in a similar decline in interest expense. Explanations regarding the fixed-interest debt instrument reported under securities are included in note (32) "Additional disclosures on financial instruments". Other securities investments that are subject to price risk are immaterial within Südzucker Group.

Commodity price risk

Südzucker is exposed to material price risks in its operations on the supply and demand side arising from price volatility in the commodity markets, which relate in particular to changes in world sugar market prices and energy, grain, ethanol and fruit prices.

Management of commodity price risk

Appropriate risk management requires continuous, standardized monitoring of risk exposure and risk change based on the respective products. This provides the foundation for risk committees in the different divisions to make decisions on risk hedging at their regular meetings.

The material risk carriers that have been identified in Südzucker Group are sugar sales and imports (including the possibly associated currency risk), the sale of ethanol, and the procurement of energy and grain. The following section provides more information on derivative financial instruments.

Derivative instruments to hedge price risk

Südzucker Group uses derivative instruments to a limited extent to hedge currency exchange rate, interest rate and commodity price risks arising from its operating and financial activities. Sugar, wheat and ethanol futures, options on wheat and sugar futures and derivatives in the form of gas certificates, and forex futures are mainly used as commodity derivatives in operations. Only normal market instruments are used for financial hedging purposes, such as interest rate swaps and forex futures. These instruments are used within the framework of Südzucker's risk management system as laid down in group guidelines, which set limits based on underlying business volumes, defines authorization procedures, prohibits the use of derivative instruments for speculative purposes, minimizes credit risks and determines the content of internal reporting and segregation of duties. Reviews are carried out regularly to ensure compliance with these guidelines as well as the correct processing and valuation of transactions and adherence to segregation of duties. There are usually netting agreements with the counterparties for derivatives, allowing the market values to be offset to determine the remaining payment amount in the event of default by the counterparty.

In the case of OTC derivatives (interest and currency derivatives and derivatives on gas, sugar and CO_2 emission certificates), Südzucker is exposed to credit risk when market values are positive. Credit risk is limited by only concluding derivatives with banks and partners with a good credit rating. Derivatives contracted at futures exchanges (sugar, wheat, corn and ethanol derivates) are generally not exposed to credit risk.

Nominal volumes and market values of derivative instruments

€ million 28/29 February	Nominal value 2024	Nominal value 2023	Positive market values 2024	Positive market values 2023	Negative market values 2024	Negative market values 2023
Forex futures	1,219	795	7	7	−8	−12
Interest rate swaps	129	129	1	5	0	0
Commodity derivatives	788	824	28	33	−79	−60
thereof energy	188	258	4	26	−48	−31
thereof wheat	288	496	0	6	−30	−24
thereof sugar	312	70	24	1	−1	−5
Total	**2,136**	**1,747**	**36**	**45**	**−87**	**−72**

TABLE 112

Sensitivity of derivatives

€ million	28/29 February	Net market values		Sensitivity (+)		Sensitivity (–)	
		2024	2023	2024	2023	2024	2023
Forex futures		−1	−5	42	32	−59	−37
Interest rate swaps		1	5	3	3	−2	−2
Commodity derivatives		−51	−27	1	38	−1	−38
thereof energy		−44	−5	11	13	−11	−13
thereof wheat		−30	−18	14	30	−14	−30
thereof sugar		23	−4	−24	−5	24	5
Total		**−51**	**−27**	**45**	**73**	**−62**	**−77**
thereof changes in OCI				29	49	−39	−50
thereof changes in earnings before income taxes				16	24	−23	−27

TABLE 113

Cash flow hedge accounting

€ million	28/29 February	Nominal volume		Positive market values		Negative market values	
		2024	2023	2024	2023	2024	2023
Forex futures		361	115	2	1	−2	−2
Interest rate swaps		129	129	1	5	0	0
Commodity derivatives		724	783	27	33	−72	−57
thereof energy		172	258	3	27	−44	−30
thereof wheat		260	457	0	6	−27	−23
thereof sugar		292	68	24	0	−1	−4
Total		**1,214**	**1,026**	**30**	**39**	**−74**	**−60**

TABLE 114

In response to a decrease, or an increase by half a percentage point in the market interest rate as well as an increase, i. e. decrease in the respective currencies against the euro by 10 %, a decrease, i. e. an increase in prices for wheat, corn and oil, sugar and ethanol or a decrease, i. e. an increase in prices for sugar, ethanol, wheat, corn and gas and CO_2 emission certificates, by 10 % (respectively), the market value of the derivatives concluded as of 29 February 2024 would change as shown in table 113 (sentitvity analysis). Depending on the inclusion in a hedge (cash flow hedge), a change would have changed equity and, without a hedge (fair value hedge), earnings before income taxes as shown in the table 113.

In particular, forex futures and commodity derivatives are also accounted for as hedges using cash flow hedge accounting, with the main features of the hedged item and hedge matching and thus offsetting each other in terms of value. Changes in the values of these hedging instruments are initially recognized in shareholders' equity and not in revenues (for sales transactions) or in cost of materials (for purchasing transactions) until the time the hedged item has an impact on earnings. The nominal volumes and market values of the derivatives recognized as part of such a hedge are given in table 114.

The corresponding hedges mainly comprise risk component hedges for wheat purchases and sugar sales in the CropEnergies, starch and sugar segments. The same applies to the gas purchasing within the group. The nominal volume attributable to this as at the balance sheet date with regard to wheat price hedging through futures amounted to € 260 (457) million at a hedging rate of 247 (285) €/t, with regard to sugar price hedging € 292 (68) million at a hedging rate of 580 (399) €/t and for gas price hedging 3,697,279 (3,165,383) MWh at a hedging rate of 41 (49) €/MWh. Transactions still hedged at the end of the financial year will mainly be realized in the next fiscal year.

Ineffectiveness due to differing maturities of basic and hedging business, for example, had to be recognized in fiscal year 2023/24 at € 1 (−3) million. The volume of derivatives not included in a hedging transaction is evaluated in the income statement. All derivatives are shown on the balance sheet in the items other assets or other liabilities.

For more details on the market values by measurement category and measurement level, see note (32) “Additional disclosures on financial instruments”.

(32) Additional disclosures on financial instruments

Carrying amount and fair value of financial instruments

The following tables show the carrying amount and fair value of financial assets and liabilities for each of the measurement categories.

28/29 February		2024		2023	
€ million	Measurement categories	Carrying amount	Fair value	Carrying amount	Fair value
Securities	At fair value through profit or loss	12	12	11	11
Securities	Fair value recognized directly in equity in other comprehensive income (excluding recycling)	6	6	7	7
Long term securities		*18*	*18*	*18*	*18*
Other investments[1]	At fair value through profit or loss	10	10	15	15
Trade receivables	At amortized cost	1,456	1,456	1,409	1,409
Remaining financial assets	At amortized cost	97	97	94	94
Positive market value derivatives	At fair value through profit or loss	5	5	7	7
Positive market value derivatives – hedge accounting	n/a	31	31	38	38
Securities	Fair value recognized directly in equity in other comprehensive income (including recycling)	69	69	61	61
Securities	At fair value through profit or loss	–	–	–	–
Securities	At amortized cost	33	33	93	93
Short term securities		*102*	*102*	*154*	*154*
Cash and cash equivalents	At amortized cost	305	305	247	247
Total financial assets		**2,024**	**2,024**	**1,982**	**1,982**
Bonds	At amortized cost	896	891	1,194	1,171
Promissory notes	At amortized cost	509	502	409	394
Liabilities to banks	At amortized cost	713	705	565	550
Leasing liabilities	n/a	102	–	115	–
Trade liabilities	At amortized cost	1,970	1,970	1,609	1,609
Negative market value derivatives	At fair value through profit or loss	12	12	13	13
Negative market value derivatives – hedge accounting	n/a	75	75	59	59
Remaining financial liabilities	At amortized cost	126	126	114	114
Total financial liabilities		**4,403**	**4,281**	**4,078**	**3,910**

[1] In the prior year also non consolidated-companies due to their relative insignificance are now shown.

TABLE 115

The totals by measurement category and the net result by measurement category are given below.

€ million	29 February 2024		2023/24		28 February 2023		2022/23	
Measurement category	Carrying amount	Fair value	Net result	thereof interest income (+) / interest expense (–)	Carrying amount	Fair value	Net result	thereof interest income (+) / interest expense (–)
Financial assets at fair value through profit and loss [1]	27	27	41	–	33	33	43	–
Financial assets at fair value recognized directly in equity in other comprehensive income (excluding recycling)	6	6	–	–	7	7	–	–
Financial assets at fair value recognized directly in equity in other comprehensive income (including recycling)	69	69	3	3	61	61	3	3
Financial assets at amortized cost	1,891	1,891	31	15	1,843	1,843	45	10
Financial liabilities at fair value through profit and loss	12	12	–50	–	13	13	–50	–
Financial liabilities at amortized cost	4,214	4,194	–127	–61	3,891	3,838	–54	–35
Total	**–**	**–**	**–103**	**–43**	**–**	**–**	**–14**	**–23**

[1] In the prior year also non-consolidated companies due to their relative insignificance are now shown.

TABLE 116

Net result by measurement category included interest, dividends and gains or losses on the measurement of financial instruments and currency results.

Measurement levels

For financial instruments measured at fair value, a distinction is made between three measurement levels with regard to the determination of the fair values. At Level 1, the measurement is based on unadjusted prices of identical financial instruments on active markets. Level 2 measurement takes place using prices derived from prices on active markets. Level 3 measurement is based on valuation techniques that include at least one significant non-observable factor.

Due to the short maturities of trade receivables, receivables from the EU, remaining financial assets and cash funds, it is assumed that their fair values are equal to their carrying amounts.

The fair values of liabilities to banks are calculated as the present value of the payments associated with the liabilities, using the relevant current yield curve as the basis. This corresponds to Level 2. The credit risk can be reliably determined.

For trade payables and remaining current financial liabilities, the assumption given their short maturity is that their fair values are equal to their reported carrying amounts.

The fair values of the listed 2016/23 (only included in the previous year), 2017/2025 (and 2022/2027 bonds in the amount of € 890 (1,171) million are based on the quoted price on the last trading day of the fiscal year. This corresponds to Level 1.

The following financial instruments were recognized at fair value:

€ millon 28/29 February	2024	Evaluation level 1	Evaluation level 2	Evaluation level 3	2023	Evaluation level 1	Evaluation level 2	Evaluation level 3
								Fair value hierarchy
Securities	**87**	**11**	**69**	**7**	**79**	**11**	**61**	**7**
Other investments[1]	**10**	**0**	**0**	**10**	**15**	**0**	**0**	**15**
Positive market values – derivatives without hedge accounting	5	0	5	0	7	1	6	0
Positive market values – hedge accounting derivatives	31	24	7	0	38	10	28	0
Positive market values	**36**	**24**	**12**	**0**	**45**	**10**	**35**	**0**
Financial assets	**133**	**35**	**81**	**17**	**139**	**22**	**96**	**22**
Negative market values – derivatives without hedge accounting	12	3	9	0	13	3	10	0
Negative market values – hedge accounting derivatives	75	28	47	0	59	27	32	0
Negative market values / financial liabilities	**87**	**31**	**56**	**0**	**72**	**30**	**42**	**0**

[1] In the prior year also non-consolidated companies due to their relative insignificance are now shown.

TABLE 117

Non-current and current securities include equity instruments recognized at fair value through profit or loss or at fair value as part of other comprehensive income. These are measured at market values equal to prices quoted on an exchange as at the balance sheet date (Level 1).

If no listings on active markets are available, measurement takes place using prices derived from prices on active markets (Level 2). In the current year this includes, in particular, a fixed-rate debt instrument recognized under securities and measured at fair value through equity (with recycling). The key valuation factor here is the credit risk of the issuer. Assuming a change in the credit risk by 100 basis points, a valuation effect of approximately +/– € 2 million would result.

Fair values are determined in the remaining cases on the basis of valuation techniques whose influencing factors are not exclusively based on observable market data (Level 3).

The positive and negative market values of currency, interest and commodity derivatives are related in part to derivatives that are the effective portion of a hedge. These are used to hedge future cash flows from firm commitments or from highly probable future transactions against fluctuations.

There are also currency, interest and commodity derivatives in the form of fair value hedges or without formally designated hedges against changes in the fair value of an asset or liability that are recognized in the income statement.

The market values of commodity derivatives such as sugar, wheat or ethanol futures traded on liquid markets are determined on the basis of prices quoted as at the reference date (Level 1).

For the fair values of the other commodity derivatives such as gas swaps, the counterparty valuation is based on prices derived from market prices used in active gas markets (Level 2).

Forex futures are measured on the basis of reference rates, taking forward premiums or discounts into consideration (Level 2).

The concluded interest rate derivatives exclusively concern interest rate swaps. The market values of these interest rate hedging transactions were determined on the basis of discounted expected future cash flows (Level 2).

(33) Contingent liabilities and other financial commitments

Contingent liabilities and other financial commitments explained below are not recognized as liabilities on the consolidated balance sheet.

Guarantees and warranty commitments

€ million 28/29 February	2023/24	2022/23
Guarantees	33	47
thereof for Joint Ventures	30	44
Warranty commitments	1	1

TABLE 118

Guarantees, warranty commitments and contingent liabilities

The guarantees relate primarily to bank loans of jointly controlled investments in the sugar segment at AGRANA as well as to liabilities to third parties. In some cases, the shares held in the joint ventures serve as collateral. We do not expect to have to make any performance payments from guarantees or warranty commitments.

At the beginning of the 2023/24 financial year, several national competition authorities in various European Union countries sent out questionnaires or launched investigations on the subject of inflation. In Romania, 13 food producers, including AGRANA Romania S.R.L., Bucharest/Romania, were searched for two days in late March 2023 due to alleged price-fixing agreements with competitors. In December 2023, a further query was answered on time. There were no concrete accusations from the Romanian competition authority up to the end of the period in which the balance sheet was prepared. AGRANA also had an external party audit all the documents inspected by the authority and was unable to identify any violations of competition law and therefore sees no grounds for the imposition of any fines.

Purchase orders for investments in fixed assets

Purchase orders for investments in fixed assets totaling € 337 (157) million relate in particular to investments in warehousing and energy supply in the sugar segment. The BENEO division focused on processing protein crops, the Freiberger division on a new production plant and the CropEnergies segment on the new biobased chemicals business unit.

(34) Fees for services by the group's external auditors

Expenses in 2023/24 for services provided by the group's external auditors, KPMG AG Wirtschaftsprüfungsgesellschaft (previous year: PricewaterhouseCoopers GmbH Wirtschaftsprüfungs-gesellschaft), were made up of fees for the following services:

€ thousand	2023/24	2022/23
Auditing services	1,012	833
Other assurance services	128	205
Tax consulting fees	0	0
Other services	191	0
Total	**1,331**	**1,038**

TABLE 119

The auditing services include expenses for auditing the annual consolidated financial statements of Südzucker AG consolidated and financial statements of German subsidiaries. The fees for other assurance services relate to the business audit of the non-financial statement. The fees for other services mainly include project-related auditing and training measures in connection with the introduction of CSRD, the EU taxonomy and sustainability reporting.

(35) Declaration of compliance per section 161 AktG

The executive board and supervisory board of Südzucker AG issued the declaration of compliance relating to the German Corporate Governance Code in accordance with section 161 of the German Stock Corporation Act (AktG) on 9 November 2023 and made it permanently available to shareholders of Südzucker AG at www.suedzuckergroup.com/en/Entsprechenserklaerung/.

(36) Related parties

Related companies and persons

The following companies are considered related parties:

- Süddeutsche Zuckerrübenverwertungs-Genossenschaft eG (SZVG), Ochsenfurt, Germany, – the ultimate and direct parent company – which has a majority interest in Südzucker AG by means of its own holding of Südzucker shares, and those shares held by it on trust for its cooperative members. The list of shareholdings as of 29 February 2024 was 61.58 (60.72) %.
- Raiffeisen-Holding Niederösterreich-Wien reg. Gen.m.b.H. (Raiffeisen-Holding), Vienna, Austria, including its subsidiaries, which holds share capital via Zucker Invest GmbH, Vienna, Austria. The list of shareholdings as of 29 February 2024 was 10.25 (10.25) %.
- Südzucker Unterstützungswerk (SUW), Frankenthal, Palatinate, Germany, whose assets are used to support Südzucker employees and pensioners in instances of particular difficulty as well as for social activities. Some of the trustees are also members of Südzucker AG's executive board.
- The joint venture companies and associates subject to joint control or significant influence by Südzucker Group.

The members of the Südzucker AG executive and supervisory boards and their dependents are related parties.

Items recorded in the reporting year on the accounts held for SZVG and SUW at Südzucker AG comprised payments received from dividends and interest from business transactions. As of the balance sheet date, Südzucker AG's liabilities to SZVG amounted to € 0 (1) million with an annual average interest rate of 4.06 (2.38) % and to SUW € 3 (3) million with an annual average interest rate of 3.70 (0.85) %. In addition, there were financial receivables of € 82 (91) million from, and financial liabilities of € 76 (68) million to Raiffeisen Group; financial receivables with a nominal volume of € 75 (75) million related to a subordinated callable bond 2021-2031 with a fixed interest rate of 3.37 % through February 2026. At the reporting date, there were credit balances with Südzucker AG of € 26 (25) million, hedged by this subordinated bond and comprising not only employee accounts but also accounts for active and former members of the executive board and their surviving dependents in the amount of € 11 (10) million bearing interest at market rates.

As part of the delisting of CropEnergies AG, SZVG divested its 4.87 % interest in CropEnergies to Südzucker AG. This corresponds to 4,251,400 shares. The transaction was completed on 20 December 2023 at € 11.50 per share – that is, at offer conditions – and thus involved a total purchase price of € 49 million.

Südzucker AG and its subsidiaries have extensive business relationships with joint ventures and one associate in the ordinary course of business. Transactions are carried out with these companies the same as with unrelated parties.

Related companies – Services performed and received[1]

€ million	2023/24	2022/23
Joint ventures	315	291
Associated companies	0	0
Services performed for related parties	**315**	**291**
Joint ventures	121	114
Associated companies	0	0
Services received from related parties	**121**	**114**

[1] Only relationships to fully consolidated subsidiaries.

TABLE 120

The exchange of goods and services occurs as part of the company's ordinary course of business.

Related companies – Receivables and liabilities[1]

€ million 28/29 February	2023/24	2022/23
Joint ventures	132	118
Associated companies	0	0
Receivables from related parties	**132**	**118**
Joint ventures	15	13
Associated companies	0	0
Liabilities to related parties	**15**	**13**

[1] Only relationships to fully consolidated subsidiaries.

TABLE 121

Executive board compensation

The table below shows the total compensation paid to members of Südzucker AG's executive board (IFRS). They represent the compensation expense for the respective financial year. The outstanding balances comprise the performance-related short-term compensation due.

Disclosures on total compensation of the executive board in accordance with IFRS

€ million	2023/24	2022/23
Fixed salary	3	3
Remuneration in kind and other fringe benefits	0	0
Total of non-performance related remuneration due in the short term	**3**	**3**
One year variable remuneration (basis: dividend of the past fiscal year)	0	1
Multi-year variable remuneration (basis: average dividend of the past three fiscal years)	1	1
One year variable remuneration (basis: EBITDA of the past fiscal year)	2	0
Total short-term remuneration due in the short term	**6**	**6**
Multi-year variable share-based remuneration (basis: average ROCE of the past three fiscal years)	0	1
Multi-year variable remuneration (basis: average ROCE & dividend payments of the past three fiscal years)	2	0
Total of remuneration due in the long and short term	**8**	**7**
Service cost for in the current year earned pension committments (defined benefit plan)	0	0
Payments related to termination benefits	2	1
Total remuneration for the executive board	**10**	**8**

TABLE 122

The members of Südzucker AG's executive board receive a fixed monthly compensation, benefits (company car, etc.) and, for defined contribution pension plans, an annually defined contribution. Depending on the structure of the executive board members' contracts, variable, performance-oriented compensation is based on the dividend for the past financial year, an average of the dividend over several financial years and – under the executive board compensation systems – a target agreement for EBITDA or an average ROCE and an average dividend over several financial years. The dividend-based variable compensation is linked to the dividend still to be approved by the annual general meeting; payment is made following the respective annual general meeting.

Under the new executive board compensation system approved by the 2021 annual general meeting that currently applies to one member of the executive board, compensation is share-based. Under this system, share-based executive board compensation was awarded for the three-year vesting period from the 2022/23 to 2024 or 2021/22 to the 2023/24 financial year depending on the average return on capital employed (ROCE) achieved. For this purpose, the corresponding number of shares is acquired at the beginning of the financial year in the amount of the share commitment in the event of a target achievement level of 100 % and held until the actual target achievement is determined in the fourth year. Once the target achievement has been determined, the number of shares acquired must be adjusted, taking into account the dividends paid in the meantime along with the existing compensation limits, and transferred to the executive board. Over the vesting period, the number of shares earned pro rata temporis, taking into account the expected target achievement based on the share price at the time of the commitment, must be recognized in the personnel expenses.

The ordinary annual general meeting approved the updated executive board compensation system in July 2023. Share-based compensation was replaced in favor of a cash payment. In addition to ROCE, the dividend is the decisive factor for the compensation to be paid out.

Pension obligations (IFRS) of € 38 (37) million relate to former members of Südzucker AG's executive board and their dependents.

According to the German Commercial Code (HGB), total executive board compensation totaled € 6 (6) million. Of this amount, € 0 (1) million is attributable to the share-based compensation system, which is based on 0 (51,642) Südzucker AG shares. Payments to former members of Südzucker AG's executive board and their surviving dependents accounted for € 5 (4) million.

Supervisory board compensation

Total compensation paid to Südzucker AG's supervisory board members for all activities is presented in the following table and is paid out in the following year.

Supervisory board compensation in accordance with IFRS

€ million	2023/24	2022/23
Fixed compensation	3	2
Variable compensation	1	–
Total compensation	**4**	**2**

TABLE 123

The supervisory board is compensated in accordance with article 12 of Südzucker AG's articles of incorporation. Every member of Südzucker AG's supervisory board receives a fixed base compensation. Compensation of the chairman of the supervisory board is three times the basic compensation, and that of his deputy and other members of the executive committee is one and a half times the basic compensation. Audit committee members' compensation increases by 50 % and the chairman's by 75 %. For membership of other committees, the basic compensation is increased by 25 %, for committee chairs by 50 %, assuming the committee actually met during the financial year. The latter does not apply to members of the executive and mediation committees. In addition, some supervisory board members receive compensation for group appointments. Variable compensation is granted if the dividend distributed exceeds € 0.50.

The total supervisory board compensation in accordance with the German Commercial Code (HGB) totaled € 4 (2) million.

In addition, supervisory board representatives who are also Südzucker Group employees also receive their normal contractually agreed wages, which are not related to their supervisory board activities.

The description of the executive and supervisory board compensation systems, including the resolutions on their approval by the annual general meeting on 15 July 2021, are made available on Südzucker's website.

The compensation report for the 2023/24 financial year with the disclosure of individual remuneration of the executive board and advisory board members, including the auditor's report on the formal audit of the compensation report, will be made available on Südzucker's website as part of the announcement of the invitation and all other information pertaining to the annual general meeting on 18 July 2024. Following the annual general meeting, the compensation report for the 2023/24 financial year, including the resolution on its approval, will be made available on Südzucker's website for a period of ten years.

(37) Supervisory board and executive board

Supervisory board

Dr. Stefan Streng, Uffenheim, Germany
Chairman
Born 1968, member since 20 July 2017,
Chairman since 14 July 2022
Chairman of the executive board of Verband Süddeutscher Zuckerrübenanbauer e. V.
Board memberships[1]
- Süddeutsche Zuckerrübenverwertungs-Genossenschaft eG, Ochsenfurt, Germany

Rolf Wiederhold[2], Wabern, Germany
1st deputy chairman
Born 1969, member since 1 March 2013,
First deputy chairman since 14 July 2022;
Chairman of the central works council of Südzucker AG

Erwin Hameseder, Mühldorf, Austria
2nd deputy chairman
Born 1956, member since 31 July 2003,
2nd deputy chairman since 17 July 2014;
Chairman of Raiffeisen-Holding Niederösterreich-Wien reg. Gen.m.b.H
Board memberships[1]
- Austrian National Bank AG, Vienna, Austria
- RWA Raiffeisen Ware Austria AG, Korneuburg, Austria
- RWA Raiffeisen Ware Austria Handel und Vermögensverwaltung eGen, Korneuburg, Austria

Fred Adjan[2], Hamburg, Germany
Born 1968, member since 1 September 2020
Deputy chairman of Gewerkschaft Nahrung-Genuss-Gaststätten

Helmut Friedl, Egling a. d. Paar, Germany
Born 1965, member since 16 July 2015
Chairman of the executive board of Verband bayerischer Zuckerrübenanbauer e. V.
Board memberships[1]
- BMG Donau-Lech eG, Mering, Germany

Ulrich Gruber[2], Plattling, Germany
Born 1972, member since 1 May 2018
Deputy chairman of the central works council of Südzucker AG

Veronika Haslinger, Vienna, Austria
Born 1972, member from 17 July 2014 until 13 July 2023

Georg Koch, Wabern, Germany
Born 1963, member since 21 July 2009
Chairman of the general committee of Verband der Zuckerrübenanbauer Kassel e. V.
Deputy chairman of the executive board of Süddeutsche Zuckerrübenverwertungs-Genossenschaft eG

Susanne Kunschert, Stuttgart, Germany
Born 1970, member since 17 July 2014
Managing partner of Pilz GmbH & Co. KG
Board memberships
- Karlsruhe Institute of Technology, Karlsruhe, Germany
- Süddeutsche Zuckerrübenverwertungs-Genossenschaft eG, Ochsenfurt, Germany

Ulrike Maiweg[2], Bellheim, Germany
Born 1970, member since 20 July 2017
Deputy chairwoman of the central works council of Mannheim der Südzucker AG

Walter Manz, Dexheim, Germany
Born 1964, member since 12 April 2019
Chairman of the general committee of Verband Hessisch-Pfälzischer Zuckerrübenanbauer e. V.

Julia Merkel, Wiesbaden, Germany
Born 1965, member since 20 July 2017
Member of the executive board of R+V Versicherung AG
Board memberships[3]
- Süddeutsche Zuckerrübenverwertungs-Genossenschaft eG, Ochsenfurt, Germany

Sabine Möller[2], Hamburg, Germany
Born 1964, member since 31 October 2018
Divisional officer of Gewerkschaft Nahrung-Genuss-Gaststätten

[1] Memberships in addition to Südzucker Group and/or Raiffeisen-Holding Niederösterreich-Wien Group functions.
[2] Employee representative.
[3] Memberships in addition to R+V Versicherung AG Group functions.

Angela Nguyen[1], Biederitz, Germany
Born 1969, member since 20 July 2017
Chairwoman of the works council of Freiberger Osterweddingen GmbH

Mustafa Öz[1], Altdorf, Germany
Born 1972, member sind 14 July 2022
Regional Chairman Bavaria of Gewerkschaft Nahrung-Genuss-Gaststätten
Board memberships
- Paulaner Brauerei Gruppe GmbH & Co. KGaA, Munich, Germany

Joachim Rukwied, Eberstadt, Germany
Born 1961, member since 24 July 2007
President of Deutscher Bauernverband e. V.
Board memberships
- BAYWA AG, Munich, Germany
- Cost center Landesbauernverband Baden-Württemberg GmbH, Stuttgart, Germany (chairman)
- Kreditanstalt für Wiederaufbau, Frankfurt am Main, Germany
- LAND-DATA GmbH, Visselhövede, Germany (chairman)
- Landwirtschaftliche Rentenbank, Frankfurt am Main, Germany (chairman)
- LBV-Unternehmensberatungsdienste GmbH, Stuttgart, Germany (chairman)
- Messe Berlin GmbH, Berlin, Germany
- R+V Versicherung AG, Wiesbaden, Germany

Bernd Frank Sachse[1], Zeitz, Germany
Born 1965, member since 1 January 2019
Chairman of the works council at the Zeitz plant of Südzucker AG

Clemens Schaaf, Landsberg (Saalekreis), Germany
Born 1963, member since 14 July 2022
Chairman of the executive board of Verband Sächsisch-Thüringischer Zuckerrübenanbauer e. V.
Board memberships
- Süddeutsche Zuckerrübenverwertungs-Genossenschaft eG, Ochsenfurt, Germany

Nadine Seidemann[1], Donauwörth, Germany
Born 1982, member since 1 September 2013
Deputy chairwoman of the works council at the Rain plant of Südzucker AG

Dr. Claudia Süssenbacher, Gablitz, Austria
Born 1977, member since 13 July 2023
Managing director of Raiffeisen-Holding Niederösterreich-Wien reg. Gen.m.b.H.
Board memberships[2]
- Süddeutsche Zuckerrübenverwertungs-Genossenschaft eG, Ochsenfurt, Germany

Wolfgang Vogl[1], Bernried, Germany
Born 1962, member since 1 March 2011
Regional manager South, Offenau, Plattling and Rain plants of Südzucker AG
Board memberships
- BDG Bodengesundheitsdienst GmbH, Mannheim, Germany

Committees of the supervisory board

General committee
Dr. Stefan Streng (chairman)
Fred Adjan
Erwin Hameseder
Rolf Wiederhold

Audit committee
Susanne Kunschert (chairwoman)
Helmut Friedl (deputy chairman)
Ulrich Gruber
Veronika Haslinger (until 13 July 2023)
Mustafa Öz
Dr. Claudia Süssenbacher (since 13 July 2023)
Rolf Wiederhold

Strategy and sustainability committee
Helmut Friedl (chairman)
Fred Adjan
Ulrich Gruber
Erwin Hameseder
Angela Nguyen
Joachim Rukwied
Dr. Stefan Streng
Rolf Wiederhold

[1] Employee representative.
[2] Memberships in addition to Südzucker Group and/or Raiffeisen-Holding Niederösterreich/Wien Group functions.

Agriculture and raw material markets committee
Georg Koch (chairman)
Helmut Friedl
Ulrike Maiweg
Walter Manz
Frank Sachse
Nadine Seidemann
Dr. Stefan Streng
Wolfgang Vogl

Nomination committee
Dr. Stefan Streng (chairman)
Helmut Friedl
Erwin Hameseder
Julia Merkel

Social welfare committee
Dr. Stefan Streng (chairman)
Fred Adjan
Helmut Friedl
Erwin Hameseder
Sabine Möller
Rolf Wiederhold

Arbitration committee
Dr. Stefan Streng (chairman)
Fred Adjan
Erwin Hameseder
Rolf Wiederhold

Executive board

Dr. Niels Pörksen, CEO
Limburgerhof, Germany
Chairman
Since 1 March 2020; appointed until 29 February 2028
Board memberships[1]
- AGCO, Duluth, USA

Ingrid-Helen Arnold
Walldorf, Germany
1 May 2021 to 31 January 2024

Stephan Büttner
Vienna, Austria
Since 4 December 2023, appointed until 3 December 2026
Board memberships[1]
- Semperit AG Holding, Vienna, Austria

Hans-Peter Gai, COO
Weinheim, Germany
Since 1 November 2022; appointed until 31 October 2025

Thomas Kölbl, CFO
Speyer, Germany
Since 1 June 2004; appointed until 31 May 2024
Board memberships[1]
- K+S Aktiengesellschaft, Kassel, Germany
- K+S Minerals and Agriculture GmbH, Kassel, Germany (since 12 June 2023)

Dr. Stephan Meeder
Mannheim, Germany
Since 19 December 2023; appointed until 18 December 2026

Markus Mühleisen
Vienna, Austria
1 June 2021 to 4 December 2023

[1] Mandates in addition to supervisory board memberships in group companies in whose parent company the mandated person is a member of the executive board or management.

(38) List of shareholdings in accordance with section 313 (2) HGB

The list of shareholdings in accordance with section 313 (2) HGB as of 29 February 2024 is attached to these notes to the consolidated financial statements and will be published together with the consolidated financial statements as of 29 February 2024 in the electronic Federal Gazette and separately on the Südzucker website.

(39) Proposed appropriation of earnings

Retained earnings of Südzucker AG amount to € 258,391,998 (157,061,157). The executive board proposes that a dividend of € 0.90 (0.70) per share be distributed and be appropriated as follows:

		2023/24
Issued subscribed capital	Number	204,183,292
Own shares	Number	–76,033
Outstanding no-par shares	Number	204,107,259
Dividends	€	0.90
Dividend amount	€	183,696,533.10
Earnings carried forward	€	74,695,464.45
Retained earnings	€	**258,391,997.55**

TABLE 124

In the above proposal for the appropriation of earnings, the issued shares of 204,183,292 have already been reduced by treasury shares in the amount of 76,033, resulting in a distribution amount of € 183,696,533. To the extent that further treasury shares are available on the day of the general meeting, the proposed resolution will be amended such that the distribution of € 0.90 per dividend-bearing share is maintained and the corresponding higher remainder carried forward. The annual general meeting is expected to take place virtually on 18 July 2024; the dividend will be paid on 23 July 2024.

(40) Events after the balance sheet date

Since 29 February 2024, no events of material significance have occurred that are expected to have a significant impact on the financial position and performance of the group.

Mannheim, 26 April 2024

Südzucker AG

EXECUTIVE BOARD

RESPONSIBILITY STATEMENT

To the best of our knowledge, and in accordance with the applicable reporting principles for financial reporting, the consolidated financial statements give a true and fair view of the financial position and performance of the group, and the group management report includes a fair review of the development and performance of the business and the position of the group, together with a description of the principal opportunities and risks associated with the expected development of the group.

Mannheim, 26 April 2024

EXECUTIVE BOARD

DR. NIELS PÖRKSEN (CHAIRMAN)	**STEPHAN BÜTTNER**	**HANS-PETER GAI**	**THOMAS KÖLBL**	**DR. STEPHAN MEEDER**

INDEPENDENT AUDITOR'S REPORT [1]

To Südzucker AG, Mannheim

REPORT ON THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS AND OF THE COMBINED GROUP MANAGEMENT REPORT

Opinions

We have audited the consolidated financial statements of Südzucker AG, Mannheim and its subsidiaries (the Group), which comprise the consolidated balance sheet as at 29 February 2024, and consolidated income statement, the consolidated statement of comprehensive income, consolidated statement of changes in shareholders' equity and consolidated cash flow statement for the financial year from 1 March 2023 to 29 February 2024, and notes to the consolidated financial statements, including a summary of significant accounting policies. In addition, we have audited the combined group management report of Südzucker AG, Mannheim for the financial year from 1 March 2023 to 29 February 2024.

In accordance with German legal requirements, we have not audited the content of those components of the combined group management report specified in the appendix to the independent auditor's report. The combined group management report contains cross-references not required by law. In accordance with German legal requirements, we have not audited the content of those cross-references specified in the appendix to the independent auditor's report or the information to which the cross-references refer.

[1] This is a translation of the German original. Solely the original text in German language is authoritative.

In our opinion, on the basis of the knowledge obtained in the audit,

- the accompanying consolidated financial statements comply, in all material respects, with the IFRSs as adopted by the EU, and the additional requirements of German commercial law pursuant to Section 315e (1) HGB [Handelsgesetzbuch: German Commercial Code] and, in compliance with these requirements, give a true and fair view of the assets, liabilities, and financial position of the Group as at 29 February 2024, and of its financial performance for the financial year from 1 March 2023 to 29 February 2024, and
- the accompanying combined group management report as a whole provides an appropriate view of the Group's position. In all material respects, this group management report is consistent with the consolidated financial statements, complies with German legal requirements and appropriately presents the opportunities and risks of future development. Our opinion on the combined group management report does not cover the content of those components of the combined group management report specified in the appendix to the independent auditor's report. The combined group management report contains cross-references not required by law. In accordance with German legal requirements, we have not audited the content of those cross-references specified in the appendix to the independent auditor's report or the information to which the cross-references refer.

Pursuant to Section 322 (3) sentence 1 HGB, we declare that our audit has not led to any reservations relating to the legal compliance of the consolidated financial statements and of the combined group management report.

Basis for the Opinions

We conducted our audit of the consolidated financial statements and of the combined group management report in accordance with Section 317 HGB and the EU Audit Regulation No. 537/2014 (referred to subsequently as "EU Audit Regulation") and in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer [Institute of Public Auditors in Germany] (IDW). Our responsibilities under those requirements and principles are further described in the "Auditor's Responsibilities for the Audit of the Consolidated Financial Statements and of the combined group management report" section of our auditor's report. We are independent of the group entities in accordance with the requirements of European law and German commercial and professional law, and we have fulfilled our other German professional responsibilities in accordance with these requirements. In addition, in accordance with Article 10 (2) point (f) of the EU Audit Regulation, we declare that we have not provided non-audit services prohibited under Article 5 (1) of the EU Audit Regulation. We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinions on the consolidated financial statements and on the combined group management report.

Key Audit Matters in the Audit of the Consolidated Financial Statements

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the financial year from 1 March 2023 to 29 February 2024. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, we do not provide a separate opinion on these matters.

Recoverability of goodwill

Please refer to notes 5 and 21 of the notes to the consolidated financial statements for information on the accounting policies applied. The underlying assumptions used in the measurement and the disclosure on the impairment tests performed are included in note 21 to the consolidated financial statements.

The Financial Statement Risk

Goodwill amounts to EUR 693 million as at 29 February 2024 and represents a significant proportion of assets at 6.7 % of total assets.

Goodwill is tested for impairment annually at the level of the cash-generating units, irrespective of any triggering events. If any indications of impairment arise during the financial year, an event-driven goodwill impairment test is also carried out during the year.

For the goodwill impairment test, the carrying amount is compared with the recoverable amount of the respective cash-generating units. If the carrying amount exceeds the recoverable amount, an impairment loss must be recognized. The recoverable amount is the higher of the fair value less costs to sell and the value in use of the cash-generating unit. For the purpose of impairment testing, the company determines the value in use and compares this with the respective carrying amount. The reporting date for the impairment test is 29 February 2024.

Impairment testing of goodwill is complex and based on a number of assumptions requiring judgment. These include the forecast of future cash flows in the detailed planning period, the growth rates assumed for subsequent periods and the cost of capital. These assumptions have a material impact on the recoverability of goodwill.

Based on the impairment tests conducted, the Company did not identify any need to recognize impairment losses.

There is the risk for the consolidated financial statements that any existing impairment as at the reporting date was not identified. In addition, there is a risk that the disclosures in the notes on the key assumptions are not appropriate.

Our Audit Approach

First, we gained an understanding of the company's goodwill impairment testing process by obtaining explanations from employees in the finance department and assessing the documentation. In addition, we discussed with those responsible for planning, among other things, the expected business and earnings development as well as the growth rates assumed for subsequent periods.

We then assessed the appropriateness of the key assumptions and the Group's calculation method. To this end, we analysed the forecast of expected cash flows in the detailed planning period for cash-generating units selected from a risk-oriented perspective, in particular with respect to whether the expected development of the respective sales markets is appropriately taken into account and is consistent with the current five-year plan adopted by the Executive Board and approved by the Supervisory Board. We compared internal growth forecasts with external market estimates and assessed whether the assumptions contained in the planning regarding the future development of sales revenues and margins are appropriate. We assessed the appropriateness of the assumed growth rates for the period following the detailed planning period on the basis of expectations of the industry and key competitors.

We also examined the accuracy of the company's previous forecasts by comparing the budgets of previous financial years with the actual earnings and by analysing deviations. For selected cash-generating units, we examined whether reasons for not reaching budgeted figures in the past were given appropriate consideration in the current planning, to the extent that this was relevant.

We evaluated the methodological appropriateness of the calculation and the appropriateness of the weighted average cost of capital. For this purpose, we calculated our own expected values for the assumptions and data underlying the weighted average cost of capital with the involvement of our valuation specialists on the basis of publicly available data and compared these with the assumptions and data used.

With the involvement of our valuation specialists, we used our own calculations to assess the methodologically and mathematically appropriate implementation of the valuation method and analysed deviations.

In order to take forecast uncertainty into account, we examined the impact of potential changes in the cost of capital or the sustainable operating result on the recoverable amount by evaluating the company's sensitivity calculations (sensitivity analysis).

Finally, we assessed whether the disclosures in the notes on the recoverability of goodwill are appropriate.

Our Observations

The calculation method on which the goodwill impairment test is based is appropriate and in line with the accounting policies to be applied.

The company's assumptions and data on which the valuation is based are within acceptable ranges.

The disclosures in the notes assumptions are appropriate.

Other Information

The Executive Board respectively the Supervisory Board are responsible for the other information. The other information comprises:

- those parts of the combined group management report listed in the appendix to the independent auditor's report.

The other Information includes also the remaining parts of the annual report. The other Information does not include the consolidated financial statements, the combined group management report information audited for content and our auditor's report thereon.

Our opinions on the consolidated financial statements and on the combined group management report do not cover the other information, and consequently we do not express an opinion or any other form of assurance conclusion thereon.

In connection with our audit, our responsibility is to read the above-mentioned other information and, in so doing, to consider whether the other information

- is materially inconsistent with the consolidated financial statements, with the combined group management report information audited for content or our knowledge obtained in the audit, or
- otherwise appears to be materially misstated.

As part of a separate engagement, we performed an assurance engagement on the integrated combined non-financial statement. Please refer to our assurance report dated 26 April 2024, for information on the nature, scope and findings of this assurance engagement.

Responsibilities of Management and the Supervisory Board for the Consolidated Financial Statements and the combined group management report

The Executive Board is responsible for the preparation of the consolidated financial statements that comply, in all material respects, with IFRSs as adopted by the EU and the additional requirements of German commercial law pursuant to Section 315e (1) HGB and that the consolidated financial statements, in compliance with these requirements, give a true and fair view of the assets, liabilities, financial position, and financial performance of the Group. In addition, management is responsible for such internal control as they have determined necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud (i.e., fraudulent financial reporting and misappropriation of assets) or error.

In preparing the consolidated financial statements, the Executive Board is responsible for assessing the Group's ability to continue as a going concern. They also have the responsibility for disclosing, as applicable, matters related to going concern. In addition, they are responsible for financial reporting based on the going concern basis of accounting unless there is an intention to liquidate the Group or to cease operations, or there is no realistic alternative but to do so.

Furthermore, the Executive Board is responsible for the preparation of the combined group management report that, as a whole, provides an appropriate view of the Group's position and is, in all material respects, consistent with the consolidated financial statements, complies with German legal requirements, and appropriately presents the opportunities and risks of future development. In addition, management is responsible for such arrangements and measures (systems) as they have considered necessary to enable the preparation of a group management report that is in accordance with the applicable German legal requirements, and to be able to provide sufficient appropriate evidence for the assertions in the combined group management report.

The Supervisory Board is responsible for overseeing the Group's financial reporting process for the preparation of the consolidated financial statements and of the combined group management report.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements and of the combined group management report

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and whether the combined group management report as a whole provides an appropriate view of the Group's position and, in all material respects, is consistent with the consolidated financial statements and the knowledge obtained in the audit, complies with the German legal requirements and appropriately presents the opportunities and risks of future development, as well as to issue an auditor's report that includes our opinions on the consolidated financial statements and on the combined group management report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Section 317 HGB and the EU Audit Regulation and in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer (IDW) [and supplementary compliance with the ISAs] will always detect a material misstatement. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements and this group management report.

We exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements and of the combined group management report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinions. The risk of not detecting a material misstatement resulting from fraud is higher than the risk of not detecting a material misstatement resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit of the consolidated financial statements and of arrangements and measures (systems) relevant to the audit of the combined group management report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of these systems.
- Evaluate the appropriateness of accounting policies used by management and the reasonableness of estimates made by management and related disclosures.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in the auditor's report to the related disclosures in the consolidated financial statements and in the combined group management report or, if such disclosures are inadequate, to modify our respective opinions. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to be able to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements present the underlying transactions and events in a manner that the consolidated financial statements give a true and fair view of the assets, liabilities, financial position and financial performance of the Group in compliance with IFRSs as adopted by the EU and the additional requirements of German commercial law pursuant to Section 315e (1) HGB.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express opinions on the consolidated financial statements and on the combined group management report. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our opinions.
- Evaluate the consistency of the combined group management report with the consolidated financial statements, its conformity with [German] law, and the view of the Group's position it provides.
- Perform audit procedures on the prospective information presented by management in the combined group management report. On the basis of sufficient appropriate audit evidence we evaluate, in particular, the significant assumptions used by management as a basis for the prospective information, and evaluate the proper derivation of the prospective information from these assumptions. We do not express a separate opinion on the prospective information and on the assumptions used as a basis. There is a substantial unavoidable risk that future events will differ materially from the prospective information.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with the relevant independence requirements, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, the actions taken or safeguards applied to eliminate independence threats.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter.

OTHER LEGAL AND REGULATORY REQUIREMENTS

Report on the Assurance on the Electronic Rendering of the Consolidated Financial Statements and the combined group management report Prepared for Publication Purposes in Accordance with Section 317 (3a) HGB

We have performed assurance work in accordance with Section 317 (3a) HGB to obtain reasonable assurance about whether the rendering of the consolidated financial statements and the combined group management report (hereinafter the "ESEF documents") contained in the electronic file "Suedzucker_AG_KA_LB-2024-02-29.zip" (SHA256 hash value: 2f0912c818a59d613e6946732cf683099dcf02d17822a905f7dc0cae8b15cb40) made available and prepared for publication purposes complies in all material respects with the requirements of Section 328 (1) HGB for the electronic reporting format ("ESEF format"). In accordance with German legal requirements, this assurance work extends only to the conversion of the information contained in the consolidated financial statements and the combined group management report into the ESEF format and therefore relates neither to the information contained in these renderings nor to any other information contained in the file identified above.

In our opinion, the rendering of the consolidated financial statements and the combined group management report contained in the electronic file made available, identified above and prepared for publication purposes complies in all material respects with the requirements of Section 328 (1) HGB for the electronic reporting format. Beyond this assurance opinion and our audit opinion on the accompanying consolidated financial statements and the accompanying group management report for the financial year from 1 March 2023 to 29 February 2024 contained in the "Report on the Audit of the Consolidated Financial Statements and the combined group management report" above, we do not express any assurance opinion on the information contained within these renderings or on the other information contained in the file identified above.

We conducted our assurance work on the rendering of the consolidated financial statements and the combined group management report contained in the file made available and identified above in accordance with Section 317 (3a) HGB and the IDW Assurance Standard: Assurance Work on the Electronic Rendering of Financial Statements and Management Reports Prepared for Publication Purposes in Accordance with Section 317 (3a) HGB (IDW AsS 410 (06.2022)). Our responsibility in accordance therewith is further described below. Our audit firm applies the IDW Standard on Quality Management 1: Requirements for Quality Management in Audit Firms (IDW QMS 1 (09.2022)).

The company's Executive Board is responsible for the preparation of the ESEF documents including the electronic rendering of the consolidated financial statements and the combined group management report in accordance with Section 328 (1) sentence 4 item 1 HGB and for the tagging of the consolidated financial statements in accordance with Section 328 (1) sentence 4 item 2 HGB.

In addition, the company's Executive Board is responsible for such internal control that they have considered necessary to enable the preparation of ESEF documents that are free from material intentional or unintentional non-compliance with the requirements of Section 328 (1) HGB for the electronic reporting format.

The Supervisory Board is responsible for overseeing the process of preparing the ESEF documents as part of the financial reporting process.

Our objective is to obtain reasonable assurance about whether the ESEF documents are free from material intentional or unintentional non-compliance with the requirements of Section 328 (1) HGB. We exercise professional judgement and maintain professional scepticism throughout the assurance work. We also:

- Identify and assess the risks of material intentional or unintentional non-compliance with the requirements of Section 328 (1) HGB, design and perform assurance procedures responsive to those risks, and obtain assurance evidence that is sufficient and appropriate to provide a basis for our assurance opinion.
- Obtain an understanding of internal control relevant to the assurance on the ESEF documents in order to design assurance procedures that are appropriate in the circumstances, but not for the purpose of expressing an assurance opinion on the effectiveness of these controls.
- Evaluate the technical validity of the ESEF documents, i.e. whether the file made available containing the ESEF documents meets the requirements of the Delegated Regulation (EU) 2019/815, as amended as at the reporting date, on the technical specification for this electronic file.
- Evaluate whether the ESEF documents provide an XHTML rendering with content equivalent to the audited consolidated financial statements and the audited group management report.

- Evaluate whether the tagging of the ESEF documents with Inline XBRL technology (iXBRL) in accordance with the requirements of Articles 4 and 6 of the Delegated Regulation (EU) 2019/815, as amended as at the reporting date, enables an appropriate and complete machine-readable XBRL copy of the XHTML rendering.

Further Information pursuant to Article 10 of the EU Audit Regulation

We were elected as group auditor by the annual general meeting on 13 July 2024. We were engaged by the Supervisory Board on 13 July 2024. We have been the group auditor of the Südzucker AG without interruption since the financial year 2023/24.

We declare that the opinions expressed in this auditor's report are consistent with the additional report to the audit committee pursuant to Article 11 of the EU Audit Regulation (long-form audit report).

Other matter – Use of the Auditor's Report

Our auditor's report must always be read together with the audited consolidated financial statements and the audited group management report as well as the examined ESEF documents. The consolidated financial statements and group management report converted to the ESEF format – including the versions to be entered in the company register – are merely electronic renderings of the audited consolidated financial statements and the audited group management report and do not take their place. In particular, the ESEF report and our assurance opinion contained therein are to be used solely together with the examined ESEF documents made available in electronic form.

German Public Auditor Responsible for the Engagement

The German Public Auditor responsible for the engagement is Bodo Rackwitz.

Mannheim, 26 April 2024

KPMG AG
Wirtschaftsprüfungsgesellschaft

BODO RACKWITZ	**HOLGER HERBEL**
WIRTSCHAFTSPRÜFER	WIRTSCHAFTSPRÜFER
(GERMAN PUBLIC AUDITOR)	(GERMAN PUBLIC AUDITOR)

Appendix to the independent auditor's report: Non-audited components of the combined group management report

We have not audited the content of the following components of the combined management report:

- the integrated combined non-financial statement of the company and the Group, whose disclosures are marked as unaudited,
- the combined corporate governance statement of the company and the Group, which is included in the chapter "Corporate Governance Statement pursuant to § 289f HGB and § 315d HGB" of the combined management report, and
- the non-management report disclosures contained in the "Raw materials and production" and "Sales" subsections of the combined management report for the respective segments.

ADDITIONAL INFORMATION

04

GLOBAL REPORTING INITIATIVE

In this annual report, Südzucker reports on group sustainability issues. Südzucker refers to the GRI standards of the Global Reporting Initiative (GRI) when collecting and presenting data relevant to the company's business activities. This section was not audited by the auditor.

Index of the standard GRI information presented in the report

GRI	Description	Chapter / section
GRI 2 – General disclosures (2021)		
1. Organization and its reporting practices		
2-1	Organizational details	About the group / Group structure; Business report / Segments – entry pages (operating sites); To our shareholders / Südzucker shares and capital market / shareholder structure
2-2	Entities included in the organization's sustainability reporting	Additional information / Gobal reporting initiative
2-3	Reporting period, frequency and contact point	01.03. – 28./29.02.; annually; cover flap
2-4	Restatements of information	–
2-5	External assurance	Additional information / Assurance about the non-financial statement
2. Aktivities and workers		
2-6	Activities, value chain and other business relationships	Overview – cover flap; Business report / Segments – entry pages, markets; Environment, energy and climate / climate protection, protection of biodiversity and ecosystems; Significant changes in the organization and its supply chain: None
2-7	Employees	Employees
3. Governance		
2-9	Governance structure and composition	Executive board; Supervisory board; About the Group / Group structure; Corporate governance
2-10	Nomination and selection of the highest governance body	Corporate Governance
2-11	Chair of the highest governance body	Corporate Governance; (37) Supervisory board and executive board
2-12	Role of the highest governance body in overseeing the management of impacts	About the group / sustainability / sustainability management organisation
2-13	Delegation of responsibility for managing impacts	About the group / sustainability / sustainability management organisation
2-14	Role of the highest governance body in sustainability reporting	Report of the supervisory board
2-15	Conflicts of interest	Report of the supervisory board
2-16	Communication of critical concerns	Corporate governance / Compliance
2-17	Collective knowledge of the highest governance body	Corporate governance / Corporate Governance
2-18	Evaluation of the performance of the highest governance body	Corporate Governance; report of the supervisory board
2-19	Remuneration policies	Corporate Governance
2-20	Process for determining remuneration	Corporate Governance
4. Strategy, policies and practices		
2-22	Statement on sustainable development strategy	Letter from the executive board
2-23	Policy commitments	Society / Respect for human rights
2-24	Embedding policy commitments	Society / Respect for human rights
2-25	Processes to remediate negative impacts	Society / Respect for human rights
2-26	Mechanisms for seeking advice and raising concerns	Society / Respect for human rights
2-27	Compliance with laws and regulations	No significant fines were imposed on Südzucker AG in 2023/24
2-28	Membership of associations	Society / Dialogue with various stakeholder groups

GRI	Description	Chapter / section
5. Stakeholder engagement		
2-29	Approach to stakeholder engagement	Sustainability / Stakeholder
2-30	Collective bargaining agreements	Employees / Dialogue with employee representatives and unions

GRI 3 – Material topics (2021)

GRI	Description	Chapter / section
3-1	Process to determine material topics	Sustainability / materiality analysis
3-2	List of material topics	Sustainability / materiality analysis
3-3	Managment of material topics	Environment, energy and climate; Employees; Society

GRI 200 – Topic-specific standards: economic

GRI	Description	Chapter / section
Economic performance (2016)		
201-2	Financial implications and other risks and opportunities due to climate change	Risk and opportunity report / summary of the risk and opportunity situation
Anti-corruption (2016)		
205-1	Operations assessed for risks related to corruption	Corporate governance / Compliance
205-3	Confirmed incidents of corruption and actions taken	Corporate governance / Compliance
Anti-competitive behavior (2016)		
206-1	Legal actions for anti-competitive behavior, anti-trust and monopoly practices	Risk and opportunity report / Legal risks

GRI 300 – Topic-specific standards: environmental

GRI	Description	Chapter / section
Materials (2016)		
301-1	Materials used by weight or volume	Environment, energy and climate / Climate protection
Energy (2016)		
302-1	Energy consumption within the organization	Environment, energy and climate / Climate protection
Water and Effluents (2018)		
303-1	Interactions with water as a shared resource	Environment, energy and climate / Sustainable use and protection of water resources
303-2	Management of water discharge-related impacts	Environment, energy and climate / Sustainable use and protection of water resources
303-5	Water consumption	Environment, energy and climate / Sustainable use and protection of water resources
Emissions (2016)		
305-1	Direct (Scope 1) GHG emissions	Environment, energy and climate / Climate protection / Energy use and emissions from our production plants in the 2023/24 financial year
305-2	Energy indirect (Scope 2) GHG emissions	Environment, energy and climate / Climate protection / Energy use and emissions from our production plants in the 2023/24 financial year
Waste (2020)		
306-3	Waste generated	Environment, energy and climate / Avoiding and reducing environmental pollution
Supplier environmental assessment (2016)		
308-1	New suppliers that were screened using environmental criteria	Environment, energy and climate / Protection of biodiversity and ecosystems
308-2	Negative environmental impacts in the supply chain and actions taken	Environment, energy and climate / Climate protection / Supply chain emissions in the 2022/23 financial year, Supply chains decarbonization; Environment, energy and climate / Protection of biodiversity and ecosystems

GRI 400 – Material topics: social

GRI	Description	Chapter / section
Occupational health and safety (2018)		
403-1	Occupational health and safety management system	Employees / Südzucker – a reliable employer
403-2	Hazard identification, risk assessment, and incident investigation	Employees / Südzucker – a reliable employer
403-3	Occupational health services	Employees / Südzucker – a reliable employer
403-4	Worker participation, consultation, and communication on occupational health and safety	Employees / Südzucker – a reliable employer
403-5	Worker training on occupational health and safety	Employees / Südzucker – a reliable employer
403-6	Promotion of worker health	Employees / Südzucker – a reliable employer
403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	–
403-9	Work-related injuries Omissions: Without workers who are not employees of the Südzucker Group	Employees / Südzucker – a reliable employer

GRI	Description	Chapter / section
Diversity and Equal Opportunity (2016)		
405-1	Diversity of governance bodies and employees Omissions: No employee data according to department is collected. Management statistics are not categorized by region as such information is considered confidential.	Executive board; Employees; Corporate Goverance; (37) Supervisory board and executive board
Supplier social assessment (2016)		
414-1	New suppliers that were screened using social criteria	Society / Respect for human rights
Customer health and safety (2016)		
416-1	Assessment of the health and safety impacts of product and service categories	Society / Product responsibility and quality
416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	Society / Product responsibility and quality / complaints, incident and crisis management

TABLE 125

TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES

The recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) on the reporting of climate-related information of the Financial Stability Board have become the standard in reporting on the risks and opportunities of climate change. Südzucker Group adopted these recommendations and disclosures recommended by the TCFD are presented in a number of places throughout this report. The table shows the sections and subsections in which the relevant information can be found. It is divided into four key areas in line with the TCFD recommendations: governance, strategy, risk management, and metrics and targets. This section was not audited by the auditor.

Topic	Recommended disclosures	Chapter	Explanation
Governance			
Disclose the organization's governance around climate-related risks and opportunities	Supervisory board's oversight of climate-related risks and opportunities	Corporate governance	Supervisory board and executive board operating procedures
		Report of the supervisory board	Supervisory board meetings
	Executive board's role in assessing and managing climate-related risks and opportunities	Business model	Sustainable action at the heart of the business model
		Group strategy	Sustainability as one of the five key strategic directions and focus initiative of Group Strategy 2026 PLUS focusing on climate strategy
		Sustainability	Sustainability management organization
Strategy			
Disclose the actual and potential impacts of climate-related risks and opportunities on the organization's businesses, strategy, and financial planning	Climate-related risks and opportunities the organization has identified over the short, medium, and long term	Risk and opportunity report	Summary of short-term risks and opportunities → Raw materials, production and investments → Risks arising from extreme weather events, persistent periods of rain or drought, flooding
			Summary of medium to long-term risks and opportunities → Climate change adaption
	Impact of climate-related risks and opportunities on the organization's businesses, strategy, and financial planning	About the group	Business model, group strategy
	Resilience of the organization's strategy, taking into consideration different climate-related scenarios, including a 2 °C or more ambitious scenario	Environment, energy and climate	Climate change adaptation

Topic	Recommended disclosures	Chapter	Explanation
Risk management			
Disclose how the organization identifies, assesses, and manages climate-related risks	Processes for identifying and assessing climate-related risks[1]	Risk and opportunity report	Risk management
	Processes for managing climate-related risks	Risk and opportunity report	Risk management
	Integration of processes for identifying, assessing, and managing climaterelated risks into the overall risk management	Risk and opportunity report	Risk management
Metrics and targets			
Disclose the metrics and targets used to assess and manage climaterelated risks and opportunities	Metrics used to assess climate-related risks and opportunities in line with the strategy and risk management process	Environment, energy and climate	Climate protection → Climate strategy
	Scope 1, Scope 2, and, if appropriate, Scope 3 greenhouse gas (GHG) emissions, and the related risks	Environment, energy and climate	Climate protection → Scope-1- and Scope-2-Greenhouse gas emissions, Scope-3- Greenhouse gas emissions
	Targets used to manage climate-related risks and opportunities and performance against targets	Environment, energy and climate	Climate protection → Climate strategy

[1] Climate-related risks are identified, assessed and managed as part of the general risk management process.

TABLE 126

INDEPENDENT ASSURANCE PRACTITIONER'S REPORT

To Südzucker AG, Mannheim

We have performed a limited assurance engagement on the combined integrated non-financial statement of Südzucker AG, Mannheim (hereinafter the "parent company"), for the period from 1 March 2023 to 29 February 2024 (hereinafter the "non-financial statement") included the combined group management report.

Not subject to our assurance engagement are the external sources of documentation or expert opinions mentioned in the non-financial statement, which are marked as unassured.

Responsibilities of Management

Management of the parent company is responsible for the preparation of the non-financial statement in accordance with Sections 315c in conjunction with 289c to 289e HGB ("Handelsgesetzbuch": German Commercial Code) and Article 8 of REGULATION (EU) 2020/852 OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL of 18. June 2020 on establishing a framework to facilitate sustainable investment and amending Regulation (EU) 2019/2088 (hereinafter the "EU Taxonomy Regulation") and the Delegated Acts adopted thereunder, as well as for making their own interpretation of the wording and terms contained in the EU Taxonomy Regulation and the delegated acts adopted thereunder as set out in the non-financial statement.

This responsibility includes the selection and application of appropriate non-financial reporting methods and making assumptions and estimates about individual non-financial disclosures of the group that are reasonable in the circumstances. Furthermore, management is responsible for such internal control as they consider necessary to enable the preparation of a non-financial statement that is free from material misstatement, whether due to fraud or error.

The EU Taxonomy Regulation and the Delegated Acts issued thereunder contain wording and terms that are still subject to considerable interpretation uncertainties and for which clarifications have not yet been published in every case. Therefore, management has disclosed their interpretation of the EU Taxonomy Regulation and the Delegated Acts adopted thereunder of the non-financial statement. They are responsible for the defensibility of this interpretation. Due to the immanent risk that indeterminate legal terms may be interpreted differently; the legal conformity of the interpretation is subject to uncertainties.

Independence and Quality Assurance of the Assurance Practitioner's firm

We have complied with the independence and quality assurance requirements set out in the national legal provisions and professional pronouncements, in particular the Professional Code for German Public Auditors and Chartered Accountants (in Germany) and the IDW Standard on Quality Management 1: Requirements for Quality Management in Audit Firms (IDW QMS 1 (09.2022)).

Responsibility of the Assurance Practitioner

Our responsibility is to express a conclusion with limited assurance on the non-financial statement based on our assurance engagement.

We conducted our assurance engagement in accordance with International Standard on Assurance Engagements (ISAE) 3000 (Revised): "Assurance Engagements other than Audits or Reviews of Historical Financial Information" issued by the IAASB. This standard requires that we plan and perform the assurance engagement to obtain limited assurance about whether any matters have come to our attention that cause us to believe that the company's non-financial statement, other than the external sources of documentation or expert opinions mentioned in the non-financial statement, are not prepared, in all material respects, in accordance with Sections 315c in conjunction with 289c to 289e HGB and the EU Taxonomy Regulation and the Delegated Acts issued thereunder as well as the interpretation by management disclosed in the non-financial statement.

In a limited assurance engagement, the procedures performed are less extensive than in a reasonable assurance engagement, and accordingly, a substantially lower level of assurance is obtained. The selection of the assurance procedures is subject to the professional judgment of the assurance practitioner.

In the course of our assurance engagement we have, among other things, performed the following assurance procedures and other activities

- Interviewing employees responsible for the materiality analysis at group level in order to obtain an understanding on the approach for identifying key issues and related reporting limits of Südzucker AG.
- Carrying out a risk assessment, inclusive of media analysis, on relevant information on sustainability performance of in the reporting period.
- Assessing the design and implementation of systems and processes for identifying, handling and monitoring information on environmental, employee and social matters, human rights and corruption and bribery, including the consolidation of data.
- Interviewing staff on group level who are responsible for the disclosures on concepts, due diligence processes, results and risks, the performance of internal control activities and the consolidation of the disclosures.
- Inspecting selected internal and external documents.
- Analytically assessing the data and trends of the quantitative information, which is reported for consolidation on group level of all locations.
- Evaluating the local data collection, validation and reporting processes as well as the reliability of the reported data by means of a sampling survey at a maximum of three locations.
- Assessing the overall presentation of the disclosures.
- Inquiries of responsible employees at Group level to obtain an understanding of the approach to identify relevant economic activities in accordance with EU taxonomy.
- Assessing the design and implementation of systems and procedures for identifying, processing and monitoring information of revenue, capital expenditures and operating expenditures for the taxonomy-relevant economic activities.
- Assessment of the overall presentation of the information.

In determining the disclosures in accordance with Article 8 of the EU Taxonomy Regulation, management is required to interpret undefined legal terms. Due to the immanent risk that undefined legal terms may be interpreted differently, the legal conformity of their interpretation and, accordingly, our assurance engagement thereon are subject to uncertainties.

Assurance Opinion

Based on the assurance procedures performed and the evidence obtained, nothing has come to our attention that causes us to believe that the combined integrated non-financial statement of Südzucker AG, Mannheim, for the period from 1 March 2023 to 29 February 2024 has not been prepared, in all material respects, in accordance with Sections 315c in conjunction with 289c to 289e HGB and the EU Taxonomy Regulation and the Delegated Acts issued thereunder as well as the interpretation by management as disclosed in the combined integrated non-financial statement.

We do not express an assurance opinion on the external sources of documentation or expert opinions mentioned in the consolidated non-financial statement, which are marked unassured.

Restriction of Use

This assurance report is solely addressed to Südzucker AG, Mannheim.

Our assignment for Südzucker AG, Mannheim, and professional liability is governed by the General Engagement Terms for Wirtschaftsprüfer (German Public Auditors) and Wirtschaftsprüfungsgesellschaften (German Public Audit Firms) (Allgemeine Auftragsbedingungen für Wirtschaftsprüfer und Wirtschaftsprüfungsgesellschaften) in the version dated January 1, 2017 (https://www.kpmg.de/bescheinigungen/lib/aab_english.pdf). By reading and using the information contained in this assurance report, each recipient confirms having taken note of provisions of the General Engagement Terms (including the limitation of our liability for negligence to EUR 4 million as stipulated in No. 9) and accepts the validity of the attached General Engagement Terms with respect to us.

Mannheim, 26 April 2024
KPMG AG
Wirtschaftsprüfungsgesellschaft

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Südzucker on the Internet
For more information about Südzucker Group please visit our website: www.suedzuckergroup.com

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Written value statements are standardized as follows:

± 1 %	± 1–4 %	± 4–10 %	> ± 10 %
stable	slight	moderate	significant

Südzucker AG's fiscal year is not aligned with the calendar year. It covers the period from 1 March to 28/29 February. The numbers in parentheses in the report represent the corresponding prior year's figures or item. At the Südzucker Group level, the starch segments' third party sales revenues may differ from the revenues reported directly externally by AGRANA due to eliminated revenues within the group. Percentages represent the mathematical change based on the prior-year figure indicated. Numbers and percentages stated are subject to differences due to rounding. Typing and printing errors reserved.

Forward looking statements / forecasts

This report contains forward looking statements. The statements are based on current estimates and financial projections made by the executive board and information currently available to its members. The forward looking statements are not to be viewed as guarantees of the future developments and results presented therein. Future developments and results are in fact dependent on a variety of factors and are subject to various risks and imponderables. They are based on assumptions that could in fact prove to be invalid. The Risks and Opportunities section of this annual report provides a summary of potential risks. We assume no obligation to update the forward-looking statements made in this report.

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