

Economic report



Sugar segment

At a glance

€ **2,786** million
Revenues

€ **-177** million
Operating result

€ **2,589** million
Capital employed

-6.8 %
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 and sugar substitutes. Products that are sustainably and locally produced, as well as clean label products, continue to be in demand. Competitive pressure remains high in the EU. The strategic goals are therefore:

- "Competitive in Commodities": Enhancing our value chain from field to customer. Extensive measures have been implemented under multiple efficiency programs, already supporting sugar segment's earnings in the current financial year. This strategic course will be consistently pursued.
- Focusing on our activities in the EU sugar market
- Taking advantage of emerging growth opportunities, particularly through
 - the supply of sustainably produced sugar,
 - the provision of a product portfolio consisting of sugar and reduced sugar products, supplemented by starch-based sweeteners and
 - the provision of sustainable non-food applications based on products and byproducts made from sugar beets.



Production and Distribution

21 sugar factories: Germany (7), Belgium (2), France (2), Poland (4), Moldova (1), Austria (1), Romania (1), Slovakia (1), Czech Republic (1), Hungary (1)
1 wheat starch plant (Germany)
1 refinery (Romania), 1 refinery (Bosnia-Herzegovina, joint venture)
4 locations (Greece, Italy, Spain, UK)



Raw materials

Sugar beets, cane raw sugar, wheat



Products

Sugar, sugar specialties, glucose syrup, animal feed



Markets

Europe (European market leader) and world market



Customers

Food industry, retailers, agriculture



Brands

Südzucker, Cucier Królewski, Saint Louis, Tiense Suiker, Wiener Zucker

Market environment

World sugar market

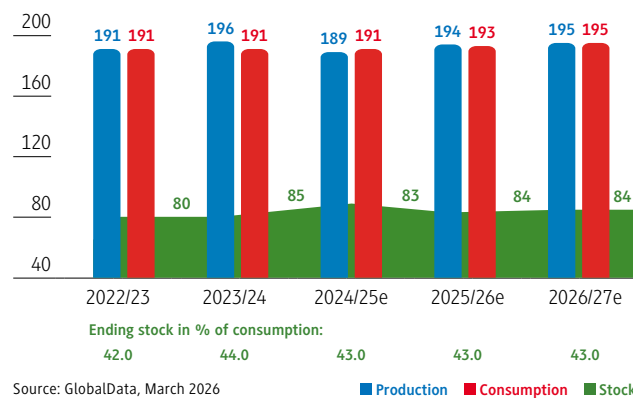
For the sugar marketing year 2024/25 (1 October 2024 to 30 September 2025), market research company GlobalData expects in its March 2026 world sugar balance estimate a deficit of -1.9 million tonnes of sugar due to declining production, particularly in India and Brazil, and increasing consumption.

GlobalData anticipates a surplus of 1.0 million tonnes of sugar for the current 2025/26 sugar marketing year which started on 1 October 2025, as a result of rising sugar production mainly in India, Thailand and Brazil, along with increasing consumption.

For the 2026/27 sugar marketing year, GlobalData now expects a slight deficit of 0.3 million tonnes, given virtually stable sugar production and growing consumption.

Global sugar balance

Millions of tonnes raw value



Source: GlobalData, March 2026

DIAGRAM 004

The world market price for white sugar was about 500 €/t at the start of the 2025/26 financial year. It initially climbed to roughly 520 €/t, but then fluctuated significantly over the course of the fiscal year, falling to around 320 €/t in February. At the end of February 2026, the world market price for white sugar was 345 €/t.

Global market sugar prices

1 March 2023 to 28 February 2026, London, nearest forward trading month

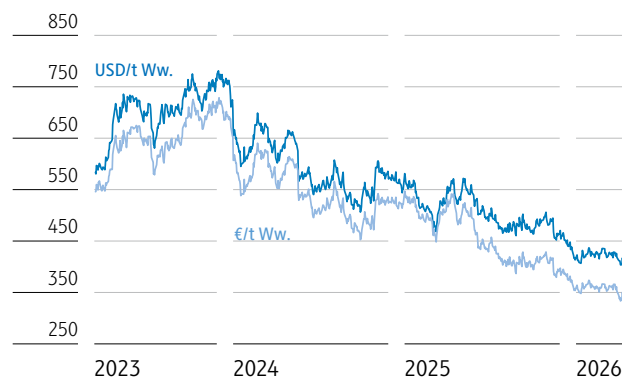


DIAGRAM 005

EU sugar market

In the 2024/25 sugar marketing year, sugar production (excluding isoglucose) rose to 16.6 (15.6) million tonnes due to a moderate increase in beet cultivation area across the EU. With sugar consumption remaining stable compared to last year, export volumes exceeded import volumes. Inventories increased.

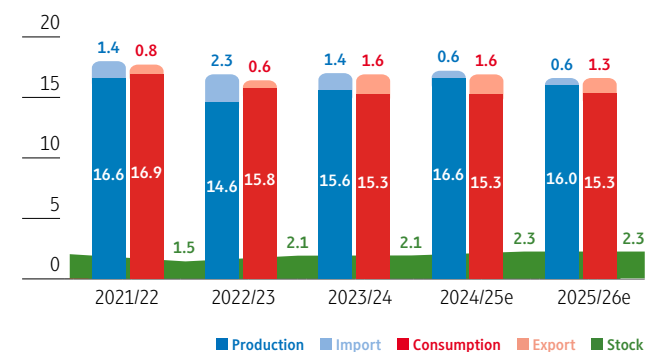
For the 2025/26 sugar marketing year, which began on 1 October 2025, the European Commission expects in its December 2025 forecast only a slight decline in production (excluding isoglucose)

to 16.0 (16.6) million tonnes of sugar, despite a significant reduction in cultivation area thanks to above-average yields. As a result, with stable inventories, exports remain above imports.

Analysts expect a further decline in the cultivation area for the 2026/27 sugar marketing year compared to last year.

EU sugar balance

Millions of tonnes white sugar value



Source: EU Commission, AGRI G4, EU sugar balance estimate, December 2025.

DIAGRAM 006

The price for sugar (food and non-food, ex factory) published by the EU Commission was at 550 €/t at the start of the 2025/26 sugar marketing year in March 2025. From that point, it continued to decline slightly and was at 516 €/t in January 2026 (latest available publication). 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.

For the 2023/24 sugar marketing year, the European Commission forecasts sugar demand of 12.4 million tonnes. For the 2024/25 and 2025/26 sugar marketing years, demand is expected to decline to 12.1 million tonnes and 12.0 million tonnes, respectively.

Healthy nutrition continues to be a growing trend. In this context, the topic of sugar reduction and the related consumption issues remain politically and socially in focus. Falling inflation has led to a slight recovery in consumer purchasing power.

Target markets for sugary byproducts

The markets for sugary byproducts were shaped by low grain prices and a surplus of molasses in the EU up to the middle of the 2025/26 fiscal year. Nevertheless, despite subsequent positive market and price trends, revenues for sugary byproducts for fiscal 2025/26 were lower than last year.

Worldwide molasses production is estimated by S&P Global Energy at 67.6 (65.6) million tonnes. Production in the EU is expected to decline by about 5 % to 3.5 (3.7) million tonnes, leading to rising prices starting in mid-2025 due to low ending stocks of molasses.

Prices for dried beet pulp remained under pressure until the start of the 2025/26 campaign. Based on the assumption of further falling prices, large quantities were subsequently exported, causing a noticeable shortage and, starting in December 2025, a significant rise in prices. This trend should continue for the volumes from the 2025/26 campaign.

Legal and political environment

From our perspective, the EU has one of the world's least regulated and protected sugar markets. In contrast to other major sugar producing countries, sugar exports are not subsidized by the state. As long as the EU Commission does not take action against these differing competitive practices, make further import concessions or allow imports that circumvent the rules of origin, it can be assumed that this will have negative impacts on Südzucker.

Agreement reached on revision of the EU-Ukraine Association Agreement

In early June 2025, the EU reduced the quota for duty-free imports from Ukraine back to the level of the original 2014 Association Agreement – 20,070 tonnes per year. Later that month, the EU Commission and Ukraine reached an agreement on a revised version of the Association Agreement. The revised agreement proposes increasing the annual duty-free sugar quota from 20,070 tonnes to 100,000 tonnes per year. For 2025, the agreement was applied on a pro rata basis for seven months; starting in 2026, the full annual duty-free import quota of 100,000 tonnes will apply.

EU-Mercosur agreement

On 7 January 2026, the EU Council of Ministers approved the Mercosur agreement by a qualified majority after 25 years of negotiations. The European Union and the MERCOSUR countries – Argentina, Brazil, Paraguay and Uruguay – signed a partnership agreement and an interim trade agreement on 17 January 2026 in Paraguay.

For the sugar market, the agreement means that

- customs duties for 180,000 tonnes of Brazil's current import quota will be reduced from 98 €/t to 0 €/t.
- Paraguay will be granted a new duty-free import quota of 10,000 tonnes of raw cane sugar per year for refining.

For the interim trade agreement to regularly come into effect, it would have needed a simple majority approval in the EU Parliament. Since the EU Parliament voted on 21 January 2026, during its plenary session, in favor of a motion to review the compatibility of the Mercosur agreement with EU treaties, this approval will now be significantly delayed. The review process by the Court of Justice of the European Union (CJEU) could take up to two years and significantly delay the final ratification process with the Mercosur countries. Notwithstanding the legal review, the provisional trade agreement was published in the EU Official Journal on 17 February 2026. Simultaneously, the EU Commission announced at the end of March its intention to provisionally apply the trade regulations starting 1 May 2026, regardless of the CJEU's decision. Customs quotas will then apply proportionally for the remainder of the year under this provisional application of the agreement. If the Court of Justice of the European Union finds that the agreement is incompatible with EU law, it must be amended before it can finally enter into force.

The EU-Mercosur agreement also includes arrangements for ethanol imports into the EU, as shown in the → chapter CropEnergies segment.

EU-India Free Trade Agreement

The EU and India concluded negotiations on establishing a new free trade zone at the end of January 2026. Tariffs on nearly all EU goods exports to India are to be lowered or eliminated to double exports by 2032.

Sensitive economic sectors are not covered by the agreement; vulnerable European agricultural sectors are fully protected, and products such as beef, poultry, rice, and sugar are completely exempt from liberalization under the agreement.

The agreement can be signed only after the contract text is legally reviewed and translated into all the EU's official languages. Subsequently, it must be approved by the member states and the European Parliament.

EU-Australia Free Trade Agreement

In late March 2026, the EU and Australia declared the completion of the EU-Australia Free Trade Agreement. Under this agreement, the EU provides Australia with duty-free access for 35,000 tonnes of raw sugar for refining and 10,000 tonnes of ethanol each year. The agreement includes a bilateral safeguard mechanism that allows both parties to implement protective measures in the event of significant market disruptions. The agreement must now be ratified in the EU and in Australia; after that, it can come into force.

Import of IPP raw sugar into the EU

In order to enhance the competitiveness of the EU processing industry, the so-called "active processing" was introduced as early as the 1970s, including for sugar. This is a special customs procedure that allows companies to import goods from non-EU countries (third countries) duty-free, provided they are processed within the EU and the final product is subsequently exported from

the EU. For sugar, the combination of exports with new import rights has led to a self-reinforcing cycle, continually bringing additional duty-free raw sugar imports into the EU and transmitting distorted world market prices directly to the domestic market. Additionally, the customs regulation of the Inward Processing Procedure (IPP) does not ensure supply security, but instead displaces European production and raises issues of control, tracking, and lost customs duties. In this context, political action, especially the suspension of the IPP, is urgently required.

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, different competition conditions continue to exist within the domestic European sugar market. This conclusion was reached, for instance, by a study conducted by Wageningen University in the Netherlands. 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 products segment's revenues declined significantly to € 2,786 (3,876) million in the reporting period. The decrease can be traced back, firstly, to sugar prices that have significantly dropped on average during the fiscal year, and secondly, to notably lower sales volumes.

The sugar segment recorded an operating loss of € –177 (–13) million in the reporting period. This significant deterioration in results was primarily caused by sugar prices that were significantly below the previous year's level at the beginning of the fiscal year, as well as a significantly declining sales volumes. Sugar prices failed to recover in 2025/26, contrary to expectations, because the beet harvest in Europe in 2025 – and thus the sugar output – was larger than expected. Even the considerable reduction in production costs was not enough to compensate for the significant drop in prices.

Result from restructuring and special items

The result from restructuring and special items totaled € –463 (–159) million.

The persistently challenging market environment in the EU sugar segment, featuring excess inventories, higher production costs, low sugar prices, duty-free trade agreements, a structural shift in demand patterns, and the resulting sustained volatility and, consequently, occasional lack of profitability, impairment losses on fixed assets amounting to € 422 million had to be recognized in the fourth quarter of fiscal year 2025/26. Given the current loss situation, an impairment test of the European production activities – including both the cash-generating unit (CGU) Südzucker EU Sugar (Germany, Belgium, France, and Poland) and the CGU AGRANA EU Sugar (Austria and Eastern Europe) – had to be carried out. This test was performed using income-based valuation models, the company's current medium-term planning and – where neces-

sary – adjustment scenarios. Since goodwill had already been impaired in full in the previous year, the resulting shortfall in the respective carrying amount led to a proportionate impairment of the affected fixed assets.

Moreover, the special result also included the social plans for the closure of AGRANA's sugar production locations in Leopoldsdorf, Austria, and Hrušovany, Czech Republic, which AGRANA

announced in March 2025, as well as expenses related to reorganization measures and litigation cost risks at AGRANA. Further expenses were attributed to a voluntary severance program in the administrative segment primarily offered in Germany.

In the previous year, result from restructuring and special items was partly due to impairment losses on fixed assets, which related to both the temporary shutdown of raw sugar refining at AGRANA's

Business performance – Sugar segment

		2025/26	2024/25	+/- in %
Revenues	€ million	2,786	3,876	–28.1
Operating EBITDA	€ million	–17	146	–
Operating EBITDA margin	%	–0.6	3.8	
Depreciation	€ million	–160	–159	0.6
Operating result	€ million	–177	–13	> 100
Operating margin	%	–6.4	–0.3	
Result from restructuring and special items	€ million	–463	–159	> 100
Result from companies consolidated at equity	€ million	–3	0	–
Result from operations	€ million	–643	–172	> 100
Investments in fixed assets and intangible assets	€ million	196	282	–30.5
Investments in financial assets and acquisitions	€ million	0	0	–
Total investments	€ million	196	282	–30.5
Shares in companies consolidated at equity	€ million	25	30	–16.7
Working capital	€ million	1,352	1,441	–6.2
Capital employed	€ million	2,589	3,056	–15.3
Return on capital employed	%	–6.8	–0.4	
Employees (FTE; 28 February)		6,004	6,457	–7.0

TABLE 017

sugar factory in Buzău, Romania, and the closure of AGRANA's beet sugar production in Leopoldsdorf, Austria, and Hrušovany, Czech Republic. In total, the sugar segment's impairment losses, including impairment of goodwill, amounted to € 138 million. Additional costs were also incurred at the Buzău location in connection with the temporary shutdown for a social plan.

Capital employed and return on capital employed (ROCE)

The reduction in capital employed by € 467 million to € 2,589 (3,056) million was mainly a result of the impairments on sugar factories in fiscal 2025/26. With an operating result of € –177 (–13) million, a negative ROCE of –6.8 (–0.4) % was recorded in fiscal year 2025/26.

Investments in fixed assets and intangible assets

Investments in the sugar segment dropped significantly to € 196 (282) million.

The main projects included:

- The implementation of the switch from coal to gas as the primary energy source at the Strzelin location in Poland,
- the implementation of the switch from coal to gas as the primary energy source at the Zeitz location in Germany and
- the expansion of the loading area and the sugar silo at the Wabern location in Germany.

Raw materials and production

2025 campaign

In 2025, Südzucker Group's beet cultivation area was reduced by 18 % to 305,800 (373,800) hectares to align sugar production with European demand. The sowing period began in mid-March 2025 and was completed much earlier than the previous year,

Cultivation and production

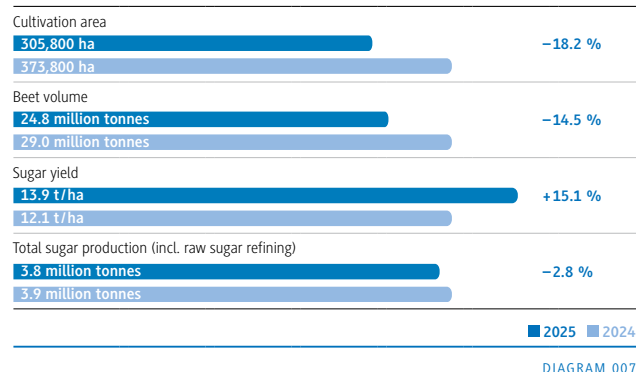


DIAGRAM 007

thanks to favorable weather conditions. Beet growth was favored by alternating periods of rainy, cool weather and warm, dry weather. The positive yield performance in Germany was in part because of a lesser spread of SBR/Stolbur symptoms resulting from the initial application of insecticides against the reed glass-winged cicada.

In 2025, Südzucker Group recorded beet yields and sugar content above the long-term average, at 81 (78) t/ha and 17.1 (15.6) %, respectively. This led to a high theoretical sugar yield of 13.9 (12.1) t/ha. A total of 24.8 (29.0) million tonnes of beets were processed over 125 (135) campaign days. Processing was mostly trouble-free; however, in some areas of Germany and Poland, frost affected quality. Unfavorable weather conditions in Romania and Moldova resulted in delays in harvesting and an interruption in processing.

Südzucker Group aims to establish CO₂-neutral sugar production as one of its sustainability goals. For this purpose, we finished our first significant project in the fall of 2025 and started up Poland's largest and most advanced biogas facility at the Strzelin location. The plant features four fermenters, two secondary fermenters and

an advanced digestate cleaning system. The facility contributes significantly to decarbonization with a capacity of 45 MW, biogas production exceeding 9,000 m³ per hour and a gas-fired lime kiln producing 80–150 tonnes of CaO per day. In total, approximately 60,000 tonnes of CO₂ can be saved annually. Additionally, surplus biomethane is fed into the Polish gas network via a nine-kilometer long pipeline.

Production

The Group's total sugar production, including cane sugar refining, fell to 3.8 (3.9) million tonnes. The decline in organic beet cultivation area led to a significantly lower production of organic sugar at the Rain and Tulln facilities. The volume of sugary byproducts produced was below the previous year's level at 3.2 (3.5) million tonnes.

Volumes

Sugar sales by the Group's companies in the EU, as well as exports from the EU to the global market and sales by companies based in the Republic of Moldova and the Western Balkans, declined, resulting in consolidated sugar sales for the group of 3.7 (4.4) million tonnes. Sales of sugary byproducts in fiscal 2025/26 remained at last year's level at 3.4 (3.4) million tonnes.