



# Nordzucker Post 2/2023

## Nordzucker.Together.Sustainable.



**Dear Readers,**

Nordzucker.Together.Sustainable. That is not just the title of this year's annual report. These three words sum up what we stand for and what our business success is based on. We have completed a challenging year very successfully – together. With the commitment of our employees and partners - beet growers, logistics partners, suppliers and customers – together we successfully mastered the energy crisis, interrupted supply chains, below-average crop yields and cost increases.

In challenging times, it is particularly important to keep our corporate strategy firmly in focus. We have further sharpened the Nordzucker strategy, which is based on the three pillars excellence, sustainability and growth. Particularly in terms of sustainability along the entire value chain, we have set ourselves ambitious targets and initiated further measures – starting with procurement and extending to production and products. We want to have carbon-neutral production by 2050 at the latest and have already halved our CO<sub>2</sub> emissions by 2030. Our sugar comes from nature, and so we have always thought and acted in terms of sustainable cycles. With the energy that the beet already provides, it is possible to produce in an energy-autonomous and climate-neutral way. To do this, we could use biogas from beet pulp, which is a by-product of sugar production. Following the recent decision at European level that residual materials are to be regarded as climate-neutral, the task now is to closely monitor the implementation processes in the respective countries. The important fact is that beet pulp will continue to be available to the market as animal feed.

Good sugar beet yields form the basis for Nordzucker's business success. To ensure that beet remains an integral part of the crop rotation for our growers and economically attractive in these times, we pay higher prices – for organic beet and for conventional beet. But our commitment to beet cultivation goes beyond that: we support innovations in the field with our Smart Beet Initiative. Together with the Chamber of Agriculture, breeders, the crop protection industry and beet growers' associations, we are testing practical and sustainable solutions. New methods of soil cultivation and sowing, new strategies in weed control, new ways of controlling pests are the focus of the trials and discussions at this year's Field Days.

With our projects and initiatives, and with our strong financial situation, we at Nordzucker believe that we are well positioned to consistently continue our path to becoming an even more sustainable company.

Act together and sustainably is for us as Nordzucker part of all our actions.

I would be pleased to welcome many of our shareholders to the Annual General Meeting on July 6, 2023, in Braunschweig – also for a direct exchange. For now, I hope you enjoy this issue of the Nordzucker Post.

Yours, Lars Gorissen

## Very successful fiscal year in 2022/23



**Nordzucker closed the 2022/2023 fiscal year very successfully with an operating profit of 211 million Euro for the Group.**

Nordzucker closed the challenging fiscal year in 2022/23 very successfully and thus laid a good foundation for further sustainable development. The Group increased revenues by 16 per cent to 2.3 billion Euro and operating profit (EBIT) by 97 million Euro to 211 million Euro. The Australian subsidiary Mackay Sugar Ltd (MSL), which produces cane sugar, contributed 22 million Euro to this result. The Group's net profit before minority interests was 182 million Euro, compared to 84 million Euro in the previous year. The EBIT margin increased to 9 per cent from 6 per cent in the previous year.

"We are proud of this very good overall result, especially against the background of the extreme challenges of the last year. Energy crisis, inflation, interrupted supply chains, below-average crop yields and cost increases – we have successfully managed all this with great ideas and a lot of dedication from our employees and partners – from beet

growers, logistics partners, suppliers to customers. The increased production costs due to price increases for energy and auxiliary materials for us and our growers were offset by a higher sugar price level," says CEO Lars Gorissen. "We have further sharpened our strategy. In terms of sustainability, we have set ourselves ambitious targets along the entire value chain and initiated further measures." The Executive Board and Supervisory Board will propose a dividend payout of 1.20 Euro per share to the Annual General Assembly on 6 July 2023, up from 80 cents per share in the previous year.

**Good prospects for Nordzucker in the 2023/2024 fiscal year**

"With our projects and initiatives, and also in the context of the current financial situation, we see ourselves well positioned to consistently continue on our path to becoming an even more sustainable company. To this end, we have launched overarching excellence initiatives that optimise our entire value chain and at the same time help to improve the result. Based on this and given the development in the sugar market, we also expect a very good business result in 2023/2024," explains Alexander Bott, CFO.

Alexander Godow, COO, underlines: "By converting our factories to the flexible use of different energy sources last year, we have strengthened our resilience and could now switch flexibly if necessary. This was an outstanding team effort and has shown once again: With us, employees can develop solutions and bring in real improvements - and this in an international exchange."

## Sugar beet 2023: Delayed, but well grown



Sowing was delayed this year by rainfall in all countries. In the meantime, almost all beet has been drilled.

Sowing is largely complete in all countries, even in Finland, where sowing is usually late due to the climate there. The period of drilling was repeatedly interrupted by rainfall and

thus extended over a longer period. The sugar beet development varied accordingly and was delayed by an average of 14 days compared to previous years. In Lithuania, about 80 hectares had to be re-drilled after frost nights.

During emergence, the young beet had good conditions this year. Sufficient rain from the first months of the year contributed to this and led to good stands of 80,000 to 100,000 plants per hectare, which are developing well so far. The basis for a successful beet growing year has been laid.

On the early drilled areas, the first weed control measures have been completed. Especially in the last few days, the occurrence of pests such as aphids has increased significantly. The insecticide monitoring in *AgriPortal Consult* and in the *AgriPortal mobile* app offer beet growers good support in the systematic protection of the plants.

## Field days 2023 - Methods for economical beet cultivation in trials



Nordzucker is testing methods for the economic beet cultivation of the future in field trials. Trials are explained and initial results shared at the field days. This results in possible solutions that can be used directly by the beet growers. Sugar beet cultivation is facing challenges: Political requirements such as the Farm to Fork strategy at EU level, designation of red areas at regional level with limited fertiliser options or the discontinuation of plant protection chemicals are just some of the challenges.

In addition, there is climate change, which poses new challenges for agriculture with special weather events such as drought.

Nordzucker is developing and testing practicable solutions together with various institutions in all Nordzucker countries. New methods of soil cultivation and sowing such as GPS-controlled seed placement, new strategies in weed control such as band spraying with area sprayers, and new ways of controlling pests by sowing flower strips to support beneficial insects. These and other trials are in focus and can be discussed at this year's field days.

The different field days in the individual countries are listed in the respective calendar of the *AgriPortal* of the countries. Here you will also find the main focuses, locations, and dates.

# Minister Özdemir focuses on food advertising bans for children



The draft of the German Minister of Nutrition, Cem Özdemir, for a law to protect children from advertising of foods with high sugar, fat or salt content (Kinder-Lebensmittel-Werbegesetz - KWG) aims at banning food advertising to a large extent.

Advertising for these products should no longer be possible between 6:00 and 23:00.

The proposed ban list would thus include a very large number of different products such as cheese and jam, yoghurt and canned fruit, butter and pretzels, muesli and filled pasta, ice cream and soft drinks, chocolate and sausages, all of which would be subject to the criteria of excessive sugar, fat or salt content.

Sponsorships, for example for sports clubs and events, would also be covered by the law and could be made more difficult or banned altogether. However, it is precisely the

sports clubs in our country that encourage children and young people to exercise more and eat a more balanced diet.

In an expert opinion, the constitutional law expert Professor Dr. Martin Burgi (Ludwig-Maximilians-Universität Munich) attests to the BMEL's unprecedented approach by excluding the advertising of products whose production and distribution is permitted and which, as such, are not dangerous to health or life. The draft bill submitted by Minister Özdemir for departmental approval provides for massive restrictions of communication and economic freedoms, but lacks the necessary scientific basis.

The Federation of German Food and Drink Industries (BVE) and the German Food Association (Lebensmittelverband Deutschland e.V.) oppose this "paternalism" and have initiated the campaign [www.lieber-mündig.de](http://www.lieber-mündig.de). The association also sees the draft law as a hindrance to innovations if information about them can no longer be provided through advertising.

One thing is clear: advertising bans cannot prevent childhood obesity. Education and information in parental homes, childcare centres and schools about a healthy lifestyle and a balanced calorie intake is essential.