

# Nordzucker Post 2/2022

## Lars Gorissen: Positive outlook - securing the campaign



### Dear Readers

Shortly before the Annual General Meetings, we can report a very good result for the past financial year and a positive outlook for the current financial year despite the disruptions caused by the war in Ukraine. Looking beyond current events, we have a clear plan for the future with our strategy: sustainability, excellence and growth.

Currently, each of us needs a high degree of adaptability. The war in Ukraine has completely changed market dynamics and made them more unpredictable than ever. Supply bottlenecks have worsened, commodity prices are catapulting upwards with high volatility, and when it comes to sourcing energy and auxiliary materials, fertilisers and investment goods, it is often and unfamiliarly a question of whether rather than price for all of us.

The beets are developing independently of world events. We hope for rain for the beet as soon as possible and are generally optimistic about the harvest. The markets, i.e. our customers and consumers, need the sugar we will produce. Nordzucker has formulated two clear goals in this situation. First: the campaign must run. Second: beet cultivation must remain attractive.

We assume that we have energy and all the necessary materials available for the campaign. Where possible, we are preparing to use different energy sources for our plants.

For next year, we have already submitted the offer for the 2023 cultivation contracts in Germany. In it, we are taking into account the increased costs in beet cultivation. As of today, we expect beet prices to be significantly higher than the minimum prices offered due to the sharp increase in sugar prices in the EU. At the same time, we keep the right to remain flexible in order to be able to react to developments on the markets, especially on the sugar market and the energy markets. The aim is to make beet cultivation attractive even in these special times and to secure the beet's permanent place in the crop rotation in the long term. With Nordzucker, the farmer has a reliable long-term partner. In addition to attractive beet prices, we offer cultivation advice, digital tools, innovative approaches to crop protection, support with logistics, information and close exchange.

I look forward to a direct exchange with our shareholders at our Annual General Meeting on 20 July 2022 in Braunschweig and wish you interesting reading of the Nordzucker Post today.

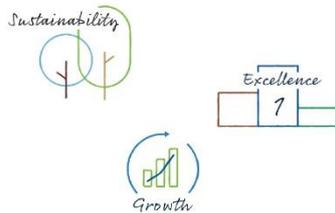
Yours

Lars Gorissen

# Very successful in the 2021/22 financial year

## Nordzucker - Heading for the future

ANNUAL REPORT 2021/2022



Nordzucker significantly increased Group sales and operating profit in the 2021/22 financial year. Nordzucker achieved Group sales of 1.9 Billion Euro, an increase of 273 Million Euro compared to the previous year. At 114 Million Euro, the operating result (EBIT) was 33 Million Euro higher than the previous year. The company closed the financial year with a net profit of 84 Million Euro (previous year: 66 Million Euro). A higher price level for sugar compared to the previous year and a significant increase in sugar sales contributed to the good result. The majority interest in the cane sugar producer Mackay Sugar Ltd. in Australia contributed 15 Million Euro to the Group's operating profit. Dr Lars Gorissen, CEO, emphasises: "With the optimisation programme we launched three years ago, we were able to generate a profit contribution of about 70 Million Euro in addition to the effects of the good market development. Through this outstanding performance of our employees throughout the Group, we have strengthened our competitiveness in the long term and prepared the company well for the future." The Executive Board and Supervisory Board will propose a dividend payment of 80 Cent per share to the Annual General Meeting on 20 July 2022, compared to 60 Cent per share in the previous year.

### Prospects for a positive financial year 2022/23

Nordzucker expects a positive earnings situation for the current 2022/23 financial year, provided that sufficient energy is available for sugar production in the factories. "Due to the pandemic and the Ukraine war, costs have risen considerably, especially for energy. However, we are confident that we will be able to offset the increased costs with higher sales revenues. This is supported by the current price trend for sugar in Europe", explains Alexander Bott, CFO.

Nordzucker is currently making intensive preparations for the campaign that begins in September. The current situation on the energy markets requires particular flexibility here. "We are currently planning with different scenarios for the upcoming campaign. Through alternative energy supply concepts, we have already been able to significantly reduce our dependence on gas as an energy source for sugar production. We are optimistic that we will be able to provide the planned sugar quantities even under possibly difficult conditions," explains Alexander Godow, COO.

# Joint Annual General Meeting on 20 July 2022

Finally, back in presence! On 20 July 2022 starting at 10.00 a.m., our joint Annual General Meeting of Nordzucker AG and Nordzucker Holding AG will take place in the Volkswagenhalle in Braunschweig.

Both AGMs will be linked via a joint agenda.

The event will be broadcast simultaneously for shareholders on the internet via our AGM portal. This year, it will only be possible to ask questions during the physical meeting.

You can also visit our Annual General Meeting portal online in advance at: [www.nordzucker.com/de/hauptversammlung](http://www.nordzucker.com/de/hauptversammlung)



## Prepare what we can!



The effects of the war in Ukraine are putting a strain on global economic relations. Particular focus is being placed on the need to secure energy supplies in the coming winter. For the coming campaign, Nordzucker is doing everything it can to ensure beet processing and sugar production. The beets are growing and the thick juice campaign is running. We are also on schedule with the regular investments and maintenance measures.

We need considerable amounts of fossil fuels for sugar production. This applies to all our factories. The complicated political and economic situation requires us to take a special risk assessment in the run-up to the campaign. At present, we cannot completely rule out a halt to Russian gas exports.

In order not to be surprised by a sudden interruption of gas deliveries during the campaign, we are preparing for this possible scenario. Wherever it is technically possible, we will generate steam and electricity from oil, coal or liquid gas. Corresponding options are being examined for each plant.

Since sugar is an important ingredient in many foods and has irreplaceable functions and at the same time the beet is a perishable commodity, we strive for prioritizing in the energy supply.

We continue to work with great determination on our plan to replace fossil fuels with renewable raw materials for energy production. We can become energy self-sufficient and CO<sub>2</sub> neutral by producing biogas or biomethane with about half of the sugar beet pulp left over from sugar beet production and using it for our own energy supply. This is a fascinating idea that requires considerable investment but could be realized in a few years if the right political conditions were in place. The political prerequisite for this is the classification of beet pulp as a CO<sub>2</sub> -neutral raw material for energy production.

## Sugar beet has caught up after a cold April



After the rather hesitant development of sugar beet in all regions of our cultivation area due to a cool April, the plants have caught up. Rainfall and higher temperatures from mid-May onwards led to a growth spurt. However, more precise statements on yields can only be made with the test harvests beginning in early August, on the basis of which more accurate analyses will be carried out.

The time of row closure is expected in most countries, this year relatively late in mid to late June. Overall, rainfall and the associated soil moisture are still lacking this year, especially in deeper soil layers. This is of importance to ensure that the plants can supply themselves with the necessary nutrients.

From July onwards, it is then a matter of keeping the leaves healthy until harvest. Healthy leafage ensures yield formation and quality assurance. In this phase it is important to observe the leaves closely in order to react to leaf diseases with a well-timed plant protection measure if necessary.

## Flexible models secure sugar beet cultivation

Sufficient food availability is a challenge worldwide. Our beet growers have always contributed to this. Sugar beet areas throughout the Group have also been cultivated on the same scale as before for the upcoming harvest. Due to rising prices, Nordzucker has promised growers in Germany a significantly higher price for the 2022 harvest than in the previous year with contracts based on sugar earnings. At the same time, however, the development of raw material prices is significantly increasing the attractiveness of competing crops in the field (cereals, rapeseed). Sugar prices at the end of the campaign are also expected to allow a further significant increase in beet prices.

The fixed contracts will also be reviewed again after the 2022 campaign, when an overview of all costs and prices can be reliably provided.

Flexibility is also the guiding principle for the next cultivation year, 2023. Nordzucker expects beet price opportunities well above 40 Euro per tonne for cultivation in Germany when the 2023 harvest is settled. Accordingly, a contract offer was made with a guaranteed price of 37 Euro per tonne of sugar beet. This price includes surcharges for an average sugar content of 17.9 per cent as well as the



average remuneration for beet pulp, early and late deliveries. The company bears the costs for maintaining the storage area, loading and cleaning, as well as transporting the beet.

This offer will also be reviewed and adjusted accordingly in spring 2024, taking into account the necessarily rising sugar prices and the development of costs. This flexibility leads us to expect prices for sugar beet of well over 40 Euro per tonne of beet. A model that keeps beet cultivation attractive and secures the sugar supply.

## GoGreen for the climate



For sugar production, we need heat to evaporate the high water content in the beet - around 75 per cent - and to crystallize the sugar. We generate most of the heat from fossil fuels and also use it to generate electricity. We want our production to be CO<sub>2</sub>-neutral by 2050 at the latest. Considerable investments are necessary to achieve this.

By 2030, we want to reduce our CO<sub>2</sub> emissions by 50 per cent compared to 2018. To accompany the path to CO<sub>2</sub> neutrality, Nordzucker joined the Science Based Targets Initiative (SBTi) in 2021. Through science-based and transparent targets, which are verified by independent climate scientists, we ensure that the reduction of our emissions matches the level of climate protection measures required. Nordzucker thus aims to measurably support the achievement of the climate targets from the Paris Agreement. Our current target is in line with the Paris Agreement goal of not exceeding 1.5 degrees of global

warming. We expect our targets to be confirmed by the SBTi before the end of 2022.

The science-based greenhouse gas reduction targets are a component of Nordzucker's Sustainability Strategy 2030, which, in addition to climate targets, covers the entire value chain: procurement including beet cultivation, production, products and packaging, and social issues.

Renewable energies are not available in unlimited quantities. It is therefore all the more important to always see their use in conjunction with energy saving. We are actively using new technologies to achieve this. Different possibilities in the environment of the individual sugar factories show that there cannot be only one way towards CO<sub>2</sub> neutrality. Our technologies must be adapted to this in each case.

In our view, a practicable and future-oriented solution would be if we could produce biogas or biomethane from about half of the sugar beet pulp left over from sugar production in the future and use this for our own energy supply. This is a fascinating idea that would require considerable investment but could be implemented in a few years if the right political conditions were in place.

## SweetFamily organic jam sugar made from 100 per cent northern German sugar beet



With three varieties of SweetFamily organic jam sugar, Nordzucker combines regionality and the best organic quality.

For several years now, we have been offering jam sugar in organic quality. Due to the lack of organic sugar beet, we had been using an organic cane sugar. In recent years, however, Nordzucker has been able to significantly expand its area of organic sugar beet, so that the harvest quantities of organic sugar beet have been significantly increased. Therefore, we were able to quickly make the decision to switch the recipes to beet sugar.

SweetFamily organic jam sugar is available in many food retail outlets. Of course, it goes best with the freshly harvested fruits of the season.