



**Alexander Godow**Chief Operating Officer

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**Lars Gorissen** Chief Executive Officer

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Alexander Bott
Chief Financial Officer

»With many projects and initiatives, we see ourselves strategically well positioned. Based on this, and in light of the developments on the sugar market, we expect to see a very positive result once again for 2023/2024.«

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In the interests of legibility, we use the generic masculine at some points in this text. The masculine form is used for persons of any gender.

## Dear shareholders,

The start of the war in Ukraine in February 2022 caused a significant shift in the economic conditions in which our company operates. The energy crisis, inflation, supply chain disruption and price hikes have required a re-think and a more cautious approach in many areas.

We are very proud of the fact that Nordzucker has worked with its employees and partners in the value chain — including beet growers, logistics partners, suppliers and customers — to master these challenges. We are now able to look back on a financial year defined by two key developments. Firstly, we cautiously responded with flexibility in order to prevent a gas shortage and equipped our plants, where possible, to be able to use various energy sources. Secondly, we successfully safeguarded the procurement of our raw material, sugar beet, bridged gaps in the supply chain on the procurement side, defined new procurement avenues and avoided shortages. At the same time, very dry weather conditions led to much lower sugar yields in the EU, which resulted in prices becoming uncoupled from the global market. As a result, there was a spike in sugar prices. We were able to offset the comprehensive cost increases, continue the campaign with sufficient energy reserves and always had the materials we needed — an all-round success for the entire Nordzucker team.

The 2022/2023 financial year represents an exceptionally positive result: We increased our revenue by 16 per cent to EUR 2.3 billion and our EBIT for the Nordzucker Group by EUR 97 million to EUR 211 million. This puts us in a very strong position, with a

profit margin of 9 per cent. Our investment in Australia, Mackay Sugar Ltd. (MSL), contributed earnings of EUR 22 million. We are delighted that both our employees and our shareholders are able to participate in this result. Despite all these positive aspects, it is clear that the sugar market remains volatile. Price fluctuations on agricultural markets and climate-related challenges are all part of our day-to-day work. As a result, our strategy makes the necessary provisions to safeguard our profitability for the future via our excellence initiatives, which are set to contribute up to EUR 48 million in the next few years. One key element of this is our comprehensive digitalization road map. Nordzucker currently has 28 digitalization projects underway.

We continued to hone our strategy in 2022/23. In terms of sustainability, we have set ourselves additional goals along the entire value chain and used these to derive further measures. In addition to achieving carbon-neutral status, this also involves understanding sustainability as an holistic concept for the future. Beet growers are faced with various tasks requiring urgent solutions: Our Smart Beet Initiative supports growers by providing them with the latest findings and practical solutions for sustainable, efficient and cost-effective beet cultivation. We offer practical innovations — whether it's computer-assisted hoeing or spraying technology, or with research regarding the use of beneficial insects on the beet fields. We have teamed up with our growers and other partners in all countries to launch 30 different field tests and projects on various topics.



We are very proud of the fact that Nordzucker has worked with its employees and partners in the value chain – including beet growers, logistics partners, suppliers and customers – to master the challenges of the past year.«

Lars Gorissen



In order to achieve carbon-neutral status for our production facilities by 2050 at the latest, we need to make further significant energy savings — we are aiming for at least 50 per cent — while establishing alternatives from renewable energy sources.«

Alexander Godow

Protecting human rights across the supply chain is a high priority for us and is taken into account when we assess and select our suppliers. As such, we continually update our Supplier Code of Conduct and establish assessment systems. Our beet growers are certified as part of the Sustainable Agriculture Initiative (SAI).

Sugar production is energy intensive. We generate the steam required, which we reuse several times, ourselves. In order to achieve carbon-neutral status for our production facilities by 2050 at the latest, we need to make further significant energy savings — we are aiming for at least 50 per cent — and establish alternatives from renewable energy sources. The best idea here is to use the sugar beet itself as the energy source and use the residual components to make biomethane. In the next five years, our first step will be to invest more into achieving carbon-neutral status for Nordzucker. In the next five years, we will take the first step of investing more than EUR 250 million in order to be able to produce in a climate-neutral way by 2050 at the latest.

Our four values of responsibility, dedication, courage and appreciation are what underpin our strategy. As a traditional company making its way into the future, we place the emphasis on people. At Nordzucker, employees can develop solutions, be part of real improvements — all as part of an international dialogue. Working at Nordzucker offers great opportunities within a future-proof industry.

Development means growth. Our entry into sugar production from sugar cane in Australia has been a success. That's why we don't want to rest on our laurels and are keeping a look-out for other opportunities — such as producing pioneering products from agricultural raw materials. We are currently fine-tuning our planned market entry into the production of plant-based proteins.

The past financial year was extremely challenging yet also highly successful — partly because we were able to build on our long-term customer relationships. We see ourselves as occupying a strong position strategically with a large number of projects and initiatives. Based on this, and in light of the developments on the sugar market, we expect to see a very positive result once again for 2023/2024. We would like to thank all of our employees for their exceptional commitment and their deep loyalty to Nordzucker — and we would like to thank you, our shareholders, for the trust that you place in us and in the company as a whole.

The Nordzucker Executive Board



The 2022/2023 financial year represents an exceptionally positive result. In light of the developments on the sugar market, we also expect to see healthy growth for 2023/2024.«

Alexander Bott

Dr Lars Gorissen Alexander Bott Alexander Godow

## Nordzucker. Together. Sustainable.

Good working conditions, fair treatment, tolerance and a particular focus on occupational safety are important aspects of our responsibility as an employer and the foundation for successful cooperation. Our four values are responsibility, courage, dedication and appreciation. They are the guidelines for our conduct, connecting us across national and cultural boundaries.

## Caring for People





## Sustainable Sourcing

As a producer, we are a central player in the value creation between suppliers and customers. We live up to this role by championing human rights and environmental protection along the entire supply chain. Another one of our focal points is working together with our farmers to make beet cultivation fit for the future and even more sustainable.



### Sustainable Production

We are putting great effort into reducing our footprint in production and have pooled the associated projects in our GoGreen program. We have already made great strides, particularly in energy efficiency. To help us to become carbon neutral, we have set ourselves science-based climate targets that are verified externally - for maximum transparency and measurable impact.



### Sustainable Products

Sugar is a natural product. We use all parts of the beet, which is primarily grown locally. Besides sugar, it is also used to produce animal feed, molasses and fertiliser, so no waste is produced. Sustainable packaging is also part of our concept, and we have defined clear targets to reduce packaging and increase the use of recyclable materials.

## Unbureaucratic support

Inflation has recently risen sharply in many countries, also in Slovakia. In December 2022, inflation in Slovakia averaged 15.4 per cent year-on-year. The price of everyday items such as bread, eggs and vegetables rose by more than 20 per cent, cooking oil a full 40 per cent. "All households are feeling the rising costs, not only for food, but also at the petrol station and for rent," reports Peter Páleník, who works as a foreman in the Service Centre at the Trencianska Teplá site in Slovakia. Our Executive Board was also aware of this and decided in November to make individually designed compensation payments in all countries, thereby also expressing their appreciation. "The compensation payment is directly noticeable in our wallets, so my colleagues and I were very happy about it," says Peter Páleník. A part of it is paid out in Slovakia via the benefit portal "Cafeteria". The credit can be redeemed at various partner shops and is free of taxes and duties – so that even more reaches the people.



Mariana Juríková, HR Manager



Caring for People

Peter Páleník, foreman, Service Center

High inflation has directly affected people's lives. As a strong, international company, we wanted to live up to our responsibility as an employer in this context as well.«

Mariana Juríková

## Long-term thinking, agile action

"We take a holistic view of sustainability, and this includes a focus on people." Henrik Pollmann, Head of Human Resources, describes the elements that characterize Nordzucker as an employer and our shared culture at the company.

### How exactly does sustainability relate to human resources?

For many, sustainability is first and foremost about climate action and protecting the environment. To me, sustainability means thinking long-term, assessing the consequences and effects of my actions and evaluating whether they are sensible or not. This approach also applies to how I interact with people. Sustainability — environmental or otherwise — is mainly about having the right mindset. We have to meet our employees where they are and bring them into action. This also needs to be the standard for our managers.

## What does "focus on people" mean to you? And how is Nordzucker putting this principle into practice?

Ultimately, that's exactly it: Seeing the person beyond their job position. We address employees' concerns, identify opportunities and handle problems transparently. This approach in turn encourages them to come to us with any issues. We try to find solutions for individual problems but also set boundaries around the interests of the total workforce and the enterprise. I think what sets us apart is the speed with which we act for a company of our size. Good ideas are implemented and anyone who contributes has good opportunities for development.

## Where do you see the biggest challenges and how are you preparing for them?

We, too, are seeing the impact of the lack of specialists. If we want to attract people, we will have to be even clearer in our communication of who we are and what we stand for in the future. At the same time, we have to remain true to our values and standards even as we experience high levels of pressure

from the market. Another equally important aspect is that we have to keep knowledge in the company, even when employees leave us. We are doing this by combining strategic, long-term succession planning and knowledge management with digitalization. Finally, we must never stop thinking about health and safety at work. Work safety must be an integral part of our culture.



Letter from the Executive Board

Caring for People

Sustainable Sourcing

Sustainable Production

Sustainable Products

# Streaming live to classrooms

Selecting the right apprenticeship isn't always easy. Christian Drüsedau, Tom Schachtschabel and Kevin Banse from our Klein Wanzleben site support young people facing this critical decision in their roles as the moderators of our prize-winning Trainee Talks.

## How were the Trainee Talks born and what do they involve?

The Trainee Talks were created when the Future Day couldn't take place because of the coronavirus pandemic. We spontaneously held the event online. And then we realized that we could use this format regularly to speak to future apprentices and help young people choose a profession. We consciously look further afield and usually invite two guests from local businesses whom we interview about training opportunities and future prospects. The interviews are live streamed to schools in the district.

## How do you select the guests and do they always agree to be interviewed?

A lot of it happens through the "School meets Business" network, because we see ourselves as apprenticeship ambassadors not just for Nordzucker but for the entire region. At first, we actively approached businesses and had to convince them to take part — but now they've recognized the benefit and often can't wait to join in. Our audience also makes suggestions about who we could invite.

## What feedback do you get — are the Trainee Talks successful?

Of course, we had to establish an audience at first, but after about the fifth talk, people started talking to us about them at trade fairs. Some companies have received an influx in applications because of the talks — that, too, confirms that we're doing a good job. We were also awarded the Magdeburg Chamber of Commerce and Industry's education prize in 2021. We're quite proud of that.



Christian Drüsedau, Tom Schachtschabel und Kevin Banse mit Lars Wärmer, Head of Vocational Training

## Leading through dedication

Burying his head in the sand? That's not Lars Wärmer's style. Like many others, our Head of Vocational Training at our site in Klein Wanzleben, west of Magdeburg, faces certain challenges when it comes to attracting young talent and especially the specialists of the future. Wärmer himself was trained at Nordzucker and has been part of the company for more than 35 years. "There isn't much talk of vocational training at schools", he explains. That's why he founded the "School meets Business" network. His aim is to encourage a dialogue with teachers and students. Among other things, Lars Wärmer provides support

through professional orientation and job interview training, which has also been available online since the start of the pandemic. He also initiated the Trainee Talks (see the interview on the left). This interview format makes a point of not only focussing on vocational training at Nordzucker. "We want to highlight that society needs every profession. And you don't have to leave the region — there are plenty of good jobs right at your doorstep." One thing is very important to him when it comes to the company's own currently 13 trainees: "Age, gender, nationality — none of that matters. The main thing is that they fit into the team."

Change only works if we succeed in taking people with us. And leaders play a crucial role in that.«

Melanie Walter



Melanie Walter, Head of HR Development & Culture

### More cooperation

Pursuing the same plan together – that is crucial to a company's long-term success. The basis is a sustainable culture that is inclusive and takes everyone seriously. As part of a pilot project carried out at three locations in Germany, Lithuania and Denmark, we looked at how we live Leadership & Culture at Nordzucker. Because the two are inseparable. First, we analysed the current situation and asked the employees what they would like to see in future. "Despite the cultural differences, the respondents were very united: they all want more cooperation, transparency and opportunities to get involved," says Melanie Walter, who is responsible for Human Resources Development & Culture at Nordzucker.

In the next step, site-specific culture development plans were derived from the results. On this basis, concentrated work with the site managers and their management teams followed over several months using modern methods and tools (see story on the right). The open attitude of the participants and the consistently positive feedback have confirmed the purpose of the project. The three sites have moved closer together through the exchange and have learned with and from each other.

# Transforming leadership

We want to rethink leadership and shared success and have therefore launched the Leadership & Culture project. Our site in Kedainiai, Lithuania, was one of three pilot sites.

Factory Manager Arvydas Pretkelis and his colleague Tomas Kuzminskas, Head of Operation/Project, were involved from the very beginning. "Here at the site, we want to work together constructively, promote individual responsibility and give employees room for decision-making. To do this, we must communicate with them," explains

Arvydas Pretkelis, who has been with Nordzucker for three years. After the factory management team learned and worked intensively in the first phase, other managers such as shift foremen are currently being involved. "It is important that they really understand what we are changing and why – and then support it." Both are already

seeing the first effects of the project; more ideas for improvement and new ideas in general are being brought in from across the workforce. At the same time, change takes time. "We must not see leadership as a one-off project, but live it every day," the factory manager sums it up.



## Building our future through collaboration

Agriculture plays a vital role, because it secures our food supply. Climate change and extreme weather events pose an increasing risk for cultivation. The EU's Farm to Fork strategy calls for a reduction in plant protection products

Measurability through digitalization helps us make beet cultivation even more sustainable. It also allows us to address the increasing complexity in cultivation.«

and fertilizers as part of our path towards net zero throughout Europe. The sector is undergoing a transformation.

We are walking this path alongside our growers. This involves cooperating with research institutes,

the Chamber of Agriculture, industrial partners and associations. We develop our own trials and implement them with our growers in the individual countries in order to ensure the immediate practicability of the results. And because we are confident that, in addition to smart growing methods, digitalization can contribute significantly to more sustainability, we also support the development of new technologies. We share all this knowledge — as part of our field days, for example — and are available for advice and support on all matters.

Fortunately for us, the sugar beet is beneficial for the soil and for biodiversity. It encourages soil fertility, as its roots loosen up the soil, and the late harvest creates a safe breeding ground and source of food for a various set of species. And the beet is a real marvel when it comes to utilization: The leaves remain on the field as a natural fertilizer, the water contained in the beets is used in production and the entire beet is processed — to produce sugar but also animal feed, biogas and fertilizer. This is how we understand and facilitate a circular economy and strengthen regional agriculture.



Björn Kiepe, Head of Agri Consulting & Shared Agri Services (left) and Frank Bauwens, Head of Procurement

## Responsibility beyond the company gates

Anyone who looks at our company will likely first and foremost think of our agricultural supply chain and the beet. But our success also depends on many more raw mate-

We want to find solutions together with our suppliers and initiate improvements.«

Frank Bauwens

rials, upstream products and services. Energy is one big factor, and like many others, we are feeling the impact of the sharp price increases. Inflation is also affecting us in the shape of other rising costs, such as for our most important packaging materials. But even under these challenging conditions, we want to act responsibly at all times and along our entire supply chain.

Preparations in anticipation of the Supply Chain Due Diligence Act are high up on our agenda. We benefit from the fact that out of close to 7,000 suppliers, more than 95 per cent are based in the EU and are thus bound to local regulations. We regularly evaluate our suppliers on quality and innovative capabilities and will give even more weight to sustainability criteria in future. To this end, we asked 250 key suppliers about their sustainability performance as part of our Supplier Sustainability Engagement Program. Suppliers that deliver raw materials must also separately sign our Supplier Code of Conduct, which sets out clear requirements as part of our terms & conditions. These standards and our collaborative dialogue are how we endeavour to ensure our corporate responsibility beyond the company gates.



Friederike Brammer, Project Manager Smart Beet Initiative

## Sowing new solutions

## How does the Smart Beet Initiative (SBI) contribute to overriding goals such as the EU Green Deal?

The Green Deal raises many questions for agriculture that cannot be answered with one ad hoc solution. The SBI aims to work in close partnership with growers in the individual countries to develop and test possible solutions – to ensure that beet farming remains competitive.

## How important is the close collaboration with the growers?

It's elementary. The majority of field trials are conducted on their land and we try to tackle questions together that would be too complex for individual businesses to face on their own. That way, we aim to support, motivate and illustrate what innovative, sustainable beet cultivation can look like with Nordzucker. All our growers have access to the results.

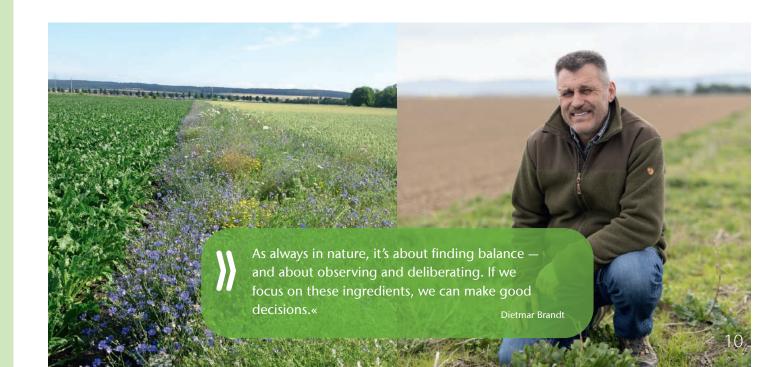
#### How many Smart Beet Initiatives are currently running?

In the 2023 growing year, there are 30 initiatives in seven European countries. Our focus is on reducing the use of herbicides, encouraging beneficial organisms and establishing new techniques such as using robot technology for hoeing.

# Protecting plants - preserving nature

How many pesticides do we need? This is one of the central questions on the path towards making beet cultivation even more sustainable. Finding an answer isn't easy — for our desire to reduce the use of chemicals is accompanied by growers' legitimate need to protect their harvest and income. Which is why we are collaborating with some of them and with the Julius Kühn-Institut, part of the German Federal Ministry of Food and Agriculture, to identify alternatives that are ecologically compatible.

One current project examines whether beneficial insects such as ladybirds can help keep aphids and other pests in check. It involves planting flower verges on the land of selected partners and observing exactly which insects they attract and how they fare on the site. Dietmar Brandt, both a farmer and a beekeeper, is very familiar with this approach. "My dual role might make me even more connected to nature. I don't use every last square meter." He's confident that beneficial insects can make a valuable contribution, but he also believes that it is important to formulate concrete recommendations to give growers the necessary security. "It would be helpful to have reliable figures on what level of infestation the beneficial insects can handle and can thus be tolerated." That is the aim of this project. The results are not yet available, but we are certain that working together to find new solutions will benefit everyone involved — nature included.





# A robot that cares, for beets

For many people, agriculture and digitalisation don't quite go together at first glance. A closer look, though, illustrates how technology can contribute not only to simplifying cultivation but also to making it more sustainable.

On the Danish island of Møn, a robot has been making the rounds of Benjamin Berner Christensen's fields for two years. It moves autonomously, is solar powered and can be controlled by an app. The robot has two main jobs: It sows sugar beets while mapping the field via GPS and remembers the exact position of each individual beet. It later uses this information to remove weeds growing around the young sugar beets. The robot



Smart, self-sufficient and strong against weeds: The FarmDroid takes on important tasks in the field

repeats this treatment about eight times until the rows close.

Several years ago, Christensen, who also has dairy cattle, converted the farm that had previously been run by his parents to organic agriculture. The use of herbicides is thus only possible to a very limited extent. The only alternative would be to remove the weeds by hand. "The robot allows me to grow organic sugar beets efficiently." Benjamin Christensen was one of the first to use this new technology in Denmark. He worked in close exchange with the developers during this phase, and Nordzucker was involved and shared expertise as well. Thanks to ongoing optimisation, the robot is now even more effective, according to Christensen, who would not want to do without his "colleague".

Rico Unger, Head of GoGreen

## The energy comes with the beet

We have set ourselves ambitious climate targets: carbon neutral production by 2050 at the latest and halving our direct CO<sub>2</sub> emissions by 2030, compared to the average of 2017–2019. In the interest of transparency and traceability, we have committed ourselves to this goal through the Science-Based Targets initiative\*.

We plan to achieve this by consuming less energy: The aim is to halve our energy consumption per tonne of sugar produced by 2045, with the help of new technologies, modernizations and by optimising heat and energy management. Still, the processes of cooking and evaporation are essential for obtaining sugar from the beet – no matter how much we save, the energy need remains fairly high.

Consequently, we are driving the development of regenerative energy sources in parallel. The use of beet cossettes for biogas production, for example, will allow us to cover a large part of our future energy needs – by using something that comes with the beet. The task, now, is to overcome the technological and regulatory hurdles in order to utilize this valuable potential.

\* The Science Based Targets initiative is a cooperation of various organizations, including UN Global Compact and WWF. It offers companies a science-based methodology for setting CO, targets

## Sustainability isn't an add-on, it's our identity

Sustainability is a tradition at Nordzucker. Our decisions are inspired by the aim to protect the environment and its resources – while at the same time treating not only our own employees fairly but also the people along the supply chain. We have formulated even clearer and more ambitious sustainability goals over the past few years and have strictly aligned them with international objectives and frameworks such as the UN Guiding Principles on Business and Human Rights. We go much further than being carbon neutral.

Sustainability comes into play in every part of our enterprise. In production, for example, topics such as occupational safety, waste and water management and other emissions are always on our minds. Our initiatives are diverse and adapted to the given conditions in each of our plants, but they are connected by the joint goal of making Nordzucker a thoroughly sustainable enterprise. That's what we work towards every day.





Sven Buhrmann, Head of Operations

## Enthusiastic about sustainability

The process of sugar production in itself has many environmental advantages: Not only does the beet provide us with sugar, but it also provides its own water, which we can use for production and then reintroduce into the cycle. It produces close to no waste, as all components are utilized. The beet even provides the energy needed for production in the form of biogas. Our colleagues at the plants all share the same enthusiasm and admiration for this process. Besides, running a campaign together builds team spirit.

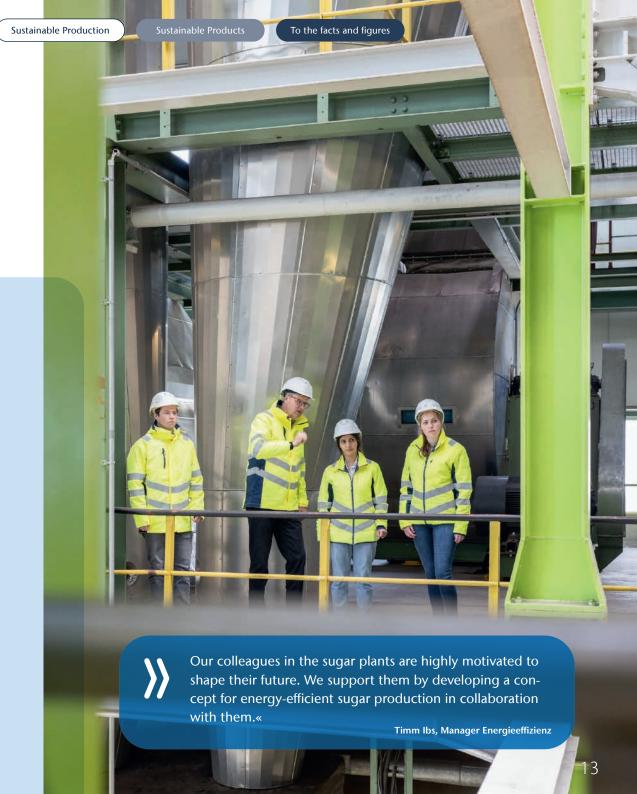
Now we jointly face the task of making sugar production even more sustainable and carbon neutral. This aim runs like a thread through all our projects, investments, decisions, meetings and discussions. Everyone can participate and implement changes and improvements. We do this for our customers, for society, for the environment – and we do it with enthusiasm.

We have set our goals high: We want to be carbon neutral by 2050 and halve our  $CO_2$  emissions by 2030. The GoGreen team provides the guidance to get us there.

The goal is clear, but how exactly will we achieve it? Timm lbs and his energy efficiency team generate answers to this question as part of the GoGreen program. They are guided by the stipulation that the energy consumption per tonne of sugar must be halved by 2045. To understand this challenge, you have to know that none of our 13 beet sugar plants work in exactly the same way. This means: Not every measure can be implemented in the same way or has the same effect everywhere.

It's why the GoGreen team is creating a roadmap for every plant. This will provide direction and a guideline with potential projects for each site that illustrate different ways to achieve the target. The stories on the following two pages illustrate what this looks like in detail.

For Timm lbs, it is important that he and his team provide impetus and advice while allowing the factory managers to remain in the driver's seat. "They have to be convinced of the measures, because they are most familiar with the conditions and ultimately have to ensure implementation." At the same time, he underlines an important strength that he shares with his colleagues: "Everyone in our core team has only recently joined the company. This means we are unbiased and can approach the subject with a fresh set of eyes. I sense a great openness and professionalism at Nordzucker." These are the best prerequisites for achieving the defined goal together.



## Thinking from the end

When we are faced with big tasks, it seems logical to most of us to solve them from the beginning. And yet, at the Opalenica factory in Poland, we do it the other way around. By optimising energy at the end of the manufacturing process, among other things, we can save almost a third of the emissions.

Crystallisation is one of the last steps in our production – this is where the sugar is created that you can later buy in the supermarket, for example. In this process, the thick juice, which has a sugar content of 65 to 80 per cent after repeated evaporation of water, is cooked under pressure for several hours in vacuum pans. The result is a mixture of sugar crystals and syrup: known as the filling mass. In the following and final phase, this is separated into its two components by centrifuging.

At the Opalenica factory, which has been producing sugar for almost 140 years, the team led by project manager Witold Świderski has made a major change as part of a comprehensive modernisation: Instead of taking place in batches,

crystallisation now takes place in a continuous process. Because the filling mass then flows through the system without pauses, all components work continuously and do not have to be started up again and again. In this way, in interaction with other sub-projects, we can save a large portion of the energy required and thus avoid 30 per cent of the CO<sub>2</sub> emissions that were previously produced.

Such a major conversion needs a committed team. In Opalenica, employees from a wide variety of areas are involved and contribute their know-how: "In principle, everyone here who works in sugar production is involved in one way or another," Witold Świderski summarises.

## More efficient from the very beginning

Achieving more with less — that is the core of many sustainability projects. The same goes for our Uelzen plant, where a new extraction tower will soon ensure that we not only extract more sugar from a single beet, but that we save energy at the same time.



Sugar plays a central role in Steinmann's family. Not only were his grandfather and great-grandfather already involved in sugar production, but his two sons now work for us as well. After occupying various roles within Nordzucker, Lothar Steinmann himself has been the Head of Operation & Projects at our Uelzen site for eight years. He and his team are planning a new extraction tower that will get more out of every beet beginning in autumn 2024.

We're right at the beginning of the process: The cut beet cossettes are heated so that their cells open and sugar can be extracted. In the extraction tower, they are transported from the bottom to the top while water at a temperature of 60°C flows towards them and extracts the sugar – the liquid this produces is known as raw juice. This step of the process is critical for total energy consumption. On the one hand, the colder the raw juice is when it comes out of the tower, the more

residual heat from the process can be used for heating. But, more importantly, the aim is to extract as much sugar as possible with as little water as possible. After all, every litre then has to be evaporated, which requires energy, in order obtain the granulated sugar. Both these things can be achieved by leaving the beet cossettes in the new extraction tower for more than twice as long as before. This reduces the amount of water needed per 100 tonnes of beet by a total of 8 tonnes.

## Optimising at full steam

Never satisfied — that's another important part of our approach to sustainability. We continue to ask ourselves how we can further improve the efficient use of resources. In Nordstemmen, for example, the team around engineer André Pollex is exploring how to "upgrade" steam. This steam is used to concentrate the juice that has been extracted from the beet — and we already reuse it to heat six consecutive evaporation stages. The challenge: With each stage, it becomes less powerful, until there is hardly any energy left. But in future, we will be able to activate even this last little leftover so that it can be used as heating steam again. Investing in the necessary compressors should reduce our energy consumption by between seven and well over ten per cent from 2024, according to the team's calculations. This is equivalent to a reduction of 11,000 tonnes of CO<sub>2</sub> emissions. Upgrading pays.



**)** 

We already reuse the steam several times — and still aim to deploy it even more efficiently.«

André Pollex, Head of Operations, Projects, Environment, Safety & Health

# A clear focus on sustainability

All our sustainability efforts eventually flow into the products that industrial customers source from us and consumers choose to purchase at the supermarket. Volker Diehl and Johan Neikell are jointly responsible for our sales. They explain how it all connects and what we are doing to make our products even more sustainable in future.

### In what way are Nordzucker's products already sustainable?

**Johan Neikell:** Sugar is a product from nature and the beets are usually grown regionally. We get the most out of them by not only extracting sugar but by processing all of their parts. Over the past years, we have made large investments into production — and into cultivation in collaboration with our growers — in order to reduce our environmental footprint.

## What role does Nordzucker play as a supplier and partner for its customers?

**Volker Diehl:** Around 80 per cent of the sugar goes to industrial customers customers — our sustainability performance always also contributes to their footprint. We see ourselves as an actor in a value chain. Our products have a large impact, which also means that improvements can have a big effect beyond Nordzucker itself.

### What do customers expect from Nordzucker in this context?

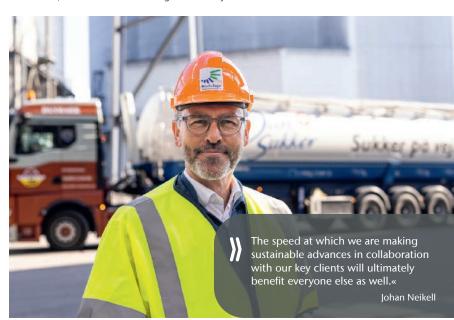
Volker Diehl: The leading consumer goods manufacturers are particularly clear in their expectations, which include having science-based targets for climate action. And we do, out of our own conviction. We want to drive solutions together. The exterior requirements are one thing, the question of how we define our own role within society is another. We are taking the lead and are acting as an example for others in our industry.

### How can Nordzucker products become even more sustainable?

Johan Neikell: Johan Neikell: The sustainability of our products is the sum of all initiatives and measures. We have set the course for continual improvement in all areas relevant to sustainability. Today, we are better than yesterday, and tomorrow we will hopefully be better than today. There's no end point; we want constant development and are continuously readjusting our focus.



Volker Diehl, Head of Sales & Marketing & Global Key Accounts



Johan Neikell, Managing Director Sweden, Head of Sales & Marketing & Beet Fibre/Retail

## Closing the loop

Circular economies are the hot topic when it comes to doing business sustainably. It's a principle we're very familiar with: We utilise 100 per cent of our beets — one of the products from sugar production even finds its way back onto the field, where it all began.

I see using carbolime from Nordzucker as an easy and sustainable solution which also translates into a competitive advantage.« Kai Rodewald, farmer NORDZUCKER AG · ANNUAL REPORT 2022/2023

When Kai Rodewald walks across his fields in Rössing, west of Hildesheim, in Lower Saxony, he can always see the Nordzucker plant in the distance. Only 1.5 kilometer separate his farm, which has been in the family for generations, from our Nordstemmen site. He took over the farm in 2000 and grows grain, rapeseed, maize and, most importantly, sugar beet in crop rotation.

After the harvest, Kai Rodewald's beets don't have to travel far to reach our plant, and Rodewald, in turn, can easily pick up something he needs for his fields: carbolime, a special fertilizer that is produced during beet processing. Right at the beginning of the process, extracting the sugar from the beet produces raw juice. We add lime, among other things, to the juice to bind various dissolved substances and then filter everything off. This leaves us with a purer clarified juice, which we transform into granulated sugar in another step. The lime mixture is pressed and dried.

Rodewald distributes this powder on his fields in autumn, as part of his fertilizing routine. Carbolime not only improves general soil stability, it also helps adjust the pH value. "GPSbased soil samples show us exactly where we need to apply the lime," he explains. He believes the fertilizer has several advantages. For one, it is readily available thanks to his geographical proximity to and partnership with Nordzucker. But Kai Rodewald also appreciates that using this fertilizer closes the loop: He grows sugar beet and then applies a product that comes out of sugar production back onto his fields.

### One project four benefits

Our transport processes are another aspect we want to make more efficient and thus more sustainable. Our colleague Frank-Dirk Hochheim is part of a logistics team that has been optimising the transport routes from our German Nordzucker plants to our customers for the past two years. He feeds countless data, including distances, load capacity and silo levels, into our customized software. The result is an optimised distribution of deliveries across service centres that minimizes the distance travelled. Per year, this reduces journeys by about 100,000 kilometer, which equates to a saving of 93 tonnes of CO<sub>2</sub> emissions annually. This processed information also helps Daniela Meißner who works for our customer service: "The system already contains a lot of knowledge, which makes our work a lot faster and easier." The project not only benefits her, it also improves three other areas: Our forwarders save time and fuel, the CO<sub>3</sub> emissions reduction has a positive impact on our clients' greenhouse gas balance, and the climate benefits as well.



Frank-Dirk Hochheim, Supply Chain Planning



Daniela Meißner, Customer Service

# Achieving goals together

Development is best achieved together. We share this conviction with our clients and work with them to make the entire supply chain even more sustainable from the field onwards – for example by defining uniform cultivation standards. Stefan Kramis, Procurement Director Vegetable Oils & Grains, Europe, explains the importance of sourcing and what is crucial in the process.



Stefan Kramis is responsible for the sustainability agenda at PepsiCo with regard to Supplier Sourced Agricultural Crops — in addition to sugar beet this also includes oats and other grains.

## How important is sourcing to PepsiCo's sustainability strategy?

It's a huge factor. To illustrate the dimension: In my area, more than 50 suppliers are backed by more than 10,000 farmers. Our sustainability strategy comprises three pillars - Positive Agriculture, Positive Value Chain and Positive Choices. The first is particularly relevant in terms of sourcing. Here we pursue three core goals, two of which are also of central importance for Europe: to source 100 per cent of our essential ingredients from sustainable cultivation and to implement practices of regenerative agriculture on an area of 800,000 hectares. This goes hand in hand with our overarching SBTi\*-validated climate target. We want to reduce our own greenhouse gas emissions by 75 per cent and those along the supply chain by more than 40 per cent by 2030 and achieve net zero emissions by 2040. Therefore, we have to start at the very beginning.

### What contribution can suppliers like Nordzucker make?

Suppliers like Nordzucker are immensely important as a link between us and the farmers. The

focus must always be on the farmers and, above all, on the question of how we can support them together in the transition. That is why we do not prescribe anything, but advise and present possibilities. They should implement what has the greatest effect for them.

## Where are the effects of this collaborative approach evident?

We pursue the same goals if we save CO<sub>2</sub> in cultivation, it pays off positively for our and Nordzucker's climate balance. That is the beauty of it and one reason for the successful collaboration. When all players along the supply chain pull together, it can release great potential. This is also shown by our joint commitment to the SAI Platform\*\*, which is primarily about defining standards for the entire industry. After all, certifications are a first important step towards sustainable sourcing, even if others must follow. Nordzucker is a leader in this area and has been supplying us with sugar from beet grown by SAI Gold or Silver rated farmers since 2016.



Kirsten Vaaben, farmer

## To gold holistically

Kirsten Vaaben took over her father's farm and has been growing sugar beet conventionally since 2001. She was audited for gold according to SAI, which she says was not difficult for her: "I basically didn't have to change much with regard to SAI, I have always farmed my land in a way that is particularly concerned with nature". The Danish farmer has planted various areas with wildflowers, which creates habitats for insects and thus also benefits other species such as frogs. She also plans to continue investing in smart technologies on her farm. When it comes to questions about sustainable cultivation, she appreciates Nordzucker's input: "They support me with up-to-date information. No matter who I call there – everyone is nice and I always get the information I need."

<sup>\*</sup> The Science Based Targets initiative is a cooperation of various organizations, including UN Global Compact and WWF. It offers companies a science-based methodology for setting CO<sub>2</sub> targets

<sup>\*\*</sup> The Sustainable Agriculture Initiative Platform is a member-based non-profit organization. It was founded by the food and beverage industry in order to support the development of sustainable agricultural practices around the world.

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## Key figures

Yield ratio		2018/2019	2019/2020	2020/2021	2021/2022	2022/2023
RoCE <sup>1</sup>	%	-3.8	-0.9	4.6	7.0	10.4
EBIT margin <sup>2</sup>	%	-4.3	-1.0	4.9	5.9	9.3
Total operating profitability <sup>3</sup>	%	0.7	4.1	9.5	9.8	12.7
Return on revenues <sup>4</sup>	%	-2.4	-1.1	3.8	4.1	7.5
Return on equity <sup>s</sup>	%	-2.5	-1.2	4.7	5.4	10.8
Redemption period <sup>6</sup>	years	-28.9	0.1	-0.3	-0.3	-0.7
Cash flow from operating activities per share	EUR	0.20	-0.8	0.39	2.36	0.9
Earnings (Group) per share <sup>7</sup>	EUR	-0.69	-0.32	1.32	1.63	3.51
Dividend per share <sup>8</sup>	EUR	0.00	0.00	0.60	0.80	1.2
Total dividend	EUR m	0.0	0.0	29.0	38.6	58.0

<sup>1</sup> EBIT/Average capital employed

## Balance sheet ratio at the end of the financial year

of the financial year		2018/2019	2019/2020	2020/2021	2021/2022	2022/23
Total assets	EUR m	2,010	2,219	2,341	2,431	2,852
Shareholders' equity	EUR m	1,316	1,280	1,355	1,448	1,575
Equity ratio	%	66	58	58	60	55
Debt capital	EUR m	694	940	986	982	1,277
Capital employed	EUR m	1,541	1,723	1,835	1,723	2,143
Financial liabilities	EUR m	6	95	150	12	12
Cash and cash equivalents	EUR m	266	139	126	80	44
Net debt (–)/deposit (+) <sup>1</sup>	EUR m	260	8	-43	-61	-208

<sup>1</sup> Cash and cash equivalents – Financial liabilities

#### **Key financial figures**

Key financial figures		2018/2019	2019/2020	2020/2021	2021/2022	2022/2023
Revenues	EUR m	1,354	1,439	1,670	1,943	2,261
EBITDA	EUR m	9	60	158	190	288
EBIT	EUR m	-58	-15	81	114	211
Net income for the period	EUR m	-36	-15	66	84	182
Cash flow from operating activities	EUR m	10	-40	19	114	42
Cash flow from investing activities	EUR m	11	-130	-84	-122	-153
Free cash flow <sup>1</sup>	EUR m	21	-170	-65	-8	-111
Investment in property, plant and equipment and intangible assets	EUR m	106	100	86	121	149

<sup>1</sup> Cash flow from operating activities + Cash flow from investing activities

### Beet cultivation

and campaign		2018/2019	2019/2020	2020/2021	2021/2022	2022/2023
Sugar yield	t/ha	11.4	12.1	12.3	12.8	12.0
Sugar content	%	18.9	17.4	17.7	17.7	18.0
Campaign length	days	102	113	120	123	115
Sugar production from beet	millions of tonnes	2.40	2.49	2.70	2.70	2.50
Sugar production from cane	millions of tonnes		0.70	0.70	0.70	0.70

<sup>2</sup> EBIT/Revenues

<sup>3</sup> EBITDA/Revenues

<sup>4</sup> Net income/Revenues

<sup>5</sup> Net income/Equity

<sup>6</sup> Net debt/EBITDA

<sup>7</sup> Total income/Number of shares

<sup>8</sup> Total dividend/Number of shares

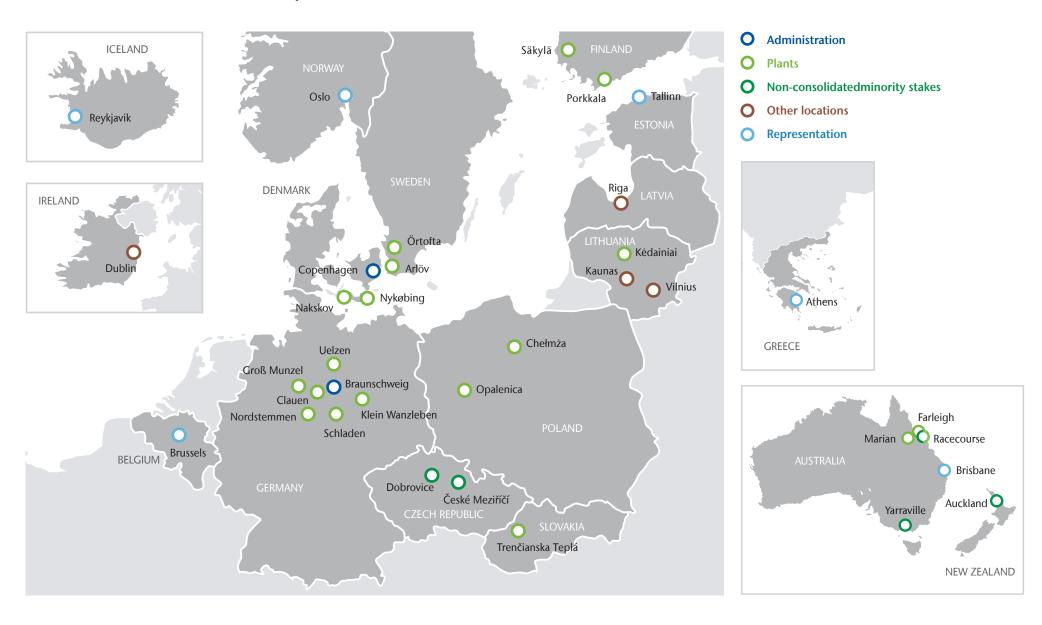
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## Nordzucker: in Europe and Australia



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#### NORDZUCKER AT A GLANCE

#### **Business** activities

The Nordzucker Group, based in Braunschweig, Germany, is one of the world's leading sugar manufacturers. In the 2022/2023 financial year, the company produced 2.5 million tonnes of sugar from sugar beet in 13 sugar plants in seven European countries and 0.7 million tonnes of raw sugar from sugar cane in three plants in Australia. Last year the Group had an average of 3,774 employees at its 21 European and Australian production and refinery facilities and at its administration offices.

Its beet and cane product range includes white sugar, raw sugar, refined sugar, specialities and liquid sugar. The company also produces animal feed, molasses, fertilizers and fuel from renewable energy sources as well as electricity.

In Europe, Nordzucker sells around 80 per cent of its sugar to customers in the food industry. The remaining 20 per cent or so is supplied to consumers via the retail industry. Our customers in the food industry include the confectionery industry as well as producers of dairy and bakery products, jams, ice cream and drinks. In Europe, Nordzucker sells sugar products to consumers in various product categories and packaging sizes, primarily under the brand name SweetFamily and, in the Nordic countries, under the brand name Dansukker.

The sugar manufacturer Mackay Sugar Ltd. (MSL) – in which Nordzucker holds a majority shareholding of 71 per cent – produces raw cane sugar at three plants in Australia, for the domestic market and for export (mainly to Asia's growth markets). MSL also has a 25 per cent share in the joint venture Sugar Australia Ltd. Within the framework of this joint venture with Wilmar Sugar Australia, raw sugar is refined into white sugar in Racecourse, Yarraville and Auckland (New Zealand) and is marketed by Sugar Australia Ltd. and New Zealand Sugar Company.

#### Strategy

Nordzucker' corporate strategy, defined in 2021, is divided into the three focal points of sustainability, excellence and growth. The core of the strategy is the long-term positive outlook for the core business in the EU and the goal of growing outside Europe in the sugar business as well as in agricultural-related growth markets not related to sugar. Within these fields, Nordzucker is pursuing a range of projects organized on a cross-border basis in order to further develop the company.

#### Sustainability

For Nordzucker, sustainability means harmonizing environmental, social and economic objectives. Sustainability is an integral part of corporate governance and management.

People are the priority: as employees, beet growers and customers. Nordzucker cultivates a management culture that provides room for feedback and dialogue and is characterized by cooperation in a spirit of partnership, and that ensures a healthy and safe working environment. A value-oriented attitude based on Nordzucker's company values – responsibility, appreciation, dedication and courage – fosters motivation and team spirit.

Climate change and the fact that sugar production is an energy-intensive process mean that the aim to reduce  $\mathrm{CO}_2$  emissions shapes the company's sustainability activities. In 2021, the company joined the Science Based Targets initiative in order to scientifically underpin its  $\mathrm{CO}_2$  reduction and set comprehensible targets. The targets already submitted for validation are a reduction of 50.4 per cent for Scope 1 and 2 and 30 per cent for Scope 3, in each case by the year 2030. The reduction targets take the average emissions from the years 2017 to 2019 as the baseline. Confirmation of the targets by the Science Based Targets initiative is expected in the near future.

The plan is to completely phase out the use of coal by 2030 at the latest. At the same time, customized capital expenditure will also significantly lower energy consumption. Climate neutrality in production will be achieved by 2050 at the latest. As part of the GoGreen project, a number of experts at Nordzucker are working

#### Nordzucker AG

Nordzucker GmbH & Co. KG, Braunschweig/Germany	100 %	Nordic Sugar A/S, Copenhagen/Denmark	100 %	AB Nordic Sugar Kėdainiai, Kėdainiai/Lithuania	72.78 %
Norddeutsche Flüssigzucker GmbH & Co. KG,				UAB Nordzucker Business Services Kaunas/Lithuania 100 %	
Braunschweig/Germany 100 %  Nordzucker Plant Based Ingredients		Nordzucker Ireland Ltd., Dublin/Ireland	100 %	Nordzucker Polska S.A., Opalenica/Poland	99.87 %
GmbH, Braunschweig/Germany	100 %	Sucros OY, Säkylä/Finland	80 %	Považský Cukor a.s., Trenčianska Teplá/Slovakia	96.80 %
		Suomen Sokeri OY, Kantvik/Finland	80 %	Mackay Sugar Limited, Mackay/Australia	70.94 %

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on concepts to use renewable energy for the company's own power supply and to halve energy consumption in sugar production.

Another major focal point within the sustainability strategy is the Smart Beet initiative. The aim of this initiative is to reduce the use of chemical pesticides while maintaining conventional beet yields as a minimum and increasing yields from organic beet. Working in partnership with growers and other partners in countries across Europe, innovative methods of sowing, maintaining and harvesting beet are tested. The goal is to have all Nordzucker beet growers SAI Gold Level-certified (Sustainable Agriculture Initiative Platform) by 2030.

#### Excellence

The excellence initiatives relate to cost-cutting and optimisation measures along the entire value chain – from beet cultivation to the customer.

Beet cultivation is the basis for the company's core business in Europe. Attractive contract offers, cultivation advice in the field, digital services and optimisations in the logistics chain form the focal points within its close partnerships with its beet growers. With its Green Database project, Nordzucker is developing a digital platform and tools to meet the challenges of the future in agriculture. One of the aims is to create a user-friendly portal for growers to provide support on beet cultivation.

The excellence initiatives also envisage significant cost reductions and optimisations along the entire value chain, particularly in the areas of production and logistics, by the 2025/2026 financial year.

At Nordzucker, the focus is on customer loyalty, product quality and security of supply. With its modern customer relationship management approach and high degree of integration throughout the supply chain, Nordzucker stands for customer focus and reliability.

As part of these excellence initiatives, value chains are becoming increasingly digitalized. This is part of the digital roadmap that Nordzucker will implement in all areas of the company over the coming years. The digitalization of the company will increase Nordzucker's competitiveness.

#### Growth

Nordzucker focuses on three growth areas: cane sugar, alternative products and vegetable proteins.

With cane sugar, the company evaluates growth opportunities outside of Europe with the aim of further developing its activities in this area. Its majority shareholding in Australia has shown that Nordzucker has successfully taken advantage of growth opportunities.

Nordzucker is examining ways to produce marketable products from sugar, other products manufactured within the Group, sugar beet or sugar cane. Some new products are currently being evaluated here.

Plant-based proteins as a foodstuff are a nutritional trend. With its expertise in sourcing and processing agricultural products, Nordzucker sees this area as an attractive market of the future.

#### Company management and organization

The Nordzucker Group is managed by an Executive Board made up of three members. The Executive Board reports to the Supervisory Board, which has 15 members, of whom ten represent the shareholders and five the employees.

Nordzucker takes a functional approach to management and control. The managing directors of the Group's various national companies have been given increased local responsibility for the core process, which comprises agriculture, production, sales and logistics. Since 1 March 2022, the Executive Board of Nordzucker AG has comprised three members, with the Chairman also responsible for agribusiness; the function of sales, logistics and production; and the function of finance including IT and procurement.

The Nordzucker Group's internal strategy is based on a margin management approach. This means all decisions must be oriented to the profit margin that is to be realized. In addition, the focus on process thinking prioritizes benefits for internal and external customers. The combination of these two performance indicators results in profit-oriented, effective and efficient management.

Within the scope of the company's margin orientation, Nordzucker focuses on the EBIT margin. The financial indicators system also includes the RoCE, net income, the equity ratio, net debt, and free cash flow as key performance indicators. RoCE and the EBIT margin measure the profitability of the operating business, while net income for the period measures profitability from the perspective of the owners. RoCE corresponds to the ratio of EBIT to the average capital employed. By comparing the RoCE actually achieved with the expectations of our shareholders and lenders (known as the "cost of capital"), we can measure whether our lenders have generated a return on their capital employed that is in line with market conditions. The other key financial indicators – equity ratio, net debt and free cash flow – measure the company's financial stability, financing leeway and the generation of cash flow within the business.

The target for the EBIT margin falls within a long-term earnings range of four to six per cent. At the same time, non-financial performance indicators are important for managing all areas of the company. One focus is on key indicators for assessing sustainability, such as environmental, social and governance aspects. The

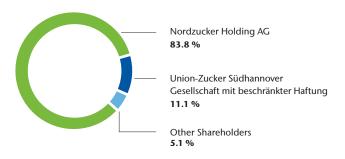
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development of these key indicators and their target achievement are also reported regularly on the Group's website. From the 2023/24 financial year, Nordzucker is expected to be subject to extended reporting obligations, which include reporting on the Supply Chain Due Diligence Act and, from 2025/26, reporting for non-financial key figures. The company is preparing intensively for these new reporting requirements.

#### Shareholder structure of Nordzucker AG

Nordzucker Holding AG holds 83.8 per cent of the shares in Nordzucker AG. A further 11.1 per cent is held by Union-Zucker Südhannover Gesellschaft mit beschränkter Haftung. Other shareholders hold 5.1 per cent of the capital. Nordzucker AG shares are not traded on a stock exchange. A large proportion of the shareholders in Nordzucker Holding AG, Nordzucker AG and Union-Zucker Südhannover Gesellschaft mit beschränkter Haftung are also active growers who sell their beet to Nordzucker AG. No single shareholder of Nordzucker Holding AG has more than 25 per cent of the shares.

#### Shareholder structure of Nordzucker AG



#### MACROECONOMIC SITUATION

According to the Organization for Economic Co-operation and Development (OECD), global economic growth again increased in 2022. While global gross domestic product (GDP) had increased by 5.9 per cent in 2021, the world economy grew by only 3.1 per cent in 2022. In 2021, the global economy was recovering from the coronavirus pandemic. The lower growth in 2022 is due to the war in Ukraine. For the same reason, the EU's economy grew by only 3.3 per cent according to the European Commission. At the same time, inflation in 2022 was at a very high level of 9.3 per cent.

According to the Federal Statistical Office (Destatis), Germany's price-adjusted GDP in 2022 was 1.9 per cent higher than in 2021. The economic development in 2022 was also heavily characterized by supply and material bottlenecks and rising inflation. In Germany, inflation was 6.9 per cent in 2022.

#### Sector developments

#### World sugar market

According to the market research institute IHS Markit, in the 2021/2022 sugar marketing year (1 October 2021 to 30 September 2022) global production (184.8 million tonnes) and consumption (185.4 million tonnes) were roughly comparable. In global terms, final stocks of 67.8 million tonnes in the sugar marketing year represented a global decline of 2.6 million tonnes by comparison with the stock volume of 70.4 million tonnes at the start of the sugar marketing year. Therefore, 2021/22 was a deficit year for the third time in a row and the stock-to-consumption ratio fell further to just under 37 per cent – the lowest level in years.

For the 2022/2023 sugar marketing year, the global production figure is forecast at 190.7 million tonnes (+5.9 million tonnes

on the previous year). The level of consumption is put at 187.5 million tonnes. Consumption has recovered more than expected following the coronavirus pandemic. At a global level, a surplus of 1.7 million tonnes is assumed as of the end of the sugar marketing year. Worldwide stocks will thus rise to 69.5 million tonnes. Nevertheless, the stock-to-consumption ratio remains at a historically very low level.

In this tense market and supply environment, in the 2022/2023 financial year world market prices for white sugar rose from EUR 486 per tonne in March 2022 to EUR 528 per tonne in February 2023.

#### The sugar market in the EU

The European Commission estimates that sugar manufacturers in the EU-27 produced 16.6 million tonnes of sugar (excluding isoglucose) in the 2021/2022 sugar marketing year. Imports of 2.2 million tonnes were at a similar level to the previous year. The European Commission calculated an export volume of 3.4 million tonnes and a level of consumption in the EU of 15.1 million tonnes (of which 0.6 million tonnes for bioethanol). As of 30 September 2022, the EU's final stocks amounted to 1.5 million tonnes. Overall, the European market was adequately provided for.

The 2021/2022 sugar marketing year began in October 2021 with an average price of EUR 416 reported by the European Commission. In the following months, it climbed to EUR 512 per tonne of white sugar in September 2022.

For the 2022/2023 sugar marketing year (1 October 2022 to 30 September 2023), the European Commission has reported a production level in the EU-27 of 15 million tonnes, which represents an decrease of around 1.6 million tonnes in the volume of

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production in the EU-27 by comparison with the previous sugar marketing year. High temperatures and extreme drought, on the one hand, and heavy rainfall and continuous frost in some countries, on the other, resulted in yield losses. In view of the further increasing price level on the EU sugar market, at 2.8 million tonnes (of which 2 million tonnes of sugar and 0.8 million tonnes of products containing sugar) the EU-27's imports are expected to be higher than the level seen in the previous year. The predicted volume of exports for the EU-27 in the amount of 3.1 million tonnes (of which 0.6 million tonnes of sugar and 2.5 million tonnes of products containing sugar) will cause final stocks to fall slightly to 1.3 million tonnes in the EU-27, compared to 1.5 million tonnes in the previous year, with a level of consumption of 14.8 million tonnes (of which 0.6 million tonnes for bioethanol).

At the start of the sugar marketing year (October 2022), EU white sugar was pricing at EUR 586 per tonne. The trend for the current sugar marketing year to date continues to point to a stable price curve. The price in February 2023 was reported as EUR 804 per tonne.

#### Business performance in Europe

#### **Industrial customer business**

Most of the company's sugar customers are food or drink manufacturers. A small portion of its sugar is sold to the chemical industry. Nordzucker supplies customers both within and outside the EU.

The global sugar market was robust during the financial year. In contrast to other agricultural commodities, the war in Ukraine had only a minor effect on global sugar prices. The situation was fundamentally different in Europe – rising energy prices and the prospect of a gas shortage initially led to soaring spot prices. Moreover, crop expectations, based on scarce sugar stocks,

deteriorated continuously in Europe over the reporting period. The combination of shrinking agricultural land and belowaverage yields caused the structural deficit between supply and demand to grow; significantly higher imports were required to meet demand. As a result, prices for the sugar produced in the 2022/2023 campaign rose significantly while demand remained relatively stable.

Overall, the Group's performance was characterized by increasing sales in the EU and by a limited volume of exports. For the financial year as a whole, prices were increased markedly year-on-year in all of the Group's European sales markets.

#### Retail customer business

The retail business includes customers in food retailing as well as discount stores and health and beauty retailers.

The impacts of the coronavirus pandemic gradually subsided in this financial year and consumer behaviour returned to pre-pandemic habits. This was most evident for the food service sector, hotels/ restaurants/catering, as the previous coronavirus restrictions were lifted completely. However, in March 2022 we again experienced exceptional demand. As a result of the war in Ukraine, many consumers started to hoard sugar products, a behaviour that lasted for several months. In the autumn, we saw higher demand as consumers increased their retail purchases of sugar products, probably due to the general inflationary environment and ahead of expected retail price hikes.

It was another exceptional year in which Nordzucker managed to maintain a strong market position in a structurally declining market for household sugar. The generally rising market price trend continued throughout the year, both in the short term on the spot markets and in contractual agreements. The preserving sugar and organic sugar categories remained important and showed a slightly positive demand trend.

#### **Business performance in Australia**

The Group's Australian subsidiary MSL produces raw sugar, which it sells for further processing in the Australian market as well as on the world market. The price of sugar for the core product is thus closely linked to the price of sugar on the world market and is accordingly volatile. In addition to the core business of sugar, the export to the public grid of surplus "green energy" produced from the fibrous residues left over from the processing of sugar cane (bagasse) represents an important and profitable business segment. In future, a trend of more pronounced volatility is to be expected in this segment, not least due to the current regulatory framework and the advancing conversion of local energy markets from fossil fuels to renewable raw materials. MSL achieved significant earnings in the 2022/2023 financial year as a result of its positive market environment with above-average prices in both the sugar sector and the energy production sector.

## MARKET FOR ANIMAL FEED AND MOLASSES

#### Sector developments

Nordzucker processes sugar beet into pressed pulp, dried pulp pellets and molasses, and markets these products as high-quality animal feed to consumers and the mixed feed industry in particular. A portion of the molasses is also used in fermentation. The volumes available vary from year to year depending on harvest results.

The animal feed and fermentation market was heavily characterized by rising prices on the grain markets even before the start of the war in Ukraine. With the outbreak of the war, the situation on the freight market deteriorated even further. Prices for transport by land and sea increased. The availability of means of

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transport was strained because of the shortage of drivers and the collapse in the capacities of the warring parties.

Prices for agricultural products soared and reached unprecedented highs. Since prices for the energy required to dry the pulp were so high, significantly more pressed pulp was offered on the market. This increase in volume was attributable to the drought throughout Germany and the associated poor growing conditions for feed alternatives such as grass and maize, as well as the significantly increased costs for mixed feed. It was possible to raise the price level slightly. In this case, pressed pulp benefited from the market's general price rise.

#### **Business** performance

While it was possible to increase the sales volume for molasses slightly, the sales volume for dried pulp pellets was significantly below the level of the previous year. The reason for this was the cautious buying behaviour of consumers in connection with the significantly higher price level. In both the pellets market and the molasses market, Nordzucker benefited from rising prices over the course of the year under review.

Due to the drought and the limited availability of alternatives, the volume of organic and conventional pressed pulp increased sharply compared to the previous year. Pricing benefited from the higher level of the market.

#### MARKET FOR BIOETHANOL

#### Sector developments

The price of bioethanol as a fuel additive was volatile in the first and second quarters of the 2022/2023 financial year. However, a downward trend set in from the third quarter, and the price reached its low point at the beginning of the first quarter

of 2023. Since then, there has been a slight upward trend again.

#### **Business performance**

Nordzucker processes beet supplies in Germany to produce either sugar or bioethanol, depending on the respective market situation. Due to the uncertain gas supply situation in Klein Wanzleben and the lower beet volumes in conjunction with lower sugar contents, ethanol production was terminated this year well before the end of beet processing. As a result, sales volumes fell to significantly below the previous year's level.

Nordzucker markets bioethanol in the fuel market as well as in its traditional area of use as industrial alcohol.

## BEET CULTIVATION AND SUGAR PRODUCTION

Planting in Nordzucker's German growing area took place in a very compact period in late March in good conditions. The subsequent weather allowed rapid early development of the beet with row closure in the second half of June. The good yield prospects up to that point were considerably diminished by the pronounced drought in the summer months. The Schleswig-Holstein region was an exception. The onset of rain in September led to above-average growth at the end of the vegetation period. At 12.8 tonnes of sugar per hectare, the yield was nevertheless below the five-year average (13.8 tonnes per hectare). In Denmark, Sweden and Lithuania, good weather conditions resulted in slightly above-average sugar yields (Denmark: 13.0 tonnes per hectare (five-year average 12.9 tonnes per hectare); Sweden: 11.8 tonnes per hectare (11.4 tonnes per hectare), Lithuania 10.3 tonnes per hectare (10.0 tonnes per hectare)). In Finland, warm and humid weather led to an above-average yield of 7.3 tonnes per hectare (6.3 tonnes per hectare). Dry growing

conditions in Poland and Slovakia allowed for only a slightly below-average sugar yield (Poland 10.8 tonnes per hectare (11.0 tonnes per hectare), Slovakia 9.5 tonnes per hectare (9.6 tonnes per hectare)).

In the 2022/2023 campaign, temperatures from mid-December of as low as -9°C (Denmark) and -14°C (Germany) caused beet stored at the edge of the field or not yet harvested to freeze. Temperatures well above freezing at the turn of the year caused the affected beets to thaw again. The subsequent rotting with the formation of invert sugar and mucilage meant that in Germany about 85,000 tonnes of beet could not be processed and about 25,000 tonnes in Denmark. Most of this beet was sold to biogas plants and the affected growers were compensated in accordance with contractual agreements.

The viral yellowing transmitted by the green peach aphid only occurred in isolated cases. Due to a decision by the ECJ of 19 January 2023, there will no longer be any emergency authorizations for neonicotinoids from the 2023 growing year. Slovakia is an exception within the Nordzucker Group. Viral yellowing will continue to pose a risk to yields in 2023 in countries where neonicotinoid seed treatments cannot be used.

The average beet yield across the Group was 67.0 tonnes per hectare (previous year: 72.3 tonnes per hectare). The sugar content was 18.0 per cent (previous year: 17.7 per cent). This corresponds to an average sugar yield of 12.0 tonnes per hectare (previous year: 12.8 tonnes per hectare).

During the 2022/2023 campaign, Nordzucker produced some 2.5 million tonnes of sugar from beet across the Group (previous year: 2.7 million tonnes). The campaign lasted for 115 days, which was shorter than in the previous year (123 days).

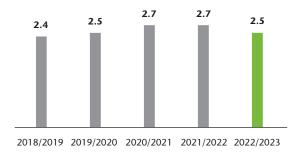
During the 2022/2023 campaign, organic sugar beet was cultivated for Nordzucker in Germany, Denmark, Sweden and

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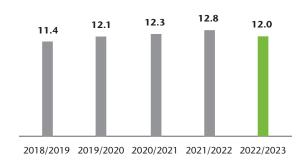
Lithuania and was processed at its Schladen, Nykøbing and Kėdainiai plants in accordance with EU regulation No 834/2007 on organic farming.

In Australia, the harvest and processing period ("crushing season") was completed in the first half of January 2023 with the start of heavy rainfall. A very good rainfall distribution in particular resulted in very good growth conditions in 2022, enabling growers to produce a significantly higher than average sugar

### **Sugar production Nordzucker Group** from beet, in millions of tonnes



Average sugar yield Nordzucker tonnes per hectare



cane yield of around 94.0 tonnes per hectare (previous year: 84.6 tonnes per hectare) with a slightly below-average sugar content of 12.7 per cent CCS (previous year: 13.7 per cent CCS). CCS stands for commercial cane sugar and is comparable with sugar content less yield loss for sugar beet. As in the previous year, around 0.7 million tonnes of raw sugar were produced in Australia.

## EARNINGS AND FINANCIAL POSITION AND NET ASSETS

#### Earnings situation

Compared with the previous year, the earnings position of the Nordzucker Group has significantly improved. This was primarily due to a higher price level for sugar compared with the previous year, which more than offset the significant cost increases for raw materials and energy supply as well as higher logistics costs. The Group's profitability is measured using the key indicators RoCE, EBIT margin and net income for the period.

RoCE, which reflects the ratio of EBIT (operating result) to the average level of capital employed, came to 10.4 (6.1) per cent in the reporting year. The yield thus improved once more by comparison with the previous year.

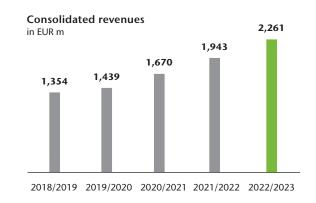
The EBIT margin is calculated based on the ratio of EBIT to revenues. It came to 9.3 (5.9) per cent in the reporting year. Net income for the period totalled EUR 181.8 (84.3) million.

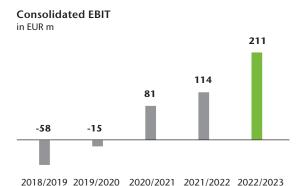
Revenues came to EUR 2,260.8 (1,943.1) million. Of this, EUR 1,953.1 million was generated in Europe and EUR 307.7 million in Australia. Compared with the previous year, revenues rose by EUR 317.7 million. This increase in revenue was mainly due to higher prices for sugar, which more than compensated for

the slight decline in sales volumes in the Group. Other positive revenue effects were due to higher prices for animal feed, which more than made up for the lower sales volume of pellets caused by the harvest. Lower revenues were achieved for bioethanol – the principal factor here was the significantly lower sales volume compared with the previous year.

Total revenues of EUR 1,889.0 (1,570.6) million were generated with sugar. Of this, EUR 1,640.5 (1,293.4) million was earned from beet and EUR 248.5 (277.2) million from sugar cane. The increase of EUR 318.4 million resulted primarily from higher sugar prices and more than compensated for the lower sales volume in the Group compared with the previous year.

Revenues from the sale of bioethanol were significantly down on the previous year at EUR 13.7 (61.9) million. This was mainly due to the significantly lower sales volume, which could not be offset by higher prices. Revenues from animal feed include revenues from the sale of molasses, dried pulp pellets and pressed pulp. They totalled EUR 275.4 million and were thus also higher than in the previous year (EUR 222.9 million). Rising prices for pellets and molasses more than compensated for the lower sales volume, particularly for pellets.





Production costs came to EUR 1,780.6 (1,535.2) million in the reporting period. Of these, EUR 1,525.6 (1,257.3) million were attributable to the business in Europe and EUR 255.0 (277.9) million to the business in Australia. The increase was due to higher production costs for sugar. These costs were up sharply on the previous year as a result of changes in commodity and energy prices.

Sales costs totalled EUR 229.3 (205.4) million, an increase of EUR 23.9 million on the previous year. The main reasons for the rise in costs were higher freight costs, prompted by the increase in freight rates, and a rise in outside warehousing expenses.

Administrative expenses amounted to EUR 83.6 million and were thus clearly higher than in the previous year (EUR 70.0 million). Excluding the share for the business in Australia of EUR 15.2 million, they were EUR 68.4 million, which is higher than the previous year's level of EUR 56.5 million due to cost increases and inflation effects.

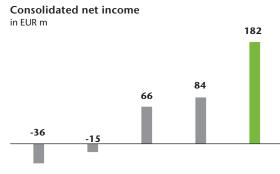
Production, sales, administrative and other expenses included total personnel expenses of EUR 274.3 (258.2) million and EUR 72.4 (74.0) million in depreciation of property, plant and equipment and amortization of intangible assets. Personnel expenses rose by comparison with the previous year. The increases in expenses were essentially due to collective wage increases, salary adjustments and bonus payments.

Other income came to EUR 76.5 million and was therefore well above last year's figure of EUR 32.5 million. This was essentially due to the return of unneeded gas supplies totalling EUR 57.2 million.

Other expenses came to EUR 32.9 (50.5) million in the reporting year and were therefore below the previous year's figure. The reasons for the high figure for the previous year were higher expenses for risk provisioning and provisions for ground decontamination in Sweden. In particular, expenses for risk provisioning were significantly lower in the current year than in the previous year.

In total, the Nordzucker Group reported an operating result (EBIT) of EUR 210.9 million, as against EUR 114.4 million in the previous year. Business in Europe contributed EUR 189.4 (99.3) million to this result and business in Australia contributed EUR 21.5 (15.1) million. The operating result before depreciation and amortization (EBITDA) improved to EUR 288.1 (189.5) million (of which Europe: EUR 258.0 (166.4) million; of which Australia: 30.1 (23.0) million).

Financial income increased significantly compared with the previous year, to EUR 20.1 (9.4) million. The main drivers were interest income from derivatives and other financial income. These effects significantly exceeded the interest income related to the refunds for the B production levy from previous years.



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Finance costs decreased year on year to EUR 16.4 (27.4) million. In particular, expenses from the measurement of hedging transactions as of the reporting date for currency hedging were significantly lower than in the previous year. Interest and similar expenses increased slightly on the previous year to EUR 14.1 (11.5) million.

The earnings contribution of companies accounted for using the equity method amounted to EUR 12.1 million, compared to EUR 5.2 million in the previous year.

Due to the positive pre-tax earnings of EUR 226.6 (101.6) million, tax expense amounted to EUR 44.9 (17.2) million. This represents a tax ratio of 19.8 (16.9) per cent.

In total, the Nordzucker Group reported net income before minority interests of EUR 181.8 million, as against EUR 84.3 million in the previous year. Of this amount, EUR 154.0 (69.8) million was attributable to the business in Europe and EUR 27.8 (14.6) million to the business in Australia. After deduction of minority

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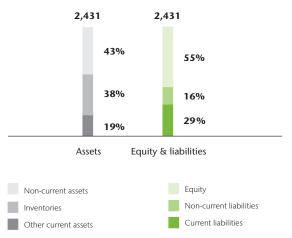
interests, this resulted in consolidated comprehensive income of EUR 169.3 million, compared with EUR 78.7 million in the previous year.

#### Net assets position

Total assets for the Nordzucker Group amounted to EUR 2,852.2 million at the end of the reporting year, an increase of EUR 421.4 million on the previous year's figure of EUR 2,430.8 million. The main reasons for the increase were the year-on-year rises in non-current assets, higher inventories and higher receivables and assets compared with the previous year, which were offset by the higher equity as a result of the net income for the year as well as higher financial liabilities and higher trade payables and lower cash and cash equivalents.

Intangible assets of EUR 17.9 (17.1) million were slightly up on the previous year.

## Breakdown of the assets and liabilities making up the 2022/2023 balance sheet total in EUR m



In the reporting year, the Nordzucker Group invested EUR 143.7 (115.2) million in property, plant and equipment. Capital expenditure was offset by current depreciation and amortization of EUR 69.7 (69.8) million and impairment losses of EUR 5.8 (1.2) million. Overall, property, plant and equipment increased to EUR 1,059.8 million, compared with EUR 1,003.1 million in the previous year.

Investment property remained almost at the previous year's level at EUR 10.9 (11.0) million. At EUR 120.8 (112.5) million, financial investments were higher than in the previous year. This increase was largely due to the positive earnings contribution provided by the Australian investments accounted for using the equity method and the corresponding rollover of the carrying amount.

Inventories increased by EUR 251.5 million, from EUR 845.2 million to EUR 1,096.7 million. At EUR 106.6 (67.4) million, raw materials, consumables and supplies were also higher than in the previous year, and so too were unfinished goods and services at EUR 85.7 (65.7) million. Finished goods and merchandise increased by EUR 192.2 million to EUR 904.4 (712.2) million due to significantly higher production costs.

Current receivables and other assets rose significantly compared with the previous year by EUR 145.9 million, to EUR 496.8 (350.9) million. Trade receivables and receivables from related parties increased to EUR 305.5 (223.5) million. Current income tax receivables amounted to EUR 23.3 (9.3) million.

Current financial and other assets amounted to EUR 168.0 million, an increase of EUR 50.8 million on the previous year (EUR 117.2 million). This was mainly attributable to the purchase of  $\mathrm{CO}_2$  certificates and hedging transactions for sugar and energy.

Financial liabilities exceeded cash and cash equivalents by EUR 208.5 (61.0) million as of the reporting date.

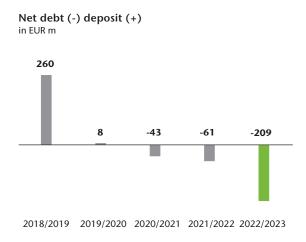
Equity rose by EUR 127.1 million in total to EUR 1,575.4 (1,448.3) million. Consolidated net income for the period increased equity by EUR 181.8 million (previous year: increase of EUR 84.3 million). Equity decreased due to other comprehensive income of EUR -8.3 million which was recognized in the item of the same name in the statement of comprehensive income (EUR 36.4 million from the remeasurement of defined benefit plans after adjustment for deferred taxes and EUR -44.7 million from currency translation, net result of cash flow hedges and other matters). Of the resulting consolidated comprehensive income after taxes in the amount of EUR 173.5 million, EUR 7.5 million is attributable to non-controlling interests. In the previous year, other comprehensive income had included an amount of EUR 26.5 million from the remeasurement of defined benefit plans after adjustment for deferred taxes and EUR 6.6 million from other matters. The equity ratio is 55.2 per cent and thus lower than the previous year's figure of 59.6 per cent.

At EUR 458.8 (517.3) million, long-term provisions and liabilities decreased year-on-year. The total includes non-current provisions of EUR 262.5 (321.4) million, of which EUR 170.2 (222.8) million mainly relates to pension obligations. The decrease by comparison with the previous year resulted in particular from a higher discount rate for pensions.

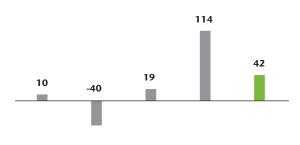
Non-current liabilities increased to EUR 196.3 (195.9) million. They primarily comprise non-current financial liabilities to banks of EUR 83.5 (110.2) million which mainly relate to MSL; other financial liabilities in the amount of EUR 13.4 (6.6) million; and deferred tax liabilities, which rose from EUR 73.4 million to EUR 90.2 million in the year under review.

Current provisions and liabilities of EUR 818.0 (465.2) million were significantly higher than in the previous year. Current financial liabilities increased year-on-year to EUR 168.7 (30.6) million. In particular, this is attributable to drawing on bank loans in order to finance the beet and cane campaigns in the Group.

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### Cash flow from operating activities in EUR $\ensuremath{\mathsf{m}}$



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Trade payables of EUR 439.9 (275.8) million were much higher than in the previous year due to the sharp rise in raw material costs. At EUR 92.8 (56.1) million, financial and other liabilities were also up on the previous year.

Financial position

Cash flow from operating activities of EUR 42.3 million was much lower than in the previous year (EUR 113.8 million). The decrease was mainly due to the significantly higher working capital compared with the previous year. The main reason for this sharp increase was the higher production costs for sugar. This effect also overlapped with the harvest-related lower stocks of sugar in the silos compared with the previous year. In addition, the higher price level also led to higher trade receivables. Both effects were only partially offset by higher trade payables. Although the improved earnings contributed positively to the operating cash flow, they could only proportionally reduce the effects from the higher working capital. Cash flow from investing activities amounted to EUR –153.2 million, compared to EUR –121.9 million

in the same period in the previous year. This was mainly due to the payments made for investments in property, plant and equipment, which increased by EUR 29.5 million to EUR 145.7 million by comparison with the previous year.

Cash flow from financing activities amounted to EUR 75.0 million in the reporting year and was thus significantly higher than in the previous year (EUR –38.2 million). This is due in particular to the utilization of credit lines to finance working capital for both the European and the Australian business, as well as the dividend payment to shareholders.

The free cash flow, i.e. the total of cash flow from operating activities and cash flow from investing activities, came to EUR –110.9 million and was thus once again negative, following a figure of EUR –8.0 million in the previous year.

As of 28 February 2023, cash and cash equivalents amounted to EUR 43.8 (79.8) million. Cash and cash equivalents thus decreased by EUR 36.0 million year-on-year.

## Overall assessment of earnings and financial position and net assets

In the 2022/2023 reporting year, all of the Nordzucker Group's key earnings figures improved further by comparison with the previous year. RoCE came to 10.4 per cent as against 6.1 per cent in the previous year. The EBIT margin came in at 9.3 per cent (5.9 per cent). Net income for the period amounted to EUR 181.8 million, compared with EUR 84.3 million in the previous year. The reason for the significant year-on-year improvement in income was the continuing price recovery in the last financial year, which more than offset the energy and beet price increases.

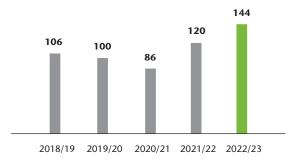
The Nordzucker Group's net assets and financial position remain stable. The equity ratio deteriorated to 55.2 (59.6) per cent compared with the previous year. This is due in particular to the higher total assets as a result of effects from higher inventories and receivables and the increase in other assets, which more than offset the effect of the positive result. As of the reporting date, the company has financial liabilities of EUR 252.2 (140.8) million. Financial liabilities exceeded cash and cash equivalents by EUR 208.5 million (previous year: net financial liabilities of EUR 61.0 million). On the other hand, the cash flow from operating activities (EUR 42.3 million) reflects the increased working capital. Cash flow from investing activities came to EUR –153.2 million. This brings the resulting free cash flow to EUR –110.9 million.

#### **CAPITAL EXPENDITURE**

In the 2022/2023 financial year, Nordzucker invested a total of EUR 143.7 (119.7) million in property, plant and equipment and intangible assets. The company thus continues to invest in its

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Capital expenditure in property, plant and equipment and intangible assets in EUR m



competitiveness. As in previous years, the focus was on measures aimed at increasing efficiency, meeting regulatory requirements, and replacing existing assets. In addition, a significant proportion of capital expenditure in the 2022/2023 financial year was used for the optimisation project in Sweden.

In Sweden, Nordzucker continued its multiple-year programme with the goal of delivering increased efficiency and the long-term concentration of production at its Örtofta plant. Despite the sometimes very difficult situation with supplier companies and highly volatile material prices, the project entered the final construction phase, during which the production lines and conveyor equipment were erected and the electrical and automation technology was installed. The new buildings and production facilities were connected to the plant's infrastructure and traffic route concept; this will then be followed by the testing and commissioning phase and the gradual takeover of production from Arlöv in early 2023.

Furthermore, the newly built steam pipeline from the neighbouring biomass power plant was successfully commissioned as part of the GoGreen programme. The location's close partnership with

the local energy supplier will now enable it to use steam from renewable raw materials and reduce its CO<sub>2</sub> emissions as a result.

The multi-year project to modernize the sugar house in Opalenica is entering the next construction phase and the installation of the wastewater treatment plant in Chelmza was completed, as were the projects to upgrade the membrane filter presses in Nykøbing, the slicer machines in Kėdainiai and the medium-voltage plant in Uelzen. The upgrade of the evaporation plant in Nakskov and the medium-voltage plant in Nordstemmen have been started.

In Australia, Nordzucker is continuing to pursue a multiple-year programme focusing on improving the availability levels for the Marian, Farleigh and Racecourse plants. This includes investing in the areas of steam and electric energy supply as well as automation.

As of the reporting date, investment commitments for property, plant and equipment amounted to EUR 33.7 (25.4) million. These investment commitments will be financed by means of cash flow from operating activities.

#### **FINANCING**

## Responsibilities and objectives of financial management

The main responsibilities of Nordzucker's financial management are to manage and control flows of funds for the entire Group on the basis of clearly defined criteria. The main aim is to ensure that sufficient liquidity is available in the Group at all times. In view of increasing volatility on international markets, the management of raw material and exchange rate and interest rate risks is also a priority. The financial management function is also

responsible for developing and executing financing strategies. In order to execute these strategies successfully, Nordzucker maintains close contact with banks.

## Financing, financial covenants and investment of free cash and cash equivalents

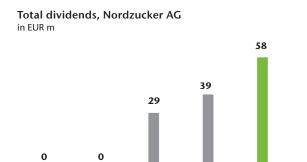
In December 2022, Nordzucker signed a syndicated loan agreement which expires on 20 December 2027. This provides the company with access to EUR 350.0 million.

Loans of this kind include what are known as "financial covenants". These consist of obligations to maintain certain financial ratios over the entire term of the loan. The covenants are an essential element of a loan agreement. Banks use them as a tool to identify and avoid risks at an early stage by drawing conclusions from the figures about the company's financial position. Compliance with the covenants is monitored internally on a continual basis and reported to the banks at defined intervals.

In the 2022/2023 reporting year, the agreed financial ratio (EBITDA in relation to net debt) was met at all test dates. On the basis of the planning currently available for the Group, the Executive Board of Nordzucker AG assumes that the covenants will not be breached in future.

Mackay Sugar Limited is financed independently of the syndicated loan for the remainder of the Group. In addition to a maturity loan of AUD 120.0 million and an investment credit line of AUD 43.8 million with a term expiring in July 2024, MSL also has short-term current account credit lines to cover its seasonal liquidity requirements. These loans are secured by assets. For some of these credit lines, agreed key financial indicators must be complied with (EBITDA by comparison with net debt and a minimum volume of net assets).

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Nordzucker invests temporarily available funds with banks, on the capital market and with investment companies; the investment horizon is less than one year. Nordzucker limits its risks by distributing its investments across various asset classes, by stipulating a minimum credit rating to be achieved for all investments and by using short interest periods.

#### DIVIDEND

The Executive Board and the Supervisory Board are proposing to the Annual General Meeting of Nordzucker AG that a dividend of EUR 1.20 per share be distributed for the 2022/2023 financial year.

#### **EMPLOYEES**

In Europe, the Nordzucker Group had an average of 3,104 employees in the reporting year. Its workforce was thus slightly larger than in the previous year (3,096 employees). This was due in particular to staff increases in Denmark, Poland and Germany, which in total were higher than the staff decreases in Sweden and Slovakia.

In Australia, the average number of employees during the year was only 670, a drop of 45 employees compared with the previous year. The number of employees for the Group as a whole has thus decreased from 3,812 to 3,774.

#### NUMBER OF EMPLOYEES IN THE NORDZUCKER GROUP IN THE FINANCIAL YEAR

Annual average	2015/2016	2016/2017	2017/2018	2018/2019	2019/2020	2020/2021	2021/2022	2022/2023
Total	3,206	3,236	3,234	3,208	3,539	3,792	3,812	3,774
Germany	1,262	1,292	1,320	1,340	1,308	1,298	1,312	1,319
Australia*					393*	678	715	670
Denmark	487	477	458	449	429	416	418	432
Sweden	395	397	385	366	363	357	343	329
Poland	332	333	335	335	332	330	331	340
Finland	273	276	273	253	247	234	213	215
Lithuania	246	252	245	246	253	269	271	267
Slovakia	196	196	206	207	205	200	201	196
Ireland	11	10	9	9	8	8	6	4
Latvia	4	3	3	3	2	2	2	2

<sup>\*</sup> Annual average for Australia, the months March to July 2019 were included with 0 in the calculation. The average number of employees from August 2019 to February 2020 was 673.

#### **OPPORTUNITIES AND RISKS**

#### Risk management

#### Principles of risk management

Risk management is a central aspect of corporate governance in the Nordzucker Group. Risk management pursues the goal of early identification of strategic and operating risks and recognition of their scope, so that they can be monitored and controlled. This applies for every area of the company, including defined risk reporting lines. Nordzucker deliberately takes risks within the scope of its defined risk appetite if the risks are unavoidable or are likely to be offset by opportunities; Nordzucker also transfers some risks to third parties. This strategy will help the company to achieve successful further development in the long term and to secure its future.

#### Structure of the risk management system

Nordzucker has an integrated system throughout the company for the identification and management of risk. The key building block for the risk management system is the identification and management of operational risks by means of the monitoring, planning, management, and control systems in place in the Nordzucker Group.

Nordzucker's risk management system is supported by an internal control system (ICS) that has been set up on a company-wide basis and that also includes the accounting processes. The ICS is an ongoing process based on fundamental control mechanisms, such as technical system-based and manual reconciliations, the separation and clear definition of functions and the monitoring of adherence to, and the further development of, Group-wide guidelines and specific directives.

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#### Risk management

The risk management function discusses at regular intervals the progress made in implementing the defined steps to manage risk with the different functions and/or managers responsible. Regular risk management reports are provided to the Supervisory Board.

All major operating and strategic decisions always take risk aspects into account. When such decisions are made, their consequences are evaluated in various scenarios. Given the highly volatile nature of the market environment, the company's plans have, for a number of years now, illustrated how different market situations can impact the course of business. Descriptions of opportunities and risks highlight alternative developments and identify areas where action needs to be taken. Over the course of the year, the Group reporting and controlling system provides all the decision-makers responsible with continuous information on the actual business performance.

Some of the risks are transferred to third parties, such as insurance companies. The scope and amount of insurance coverage is reviewed regularly and adjusted as necessary.

#### Internal auditing

The Internal Audit department examines and evaluates the business processes, organizational structure and the governance system (management and monitoring measures, risk management and the internal control system of the Nordzucker Group) to ensure they are carried out correctly, are effective, and offer value for money. The results of every audit are recorded in an audit report and the implementation of the agreed activities is monitored systematically and regularly. Aside from audits carried out as part of annual risk-oriented audit planning, the Internal Audit department also carries out ad hoc checks. In addition, the Internal Audit department offers advice, such as on optimising

business processes or continuously improving the Nordzucker Group's internal control system. It answers to the Chief Executive Officer and reports regularly to the Executive Board and to the Supervisory Board's Audit and Finance Committee. This reporting comprises information on the status of internal audits, the key findings of the audits as well as the implementation status of the agreed activities. The reporting also covers audit capacity and fulfilment of audit standards.

#### Compliance

Compliance at Nordzucker means adherence to applicable laws and other binding rules and regulations (such as legal ordinances, administrative acts and judgments), and adherence to binding internal rules and respect for our corporate values.

In the 2022/2023 financial year, Nordzucker AG worked together with its subsidiaries to optimise the Group's Compliance Management System (CMS), basing it on the requirements of PS 980 auditing standard of the IDW (Institute of Public Auditors in Germany).

Key components of Nordzucker's CMS are:

- The achievement of a common understanding of the substance and objectives of Compliance and of the entire compliancerelated organizational structure and process organization by introducing a policy on the Compliance organization.
- The establishment of the central Compliance Coordination function for the continuous further development of the CMS.
- The appointment of local Compliance Coordinators in the subsidiaries who are responsible for implementation of the CMS in the respective subsidiary.

- The definition of a process for a Compliance-specific risk analysis, the implementation of this process and the appointment of Compliance experts based on it.
- The introduce of a Compliance Committee as an exchange platform for topics relevant to compliance.
- A new Group-wide Code of Conduct adopted by the Executive Board that sets out binding principles and rules for the actions of all employees (including senior executives and management).
- The adaptation of the "SpeakUp" whistleblowing system and the underlying policy, through which employees (including senior executives and management) or external parties have the ability to report violations of laws or internal regulations or corresponding suspect cases (anonymously if necessary).
- Ensuring transparent Group-wide compliance reporting and the further development of reporting structures.

The CMS is developed as needed, taking into account the applicable professional standards.

## Risks and opportunities resulting from the sales market

#### Risks resulting from the health discussion about sugar

Sugar is part of a balanced diet. Sugar is in some cases presented in the public debate as a cause of being overweight, obese and, as a consequence, of diseases such as diabetes and caries. The critical discussion about sugar continues outside Europe as well.

In its coalition agreement, the federal government set itself the objective of creating sugar reduction targets that are scientifically

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based and aimed at target groups. In this respect, the federal government agreed in December 2022 on key points for a nutrition strategy to create framework conditions for a healthy, more plant-based and sustainable diet in everyday life. One of the points is the development of the National Reduction and Innovation Strategy for Sugar, Fats and Salt in Processed Foods. Academic studies show that reducing sugar consumption does not necessarily lead people to lose weight. Being overweight has many causes. Consequently, focusing on individual ingredients such as sugar distracts from the bigger picture. Ultimately, whether or not a person becomes overweight is all about the balance between calorie intake and calorie expenditure, and about how aware individuals are of their own calorie intake.

To bring more clarity to the debate, Nordzucker works continuously at national and EU level, as well as through the activities of industry associations, to provide information about the effect of sugar in food and about the links between sugar and a balanced diet as part of a healthy lifestyle.

## Opportunities resulting from the demand for sugar

Population growth and greater prosperity, particularly in the emerging markets, are behind a long-term global trend towards higher sugar consumption. This increase in demand will support the long-term sugar price trend. Sugar consumption is expected to pick up in Asia, Africa and Latin America in particular. Worldwide, the growth rate is expected to be around one per cent per year. This growth trend is also making investments in sugar outside Europe attractive. The Group's involvement with the Australian sugar producer MSL provides it with a substantial share of the Australian market as well as access to the South-East Asian market.

#### Risks resulting from the political situation in the EU

The world market has an impact on developments in the EU sugar market. The situation on the international sugar market means that exports from the EU are not economically attractive at a low price level, while a high price level in the EU makes additional imports attractive. Prices in the EU are strongly affected by the level of volatility on the world market. Low-price periods therefore represent a risk in relation to Nordzucker's profitability.

Unlike the European Union, at an international level the major sugar-producing countries such as India and Brazil subsidize their sugar production industries. But conditions within the EU also continue to vary. Some member states make use of the option to provide their growers with payments tied to the cultivation of sugar beet within the scope of the Common Agricultural Policy (CAP). Beet cultivation is supported in this way by eleven member states in total. This naturally places the beet growers in those countries which do not provide beet cultivation-related payments at a disadvantage.

#### Risks resulting from the EU's free trade agreements

Free trade agreements are becoming more and more important for the European Union. Trade agreements signed in recent years with Moldova, Georgia, Ukraine, Japan, Singapore, Vietnam, Colombia, Peru, Panama, Ecuador, South Africa, Canada, and the states of Central America, provide for annual duty-free sugar imports of more than 500,000 tonnes. There are also unrestricted import opportunities for the ACP countries (Africa-Caribbean-Pacific) and the LDC countries (Least Developed Countries). Additional import quotas of over 900,000 tonnes are available from agreements with the Western Balkans or WTO concessions (CXL concession). The trade and cooperation agreement concluded between the EU and the United Kingdom due to Brexit provides

for the tariff- and quota-free import of sugar from the United Kingdom, subject to strict rules of origin. Trade agreements including further sugar import quotas for the benefit of Mexico and the MERCOSUR countries have already been negotiated. However, these agreements have not yet come into effect. These negotiated agreements mean additional import quotas (220,500 tonnes) for white and raw sugar.

Negotiations are under way with further countries such as Australia, Chile, India, Indonesia, Morocco, New Zealand and Tunisia. The negotiations with the USA over a transatlantic free trade agreement are currently frozen, and the same is true of negotiations with Malaysia, the Philippines, Thailand and the Gulf countries.

In terms of international trade agreements, the EU is concerned with establishing market access for European producers while also protecting the domestic sugar market against subsidized sugar. Strict rules of origin for sugar in future agreements and the preservation of EU import duties for the sugar sector are thus of key significance. Reducing EU protection against imports without taking the special interests of the sugar industry into account would make competition in the EU even more intense, due to a possible increase in import volumes. Import duties protect the European sugar industry against imports in excess of those volumes that enter the European market under the above-mentioned bilateral trade agreements, or else at reduced rates or duty-free via preferential agreements such as with the least developed countries (LDC). Without EU import duties, unlimited quantities of sugar could be imported into the EU at global market prices. This would discriminate against European sugar producers, because the biggest global sugar producers and exporters subsidize the production and export of sugar directly or indirectly.

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## Risks resulting from procurement and production

#### Risks associated with securing raw materials

For growers, sugar beet competes with other arable crops. The decision whether to plant sugar beet or other crops depends to a large extent on relative price levels for different crops and on the yield that can be obtained regionally. Even one year after the beginning of the war in Ukraine, Nordzucker sees a significantly higher price level both for the main competing crops (wheat and rapeseed) and for the operating resources required to produce agricultural products. This trend caused the cost of sugar beet to rise significantly and the cost will remain at a high level, at least initially, so that beet cultivation remains attractive for growers and the company's raw commodity base is safeguarded.

Nordzucker is continuing the Smart Beet Initiative to meet the changed underlying conditions in beet cultivation. The aims are to secure cultivation in Europe and to introduce new cultivation techniques. This project also incorporates current developments that are resulting from changes in agricultural policy and the approval situation for pesticides. Information is continuously compiled on projects and experimental approaches, with the aim of examining how sugar beet can be grown in the changing environment. To enable this, Nordzucker monitors the approval situation for pesticides and other risks to sugar beet cultivation. To provide additional support, the company focuses on more intensive advice to growers regarding both production technology in cultivation and on continuing its development of digital solutions for cultivation advice. In order to achieve these aims, the number of employees in the cultivation advice area has been increased.

With regard to the projects and experiments as part of the Smart Beet Initiative, the focus is how they relate to what happens in practice. Particular emphasis is placed on ensuring that the growers can quickly put the results into practice in their sugar beet cultivation.

Nordzucker signs supply contracts with the beet growers well in advance in order to secure the necessary volumes. Various contract models were offered to beet growers in all countries for 2023/2024. These have varying contractual terms; there are fixed-price models as well as models with prices linked to sugar prices/EBIT. In Denmark, supply contracts were concluded with growers for a small quantity of beet, which include beet prices linked to the market price for raw sugar.

In Australia, sugar cane is purchased on the basis of rolling cultivation contracts. Unlike sugar beet, sugar cane is not newly cultivated annually based on a planting decision but over a cycle of five to eight years. There are two key risks with regard to the availability of raw material. Poor weather conditions in the short term (mainly drought or cyclones) may result in reduced yields, and the amount of land under cultivation may decline in the long term when farms are used for other purposes (e.g. cattle husbandry). There is also a risk that growers will move to competitors in neighbouring cultivation areas.

#### Risks resulting from energy prices

The heat and electricity needed for sugar production are generated in the company's own power plants. This requires procurement of primary energy in the form of natural gas, coal or fuel oil. These raw materials are traded on stock exchanges and are subject to high price volatility. The 2022/2023 financial year was marked by the Ukraine war. Due to potential uncertainty about the supply of natural gas, some plants were converted to a bivalent mode of operation. Primary energy prices rose significantly in the second half of the year. There was also a risk that the volumes or quality levels required for production would be temporarily unavailable (production downtime risk).

To a certain extent, Nordzucker mitigates the risk of changes in prices by means of hedging transactions.

#### Risks resulting from the supplier portfolio

The Ukraine war also affected procurement processes in the 2022/2023 financial year. Firstly, new contracts for fuel oil had to be concluded and the corresponding logistics organized. Secondly, alternative suppliers had to be identified, assessed and qualified due to the EU ban on Russian imports. At the same time, closer tracking of the supply chains for strategic materials was introduced on account of increased demand and longer delivery times. Stocks – such as for packaging materials and load carriers – were also increased.

There were shortages and extreme price increases for other groups of materials, too (e.g. wood, paper, processing aids, steel, chemical products). At times, individual products or the transport logistics required to supply them were not available. Redistribution among the individual Nordzucker locations meant that production stoppages could be avoided.

To ensure that Nordzucker is nonetheless able to secure low-cost access to key materials as required, cooperation has been intensified with the specialist departments. This allows for timely recognition of requirements and optimisation of the procurement process, which has reduced the procurement risk.

One strategic objective of procurement is to diversify sources of supply. The goal is to have the choice between several different suppliers for critical goods and services.

Another objective of procurement is to monitor the sustainability of suppliers. By continuously assessing their sustainability performance and working closely with them as part of the Supplier Sustainability Engagement Programme, we are supporting improved sustainability practices in production and along

supply chains, in preparation ahead of the Supply Chain Due Diligence Act in the coming year.

## Risks resulting from more challenging conditions in production

The objective of campaign operations is to ensure continuous beet processing that is as consistent as possible. The current 2022/2023 campaign was characterized by particular challenges in terms of energy supply and securing supply chains, as well as by extreme climatic conditions in some regions.

Geopolitical developments made it necessary to find solutions for a secure energy supply in 2022. In order to become less dependent on scarce gas, the plants in Europe, which often run on natural gas, were fitted out to be bivalent – i.e. to operate with another type of energy – in the short term. The company will continue to focus on the issue of a sustainable energy supply at competitive prices, this being an important component of the sustainability strategy. One solution on the path to becoming  $\mathrm{CO}_2$  neutral by 2050 at the latest could be biogas obtained from pressed pulp as a residue of sugar beet processing. This would be based on the inclusion at European level of beet pulp as a renewable energy source in the Renewable Energy Directive (RED III).

Extreme weather conditions made sugar production difficult in 2022/2023. There were regionally abnormal frosts of as low as –15 degrees in December, followed by relatively high temperatures and precipitation. Bacteria produced mucilage in the thawed sugar beet, which then led to processing problems. The good cooperation between agriculture, logistics and production made it possible to find other uses for beet that could no longer be processed, such as delivery to biogas plants. On the whole, this affected much less than one per cent of the total beet volume for Nordzucker.

#### **Environmental risks**

Sustainable and environmentally friendly production is an integral part of Nordzucker's corporate strategy. The value chain is designed so that all delivered materials can be converted into usable products, without the need for waste disposal. Beet is converted into sugar, pressed pulp, dried pulp pellets and molasses; limestone and non-sugar substances are turned into carbolime; soil is returned to the field; and stones are used for road construction. Nonetheless, environment impacts including airborne emissions (odours, noise, dust) cannot be entirely avoided during sugar production. The accumulation of technical waste (such as lubricants) and waste water is also unavoidable. Risks arise from potentially exceeded limits, complaints from residents, or new statutory regulations.

Nordzucker gives high priority to limiting detrimental environmental effects to the extent possible. Investments in the avoidance of noise and odours are a part of capital expenditure every year. In recent years, key areas of focus have included the minimization of noise pollution through improved noise abatement and the reduction of dust emissions through new filters. All Nordzucker plants are audited regularly in accordance with applicable national and international legislation and standards to verify the results of these activities. This includes certification in line with the EU Environmental Audit regulation (EC) 1221/2009 (EMAS III), the DIN EN ISO 14001 environmental management system, and the DIN EN ISO 50001 energy management system.

#### Risks resulting from additional costs for CO<sub>2</sub> certificates

Within the scope of the European emissions trading system, every year Nordzucker requires certificates to cover the annual  $\mathrm{CO_2}$  emissions it uses to generate energy. In case of a shortfall, the missing certificates must be purchased. Europe's political goal is to achieve greenhouse gas neutrality in the European

Union by 2050 at the latest. A 65 per cent cut in greenhouse gas emissions in the European Union by 2030 was agreed as an interim target. EU member state heads and governments reached agreement on this target in December 2019. Nordzucker is supporting this goal by investing in energy efficiency as well as optimising its operations. This continuous reduction will not only bring down the number of  $\mathrm{CO}_2$  certificates that must be purchased and the associated cost, but also make Nordzucker's business more sustainable.

60 per cent of these production-related emissions have already been reduced compared with 1990 levels. In future, Nordzucker will continue to work on cutting its  $\mathrm{CO}_2$  emissions even further by making additional investments in energy efficiency and the optimisation of its operations.

#### Risks resulting from product safety

As a food and animal feed producer, Nordzucker is responsible for the quality and safety of its products. In order to identify risks to product safety at an early stage and reduce them as far as possible, a HACCP concept (Hazard Analysis and Critical Control Points) for food and feed production is maintained at all production sites. Furthermore, regular internal and external audits are conducted, as well as certifications for product safety. All of Nordzucker's locations are certified to the independent Foundation for Food Safety Certification's production safety standard (FSSC 22000), which is recognized by the Global Food Safety Initiative (GFSI). GFSI-recognized certification is also an important prerequisite for being recognized as a supplier by the food industry.

Some sites, either regionally or specifically to a product group, are audited or certified according to further legal regulations or standards concerning food and feed safety: IFS Food (International Featured Standards), GMP+ standard for feed production,

Regulation (EU) 2018/848 on organic production and labelling of organic products.

Many of our customers in the food industry and food trade are very interested in ensuring that the products they purchase are produced according to sustainability principles. This is independently verified at the production sites by Sedex Members Ethical Audits (SMETA).

Additional audits are conducted depending on the location or product group, and, if necessary, certified in accordance with the ISO 45001 standard for occupational health and safety management systems and the ISO 50001 standard for energy management systems, the Fairtrade standard and the German Biofuel Sustainability Ordinance (Biokraft-NachV — the implementation of Directive 2009/28/EC on the promotion of the use of energy from renewable sources).

### Legal risks

The companies of the Nordzucker Group are subject to various statutory and regulatory requirements which affect our business activities and processes. Changes to these rules may necessitate adjustments to our operating activities and result in a significant increase in our production costs.

The key regulatory risks relate to food and animal feed law, occupational health and safety regulations and environmental law. There are additional risks from tax regulations, employment law, the General Data Protection Regulation and the field of IT security. Proceedings due to violations of the law could result in fines and penalties, or even civil liability and damage to the company's image. These risks also exist for violations of competition and anti-trust law, corruption, theft and fraud. There is also a pecuniary risk in the event that the Nordzucker Group falls victim to a criminal offence.

Nordzucker faces various legal disputes and proceedings and may possibly do so in future. These could cause Nordzucker to be required to pay compensation or to settle other claims. The legal actions associated with the German sugar cartel in the period from 1996 to 2009 should be noted here. While Nordzucker assumes that the nature of the agreements was not sufficient to have an effect on the market, a court could find that Nordzucker is required to pay compensation.

## Risks and opportunities resulting from information technology

The general situation regarding IT security remains tense. In total, more than 1,300,000 spam emails were detected at Nordzucker in the 2022/2023 financial year, which is almost double the figure for the same period in the previous year. The number of emails intercepted at an early stage and infected with malware remained constant at more than 13,000 detections. All infection attempts that were able to reach end devices were successfully detected, terminated and cleansed by our protection mechanisms before any damage could occur.

Our firewalls detect various daily attacks that are external in origin and which our systems reliably defend against. Employees' attention to and awareness of attack attempts through emails or phone calls remains high thanks to the unchanged and continuously running awareness campaign.

Nordzucker is investing in further security measures in response to the growing threat. In the context of work to upgrade the network, the priority is on an integrated security architecture (XDR), which already encompasses the network and is not limited to end devices. Moreover, work is being done on the organization of comprehensive monitoring.

In terms of IT security, an additional role was created to be able to continue to ensure the continuous adaptation and improvement of the Information Security Management System (ISMS). Active participation in committees (e.g. sector working group of the food industry) was also continued through participation in the revision of the B3S (industry-specific security standard) required by the Federal Office for Information Security (BSI).

As a KRITIS operator (part of the critical infrastructure), the KRITIS Scope was successfully audited for the third time and the result reported to the BSI. The ISMS (Information Security Management System) was also successfully audited by an external firm.

In addition to the technical requirements, qualified specialists are required to implement the digitalization strategy. Nordzucker currently sees a major risk in this respect in terms of filling vacant positions and is focusing on consistent employee training.

#### Opportunities resulting from digitalization

In order to drive forward digitalization, Nordzucker has started to draw up a Digital Roadmap 2027. Over the next five years, the company will focus on integrated planning systems, supply chain collaboration and shop floor integration, alongside the efficient standardization of processes and systems.

The successful introduction of SAP S/4 HANA in March 2022 was an essential foundation for further digitalization. This brought the ERP system up to date in terms of applications, database and development environment.

The projects for integrated logistics and financial planning have already been started. Nordzucker has chosen the IBP and SAC systems from SAP in this respect. The first stage will go live with sales planning late in the 2023/24 financial year, with planning of the entire logistics network to follow in the next stage. The

goal is to introduce optimised planning step-by-step with regard to costs and revenues.

Work is continuing on the digital advisory service for growers as part of the Green Data Base project. Growers will be provided with cloud-based services and data from the collaboration with Nordzucker, including mobile usage. The first release in summer 2023 will provide, among other things, biomass maps, the seed planner and a report on the status of supply contracts.

Nordzucker will consistently focus on standardizing the system landscape in order to create a largely uniform database that can be used efficiently in all business areas.

### Financial risks

Financial risks relate to unrecoverable receivables, currency, raw materials and interest rate risks and liquidity risk. Risk exposure may also arise from the investment strategy and the availability of loan finance.

## Risks resulting from defaults

Receivables from customers or other contractual parties may become unrecoverable. This default risk has been aggravated by the strong volatility of raw material prices and the resulting economic fluctuations in particular. To limit this risk, on the basis of standard guidelines Nordzucker establishes a customer's credit standing before signing a contract and generally takes out commercial credit insurance.

### Currency, raw materials and interest rate risks

The volatility of exchange rates, raw materials and interest rates give rise to operating risks, the hedging of which is the

responsibility of the individual functional units and of the Corporate Finance department.

To limit these risks, they are analyzed thoroughly before contracts are signed. If Nordzucker has to assume risks, standard financial instruments available from banks and exchanges are used where necessary so that they can be contained as much as possible. Financial derivatives such as forward contracts, swaps and futures are used to hedge the Group's open risk positions.

This exposes the Nordzucker Group to a normal measure of counterparty risk, in the sense that a partner to a contract may not fulfil their obligations. To minimize this counterparty risk, financial derivatives are either transacted directly via the stock exchange and/or only with first-class international financial institutions, whose economic performance is monitored regularly, partly by analyzing the financial ratings issued by international rating agencies. Dependence on individual institutions is also limited by spreading transactions over various counterparties.

All financial derivatives used serve solely to hedge operating sales, investments and purchase transactions, and to hedge exchange rates for financial transactions.

The margins required for exchange-traded derivatives are also held exclusively on separate margin accounts with first-class international financial institutions.

As of 28 February 2023, the Nordzucker Group had exchange rate derivatives with a notional net volume of EUR 412.3 (363.8) million. At the end of the financial year, hedging transactions with a notional net volume of EUR 117.3 (minus 87.6) million had been entered into for derivatives to hedge against price movements

of commodities, for interest rate derivatives and for emissions certificates ( $CO_2$  certificates).

These existing hedges generally run for less than one year and match the maturity profile of the hedged transactions.

#### Liquidity risks

The seasonality of the Group's business means that its capital requirements vary widely over the course of a financial year. The size of the harvest and developments in market prices also have a considerable effect on the company's cash requirements. If the company cannot meet these requirements from free cash flow or existing credit lines, a situation may arise in which its continued existence is at risk. This is why the finance function regularly draws up liquidity forecasts for the Group, on the basis of which the financing strategies are then prepared and implemented.

#### Risks resulting from the supply of credit

Nordzucker has a syndicated loan which expires in December 2027. All the syndicate banks have good credit ratings and are very dependable. In the opinion of the company management, the medium-term syndicated loan to finance its operating business, together with its available liquidity, covers the company's capital needs. From a current perspective, its cash reserves and unused lines of credit enable Nordzucker to meet its payment obligations at all times.

Separate loan agreements were arranged to finance the planned investment programme and current operations at MSL. The term for loans covering non-current obligations is appropriate.

The availability of the loans nonetheless depends on various conditions being met; in particular, Nordzucker must comply

with a number of financial covenants. On the basis of existing corporate planning for the Group, the company assumes that the terms of the loan agreements will be met in subsequent years as well. Further steps have also been taken to support compliance with these covenants in future.

The guarantees needed for current operations can also be provided at any time as needed by means of the syndicated loan and bilateral lines of credit. The Group is not directly dependent on individual lenders.

#### Risks resulting from financial investments

Risky financial investments or the default of a bank may result in the loss of financial assets. Nordzucker has a conservative investment policy for financial investments. The Group's free liquidity is largely invested in money-market products of European financial institutions that have been selected based on a credit rating classification. However, in general, all investment amounts are spread in terms of the maturities, investment forms and issuers in order to prevent cluster risks. For balances with banks, the funds must be largely covered by the applicable deposit insurance mechanisms, despite changes in the EU legal situation. In spite of these extensive measures, invested funds could suffer value losses or be unavailable in the short term in the event of another financial crisis. The liquidity available within Nordzucker and the available credit lines allow the company to exploit growth opportunities, including by taking growth steps outside of Europe. This solid financial position will enable the company to defend its market share and expand its market position in an environment that will be characterized by more intense competition in Europe in the future. Nordzucker is also well positioned to weather any prolonged period of lower prices.

## Overall picture for risks and opportunities

The high price volatility and tight availability on the commodity and procurement markets have a direct impact on Nordzucker's risk potential. The risk management measures introduced are consistently reviewed and continuously adapted to the changed market and geopolitical situation.

At the same time, there are also significant opportunities for Nordzucker. Sugar is a product in high demand across the globe. Its consumption will continue to increase in the future as the world population grows and prosperity levels rise. Attractive investment opportunities outside of Europe may thus arise. For instance, the company's equity investment in the cane sugar producer MSL will provide access to the Australian and South East Asia markets. In Europe, Nordzucker already has attractive sales markets thanks to its strong market presence. Through continual work with growers and external partners, the company is actively taking up the challenges posed by increasingly stringent environmental legislation in the field. It undertakes projects that meet these challenges. The company is preparing extensively for future challenges by means of the excellence initiatives which it has launched in the areas of production, the supply chain, agriculture, sales and sustainability.

Based on the overall picture of the risks and opportunities described above and Nordzucker's medium-term plan, there are currently no risks that jeopardize the company's continued existence. This applies both to individual identified risks and to the interaction of diverse risks.

### **FORECAST**

The outlook for the 2023/2024 financial year is even more positive than in the financial year just ended. Although there are still uncertainties due to volatile sales and procurement markets, these appear to be manageable thanks to hedging transactions already in place for both markets. The sowing of beet, the thick juice campaigns, and the maintenance and investment measures at the plants are taking place as planned to safeguard the 2023/2024 campaign.

The price trend for sugar is assessed as very positive due to the low supply on the European market caused by the harvest and the continuing very high inflation. This trend is confirmed by sales contracts already concluded. It is assumed that world market prices for sugar will remain at a high level in the current year. The global fundamental production and consumption outlook confirms this assessment.

The question of energy availability will also be an important factor for Nordzucker in the coming year. In order to minimize risks in the energy supply, Nordzucker continues to pursue a double-track approach. The conversion undertaken in the 2022/2023 financial year to be able to use different energy sources in order to establish independence from gas gives Nordzucker the flexibility to react to energy shortages in the procurement of fuel oil and natural gas. Hedging transactions were concluded for both fuel oil and gas to fix prices and volumes. Furthermore, the gas market has stabilized due to increased inflows into Europe of liquefied natural gas and lower demand for gas, and the risk of a potential shortage in the coming campaign is considered significantly reduced.

In Australia, where rising sugar prices more directly impact business, earnings are expected to remain stable. Having entered into hedging transactions in good time for a portion of its sales, MSL has locked in the high price level on the world market and is thus expecting this to have a positive financial impact on its earnings.

Higher valued stocks due to higher production costs and a change in payment targets for beet purchasing will likely cause existing syndicated loan-based lines of credit to be drawn on at the end of the 2023/2024 financial year. MSL finances its business via its own lines of credit, which it also intends to make use of.

Based on the aforementioned premises, the continued systematic implementation of excellence measures and the present

estimation of open sales and reference volumes that are not currently fixed, we expect earnings to be up significantly on the 2022/2023 financial year. Our earnings expectations for the 2023/2024 financial year will remain above the target range for the EBIT and RoCE margin. The equity ratio will continue to significantly exceed its target.

As a result, we currently assume that the Group's financial position will remain stable and its liquidity secured.

The company will continue to implement its measures envisaged for the adjustment of its management and its cost structure. In addition, further long-term measures will be initiated throughout the value chain. Our excellence initiatives cover multiple-year

initiatives in the areas of agriculture, production, the supply chain, sales and sustainability. The positive effects associated with these measures will significantly contribute to the company's earnings and systematically strengthen Nordzucker's competitiveness.

As well as our core business and our investment in Australia, we are looking very closely at the possibilities for the development of further products. We are also continuing to pursue the possibility of entering the attractive market environment for alternative proteins.

Nordzucker will thus continue to be a strong supplier of sugar and animal feed that seizes growth opportunities in the markets and systematically develops as a food supplier.

Braunschweig, 10 May 2023

The Executive Board

Dr. Lars Gorissen

Alexander Bott

Alexand Sit Alexande Joson

Alexander Godow

# Consolidated financial statements 2022/2023



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## Consolidated income statement

for the period from 1 March 2022 to 28 February 2023 for Nordzucker AG, Braunschweig, Germany

in EUR thousands	Further details in Note	1/3/2022 - 28/2/2023	1/3/2021 - 28/2/2022
Revenues	8	2,260,833	1,943,112
Production costs	9	-1,780,626	-1,535,204
Gross profit		480,207	407,908
Sales costs	10	-229,300	-205,440
Administrative expenses		-83,604	-70,009
Other income	12	76,520	32,467
Other expenses	13	-32,876	-50,507
Operating result (EBIT)		210,947	114,419
Financial income	14	20,120	9,360
Financial expenses	15	-16,449	-27,391
Result from companies accounted for using the equity method	16	12,071	5,192
Earnings before taxes		226,689	101,580
Income taxes	17	-44,908	-17,242
Consolidated net income		181,781	84,338
of which attributable to non-controlling interests		12,395	5,637
of which attributable to shareholders of the parent company		169,385	78,701

## Consolidated statement of comprehensive income

for the period from 1 March 2022 to 28 February 2023 for Nordzucker AG, Braunschweig, Germany

in EUR thousands	1/3/2022 - 28/2/2023	1/3/2021 - 28/2/2022
Consolidated net income	181,781	84,338
Remeasurement of defined benefit plans	51,049	37,756
Deferred taxes on items of other comprehensive income not reclassified to the income statement	-14,641	-11,282
Other comprehensive income from items not reclassified to the income statement	36,408	26,474
Exchange differences on translating foreign operations	-19,353	-8,453
Net result of cash flow hedges	-35,963	21,783
Deferred taxes on items of other comprehensive income reclassified to the income statement	10,609	-6,746
Other comprehensive income from items reclassified to the income statement	-44,707	6,584
Consolidated comprehensive income after taxes	173,482	117,396
of which attributable to non-controlling interests	7,488	5,932
of which attributable to shareholders of the parent company	165,993	111,464

## Consolidated cash flow statement

for the period from 1 March 2022 to 28 February 2023 for Nordzucker AG, Braunschweig, Germany

in EUR thousands	1/3/2022 - 28/2/2023	1/3/2021 - 28/2/2022
Earnings before taxes	226,689	101,580
Interest and similar income/expenses	11,032	7,637
Depreciation, amortization and impairment/reversals of impairment of non-current assets	77,188	75,049
Change in provisions	-2,384	16,790
Change in inventories	-259,654	-34,749
Change in trade receivables	-83,291	-38,466
Change in trade payables	165,998	13,604
Change in other operating assets/liabilities	-25,011	-7,539
Gains/losses on the disposal of non-current assets	-302	1,045
Other non-cash expenses/income	2,393	1,979
Interest received in the financial year	3,037	3,833
Interest paid in the financial year	-10,043	-8,981
Result from companies accounted for using the equity method	-12,071	-5,192
Taxes paid in the financial year	-51,274	-12,741
Cash flow from operating activities	42,307	113,849
Proceeds from the disposal of property, plant and equipment	3,435	3,901
Payments for investments in property, plant and equipment	-145,675	-116,156
Proceeds on disposal of intangible assets	5	772
Payments for investments in intangible assets	-3,323	-4,798
Proceeds from the disposal of financial assets	0	7
Proceeds from/payments for investments in financial assets	2,015	-5,619
Payments for the increase in majority shareholdings	-9,614	0
Cash flow from investing activities	-153,157	-121,893
Payments to shareholders (dividends)	-39,201	-29,181
Borrowing	114,243	-8,901
Cash flow from financing activities	75,042	-38,082
Changes in cash and cash equivalents	-35,808	-46,126
Cash and cash equivalents at the beginning of the period	79,763	125,705
Changes in cash and cash equivalents due to exchange rates	-176	184
Cash and cash equivalents at the end of the period	43,779	79,763

## Consolidated balance sheet

as of 28 February 2023 for Nordzucker AG, Braunschweig, Germany

Assets	Further details		
in EUR thousands	in Note	28/2/2023	28/2/2022
Non-current assets			
Fixed assets			
Intangible assets	21	17,868	17,121
Property, plant and equipment	22	1,059,775	1,003,051
Investment property	25	10,876	11,034
Financial investments	26		
Shares in companies accounted for using the equity method	26.1/26.2	72,478	66,621
Other financial investments	26.3	48,354	45,900
		120,832	112,521
		1,209,351	1,143,727
Receivables and other assets			
Financial assets	30	190	3,273
Other assets	31	1,235	382
		1,425	3,655
Deferred taxes	17_	4,142	7,155
		1,214,918	1,154,537
Current assets			
Inventories	27		
Raw materials, consumables and supplies		106,547	67,391
Work in progress		85,708	65,676
Finished goods and merchandise		904,399	712,180
		1,096,654	845,247
Receivables and other assets			
Trade receivables	28	305,000	223,516
Receivables from related parties	29	524	842
Current income tax receivables	17	23,328	9,270
Financial assets	30	54,769	39,183
Other assets	31	113,199	78,063
		496,820	350,874
Cash and cash equivalents		43,779	79,763
Current assets		1,637,253	1,275,884
Assets held for sale	32	0	349
		1,637,253	1,276,233
		2,852,171	2,430,770
	I		

Equity and liabilities	Further details		
in EUR thousands	in Note	28/2/2023	28/2/2022
Equity	33		
Subscribed capital	33.1	123,651	123,651
Capital reserves	33.2	127,035	127,035
Retained earnings	33.3	1,334,918	1,207,243
Other comprehensive income	33.4	-71,714	-68,322
Equity attributable to shareholders of the parent company		1,513,890	1,389,607
Non-controlling interests	33.5	61,482	58,711
		1,575,372	1,448,318
Non-current provisions and liabilities			
Provisions for pensions and similar obligations	34	170,181	222,845
Other provisions	35	92,344	98,540
Financial liabilities	36	83,523	110,218
Trade payables		0	30
Liabilities towards related parties	38	5,443	5,500
Other financial liabilities	39	13,438	6,642
Other liabilities	40	3,694	97
Deferred taxes	17	90,165	73,395
		458,788	517,267
Current provisions and liabilities			
Provisions for pensions and similar obligations	34	12,049	11,710
Other provisions	35	52,447	45,820
Financial liabilities	36	168,658	30,567
Current income tax liabilities	17	11,553	16,475
Trade payables third party	37	439,916	275,813
Liabilities towards related parties	38	40,570	28,660
Other financial liabilities	39	58,614	22,499
Other liabilities	40	34,204	33,641
		818,011	465,185
		2,852,171	2,430,770

## Consolidated statement of changes in shareholders' equity

for Nordzucker AG, Braunschweig, Germany

in EUR thousands	Subscribed capitall	Capital reserves	Retained earnings	Other com- prehensive income	Equity attributable to shareholders of the parent company	Non-controlling interests	Total equity
As of 1/3/2021	123,651	127,035	1,155,418	-103,657	1,302,447	52,853	1,355,300
Net income		/	78,701	/	78,701	5,637	84,338
Other comprehensive income	/	/	/	32,763	32,763	295	33,058
Consolidated comprehensive income		/	78,701	32,763	111,464	5,932	117,396
Dividend payment			-28,981	/	-28,981		-28,981
Other			2,105	2,572	4,677	-74	4,603
As of 28/2/2022	123,651	127,035	1,207,243	-68,322	1,389,607	58,711	1,448,318
As of 1/3/2022	123,651	127,035	1,207,243	-68,322	1,389,607	58,711	1,448,318
Net income		1	169,385	/	169,385	12,395	181,781
Other comprehensive income		/		-3,392	-3,392	-4,907	-8,299
Consolidated comprehensive							
income		/	169,385	-3,392	165,994	7,488	173,482
Dividend payment			-38,641		-38,641	-560	-39,201
Other		1	-3,070	1	-3,070	-4,157	-7,227
As of 28/2/2023	123,651	127,035	1,334,918	-71,714	1,513,890	61,482	1,575,372

Notes to the consolidated financial statements 2022/2023



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### **GENERAL REMARKS**

## 1. Accounting principles

The consolidated financial statements as of 28 February 2023 for Nordzucker AG (Küchenstrasse 9, 38100 Braunschweig, Germany) have been prepared pursuant to Sec. 315e HGB (German Commercial Code) in accordance with the International Financial Reporting Standards (IFRS) adopted by the International Accounting Standards Board (IASB) or the IFRS Interpretations Committee (IFRS IC) as applicable in the European Union (EU IFRS) and with supplementary provisions of German commercial law. The financial statements comply fully with EU IFRS and give a true and fair view of the net assets, financial and earnings position of Nordzucker AG and its consolidated subsidiaries, joint ventures and associated companies (hereinafter referred to as the "Nordzucker Group" or "Group").

As the parent company of the Group, Nordzucker AG is entered in the Commercial Register at Braunschweig Local Court (HRB 2936).

Nordzucker Holding Aktiengesellschaft presents consolidated financial statements for the largest group of companies, which includes Nordzucker AG as a subsidiary. The consolidated financial statements of Nordzucker Holding Aktiengesellschaft are filed with and published in the commercial register.

The consolidated financial statements as of 28 February 2023 were prepared on 10 May 2023 and issued with an unqualified opinion by the auditor Ernst & Young GmbH Wirtschaftsprüfungsgesellschaft, Hanover. The audit by the Audit Committee takes place on 9 May 2023 and the audit and approval by the Supervisory Board takes places on 23 May 2023. The

consolidated financial statements of Nordzucker AG are filed with and published in the commercial register. The annual report can be viewed on the Nordzucker AG website (www.nordzucker.com).

The consolidated financial statements are prepared and published in Euros. All amounts are given in thousands of Euros (EUR thousand) or millions of Euros (EUR million). The previous year's figures are always shown in brackets. Rounding differences may occur with percentages and numbers.

### 2. Consolidation and acquisitions

#### 2.1. PRINCIPLES OF CONSOLIDATION

#### a. Subsidiaries

In addition to Nordzucker AG as the parent company, the Nordzucker consolidated financial statements also include the domestic and foreign companies that can be controlled by Nordzucker AG within the meaning of IFRS 10 (subsidiaries).

Subsidiaries are fully consolidated from the acquisition date, i.e. the date on which the Group obtains control. Consolidation ends once the parent company no longer exercises control. The financial statements of the subsidiaries are prepared for the same reporting period as the financial statements for the parent company using uniform accounting methods. Intra-Group transactions between companies in the Group are eliminated in full.

#### b. Joint ventures

Joint ventures are accounted for in the consolidated financial statements using the equity method. Nordzucker AG has rights to the net assets of the joint ventures and manages them with another party (joint control). In applying the equity method, the IFRS financial statements of these companies are used. Losses from joint ventures which exceed the investment carrying amount or other non-current receivables from financing these companies are not recognized unless there is an obligation to provide further capital.

#### c. Associated companies

Associated companies are also accounted for in the consolidated financial statements using the equity method. Nordzucker AG has a significant influence on associated companies, i.e. it can contribute to shaping the company's financial and operating policies but does not have control or joint control of decision-making processes.

#### 2.2. GROUP OF CONSOLIDATED COMPANIES

The consolidated companies in the Nordzucker Group are as follows:

#### **GROUP OF CONSOLIDATED COMPANIES**

	28/2/2023	28/2/2022
Fully consolidated subsidiaries		
Domestic	5	5
Foreign	15	16
Companies accounted for using the equity method		
Domestic	3	3
Foreign	4	4

The list of shareholdings can be found at the end of these Notes.

The reporting date for all fully consolidated subsidiaries included in the consolidated financial statements is 28 February 2023. The

reporting date for all companies accounted for using the equity method and included in the consolidated financial statements is 31 December 2022.

With regard to foreign operations, Nordic Sugar Holding A/S, Copenhagen, Denmark, merged with Nordic Sugar A/S, Copenhagen, Denmark, which explains the reduction of one.

#### 2.3. SIGNIFICANT SUBSIDIARIES

The significant subsidiaries of the Nordzucker Group are listed in the table below:

#### **SIGNIFICANT SUBSIDIARIES**

	Group stake
Norddeutsche Flüssigzucker GmbH & Co. KG (Braunschweig, Germany)	100%
Nordzucker GmbH & Co. KG (Braunschweig, Germany)	100%
Nordzucker Plant Based Ingredients GmbH (Braunschweig, Germany)	100%
Nordzucker Polska S.A. (Opalenica, Poland)	99.87%
Považský Cukor a.s. (Trenčianska Teplá, Slovakia)	96.80%
Nordic Sugar A/S (Copenhagen, Denmark)	100%
Nordic Sugar AB (Malmö, Sweden)	100%
AB Nordic Sugar Kėdainiai (Kėdainiai, Lithuania)	72.78%
UAB Nordzucker Business Services (Kaunas, Lithuania)	100%
Sucros Oy (Säkylä, Finland)	80%
Suomen Sokeri Oy (Kantvik, Finland)	80%
Nordzucker Ireland Limited (Dublin, Ireland)	100%
Mackay Sugar Limited (Mackay, Australia)	70.94%

The following business partnerships structured as limited partnerships (GmbH & Co. KG) and the following corporations structured as limited liability companies (GmbH)

- NORDZUCKER GmbH & Co. KG, Braunschweig, Germany
- Norddeutsche Flüssigzucker GmbH & Co. KG, Braunschweig, Germany
- Norddeutsche Flüssigzucker Verwaltungs-GmbH, Braunschweig, Germany

are exempt from the respective obligations in accordance with the regulations applicable to corporations pursuant to Sec. 264 (3) and Sec. 264b HGB (German Commercial Code).

## 2.4. CONVERSION OF FINANCIAL STATEMENTS IN FOREIGN CURRENCIES

Assets and liabilities of subsidiaries whose functional currency is not the Euro are converted at the closing rate. The functional currency is the currency of the primary economic environment in which the subsidiary operates. Items in the income statement are converted at the weighted average rate for the relevant reporting period. Equity components of subsidiaries are converted at the historical rate for the date first recognized. Exchange differences arising from the conversion are recognized without effect on profit or loss in other comprehensive income (i.e. in the statement of comprehensive income and not in the income statement).

The rates for the conversion of key financial statements in foreign currencies into Euros have changed as follows:

## 3. Explanation of accounting policies

#### 3.1. GENERAL PRINCIPLES

The valuation of the items in the consolidated financial statements is primarily at amortized cost. Derivative financial instruments and actuarial reserves for pension obligations in the form of plan assets, in particular, are recognized at fair value.

Impairment losses on receivables and contract assets are recognized using the expected loss model. The impairment model is applied to financial assets that are measured at amortized cost or at fair value with changes in value through other comprehensive income.

Individual line items of the income statement and of the statement of financial position have been aggregated to improve readability. These items are listed in the Notes to the consolidated financial statements.

The income statement has been prepared using the cost-of-sales method. As such, the revenues recognized in the reporting period are compared with the costs incurred to achieve these revenues, categorized by the functional areas of Production, Sales and Administration.

EXCHANGE RATES OF FOREIGN CURRENCIES	Average rate		Closing rate	
for EUR 1.00	2022/2023	2021/2022	28/02/2023	28/02/2022
Polish Zloty (PLN)	4.71292	4.57059	4.71250	4.68350
Danish Crown (DKK)	7.43964	7.43754	7.44300	7.44040
Swedish Crown (SEK)	10.75024	10.20196	11.07800	10.60550
Australian Dollar (AUD)	1.51241	1.57669	1.57600	1.55080

In the statement of financial position, assets and liabilities are categorized as non-current (items with maturities of more than one year) or current.

#### 3.2. RECOGNITION OF INCOME AND EXPENSE

Revenues are recognized in accordance with IFRS 15 when a performance obligation is fulfilled by transferring an agreed commodity or service to a customer. Revenues are reduced by sales discounts.

Operating expenses are recognized when the service is used or as of the date they arise.

Interest is recognized as an expense or as income in the period in which it arises. Interest expense arising in connection with the purchase or production of certain assets is only recognized if they are qualifying assets in accordance with IAS 23.

Dividends are recognized in profit or loss when the legal entitlement is vested.

#### 3.3. INTANGIBLE ASSETS INCLUDING GOODWILL

This item primarily refers to acquired intangible assets, internally generated intangible assets and goodwill.

Acquired intangible assets (purchased rights and licences) are measured initially at cost (purchase price, directly attributable costs). Assets related to acquisitions (see also Note 3.17.), such as contractual customer relationships, trademark rights and no-competition clauses, are recognized as separately acquired intangible assets, provided that the criteria of IFRS 3 and IAS 38 are fulfilled, and measured on initial recognition at fair value.

Internally generated intangible assets (such as internally generated software) are recognized provided that they fulfil the capitalization criteria of IAS 38 (in particular with regard to demonstration of technical feasibility, of the intention and ability to use the asset, as well as of its reliable valuation). Production costs include the costs directly attributable to the development phase, as well as borrowing costs insofar as they can be recognized under IAS 23. Research costs are recognized as an expense.

Separately acquired and internally generated intangible assets with finite lives are subject to amortization after initial recognition. This is done on a straight-line basis under the assumption of the following useful lives:

#### **INTANGIBLE ASSETS**

	in years
ERP licences	20
Other software	5-10

Useful life

Useful lives are reviewed regularly to ensure they are appropriate. If necessary, they are adjusted accordingly. Impairment losses are recognized on these items if there are indications that intangible assets with finite lives have been impaired in accordance with IAS 36, and if the recoverable amount is less than the amortized cost (see also Note 3.6.). If the reasons for the impairment losses are no longer valid, the relevant reversals of impairments are made.

Goodwill arises in conjunction with an acquisition (see also Note 3.17.) if the total consideration transferred to the seller (purchase price and any future contingent considerations) exceeds the net amount of the identifiable assets acquired and the liabilities

assumed. The positive difference between the two amounts is recognized under IFRS 3.

Separately acquired and internally generated intangible assets with indefinite useful lives, as well as goodwill, are not subject to scheduled amortization but must be tested for impairment at least once a year in accordance with IAS 36 (see also Note 3.6.). The impairment test for goodwill takes place at the level of the cash-generating unit to which the item was attributed upon initial recognition. Goodwill is assigned to the cash-generating unit that is expected to benefit from the synergies of the business combination. According to IAS 36, a cash-generating unit is the smallest identifiable group of assets with cash inflow that is largely independent of cash inflow from other assets. Within the Nordzucker Group, the lowest possible level is deemed the one within the entity at which goodwill is monitored for internal management purposes. An impairment loss is recognized on goodwill when the recoverable amount attributed to the cash-generating unit for this item is less than the carrying amount of this cash-generating unit; goodwill must then be written down by the amount of this difference. The basis for calculating the recoverable amount is the value in use of the cash-generating unit. This is determined by means of a present-value model, taking into account cash flows that are based on internal targets. Reversals of the impairment or increases in the carrying amount of goodwill cannot be carried out later.

Gains or losses resulting from the disposal or impairment of intangible assets are presented on the income statement under "Other income" or "Other expenses".

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#### 3.4. PROPERTY, PLANT AND EQUIPMENT

In accordance with IAS 16, property, plant and equipment is initially recognized at cost and subsequently depreciated on a straight-line basis over its expected useful life. Costs include the purchase price, all directly attributable costs, estimated costs for future decommissioning and restoration obligations, as well as borrowing costs insofar as they can be capitalized under IAS 23.

The following useful lives are assumed for depreciation:

#### PROPERTY, PLANT AND EQUIPMENT

Duildings	in years
Buildings	20-60
Technical plant and machinery	4-60
Railway tracks	70
Fleet	4-15
Trailers and rolling stock	25
Other operating and office equipment	3-25

Useful lives are reviewed regularly to ensure they are appropriate. If necessary, they are adjusted accordingly. Depreciation starts from the time at which the asset in question becomes ready for use. Production-related property, plant and equipment only used during the campaign is depreciated for the full year. If there is indication of an impairment in accordance with IAS 36 and the recoverable amount is less than the amortized cost, impairment losses are recognized on these items (see also Note 3.6.). If the reasons for the impairment losses are no longer valid, the relevant reversals of impairments are made.

Gains or losses resulting from the disposal or impairment of items of property, plant and equipment are presented on the income statement under "Other income" or "Other expenses".

#### 3.5. INVESTMENT PROPERTY

Property intended to be let to third parties is initially recognized at cost under IAS 40. For subsequent measurement, the Nordzucker Group consistently exercises the option of measuring investment property at cost, less depreciation and impairment write-downs. Depreciation takes place on a straight-line basis over the useful life of 20 to 60 years. An impairment is recognized if there are indications that an impairment has taken place in accordance with IAS 36 and if the recoverable amount is less than the amortized cost (see also Note 3.6.); the impairment is reversed if the indication of the impairment no longer exists in subsequent periods.

## 3.6. IMPAIRMENT OF INTANGIBLE ASSETS (INCLUDING GOODWILL), PROPERTY, PLANT AND EQUIPMENT AS WELL AS INVESTMENT PROPERTY

Under IAS 36, impairment losses are calculated by comparing the carrying amount with the recoverable amount. This impairment test is applied at the level of individual assets, provided that it is possible to estimate the recoverable amount for the individual asset. If this is not the case, the impairment test must be applied at the level of the cash-generating unit. The cash-generating unit is the smallest possible group of assets that generate largely independent cash inflows.

The Nordzucker Group is divided into the cash-generating units "Sugar from beet" and "Sugar from sugar cane".

At the end of each reporting period, a review is conducted to assess whether any indications for the impairment of assets exist. If such an indication exists, the recoverable amount of the asset or cash-generating unit must be determined and compared with the carrying amount. Impairment testing is carried out once a

year for goodwill, other intangible assets with indefinite useful lives and for intangible assets not yet available for use – regardless of whether or not indications for impairment exist.

The recoverable amount of an asset or cash-generating unit equates to the higher of fair value less costs of disposal and value in use. For cash-generating units, the recoverable amount is generally calculated using the discounted cash flow method, taking into account cash flows based on internal targets. The cash flows are discounted at a rate which reflects current market assessments of the interest effect and the specific risks of the cash-generating unit.

An impairment is applied if the recoverable amount of the asset or cash-generating unit is lower than the corresponding carrying amount. For cash-generating units, any goodwill must first be reduced or eliminated. If the carrying amount is insufficient, other assets belonging to the cash-generating unit must be reduced proportionally.

With the exception of goodwill, a review must be conducted at the end of each reporting period to assess whether there are any indications that a previously recognized impairment no longer exists or has been reduced. If this is the case, the carrying amount of the asset or cash-generating unit must be increased to its recoverable amount. As such, assets may not be attributed in excess of the amortized carrying amount as would have been determined in the absence of any prior impairment.

#### 3.7. INVESTMENT SUBSIDIES

Government grants representing grants for assets under IAS 20 (i.e. investment subsidies) are only recorded if there is sufficient reason to believe that a company within the Nordzucker Group is likely to fulfil the associated conditions and the grant will be

(Supervisory Board Notes ) (Supervisory Board Notes ) (Supervisory Board Notes )

received. Subsidies are not subtracted from the corresponding asset but are considered as deferred income under "Other liabilities". The deferred income is subsequently released to profit or loss (i.e. via the income statement) over the useful life or depreciation period of the corresponding item of property, plant and equipment.

#### 3.8. PROPERTY, PLANT AND EQUIPMENT LEASES

As a lessee, the Nordzucker Group recognizes all leases in the statement of financial position at their present value in the form of a right of use in relation to the leased asset and a lease liability in accordance with IFRS 16.

The present value is calculated based on the current incremental borrowing rate suitable for the term of the lease unless the interest rate on which the lease payments are based is available.

The effective interest method is used for subsequent measurement of the lease liabilities. Cash lease instalments are divided into an interest component recognized in profit or loss and a principal component recognized outside profit or loss. The lease liabilities are reported under financial liabilities, broken down by maturity.

The right of use is written down on a straight-line basis over the term of the lease. The lease liability is compounded using the effective interest method and repaid by means of lease payments. The resulting interest expenses are recognized in the net financial result and the contractual lease payments are exclusively allocated to cash flow from financing activities. The right of use undergoes impairment testing in accordance with IAS 36 (Impairment of Assets).

Under IFRS 16, the accounting policies do not have to be applied to leases that have a term of less than twelve months, whose underlying asset has a low value or if the asset is an intangible asset. For the Nordzucker Group, assets are low in value if their

new value does not exceed EUR 15,000. In the case of these exemptions, leases are not recognized in the Group's statement of financial position as an amortizable right of use or lease liability. Corresponding payments are reported in cash flow from operating activities and the same amount is recognized as an expense in the operating result.

#### 3.9. FINANCIAL INSTRUMENTS

Financial instruments are defined in IAS 32; the relevant accounting and disclosure principles can be found in IFRS 9 and IFRS 7. The term financial instruments covers both financial assets and financial liabilities. Financial assets include cash and cash equivalents, contractual rights to receive cash or other financial assets such as trade receivables, derivative financial instruments with positive fair value and equity instruments of another company. Financial liabilities include contractual obligations to deliver cash and cash equivalents or other financial assets. These include, for example, borrowing, current loans, trade payables and derivative financial instruments with negative fair value.

Only financial assets are included under "Other financial investments", "Financial assets", "Trade receivables", "Receivables from related parties" and "Cash and cash equivalents". The items "Financial liabilities", "Trade payables", "Liabilities towards related parties" and "Other financial liabilities" only comprise financial liabilities.

For the initial recognition, financial instruments must be assigned to measurement categories as listed in IFRS 9. The subsequent measurement of the items is determined by the measurement category. There are three measurement categories for financial assets ("Financial assets measured at fair value through profit or loss", "Financial assets measured at fair value through other comprehensive income" and "Financial assets measured at amortized cost"). Financial assets are not reclassified after their initial recognition

unless the Group changes its business model to manage the financial assets. In this case, all of the affected financial assets are reclassified on the first day of the reporting period that follows the change to the business model. Financial liabilities may be assigned to two measurement categories ("Financial liabilities measured at fair value through profit or loss", "Financial liabilities measured at amortized cost").

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Financial assets and liabilities must be recognized as soon as a company becomes a party to the contractual provisions of the financial instrument. The Group derecognizes a financial asset when its contractual right to cash flows from the financial asset expires. Within the Nordzucker Group, regular purchases and sales are recognized on the settlement date (the day on which the asset is supplied to or by the company). Initial measurement is at fair value. The principles of IFRS 13 are applied to determine fair value. For items not measured at fair value through profit or loss, transaction costs must be taken into account in the initial carrying amount.

The Nordzucker Group has not used the voluntary option of designating financial assets or financial liabilities upon initial recognition as at fair value through profit or loss (fair value option).

Following initial recognition, financial instruments in the measurement categories "Financial assets/liabilities measured at fair value through profit or loss" and in the measurement category "Financial assets measured at fair value through other comprehensive income" should be measured at fair value. The measurement categories "Financial assets/liabilities measured at fair value through profit or loss" also include derivative financial instruments that are not part of an effective hedging relationship in accordance with IFRS 9 (see also Note 3.15.). Changes in value of the latter measurement categories are recognized in profit or loss (i.e. in the income statement). The subsequent measurement of items in the measurement category "Financial assets measured at fair value

through other comprehensive income" is also at fair value. However, having considered the effects of tax, changes in fair value are recognized without effect on profit or loss in other comprehensive income (i.e. in the statement of comprehensive income and not in the income statement). In the case of equity instruments, the changes in value recognized without effect on profit or loss in this way are never transferred to the income statement.

For derivative financial instruments that are part of an effective hedging relationship (see also Note 3.15.), no measurement category is assigned. The instruments are also recognized at fair value. However, value changes are also recognized without effect on profit or loss in other comprehensive income (i.e. in the statement of comprehensive income) depending on the type of hedging relationship.

Following initial recognition at amortized cost, financial assets in the measurement category "Financial assets measured at amortized cost" and financial liabilities in the measurement category "Financial liabilities measured at amortized cost" are measured using the effective interest method.

Within the Nordzucker Group, the financial assets included under the item "Cash and cash equivalents" are assigned to the measurement category "Financial assets measured at amortized cost". This includes bank balances, cash in hand and current balances with banks which have an initial remaining term of up to three months. Amortized cost is generally the same as the nominal value.

Borrowing instruments assigned to the measurement categories "Financial assets measured at amortized cost" and "Financial assets measured at fair value through other comprehensive income" are subject to the impairment requirements of IFRS 9. The expected credit loss for the respective item should be recognized at the end of each reporting period. The change in the expected credit loss is an impairment expense or income that must be recognized in profit or loss.

#### 3.10. ASSETS HELD FOR SALE

Under IFRS 5, items classed as "Assets held for sale" include non-current assets and disposal groups classified as "held for sale". This classification applies if the relevant carrying amount will be recovered principally through a sales transaction rather than through continuing use. In addition, the items must be available for immediate sale in their present condition and the sale must be deemed highly probable, and expected to occur within one year.

Non-current assets are not subject to depreciation, provided that they are classified as "held for sale" or belong to a disposal group classified as "held for sale". Non-current assets or disposal groups that are classified as "held for sale" must be measured immediately after being classified as such, as well as before subsequent ends of reporting periods, at either the carrying amount or fair value less costs to sell, whichever is lower.

If a non-current asset is no longer classified as "held for sale" or no longer belongs to a disposal group classified as "held for sale", and if it is again presented as a non-current item at the time of the decision not to sell, it is measured either at the recoverable amount or – if this is lower – at the carrying amount prior to classification, adjusted for all depreciation or remeasurements that would have been recorded in the absence of classification.

#### 3.11. INVENTORIES

Under IAS 2, inventories are measured at the lower of cost and net realizable value. The cost of inventories includes all costs of acquisition and production, as well as any costs incurred in transferring inventories to their current location and in their current condition. Costs are determined using weighted averages. Costs include all direct costs attributable to producing the asset as well as indirect costs attributable to production. Borrowing costs are not included in costs as the Group's products are not qualifying assets under IAS 23.

The net realizable value is the estimated selling price in the ordinary course of business less estimated costs to completion and estimated costs to sell. The net realizable value of unfinished goods and services is inferred from the net realizable value of finished goods and services less the outstanding costs of completion. Semi-finished goods from production processes are measured using their respective full cost approach. Indirect costs are allocated according to production volume and the amount of production work carried out in-house. If the recognized amounts for finished goods and merchandise are higher than fair value as of the end of the reporting period, the inventories are written down to net realizable value. Sugar stocks from internal production presented under finished goods are recognized at cost, unless they are recognized at a lower net realizable value in view of sales opportunities. Costs include production costs, indirect costs attributable to the Production department and straight-line depreciation for wear and tear.

Write-downs recorded against inventories to reflect their net realizable value are reversed if the reasons for recognizing the loss no longer exist.

#### 3.12. PROVISIONS FOR PENSIONS

Under IAS 19, provisions must be made for pension commitments in the form of defined benefit plans where the company primarily bears the actuarial risk (that the benefits will result in higher costs than expected) and the investment risk (that the assets invested will not be sufficient to provide the benefits expected). Provisions are presented as a net liability, i.e. the capital accrued to finance the pension payments (actuarial reserves) is offset against the defined benefit obligation (reflecting the future pension payments to the employee) if the actuarial reserves show the defining characteristics of plan assets.

The measurement of the defined benefit obligation is made using actuarial methods (projected unit credit method). This method

assumes that each period of service gives rise to an additional unit of benefit entitlement; as such, the defined benefit obligation increases successively until the employee retires. Future payouts are subject to a discount rate, which is calculated at the end of the reporting period based on market returns on high-quality corporate bonds. The method takes into account both actuarial and demographic assumptions (such as expected mortality, fluctuations, early retirement, for example), as well as financial assumptions (such as discount rates and future salary trends, for example).

Cost components with a bearing on pension provisions include service cost, net interest (interest expense, interest income), actuarial gains or losses and return on plan assets. In the income statement, the service cost (i.e. the increase in the present value of a defined benefit obligation arising from a service provided during the reporting period) is presented in the items "Production costs", "Distribution costs" and "Administrative expenses", while the net interest is recorded under "Financial expenses". Net interest is calculated by multiplying net liability by the discount rate of the defined benefit obligation. Actuarial gains or losses and the return on plan assets are recognized without effect on profit or loss in other comprehensive income (i.e. in the statement of comprehensive income and not in the income statement). Actuarial gains and losses are defined as changes in the present value of the defined benefit obligation as a result of experienced adjustments (effects of variations in past actuarial assumptions and actual developments) and effects of changes in actuarial assumptions. The return on plan assets is the variation between the actual return for the plan asset and the accrued interest based on the discount rate for the defined benefit obligation.

#### 3.13. OTHER PROVISIONS

The item "Other provisions" includes personnel-related provisions for anniversaries, partial early retirement, early retirement and severance pay obligations, as well as obligations for profit-sharing,

bonuses and other gratuities. Under IAS 19, these are recognized depending on the characteristics of the obligation – either according to the rules for short-term employee benefits, the rules for other (i.e. not considered as pension benefits) long-term employee benefits, or according to the rules for long-term employee benefits resulting from the termination of an employment relationship (termination benefits).

The item "Other provisions" also includes recultivation obligations and other provisions (e.g. for legal disputes or for onerous contracts or imminent losses). Under IAS 37, these kinds of provisions are recognized if a present (legal or factual) obligation has arisen as a result of a past event, which will probably result in an outflow of resources, and if the extent of the provisions can be reliably estimated. The measurement is based on the best-possible estimate of the expenses required to fulfil the obligation before the end of the reporting period. Non-current provisions must be discounted with an interest rate commensurate to the risk.

Other provisions take into account all recognizable legal and factual obligations of the Nordzucker Group towards third parties.

#### 3.14. DEFERRED TAXES

Under IAS 12, deferred taxes are recognized for future tax assets and liabilities resulting from temporary differences between the value of assets and liabilities for tax purposes and their carrying amount in the IFRS financial statements, and for tax loss carryforwards. Deferred taxes are measured on the basis of the fiscal legislation enacted at the end of each reporting period for the reporting periods in which the differences are expected to reverse or in which it is likely that tax loss carry-forwards will be used. Deferred tax assets for tax loss carry-forwards are only recognized if it is sufficiently likely that they will be realized in the near future. Deferred tax assets are only offset against deferred tax liabilities if specific conditions are fulfilled.

The offsetting entry of deferred taxes is made within the income statement under the item "Income taxes" – unless the tax results from a transaction or event that is recognized directly in equity during the same period or another period either under other comprehensive income (i.e. in the statement of comprehensive income) or in any other place.

For every uncertain tax treatment, the Nordzucker Group determines whether it must be assessed separately or together with one or more other uncertain tax treatments. The Group selects the method that is most suitable for predicting a resolution to the uncertainty.

For potential risks arising from uncertain tax items, corresponding accounting provisions have been recognized in accordance with IFRIC 23. Either the most probable value or the expected value is used for the valuation, depending on which value reflects the expectation best.

## 3.15. DERIVATIVE FINANCIAL INSTRUMENTS AND HEDGE ACCOUNTING

Due to the nature of its business, the Nordzucker Group is exposed to interest rate risk, exchange rate risk, and other market risks. Derivative financial instruments are used as a means of managing these risks.

Accounting for derivative financial instruments is governed by the principles set out in IFRS 9. Derivative financial instruments are either accounted for separately or they are part of an effective hedging relationship ("hedge accounting"). Hedge accounting means addressing hedged items and hedging instruments that are documented as being linked from a financial point of view in such a way that the compensatory effects on the income statement resulting from changes in market prices and associated with highly probable transactions occur in the same period. If a hedging

relationship is designated, recognition of gains and losses from hedged items and hedging instruments is based on special hedge accounting rules. There is a hedge accounting option for every scenario. However, the application of hedge accounting rules is tied to certain conditions. For one thing, the hedging relationship must be documented. For another, the hedging context must fulfil certain effectiveness criteria (economic relationship between the underlying transaction and the hedging instrument, no dominant effect of the default risk, hedge ratio is the same as the hedge ratio used for risk management purposes).

The value measure for the initial and subsequent measurement of derivative financial instruments is fair value. The fair value of certain derivatives may be either positive or negative; depending on this, the instruments are classified as either financial assets or financial liabilities. Fair value must be determined in accordance with the principles set out in IFRS 13. If no market prices for active markets are available, fair value is determined using the present value or option pricing models, whose significant input factors (e.g. market prices, interest rates) are derived from price quotations or other directly or indirectly observable input factors.

Stand-alone derivative financial instruments, i.e. those that are not part of an effective hedging relationship according to IFRS 9, are always assigned to the measurement categories "Financial assets/liabilities measured at fair value through profit or loss". Value changes are recognized in the income statement under either "Financial income" or "Financial expenses".

For derivative financial instruments in an effective hedging relationship, no measurement category is assigned. They are also recognized at fair value, although their recognition in profit or loss (i.e. in the income statement) or outside profit or loss under other comprehensive income (i.e. in the statement of comprehensive income) depends on the type (fair value hedge, cash flow hedge) or characteristics of the hedge.

Within the Nordzucker Group, interest rate derivatives are always integrated into hedging relationships. Stand-alone derivatives are also used to hedge currency and market risks (see also Note 44.4.d.).

#### 3.16. TRANSACTIONS AND ITEMS IN FOREIGN CURRENCIES

Under IAS 21, a foreign currency transaction is a transaction that is denominated or requires settlement in a foreign currency. A foreign currency is defined as any currency other than the functional currency of the company. Foreign currency transactions are business transactions for the acquisition or sale of goods or services in a foreign currency, borrowing activity or leases in a foreign currency, or acquisitions or sales of assets or debt in a foreign currency by any other means. Foreign currency items are items on the statement of financial position that are received or borrowed in foreign currency (and which were related to foreign currency transactions before initial recognition).

Foreign currency transactions or foreign currency items are translated into the functional currency initially at the spot exchange rate valid on the day of the transaction.

Subsequent measurement of foreign currency items depends on whether they are monetary or non-monetary items. Monetary items in a foreign currency are to be translated into the functional currency at the end of each reporting period using the closing rate (i.e. the spot exchange rate at the end of the reporting period); exchange differences must generally be recognized in profit or loss (i.e. in the income statement). Non-monetary items – provided that they are measured at cost – are translated into the functional currency using the exchange rate on the day of their initial recognition. Non-monetary items measured at fair value must be translated using the exchange rate that was valid on the measurement date (i.e. generally using the closing rate). Exchange differences from non-monetary items should be treated

like all other gains or losses, i.e. they are either recognized in profit or loss or outside profit or loss within other comprehensive income (i.e. in the statement of comprehensive income).

#### 3.17. BUSINESS COMBINATIONS

Business combinations are presented using the acquisition method in accordance with IFRS 3. The cost of a business combination is defined as the total consideration paid, measured at fair value as of the acquisition date and the non-controlling interests in the acquired entity. For every business combination, the acquirer measures the non-controlling interests in the acquired entity either at fair value or at their pro rata share of the identified net assets of the acquired entity. Costs incurred in the course of the business combination are recognized as expenses in the income statement.

If the Group acquires an entity, it determines the appropriate categorization and designation of the financial assets and liabilities assumed in accordance with the terms of the contract and under consideration of the economic circumstances and conditions at the acquisition date. This also includes separating embedded derivative financial instruments from their host contract.

For business combinations in stages, the fair value of the equity interest held by the acquirer in the acquired entity is measured as of each acquisition date and the resulting gain or loss is recognized in the income statement.

The agreed contingent consideration is recognized at fair value as of the acquisition date. Subsequent changes in the fair value of a contingent consideration that constitutes an asset or a liability are generally recognized either in the income statement or in other comprehensive income in accordance with IFRS 9. Contingent consideration that is classified as equity is not remeasured and its subsequent settlement is accounted for within equity.

Goodwill is initially measured at cost, which is defined as the excess of total consideration transferred and the amount of any non-controlling interest over the identifiable assets acquired and the liabilities assumed. If this consideration is below the fair value of the net assets of the acquired company, the difference is recognized in the income statement.

After initial recognition, goodwill is not subject to amortization but is tested at least once a year for impairment under IAS 36 (see also Notes 3.3. and 3.6.).

## 4. Discretionary decisions and estimation uncertainty

The presentation of the net assets, financial and earnings position, as well as the accounting policies, is influenced by estimations and assumptions. Estimated values and actual amounts may vary – sometimes significantly.

In particular, key estimates and assumptions have been made in defining uniform periods of depreciation and amortization for the Group, the amount of impairments on receivables and the incremental borrowing rate for measuring lease liabilities, as well as in determining the actuarial assumptions for measuring pension provisions. At the same time, it is necessary to make a large number of estimates and assumptions to account for provisions or disclose contingent liabilities – particularly with regard to related or potential legal disputes or other pending claims. Estimates, for example, must be made regarding the likelihood of a pending case being ruled in the claimant's favour, and regarding any payment obligations arising as a recognition of the ruling. There is also estimation

uncertainty in the recognition of provisions for onerous contracts or imminent losses with regard to whether a loss is likely, and whether it is possible to estimate this loss reliably. For deferred tax assets, the main estimates relate to the taxable profits that will be generated in future. Other significant estimates are made with regard to the issue of whether there are indications for an impairment of assets or cash-generating units, with regard to the implementation of impairment testing in accordance with IAS 36 with a view to determining cash flows in the forecast period, and with regard to the selection of a suitable capitalization rate. The Nordzucker Group has concluded several lease contracts that contain options to extend or terminate the contracts. These options are negotiated by management so that the portfolio of lease assets can be managed flexibly and in line with the respective business requirements. To assess whether exercising these options to extend or terminate the contracts is sufficiently safe, management must engage in significant discretionary decision-making. We refer to the corresponding Notes to the consolidated statement of financial position for the carrying amounts of items affected by significant estimates.

## 5. Accounting standards to be applied for the first time

New or amended standards which came into force in the current reporting period have not had any effect on the Group's accounting policies or given rise to a need for retrospective adjustments.

## 6. Accounting standards not applied

No IFRS were adopted before the mandatory adoption date in the consolidated financial statements of Nordzucker AG as of 28 February 2023. The pronouncements will be adopted for the first time when their application becomes mandatory. The application of IFRS requires the European Union (EU) to first grant approval (endorsement process), which in some cases is still outstanding.

In addition, the Nordzucker Group has not yet applied IFRS 8 Operating Segments or IAS 33 Earnings per Share; their application is only mandatory for capital market companies.

IASB Pronouncements (published on)	Title	Applicable for financial years on or after
Amendments to IFRS standards (14 May 2020)	<ul> <li>IFRS 3 Business Combinations;</li> <li>IAS 16 Property, Plant and Equipment;</li> <li>IAS 37 Provisions, Contingent Liabilities and Contingent Assets</li> <li>Annual Improvements 2018–2020</li> </ul>	1/1/2022

The amendments listed below are not likely to have any major impact on the presentation of the net assets, financial and earnings position or the cash flows of the Nordzucker Group.

These standards or amendments are to be applied to the Nordzucker consolidated financial statements for the first time as of 28 February 2023 or for later reporting periods:

....

IASB Pronouncements (published on)	Title	Applicable for financial years on or after
Transposed into European law		
Amendments to IAS 1 (12 February 2021)	Presentation of Financial Statements and IFRS Practice Statement 2: Disclosure of Accounting Policies	1/1/2023
Amendments to IAS 8 (12 February 2021)	Accounting policies, Changes in Accounting Estimates and Errors: Definition of Accounting Estimates	1/1/2023
IFRS 17 incl. amendments to IFRS 17 (18 May 2017 and 25 June 2020)	Insurance Contracts	1/1/2023
Amendments to IFRS 17 (9 December 2021)	Initial Application of IFRS 17 and IFRS 9  – Comparative Information	1/1/2023
Amendments to IAS 12 (7 May 2021)	Deferred Tax related to Assets and Liabilities arising from a Single Transaction	1/1/2023
Not yet transposed into European law		
Amendments to IAS 1 (23 January 2020, 15 July 2020 and 31 October 2022)	Classification of Liabilities as Current or Non-current Date Classification of Liabilities as Current or Non-current – Deferral of effective Date Non-current Liabilities with Covenants	1/1/2024
Amendments to IAS 16 (22 September 2022)	Lease Liability in a Sale and Leaseback	1/1/2024

The amendments to IAS 1 and IFRS Practice Statement 2 should assist the company in deciding which accounting policies are to be disclosed in its financial statements. The amendment to IAS 1 requires that "material" instead of "significant" accounting policy information be disclosed and also explains what this means. The amendments to IFRS Practice Statement 2 explain how materiality is to be applied to the disclosure of accounting policies. The effects on the consolidated financial statements will be examined.

The other amendments to IAS 1 only relate to the reporting of liabilities in the presentation of the financial position. They clarify that a liability is to be classified as non-current if, at the end of the reporting period, the company has a substantial right to defer settlement of the liability for a period of at least twelve months from the reporting date. The mere existence of a substantial right is sufficient in this regard; the company does not have to intend to exercise this right as well. Material effects on the consolidated financial statements are not anticipated.

## 7. Changes to the reporting structure and changes in accounting policies

No changes were made to the reporting structure in the reporting period.

Changes in accounting policies resulting from the first-time application of accounting standards (see Note 5) had no material effects on the presentation of the Nordzucker Group's net assets, financial and earnings position.

## NOTES TO THE CONSOLIDATED INCOME STATEMENT

### 8. Revenues

Revenues are made up as follows:

#### **REVENUES**

in EUR thousands	1/3/2022 - 28/2/2023	1/3/2021 - 28/2/2022
Products		
Sugar	1,889,017	1,570,569
Bioethanol	13,746	61,896
Animal feed and molasses	275,393	222,857
Other	82,677	87,790
Total	2,260,833	1,943,112
Proportion accounted for by MSL	307,734	319,709
Excluding MSL	1,953,099	1,623,403

Other revenues primarily include sales of merchandise.

### 9. Production costs

Production costs comprise the following:

#### **PRODUCTION COSTS**

in EUR thousands	1/3/2022 - 28/2/2023	1/3/2021 - 28/2/2022
Cost of materials and services	-1.466.873	-1.238.554
Personnel expenses	-195.057	-185.655
Depreciation, amortization and impairment	-60.039	-58.980
Other expenses	-58.657	-52.015
Total	-1.780.626	-1.535.204
Proportion accounted for by MSL	-255.001	-277.937
Excluding MSL	-1.525.625	-1.257.267

### 10. Sales costs

Sales costs comprise the following:

#### **SALES COSTS**

in EUR thousands	1/3/2022 - 28/2/2023	1/3/2021 - 28/2/2022
Freight	-96,427	-82,061
Rentals, land leasing and outside warehousing costs	-57,772	-49,369
Personnel expenses	-23,363	-22,459
Depreciation, amortization and impairment	-8,210	-8,897
Advertising	-6,001	-5,799
Sales commission	-1,816	-1,726
Other costs of sales	-35,711	-35,129
Total	-229,300	-205,440
Proportion accounted for by MSL	-15,661	-16,302
Excluding MSL	-213,639	-189,138

## 11. Administrative expenses

Administrative expenses are made up as follows:

#### **ADMINISTRATIVE EXPENSES**

in EUR thousands	1/3/2022 - 28/2/2023	1/3/2021 - 28/2/2022
Personnel expenses	-49,232	-43,606
Consultancy fees	-11,446	-7,385
Fees and levies	-5,120	-4,239
Depreciation, amortization and impairment	-4,352	-5,782
Rentals and land leasing	-1,156	-943
Travel costs	-1,109	-329
Phone/communications	-997	-937
Other administrative expenses	-10,192	-6,788
Total	-83,604	-70,009
Proportion accounted for by MSL	-15,189	-13,515
Excluding MSL	-68,415	-56,495

### 12. Other income

Other income is made up as follows:

#### **OTHER INCOME**

in EUR thousands	1/3/2022 - 28/2/2023	1/3/2021 - 28/2/2022
Insurance and other compensation for damages	1,371	5,270
Income from the reversal of provisions	2,323	4,541
Foreign exchange gains	5,803	9,745
Proceeds from the disposal of non-current assets	1,267	701
Reversals of impairments on receivables	175	367
Income from the reversal of investment subsidies, grants and other receivables	308	360
Rental and leasing income	502	497
Reversals of impairment of intangible assets as well as property, plant and equipment	974	135
Income from the reimbursement of production levies	0	1,805
Return of unneeded gas supplies to the energy supplier	57,169	0
Miscellaneous operating income	6,627	9,046
Total	76,520	32,467
Proportion accounted for by MSL	1,664	5,546
Excluding MSL	74,856	26,921

Insurance and other compensation for damages in the previous year resulted primarily from damage at the Nordstemmen plant in Germany and the Racecourse plant in Australia.

Currency gains and losses resulting from internal Group loan transactions and associated currency hedging transactions using currency forwards are presented in the income statement under "Other income" or "Other expenses", without offsetting.

Foreign currency gains and the foreign currency losses presented under other expenses are mainly due to the movement of the relevant national currencies against the Euro.

## 13. Other expenses

Other expenses are made up as follows:

#### **OTHER EXPENSES**

in EUR thousands	1/3/2022 - 28/2/2023	1/3/2021 - 28/2/2022
Personnel expenses	-1,408	-1,542
Depreciation, amortization and impairment	-5,326	-1,247
Expenses from loss events	0	-3,568
Research and development	-1,861	-1,804
Foreign exchange losses	-11,647	-9,143
Losses from the disposal of non-current assets	-964	-1,746
Impairments on receivables	-380	-599
Expenses from additions to provisions	-1,852	-24,647
Miscellaneous operating expenses	-9,438	-6,211
Total	-32,876	-50,507
Proportion accounted for by MSL	-1,801	-2,211
Excluding MSL	-31,075	-48,296

Currency gains and losses resulting from internal Group loan transactions and associated currency hedging transactions using currency forwards are presented in the income statement under "Other income" or "Other expenses", without offsetting.

### 14. Financial income

Financial income is made up as follows:

#### FINANCIAL INCOME

Excluding MSL	18,321	7,864
Proportion accounted for by MSL	1,799	1,496
Total	20,120	9,360
Other financial income	14,013	2,526
Interest income receivable from banks	272	1
Other interest and similar income	2,765	3,832
Income from other investments	3,070	3,001
in EUR thousands	1/3/2022 - 28/2/2023	1/3/2021 - 28/2/2022

The income from other investments mainly comprises dividends from the financial investment Tereos TTD.

Other financial income includes unrealized earnings from hedging transactions in the amount of EUR 6,017 thousand. It also includes EUR 7,965 thousand, in particular from the return of unneeded derivatives relating to energy supply. Further information on net income from financial instruments can be found in Note 43.

## 15. Financial expenses

Financial expenses are made up as follows:

#### **FINANCIAL EXPENSES**

in EUR thousands	1/3/2022 - 28/2/2023	1/3/2021 - 28/2/2022
Interest expense on provisions	-4,025	-2,490
Other interest and similar expenses	-3,854	-1,229
Interest expense from bank balances	-6,189	-7,752
Other financial expenses	-2,381	-15,920
Total	-16,449	-27,391
Proportion accounted for by MSL	-4,806	-6,375
Excluding MSL	-11,643	-21,016

The interest expense on bank balances comprises both interest on lines of credit drawn and fees.

Other financial expenses contain unrealized earnings from hedging transactions. Further information on net income from financial instruments can be found in Note 43.

## 16. Result from companies accounted for using the equity method

The result from companies accounted for using the equity method rose by EUR 6,879 thousand compared with the previous reporting period. Companies accounted for using the equity method are shown in the statement of financial position under the item "Financial investments" (see Notes 26.1 and 26.2).

Composition of result from companies accounted for using the equity method:

## RESULT FROM COMPANIES ACCOUNTED FOR USING THE EQUITY METHOD

in EUR thousands	1/3/2022 - 28/2/2023	1/3/2021 - 28/2/2022
ATZU mbH & Co.KG, Hamburg/Germany	1,013	-130
Sugar Australia JV, Yarraville/Australia	7,808	3,263
New Zealand Sugar Company Pty Ltd., Auckland/New Zealand	3,170	1,994
Oriana Shipping Co Pte Ltd., Singapore / Singapore	80	65
Total	12,071	5,192

### 17. Income taxes

Income taxes include taxes on income paid or owed in the individual countries and deferred taxes. Income taxes consist of trade tax, corporation tax, solidarity surcharge and the equivalent foreign income taxes. Income tax expense is made up by origin as follows:

#### **INCOME TAXES**

in EUR thousands	1/3/2022 - 28/2/2023	1/3/2021 - 28/2/2022
Current taxes		
Current domestic taxes	-10,339	-1,673
Current foreign taxes	-22,402	-9,173
	-32,740	-10,846
Deferred taxes		
Deferred domestic taxes	-11,768	-7,626
Deferred foreign taxes	-400	1,230
	-12,168	-6,396
Income taxes	-44,908	-17,242

The current and deferred income tax expenses affecting previous years impacted net income in the amount of EUR 6,162 thousand.

The expected income tax expense which would have been payable if the tax rate for the parent company Nordzucker AG of 30.00 per cent (previous year: 30.00 per cent) were applied to the consolidated net income under IFRS before taxes and minority

interests can be reconciled with the income taxes in the income statement as follows:

#### TAX EXPENSE/TAX INCOME

in EUR thousands	1/3/2022 - 28/2/2023	1/3/2021 - 28/2/2022
IFRS net profit before income taxes	226,689	101,580
Group tax rate	30,00%	30,00%
Expected tax expense (-)/ tax income (+)	-68,007	-30,474
Tax rate variances	8,682	4,766
Taxes for prior years	6,162	1,864
Tax-free income	1,124	2,371
Non-deductible expenses and permanent differences	-2,412	-1,424
Impairment of deferred tax assets on tax loss carry-forwards	-111	0
Use of tax loss carry-forwards for which no deferred tax assets have	0.474	
been established	8,476	5,868
Other effects	1,178	-214
Tax expense	-44,908	-17,242

The corporation tax rate for corporations based in Germany is 15 per cent plus 5.5 per cent solidarity surcharge on the corporation tax liability.

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Companies based in Germany are also liable for trade tax at a rate determined by multipliers set by the local council.

The effects of differences between foreign tax rates and the Group tax rate for Nordzucker AG (30.00 per cent; previous year: 30.00 per cent) are shown in the reconciliation statement under tax rate differences between Germany and abroad.

Deferred tax assets and liabilities primarily result from temporary valuation differences between the IFRS financial statements and the financial statements of the individual Group companies for local tax purposes for the following items:

The overall changes of EUR 19,783 (24,057) thousand in deferred taxes as of the reporting date as shown in the consolidated statement of financial position were recognized as an increase in tax expense in the amount of EUR 12,168 thousand (previous year: EUR 6,396 thousand), i.e. in the income statement. Moreover, tax expense in the amount of EUR 7,050 (17,661) thousand was recognized outside of profit or loss (i.e. in the statement of comprehensive income). Changes due to exchange rates in the amount of EUR 566 (-367) thousand are presented in the "Exchange differences on translating foreign operations" item.

Deferred tax assets and liabilities are offset for each company or taxable entity. To the extent that deferred taxes relate to private partnerships, netting out only takes place at the level of Nordzucker AG for corporation tax purposes. Deferred trade taxes were netted out at the level of the individual private partnerships.

The following table shows the changes in deferred tax assets and liabilities:

D	EF	ER	RE	D T	<b>AXI</b>	ES E	SY
R	ΔΙ	ΔΝ	J/CF	SH	EF.	тіт	FN

#### 28/2/2023

	20/2/2	.023			
in EUR thousands	Deferred tax assets	Deferred tax liabilities	Deferred tax assets	Deferred tax liabilities	
Intangible assets	0	1,992	0	1,781	
Property, plant and equipment	2,891	109,121	2,964	103,099	
Inventories	4,109	5,263	1,657	6,805	
Other assets	1,021	9,565	1,378	7,888	
Pension provisions	19,873	3,980	34,802	2,240	
Other provisions	3,165	6,120	1,961	4,491	
Other liabilities	21,718	3,264	10,294	3,107	
Deferred taxes on temporary differences	52,777	139,306	53,057	129,410	
Deferred tax assets on tax loss carry-forwards	506	0	10,114	0	
Gross amount	53,283	139,306	63,171	129,410	
Offsetting	-49,141	-49,141	-56,016	-56,016	
Balance sheet amount	4,142	90,165	7,155	73,395	

## CHANGES IN

DEFERRED TAXES	1/3/2022-28/2/2023		1/3/2021 – 28/2/2022	
in EUR thousands	Deferred tax assets	Deferred tax liabilities	Deferred tax assets	Deferred tax liabilities
Intangible assets	0	211	-158	-147
Investment property	0	2	1	-1
Property, plant and equipment	-73	6,023	147	754
Inventories	2,452	-1,542	-883	-642
Other assets	-357	1,677	-1,299	3,977
Pension provisions	-14,930	1,740	-11,214	2,240
Other provisions	1,204	1,629	660	3,235
Other liabilities	11,424	158	4,058	2,420
Deferred taxes on temporary differences	-280	9,897	-8,690	11,837
Deferred tax assets on tax loss carry-forwards	-9,607	0	-3,530	0
Total	-9,887	9,897	-12,220	11,837

With regard to the surplus of deferred tax assets over deferred tax liabilities at the level of individual companies in the statement of financial position, the value of the deferred tax assets is considered to be sufficiently certain based on the current earnings situation and/or business planning.

In the financial year, no deferred tax assets were recognized for foreign tax loss carry-forwards of EUR 105,304 (116,434) thousand as no positive taxable income is expected in the near future. Furthermore, no deferred tax assets were recognized for domestic tax loss carry-forwards of EUR 127 (16,526) thousand as no positive taxable income is expected in the near future.

No deferred tax assets were recognized for temporary differences on investments by subsidiaries of EUR 545,667 (358,514) thousand because the Nordzucker Group is able to control the timing of the reversal and the temporary differences will not be reversed in the foreseeable future.

In December 2021, the OECD issued guidelines for a new global minimum tax framework. Several jurisdictions announced their intention to implement these. In December 2022, EU members states agreed on a corresponding EU Directive. While the overarching framework has been published, we are awaiting national legal regulations and detailed guidelines in order to assess the full effects.

### 18. Cost of materials and services

The cost of materials and services is made up as follows:

#### **COST OF MATERIALS AND SERVICES**

Excluding MSL	-1,453,823	-1,094,298
Proportion accounted for by MSL	-218,427	-194,008
Total	-1,672,250	-1,288,306
Cost of purchased services	-106,524	-93,731
Cost of raw materials, consumables and supplies and of purchased merchandise	-1,565,726	-1,194,575
in EUR thousands	1/3/2022 - 28/2/2023	1/3/2021 - 28/2/2022

## 19. Personnel expenses

Personnel expenses are made up as follows:

#### **PERSONNEL EXPENSES**

Excluding MSL	-215,965	-204,910
Proportion accounted for by MSL	-58,384	-53,330
Total	-274,349	-258,240
Expenses for defined benefit plans	-3,662	-4,326
Expenses for defined contribution plans	-12,306	-11,653
Social security contributions and other social expenses	-22,478	-24,890
Wages and salaries	-235,903	-217,371
in EUR thousands	1/3/2022 - 28/2/2023	1/3/2021 - 28/2/2022

Expenses for defined benefit and defined contribution plans consist of Group expenses for defined benefit and defined contribution pension plans and similar obligations. The expenses for defined benefit plans affect service costs. They do not include the net interest expenses of defined benefit obligations associated with pension expenses. These are shown in the income statement under "Financial expenses".

In the reporting period, the Nordzucker Group had an average of 3,774 employees (previous year: 3,812 employees).

## Depreciation, amortization and impairment

Depreciation, amortization and impairment are made up as follows:

#### **DEPRECIATION, AMORTIZATION AND IMPAIRMENT**

1/3/2022 - 28/2/2023	1/3/2021 - 28/2/2022
-72,372	-73,957
-5,791	-1,228
-78,163	-75,185
-8,512	-7,899
-69,651	-67,286
	- 28/2/2023 -72,372 -5,791 -78,163 -8,512

The impairment in the previous year was mainly due to the conversion of energy supply systems from oil to gas at the Nykøbing site in Denmark.

## NOTES TO THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION

## 21. Intangible assets

Changes in the individual items of intangible assets are shown in the statement of changes in non-current assets.

At the end of the reporting period, there were no intangible assets with indefinite useful lives.

In the reporting period, research and development expenses of EUR 1,861 (1,804) thousand were recognized in the income statement. These expenses are attributed in full to the item "Other expenses".

### 22. Property, plant and equipment

We refer to the statement of changes in non-current assets for the Nordzucker Group for changes in property, plant and equipment.

Property, plant and equipment in the amount of EUR 108,701 (99,387) thousand was provided as collateral security for liabilities at the end of the reporting period and comparative period.

## 23. Impairment testing for intangible assets and items of property, plant and equipment

Impairment tests for intangible assets and items of property, plant and equipment are mainly performed on the basis of the values in use for cash-generating units.

As explained under Note 3.6., the Nordzucker Group consists of two cash-generating units, "Sugar from beet" and "Sugar from cane".

As the Nordzucker Group does not recognize any goodwill or intangible assets with indefinite useful lives, an impairment test should only be performed if there are indications of impairment.

The management regards the increase in the general interest rate level as a possible external indication of the need to perform an impairment test. As a result, an impairment test (calculation of value in use) was performed for the cash-generating units "Sugar from beet" and "Sugar from sugar cane" as of 28 February 2023.

The cash flows for these cash-generating units were calculated for the next five years based on financial forecasts. For the impairment test of the cash-generating unit "Sugar from beet", the cash flows were discounted with an interest rate before taxes of 7.1 per cent. This pre-tax WACC is based on the capital structure of the relevant peer group. On 28 February 2023, the risk-free interest rate was 2.1 per cent and the market risk premium was 7.0 per cent.

For the impairment test of the cash-generating unit "Sugar from sugar cane", the cash flows were discounted with an interest rate before taxes of 9.6 per cent. This pre-tax WACC is based on the capital structure of the relevant peer group. On 28 February 2023, the risk-free interest rate was 3.85 per cent and the market risk premium was 9.85 per cent.

For the sustainable results incorporated into the calculation of the cash flows, a growth rate of 0 per cent was used for the cash-generating unit "Sugar from beet" and 2.5 per cent for the cash-generating unit "Sugar from sugar cane".

No impairment was identified for either cash-generating unit.

### 24. Leases

The rights of use under lease contracts are reported as part of property, plant and equipment.

The following table shows how the carrying amounts of rights of use developed between 1 March 2022 and 28 February 2023.

## DEVELOPMENT OF RIGHTS OF USE IN THE FINANCIAL YEAR 2022/2023

in EUR thousands	Land and buildings	and machinery	and office equipment	Total
Carrying amounts 28/02/2022	4,585	1,896	5,213	11,694
Additions	2,894	566	1,864	5,324
Depreciation, amortization and impairment	-2,008	-473	-2,331	-4,812
Other changes	-16	0	-30	-46
Carrying amounts 28/02/2023	5,455	1,989	4,716	12,160

Depreciation, amortization and impairment does not include any impairment.

The obligations under the lease contracts are secured by the lessor's ownership of the lease assets. The Nordzucker Group is prohibited from assigning and subleasing the lease assets.

The following table shows the amounts for all leases reported in the cash flow statement and income statement:

#### **EXPENSES AND PAYMENTS FROM LEASE CONTRACTS**

in EUR thousands	2022/2023	2021/2022
Amounts included in statement of cash flows:		
Total payments from lease contracts	18,411	17,597
Amounts included in the income statement:		
Depreciation, amortization and impairment	4,812	4,973
Interest expense on lease liabilities	271	354
Expense from short-term leases	11,962	11,147
Expense from leases of low-value assets	787	893
Expense from variable lease payments which have not been included in the measurement of the lease liabilities	48	109

The variable lease payments are immaterial for the Nordzucker Group.

For information on liabilities resulting from lease agreements, see Note 36. For further information on payments resulting from leases, see the Notes to the consolidated cash flow statement.

## 25. Investment property

Investment property in the Nordzucker Group mainly consists of residences and land not required for operating purposes.

In the reporting period, rental income of EUR 311 (324) thousand was generated, offset by expenses of EUR 255 (210) thousand. There were also expenses of EUR 104 (110) thousand for which there was no corresponding rental income.

The fair value of the property is EUR 13,559 (13,006) thousand as of the end of the reporting period. The fair value was determined on the basis of internal estimates using comparable properties.

No subsequent costs were recognized in the reporting period or in the comparative period.

### 26. Financial investments

The following changes in the Nordzucker Group's financial investments occurred in the reporting period.

#### **FINANCIAL INVESTMENTS**

in EUR thousands	28/2/2023	28/2/2022
MEF Melasse-Extraktion Frellstedt GmbH, Frellstedt, Germany	2,400	2,400
August Töpfer Zuckerhandelsgesellschaft mbH & Co. KG, Hamburg, Germany	6,029	4,419
August Töpfer Verwaltungs GmbH, Hamburg, Germany	25	25
Sugar Australia Pty Limited, Yarraville, Australia	36,354	34,926
New Zealand Sugar Company Pty Ltd., Auckland, New Zealand	25,507	22,548
Oriana Shipping Co Pte Ltd., Singapore, Singapore	2,164	2,303
Total shares in companies accounted for using the equity method	72,478	66,621
Tereos TTD, a.s. (Dobrovice, Czech Republic)	19,663	19,663
Sugar Terminal Limited (Brisbane, Australia)	24,793	21,738
Racecourse Projects Pty Ltd. (Balberra, Australia )	0	1,561
Miscellaneous investments	3,898	2,937
Other investments	48,354	45,900
Total	120,832	112,521

The investments in Sugar Terminals Limited and Racecourse Projects Pty Ltd. are classified as measured at fair value through other comprehensive income. In the case of Tereos TTD and the miscellaneous investments, measurement is at cost.

### 26.1. JOINT VENTURES ACCOUNTED FOR USING THE EQUITY METHOD

An overview of the joint ventures can be found at the end of this report in the list of shareholdings.

The following table shows the earnings and statement of financial position details for the main joint venture accounted for using the equity method and its inclusion in the Nordzucker Group.

## EARNINGS INFORMATION SUGAR AUSTRALIA PTY LIMITED, YARRAVILLE, AUSTRALIA

in EUR thousands	2022/2023	2021/2022
Revenues	402,591	331,907
Income after taxes	28,183	13,052
Pro rata income after taxes	7,046	3,263
Pro rata comprehensive income after taxes	7,046	3,263

## STATEMENT OF FINANCIAL POSITION INFORMATION SUGAR AUSTRALIA PTY LIMITED, YARRAVILLE, AUSTRALIA

in EUR thousands	2022/2023	2021/2022
Non-current assets	88,433	96,123
Equity	145,416	138,836
Pro rata equity/carrying amount	36,354	34 ,709

MSL holds a 25 per cent interest in Sugar Australia Joint Venture, Yarraville, Australia. The joint venture's business activities comprise the production, transportation, storage, sale and distribution of refined sugar, syrups and raw sugar for human consumption as well as similar products and by-products. The investment means that the value chain is extended to include the production of white sugar from the raw sugar produced by Mackay Sugar. Due to vertical integration, the business is classified as strategically significant for Mackay Sugar and therefore for the Nordzucker Group.

## 26.2. ASSOCIATED COMPANIES ACCOUNTED FOR USING THE EQUITY METHOD

An overview of the associated companies can be found at the end of this report in the list of shareholdings.

The following table shows earnings and statement of financial position details for the Nordzucker Group's main associated company accounted for using the equity method.

## EARNINGS INFORMATION NEW ZEALAND SUGAR COMPANY PTY LTD., AUCKLAND, NEW ZEALAND

after taxes	3,170	1,994
Pro rata comprehensive income		
Pro rata income after taxes	3,170	1,994
Income after taxes	12,680	7,977
Revenues	164,594	132,387
in EUR thousands	2022/2023	2021/2022

## STATEMENT OF FINANCIAL POSITION INFORMATION NEW ZEALAND SUGAR COMPANY PTY LTD., AUCKLAND, NEW ZEALAND

in EUR thousands	2022/2023	2021/2022
Non-current assets	39,280	42,490
Equity	101,918	89,631
Pro rata equity/carrying amount	25,479	22,408

#### **26.3. OTHER FINANCIAL INVESTMENTS**

Financial assets presented under other financial investments are recognized at the end of the reporting period either at fair value or at cost (see Note 3.9.).

The shares in Tereos TTD a.s. are presented here, despite a stake of 35.38 per cent, because it is not possible to exercise significant influence over the operating and financial policy within the meaning of IAS 28.6. It is also not possible to influence decision-making processes. Likewise, there are no material transactions between Nordzucker AG and Tereos TTD. There has also been no exchange of management personnel, and significant information is not provided to Nordzucker AG.

The Nordzucker Group received dividends of EUR 3,070 (3,001) thousand in the reporting year.

## Fixed-asset movement schedule 2022/2023

### for Nordzucker AG, Braunschweig, Germany

	Cost or fair value						Accumulated depreciation, amortization and impairment						Carrying	amounts		
in EUR thousands	As of 1/3/2022	Currency effects	Additions	Reclassifi- cations	Dis- posals	As of 28/2/2023	As of 1/3/2022	Currency effects	Depreciation, amortization	Impair- ment	Reversals of impair- ment	Reclassifi- cations	Dis- posals	As of 28/2/2023	As of 28/2/2023	As of 28/2/2022
Intangible assets																
Rights, patents and licences	472	-3	15	0	0	484	-154	1	-16	0	0	0	0	-169	315	318
Internally generated intangible assets	2,265	0	0	0	0	2,265	-2,265	0	0	0	0	0	0	-2,265	0	0
Other intangible assets	47,754	-13	1,423	22	-850	48,336	-31,651	9	-2,550	0	0	0	845	-33,347	14,989	16,103
Advance payments made	700	0	1,866	-2	0	2,564	0	0	0	0	0	0	0	0	2,564	700
	51,191	-16	3,304	20	-850	53,649	-34,070	10	-2,566	0	0	0	845	-35,781	17,868	17,121
Property, plant and equipment																
Land and buildings	541,171	-3,034	11,283	6,295	-4,075	551,640	-318,506	1,113	-10,585	-127	0	-3	3,707	-324,401	227,239	222,665
Technical plant and machinery	2,138,371	-13,447	71,710	21,432	-17,620	2,200,446	-1,442,044	8,202	-53,705	-5,656	974	3	15,249	-1,476,977	723,469	696,327
Other plant, operating and office equipment	60,991	-280	7,398	738	-2,101	66,746	-42,599	217	-5,450	-7	0	0	2,049	-45,790	20,956	18,392
Advance payments made and plant																
under construction	65,670	-2,153	53,305	-28,484	-224	88,114	-3	0	0	0	0		0	-3	88,111	65,667
	2,806,203	-18,914	143,696	-19	-24,020	2,906,946	-1,803,152	9,532	-69,740	-5,790	974	0	21,005	-1,847,171	1,059,775	1,003,051
Investment property	12,143	-121	84	-14	-116	11,976	-1,109	9	-66	0	0	0	66	-1,100	10,876	11,034
<u>property</u>	2,869,537	-19,051	147,084	-13		2,972,571	-1,838,331	9,551	-72,372	-5,790	974		21,916	-1,884,052	1,088,519	1,031,206
Financial investments	121,231	-1,328	9,638	0	0	129,541	-8,710	1	0	0	0	0	0	-8,709	120,832	112,521
	2,990,768	-20,379	156,722	-13		3,102,112		9,552		-5,790	974		21,916	-1,892,761	1,209,351	1,143,727

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## Fixed-asset movement schedule 2021/2022

## for Nordzucker AG, Braunschweig, Germany

	Cost or fair value					Accumulated depreciation, amortization and impairment						Carrying amounts				
in EUR thousands	As of 1/3/2021	Currency effects	Additions	Reclassifi- cations	Dis- posals	As of 28/2/2022	As of 1/3/2021	Currency effects	Depreciation, amortization	Impair- ment	Reversals of impair- ment	Reclassifi- cations	Dis- posals	As of 28/2/2022	As of 28/2/2022	As of 28/2/2021
Intangible assets																
Rights, patents and licences	549	-1	113	0	-189	472	-331	1	-13	0	0	0	189	-154	318	218
Internally generated intangible assets	2,265	0	0	0	0	2,265	-2,265	0	0	0	0	0	0	-2,265	0	0
Other intangible assets	44,496	-56	3,721	862	-1,269	47,754	-28,073	44	-4,100	0	0	0	478	-31,651	16,103	16,423
Advance payments made	603	0	700	-602	0	700	0	0	0	0	0	0	0	0	700	603
	47,913	-57	4,534	260	-1,458	51,191	-30,669	45	-4,113	0	0	0	667	-34,070	17,121	17,244
Property, plant and equipment	0						0									
Land and buildings	539,683	-4,524	8,723	994	-3,705	541,171	-308,818	1,519	-11,485	-30	0	-1	309	-318,506	222,665	230,865
Technical plant and machinery	2,097,249	-11,887	50,982	27,266	-25,239	2,138,371	-1,418,271	6,427	-53,025	-1,180	0	1	24,004	-1,442,044	696,327	678,978
Other plant, operating and office equipment	58,037	-378	5,850	230	-2,748	60,991	-40,340	310	-5,270	-6	0	0	2,707	-42,599	18,392	17,697
Advance payments made and plant under construction	45,964	-971	49,641	-28,750	-214	65,670	-79	0	0	0	0		76	-3	65,667	45,885
	2,740,933	-17,760	115,196	-260	-31,906	2,806,203	-1,767,508	8,256	-69,780	-1,216	0	0	27,096	-1,803,152	1,003,051	973,425
Investment property	12,891	48	0	-726	-70	12,143	-1,560	-3	-64	-11	135	377	17	-1,109	11,034	11,331
	2,801,737	-17,769	119,730	-726	-33,434	2,869,537	-1,799,737	8,298	-73,957	-1,227	135	377	27,780	-1,838,331	1,031,206	1,002,000
Financial investments	109,638	457	12,229	0	-1,093	121,231	-8,710	0	0	0	0	0	0	-8,710	112,521	100,928
	2,911,375	-17,312	131,959	-726	-34,527	2,990,768	-1,808,447	8,298	-73,957	-1,227	135	377	27,780	-1,847,041	1,143,727	1,102,928

### 27. Inventories

Unfinished goods mainly consist of the thick juice required to produce bioethanol and granulated products.

Write-downs and reversals of write-downs (write-backs) on inventories are recognized under "Production costs" in the income statement. Write-downs of EUR 34,911 (2,331) thousand and write-backs of EUR 198 (220) thousand were recognized in the reporting period. The write-downs in the reporting period and previous period primarily related to valuation adjustments made to reflect the net realizable value of manufactured sugar.

EUR 90,619 (60,920) thousand was pledged as collateral for liabilities in the reporting year. The inventories pledged for liabilities relate to collateral provided by MSL as part of the existing syndicated loan.

### 28. Trade receivables

Trade receivables are made up as follows:

#### **TRADE RECEIVABLES**

in EUR thousands	28/2/2023	28/2/2022
Gross trade receivables	306,312	224,955
Impairment loss on trade receivables	-1,312	-1,439
Balance sheet amount	305,000	223,516

Information on the default risks of trade receivables is given in Note 44.2. Expenses for impairments on trade receivables in the reporting period amounted to EUR 380 (599) thousand. All of the trade receivables have a term of up to one year.

## 29. Receivables from related parties

Receivables from related parties are made up as follows:

#### **RECEIVABLES FROM RELATED PARTIES**

in EUR thousands	28/2/2023	28/2/2022
Receivables from joint ventures	362	776
Receivables from other related parties	162	66
Balance sheet amount	524	842

Details on the default risks can be found in Note 44.2. Receivables from related parties have a term of up to one year.

### 30. Financial assets

Financial assets are made up as follows:

#### **FINANCIAL ASSETS**

Balance sheet amount	54,959	42,456
Other financial assets	15,650	1,299
Claims for damages	14	1,506
Positive fair value of derivative financial instruments	39,295	39,651
in EUR thousands	28/2/2023	28/2/2022

As in the previous year, miscellaneous financial assets in the reporting year primarily comprise financial receivables from sugar beet growers at MSL in relation to the securing of sugar sales.

Details on the default risks can be found in Note 44.2. Financial assets have a term of up to one year.

### 31. Other assets

Other assets are made up as follows:

#### **OTHER ASSETS**

in EUR thousands	28/2/2023	28/2/2022
Receivables from other taxes	32,187	22,806
Miscellaneous other assets	82,247	55,639
Balance sheet amount	114,434	78,445

Miscellaneous other assets in the reporting period primarily relate to purchased  ${\rm CO_2}$  certificates in the amount of EUR 61,411 (43,346) thousand. They also include prepayments for services relating to the following year in the amount of EUR 6,004 (4,559) thousand.

### 32. Assets held for sale

Assets classified as held for sale in accordance with IFRS 5 consist of land and buildings with a carrying amount of EUR 0 (349) thousand.

## 33. Equity

Changes in Group shareholders' equity are shown in the statement of changes in shareholders' equity.

Capital management at the Nordzucker Group is founded on a strong equity base and a sustainable dividend policy in order to secure current operations on the one hand and to enable a reasonable dividend yield for the shareholders on the other. As of 28 February 2023, the equity ratio came to 55.2 per cent

(previous year: 59.6 per cent). The Executive Board will propose to the Annual General Meeting to distribute a dividend of EUR 1.20 per qualifying share for the 2022/2023 financial year. Please see Note 51 for further information.

Nordzucker AG's Articles of Association do not stipulate any particular capital requirements. The Executive Board manages the Group with the aim of generating a profit. It does this by means of capital-market-related targets for the company which are measured in terms of specific financial indicators. The main financial indicators for the Group are RoCE and EBIT margin.

#### 33.1. SUBSCRIBED CAPITAL

At the end of the reporting period, subscribed capital (share capital) remained unchanged at EUR 123,651,328.00 and was divided into 48,301,300 registered common shares.

The ordinary share capital is fully paid-in and as in the previous year has a nominal share of subscribed capital of EUR 2.56 per share.

At the end of the reporting period, Nordzucker Holding AG, Braunschweig, Germany, had provided evidence that it held more than 50 per cent of the shares, with 83.77 per cent.

#### 33.2. CAPITAL RESERVES

The capital reserves have been formed from share premiums paid in the course of capital increases by Nordzucker AG.

#### 33.3. RETAINED EARNINGS

Retained earnings are made up of the net income earned in prior financial years and the current period by the companies included in the consolidated financial statements. Goodwill arising on acquisitions made by the Group before 1 March 2004 has been offset against reserves. In the IFRS opening statement of financial position, the balancing item from the conversion of financial statements in foreign currencies was offset against retained earnings.

Retained earnings include statutory reserves of ten per cent of subscribed capital, amounting to EUR 12,365 thousand which, in line with statutory regulations (Sec. 150 AktG [German Stock Corporation Act]), are not available for distribution to shareholders.

#### 33.4. OTHER COMPREHENSIVE INCOME

Other comprehensive income is made up as follows:

#### OTHER COMPREHENSIVE INCOME

in EUR thousands	28/2/2023	28/2/2022
Remeasurement of defined benefit plans	-47,082	-83,490
Exchange differences on translating foreign operations	-10,327	136
Net result of cash flow hedges	-14,305	15,032
Balance sheet amount	-71,714	-68,322

#### 33.5. NON-CONTROLLING INTERESTS

Non-controlling interests exist in the following companies:

#### **NON-CONTROLLING INTERESTS**

Verwaltungs-GmbH	0	15
Norddeutsche Flüssigzucker GmbH & Co. KG	0	3,048
Považský Cukor a.s.	1,499	1,267
Nordzucker Polska S.A.	171	163
Mackay Sugar Limited	26,264	21,415
Balance sheet amount	61,482	58,711

The Nordzucker Group acquired all of the shares of Norddeutsche Flüssigzucker GmbH & Co. KG and its general partner company (Norddeutsche Flüssigzucker Verwaltungs-GmbH) in the reporting period.

Total net income for the period attributable to non-controlling interests amounting to EUR 12,395 thousand primarily relates to Mackay Sugar Limited (EUR 8,067 thousand), AB Nordic Sugar Kédainiai (EUR 3,037 thousand) and Sucros Oy (EUR 1,009 thousand).

Net income for the period attributable to non-controlling interests amounting to EUR 5,637 thousand in the comparative period was primarily due to Mackay Sugar Limited (EUR 4,232 thousand), AB Nordic Sugar Kėdainiai (EUR 841 thousand) and Sucros Oy (EUR 301 thousand).

## 34. Pension obligations

Provisions for pension obligations are made for accrued and current benefits accruing to currently active and former members of staff of the Nordzucker Group and their surviving dependants.

Pension obligations are structured in line with the legal, fiscal and economic conditions in each country.

The Group offers both defined contribution and defined benefit plans. Pension commitments are based on collective agreements and in a few cases on individual agreements with fixed benefit amounts.

The defined benefit plans have commitments both covered by provisions and funded by plan assets. As such, reinsurance was pledged to the beneficiaries for some of the benefit plans in 2005. Furthermore, the Nordzucker Group has concluded an additional pension commitment with a pension fund for some of the benefit plans. As such, 80 per cent of pension obligations can now be funded in full in exchange for a single premium.

In 2012, the Nordzucker Group concluded a defined benefit plan for all new employees that distributes the biometric risks between the employee and the employer. The benefit plan involves changing to a capital commitment with market-based interest.

In the reporting period, the expenses for defined contribution plans amounted to EUR 12,306 (11,653) thousand.

Provisions for pension benefits are determined in accordance with IAS 19 on the basis of actuarial assumptions. In the reporting and comparative period, the following weighted financial assumptions were applied:

## FINANCIAL ASSUMPTIONS REGARDING PENSION OBLIGATIONS

		022/2023 ing period	2021/2022 comparative period			
	Domestic	Foreign	Domestic	Foreign		
Discount rate	3.80 %	3.60 %	1.80 %	1.65 %		
Salary increase	3.00 %	2.75 %	2.50 %	3.15 %		
Pension increase	2.15 %	1.80 %	1.50 %	2.20 %		

For domestic companies in the Nordzucker Group, the assumptions for life expectancy are taken from the 2018 G mortality tables by Dr Klaus Heubeck.

With a discount rate of 3.80 (1.80) per cent, the duration of domestic obligations was 14.5 (17.8) years. With a discount rate of 3.60 (1.65) per cent, the duration of foreign obligations was 11 (13) years.

The following table shows the percentage effect that a change in assumptions would have on the defined benefit obligations at the end of the reporting period, provided the other assumptions remained unchanged:

#### **SENSITIVITY ANALYSIS**

		022/2023 ng period	2021/202 comparative perio		
	Domestic	Foreign	Domestic	Foreign	
Pension increase +0.5%	-6.14 %	-6.25 %	-7.36 %	-7.25 %	
-0.5 %	6.86 %	6.86 %	8.38 %	8.09 %	
Salary increase +0.5 %	0.16 %	1.26 %	0.24 %	1.92 %	
-0.5 %	-0.15 %	-1.19 %	-0.22 %	-1.70 %	
Pension increase +0.5%	3.74 %	5.95 %	4.01 %	6.67 %	
-0.5 %	-3.46 %	5.54 %	-4.11 %	-6.14 %	

Provisions for pensions and similar obligations disclosed in the statement of financial position changed as follows:

#### **CHANGE IN PENSION PROVISIONS**

	Defined	d benefit ob	ligation		Net liability		
in EUR thousands	Domestic	Foreign	Total	Domestic	Foreign	Total	Total
As of 1/3/2021	279,201	41,003	320,204	44,686	386	45,072	275,132
Service cost	4,200	126	4,326		/	/	4,326
Interest expense/interest income	2,513	333	2,846	406	10	416	2,430
Other value changes	/	/	/			/	/
Total recognized on the income statement	6,713	459	7,172	406	10	416	6,756
Return on plan assets	/	/	/	-1,568	-205	-1,773	1,773
Actuarial gains/losses	-37,621	-1,909	-39,530	/	/		-39,530
Total remeasurements (not recorded in the income statement)	-37,621	-1,909	-39,530	-1,568	-205	-1,773	-37,756
Payments made for reinsurance	/	/	/		33	33	-33
Reimbursements from reinsurance	/	/	/	-4,076	-491	-4,568	4,568
Pension payments made	-9,676	-2,350	-12,026	/	/	/	-12,026
Exchange rate differences and other adjustments	-809	-989	-1,798	/	286	286	-2,084
As of 1/3/2022	237,808	36,214	274,022	39,448	19	39,467	234,555
Service cost	3,176	486	3,662	/	/	/	3,662
Interest expense/interest income	4,280	612	4,892	717	24	741	4,151
Other value changes	/	/	/	/	/	/	
Total recognized on the income statement	7,456	1,098	8,554	717	24	741	7,813
Return on plan assets			/	-3,360	-476	-3,836	3,836
Actuarial gains/losses	-47,956	-6,929	-54,885				-54,885
Total remeasurements (not recorded in the income statement)	-47,956	-6,929	-54,885	-3,360	-476	-3,836	-51,049
Payments made for reinsurance	/			/	92	92	-92
Reimbursements from reinsurance	/	/		-3,880	-453	-4,333	4,333
Pension payments made	-9,073	-2,296	-11,369	/	/	/	-11,369
Exchange rate differences and other adjustments	-4	2,949	2,945	393	4,513	4,906	-1,961
As of 28/2/2023	188,231	31,036	219,267	33,318	3,719	37,037	182,230

Actuarial gains in the reporting period were primarily due to changes in the actuarial assumptions regarding the discount rate.

For the 2023/2024 reporting period, contributions to plan assets are expected to amount to EUR 432 (435) thousand.

## 35. Other provisions

Other provisions are made up as follows:

#### **OTHER PROVISIONS**

in EUR thousands	As of 28/2/2022	Currency effects	Additions/ reclassifica- tions	Usage	Reversal	As of 28/2/2023
Litigation risks and risk provisions	89,323	0	1,852	-3,953	0	87,222
Staff-related provisions	31,140	-154	10,827	-6,039	-575	35,199
Provisions for suppliers and customers	5,989	0	5,307	-5,424	-565	5,307
Miscellaneous other provisions	17,908	-304	9,000	-8,358	-1,183	17,063
Balance sheet amount	144,360	-458	29,986	-23,774	-2,323	144,791

Provisions for litigation risks and other risks were mainly made to reflect the risks of various ongoing legal proceedings and other legal risks.

Staff-related provisions consist mainly of provisions for profit-sharing, bonuses and other gratuities, holiday and flexitime entitlements and partial early retirement, as well as for early retirement and severance pay obligations.

Miscellaneous other provisions partly relate to recultivation obligations. The provision made for this includes the forecast expenses for the demolition of buildings and recultivation of land used for operations as well as demolition obligations at

former production sites. Miscellaneous other provisions were made in the reporting period for outstanding invoices and other anticipated expenses.

### 36. Financial liabilities

Financial liabilities are made up as follows:

#### **FINANCIAL LIABILITIES**

Balance sheet amount	252,181	140,785
Liabilities from leases	12,147	12,179
Liabilities to banks	240,034	128,606
in EUR thousands	28/2/2023	28/2/2022

A syndicated loan for EUR 350,000 thousand was taken out in December 2022 for a period of five years, in order to secure the Nordzucker Group's access to liquidity. Of this amount, EUR 95,000 thousand had been drawn down as of the reporting date.

The interest structure of the syndicated loan comprises the applicable EURIBOR and a margin. The amount of the margin depends on the debt-to-equity financial ratio (net debt to EBITDA as defined in the loan agreement) as well as a non-financial ratio which is supplied by an external service provider.

The preservation of the credit line is dependent on compliance with binding financial and non-financial covenants.

## 37. Trade payables

Trade payables are made up as follows:

#### **TRADE PAYABLES**

in EUR thousands	28/2/2023	28/2/2022
Liabilities towards raw material suppliers	292,141	163,818
Other trade payables	147,775	111,995
Balance sheet amount	439,916	275,813

## 38. Liabilities towards related parties

Liabilities towards related parties are made up as follows:

#### LIABILITIES TOWARDS RELATED PARTIES

in EUR thousands	28/2/2023	28/2/2022
Liabilities towards joint ventures	5,475	5,510
Liabilities towards other related parties	40,538	28,650
Balance sheet amount	46,013	34,160

### 39. Other financial liabilities

Other financial liabilities are made up as follows:

#### **OTHER FINANCIAL LIABILITIES**

in EUR thousands	28/2/2023	28/2/2022
Negative fair value of derivative financial instruments	71,986	29,141
Miscellaneous financial liabilities	66	0
Balance sheet amount	72,052	29,141

### 40. Other liabilities

Other liabilities are made up as follows:

#### **OTHER LIABILITIES**

Miscellaneous other liabilities  Balance sheet amount	13,472 37,898	8,370 33,738
Advance payments received for orders	143	109
Deferrals	5,282	5,320
Investment grants, subsidies and other support payments	3,843	4,099
Outstanding social security contributions	15,158	15,840
in EUR thousands	28/2/2023	28/2/2022

Liabilities from investment grants, subsidies and other support payments are in connection with government grants awarded for the purchase or production of subsidized property, plant and equipment. They are reversed through the income statement over the useful life of the subsidized assets.

Within miscellaneous other liabilities, there was a year-on-year increase in liabilities from withholding taxes and liabilities to banks in connection with derivative transactions in particular.

# NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT

# 41. Components of cash and cash equivalents

Cash and cash equivalents in the cash flow statement comprise all cash and cash equivalents in the statement of financial position (i.e. cash in hand, cheques and bank balances) which can be converted into cash at any time and are only subject to insignificant fluctuations in value, provided that they are available for use within three months. Cash is not subject to any restrictions on availability.

# 42. Other disclosures regarding the cash flow statement

No significant non-cash transactions took place for investing and financing purposes in the reporting period and the comparative period.

## **OTHER DISCLOSURES**

# 43. Other disclosures on financial instruments

The following table lists the carrying amounts for financial assets and financial liabilities by measurement category for the reporting period in accordance with IFRS 9:

#### CARRYING AMOUNTS OF FINANCIAL INSTRUMENTS BY MEASUREMENT CATEGORY

		Measurem	ent in accordan	ce with IFRS 9		
		FA_AC <sup>1</sup>	FA_FVOCI <sup>2</sup>	FA_FVPL/ FL_FVPL <sup>3</sup>		No category
in EUR thousands	28/02/2023	Amortized cost	Fair value not recor- ded in pro- fit or loss	Fair value recorded in profit or loss	Measurement in accordance with IFRS 16	Fair value
Non-current assets						
Other financial investments	48,354	23,561	24,793	0	/	0
Financial assets	190	0	0	190	/	0
Current assets						
Trade receivables	305,000	305,000				
Receivables from related parties	524	524	/	/	/	/
Financial assets	54,769	14		34,025		20,730
Cash and cash equivalents	43,779	43,779		/		/
Non-current liabilities						
Financial liabilities	83,523	/		/		/
Liabilities to banks	76,084	76,084	0	0		/
Lease liabilities	7,439	0	0	0	7,439	0
Liabilities towards related parties	5,443	5,443	0	0	0	0
Other financial liabilities	13,438	13,438	0	0	0	0
Current liabilities						
Financial liabilities	168,658	0	0	0	0	0
Liabilities to banks	163,950	163,950	0	0	0	0
Lease liabilities	4,708	0	0	0	4,708	0
Trade payables	439,916	439,916	0	0	0	0
Liabilities towards related parties	40,570	40,570	0	0	0	0
Other financial liabilities	58,614	66	0	13,369	0	45,179
Total assets	452,616	372,878	24,793	34,215	0	20,730
Total liabilities	810,162	739,467	0	13,369	12,147	45,179

<sup>1)</sup> Measurement category "Financial assets measured at amortized cost" and "Financial liabilities measured at amortized cost".

<sup>2)</sup> Measurement category "Financial assets measured at fair value through other comprehensive income".

<sup>3)</sup> Measurement category "Financial assets at fair value through profit or loss" or "Financial liabilities at fair value through profit or loss".

#### CARRYING AMOUNTS OF FINANCIAL INSTRUMENTS BY MEASUREMENT CATEGORY

#### Measurement in accordance with IFRS 9

		FA_AC¹	FA_FVOCI <sup>2</sup>	FA_FVPL/ FL_FVPL <sup>3</sup>		No category
in EUR thousands	28/2/2022	Amortized cost	Fair value not recor- ded in pro- fit or loss	Fair value recorded in profit or loss	Measurement in accordance with IFRS 16	Fair value
Non-current assets						
Other financial investments	45,900	22,335	23,565	0		0
Financial assets	3,273	0	0	3,273		0
Current assets						
Trade receivables	223,516	223,516	/			/
Receivables from related parties	842	842	/	/	/	/
Financial assets	39,183	1,506	/	36,337		1,340
Cash and cash equivalents	79,763	79,763	/			/
Non-current liabilities						
Financial liabilities	110,218	/	/		/	1
Liabilities to banks	102,675	102,675	0	0	/	
Lease liabilities	7,543	0	0	0	7,543	0
Liabilities towards related parties	5,500	5,500	0	0	0	0
Other financial liabilities	6,642	6,642	0	0	0	0
Current liabilities						
Financial liabilities	30,567	0	0	0	0	0
Liabilities to banks	25,930	25,930	0	0	0	0
Lease liabilities	4,636	0	0	0	4,636	0
Trade payables	275,843	275,843	0	0	0	0
Liabilities towards related parties	28,660	28,660	0	0	0	0
Other financial liabilities	22,499	0	0	22,499	0	0
Total assets	392,477	327,962	23,565	39,610	0	1,340
Total liabilities	479,928	445,250	0	22,499	12,179	0

The measurement of financial assets and liabilities is made in accordance with the availability of relevant information on the basis of the three levels of the fair value hierarchy detailed in IFRS 7 and IFRS 13. For the first level, market prices for identical assets and liabilities can be observed directly on active markets. For the second level, the measurement is made on the basis of measurement models that are determined by parameters observed on the market. The use of measurement models that are not based on input factors that can be observed on the market is covered by the third level. All derivative financial assets and liabilities are classed under level 2. Accepted financial models are used to determine the fair value of derivative financial instruments; as such, only input factors that can be observed (e.g. interest rates, exchange rates) are taken into account. For derivative financial instruments, fair value corresponds to the amount that the Nordzucker Group would receive or have to pay for the transfer at the end of the reporting period.

The investment in Sugar Terminals Limited disclosed in Note 26 falls under Level 1 in accordance with IFRS 13. The fair value was calculated on the basis of the quoted share price (Class G/Australia) on 28 February 2023. The fair value of the investment in Racecourse Projects Pty Ltd. is calculated approximately on the basis of the pro rata ownership share of the company's net assets (Level 3).

For cash and other current financial instruments, i.e. trade receivables, financial assets, derivative financial instruments and other receivables and liabilities, the fair value and the carrying amount at the end of the reporting period are the same.

<sup>1)</sup> Measurement category "Financial assets measured at amortized cost" and "Financial liabilities measured at amortized cost".

<sup>2)</sup> Measurement category "Financial assets measured at fair value through other comprehensive income".

<sup>3)</sup> Measurement category "Financial assets at fair value through profit or loss" or "Financial liabilities at fair value through profit or loss".

The net gains or net losses by measurement category (IFRS 9) are as follows:

#### **NET GAINS OR LOSSES FROM FINANCIAL INSTRUMENTS**

Financial liabilities measured at amortized cost (FL_AC)  Total	-10,043 - <b>71,573</b>	-8,981 - <b>44.061</b>
Financial assets/liabilities measured at fair value through profit or loss (FA_FVPL/FL_FVPL)	-25,621	-47,475
Financial assets measured at fair value through other comprehensive income FA_FVOCI)	-15,140	8,193
Financial assets measured at amortized cost (FA_AC)	-20,769	4,202
in EUR thousands	1/3/2022 - 28/2/2023	1/3/2021 - 28/2/2022

Financial assets measured at amortized cost include impairments on receivables, interest from receivables and loans granted, as well as gains or losses from currency translation for receivables. Impairments on receivables and gains or losses from currency translation for receivables are recognized in the income statement under "Other income" or "Other expenses". Interest from receivables and loans granted is presented under "Financial income".

The item "Financial assets measured at fair value through other comprehensive income" includes dividends, which are recognized in the income statement under "Financial income" or "Financial expenses".

Changes in the market value of derivative financial instruments are recognized under financial assets/liabilities measured at fair

value through profit or loss. They are presented in the income statement under "Financial income" or "Financial expenses", and also under "Revenues" and "Production costs".

Interest on loans received is recognized within "Financial liabilities measured at amortized cost". This is presented in the income statement under "Financial expenses".

Within the income statement, the "Financial income" or "Financial expenses" item includes interest income of EUR 2,765 (3,832) thousand and interest expenses of EUR 3,854 (1,229) thousand from financial instruments not measured at fair value through profit and loss.

No interest income was received from impaired financial assets in the reporting period or in the comparative period.

# 44. Risk management

#### 44.1. GENERAL REMARKS

The Nordzucker Group has a comprehensive system in place throughout the company for the early identification and permanent monitoring of risk as well as for risk measurement and limitation. The integrated risk management system is used to identify all risks and the appropriate responses and to ensure these are reflected in operational and strategic planning. Potential risks such as default and credit risks, commodity, liquidity and exchange rate risks as well as interest rate risks are assessed permanently as part of risk management, whereby appropriate steps are developed and implemented. Operating and strategic decision-making always takes risk aspects into account. The Group-wide reporting and controlling system ensures that all the responsible decision makers are continually informed.

By the nature of its business, the Nordzucker Group is exposed to default and credit risks, commodity, liquidity and exchange rate risks as well as interest rate risks. These are controlled by means of suitable risk management processes. The Nordzucker Group uses derivative financial instruments to hedge against interest and exchange rate fluctuations and to hedge costs of raw materials. The use of these instruments is governed by Group guidelines and restricted to the hedging of existing transactions or those which are sufficiently likely to take place. The guidelines define the individuals responsible, the limits and reporting and stipulate a strict separation between trading and clearing. This transparent and functional manner of organizing risk management processes applies to all types of risk.

#### 44.2. DEFAULT RISK

Credit or default risk is the risk that business partners do not meet their contractual payment obligations, causing the Nordzucker Group to suffer a loss as a result. As part of credit risk management, business partners are subject to a credit scoring in order to reduce default risk. Receivables and loans are subject to the impairment requirements of IFRS 9. Expected credit losses for the default risk must be calculated at the end of each reporting period. The impairment item calculated in this way reduces the respective receivable/loan in the statement of financial position; an impairment expense is recognized in the income statement. If the expected credit losses decrease over time, the impairment item is reduced, while impairment income is simultaneously recognized.

In the area of finance, counterparty risks exist when liquidity surpluses are invested and derivatives are held. The Nordzucker Group selects banks as business partners and pays particular attention here to their short-term rating in conjunction with their long-term rating.

Nordzucker limits the default risk for receivables/loans by obtaining commercial credit insurance. Since this type of insurance is taken into account when calculating expected credit losses in accordance with IFRS 9, the expected credit loss for each

individual item is usually extremely low. For information on the development of impairment losses on trade receivables and their terms, please refer to Note 28.

In general, the Nordzucker Group does not see itself as exposed to a significant default risk from any individual counterparty. As the customer structure for the Nordzucker Group is diverse, there is only a limited concentration of credit risk. The inclusion of risks associated with various customer groups, sectors or countries – if available – is regularly checked. A corresponding allocation of a default risk was not necessary in the reporting year.

The maximum default risk corresponds to the carrying amounts of the financial assets on the statement of financial position at the end of the reporting period.

For the portion of the receivables portfolio which has neither been impaired nor is past due, there is no indication as of the end of the reporting period that the Nordzucker Group's debtors will not fulfil their payment obligations.

The Nordzucker Group did not provide or receive financial assets as collateral either in the reporting period or in the comparative period.

#### 44.3. LIQUIDITY RISK

Liquidity risk is the risk that the company cannot meet its payment obligations at the contractually agreed time. To ensure the Nordzucker Group's liquidity, its liquidity needs are monitored and planned centrally. Sufficient cash and short-term credit lines are readily available to meet all obligations when they are due.

Within the Nordzucker Group, Nordzucker AG in particular possesses the financing framework of the syndicated loan. The cash requirements of the European Group companies are predominantly covered by Nordzucker AG and, in association, by corresponding cash pooling agreements. The Australian Group subsidiary MSL has its own credit line which it uses to finance itself. In addition, Nordzucker AG has a shareholder loan which could also be used for financing purposes as of the reporting date.

Liquidity planning is integrated into corporate planning and takes account of seasonal financing requirements due to the sugar campaign. Corporate planning is updated during the year by means of forecast planning, and strategic financial planning is part of the Nordzucker Group's five-year planning.

The following table shows contractually agreed (undiscounted) interest and capital repayments – also categorized by remaining term – for the non-derivative financial liabilities and for derivative financial instruments.

#### PAYMENTS FROM FINANCIAL INSTRUMENTS BY REMAINING TERM

	Carrying	Gross inflow/	Remaining term of up to	Remaining term of one to	Remaining term of more
in EUR thousands	amount	outflow	one year	five years	than five years
As of 28/2/2023					
Financial liabilities	252,181	-261,699	-147,211	-104,970	0
Liabilities to banks	240,034	-249,133	-142,503	-97,531	0
Lease liabilities	12,147	-12,566	-4,708	-7,439	0
Trade payables	439,916	-439,916	-439,916	0	0
Other financial liabilities, liabilities towards related parties	46,079	-46,079	-27,198	-18,881	0
Derivative financial liabilities	71,986	-71,986	-71,986	0	0
Derivative financial assets	-39,295	39,295	39,295	0	0
Total	770,867	-780,385	-647,016	-123,851	0
As of 28/2/2022					
Financial liabilities	140,785	-140,785	-30,566	-110,218	0
Liabilities to banks	128,606	-128,605	-25,930	-102,675	0
Lease liabilities	12,179	-12,179	-4,636	-7,543	0
Trade payables	275,813	-275,813	-275,813	0	0
Other financial liabilities, liabilities towards related parties	40,130	-40,130	-27,988	-12,142	0
Derivative financial liabilities	23,171	-23,171	-23,171	0	0
Derivative financial assets	-36,379	36,379	36,379	0	0
Total	443,520	-443,520	-321,159	-122,360	0

The analysis of remaining terms includes all instruments held for which payments have been contractually agreed as of the end of the reporting period. Forecast payments on expected future liabilities are not included. Floating-rate interest payments on financial instruments are determined using the last interest rates set before the end of the reporting period. Financial liabilities repayable at any time are categorized in accordance with the remaining term according to their estimated repayment dates.

#### 44.4. MARKET RISKS

Market risks arise from potential changes in risk factors, which lead to fluctuations in market values or alterations in future cash flows. The relevant risk factors for the Nordzucker Group are exchange rate and interest rate fluctuations, as well as changes in the price of commodities.

#### a. Exchange rate risk

Due to its business operations in different countries which are not part of the Eurozone, the Nordzucker Group is exposed to exchange rate and currency risks. The currency risk arises in the operational area when revenue and expenses are not generated in the Group currency, the Euro, but rather in the respective local currencies. Likewise, currency risks arise in the area of Group-wide financing of subsidiaries.

IFRS 7 requires the disclosure of a sensitivity analysis to illustrate the dimensions of exchange rate risks. The application of sensitivity analyses enables the calculation for this type of risk of the effects that a change of the given exchange rate at the end of the reporting period would have on the net income for the period and on the equity of the Nordzucker Group. The effects are determined by applying a hypothetical change of ten per cent in the exchange rates to the amount of the relevant items in

foreign currencies (the net risk position in the foreign currency) as of the end of the reporting period. It is assumed that the exposure at the end of the reporting period is representative of the whole reporting period.

The net risk position is adjusted for planned transactions within the next twelve months and for existing hedging instruments (even if no hedging relationship in accordance with IFRS 9 exists).

Foreign currency positions in Danish Crown are only exposed to an insignificant exchange rate risk, as the country is part of the European Union's exchange rate mechanism. The exchange rate risk from foreign currency positions in US Dollars is also insignificant as the amounts are minor and are hedged directly.

Furthermore, the Nordzucker Group hedges a large proportion of actual currency risks using the natural hedge approach and through the targeted use of derivatives, so that the remaining low net risk exposure is insignificant.

#### b. Interest rate risk

Due to its borrowing activities, the Nordzucker Group is exposed to interest rate risk. Financing is arranged in various currency areas, although the most frequent currencies are the Euro, along with the Australian Dollar (AUD) for Mackay Sugar's financing activities. There were no material interest rate risks from financing activities in other local Group currencies in the reporting year.

In accordance with IFRS 7 interest rate risks are illustrated using sensitivity analyses. A sensitivity analysis determines the effect that a change in market interest rates at the end of the reporting period would have on the net income for the period and on equity.

In the reporting and comparative periods, no cash flow hedges were used to hedge the interest rate risk of floating-rate instruments (excluding MSL) since these funds are scheduled to be repaid shortly and no further loans are to be taken out at floating rates of interest thereafter. Mackay Sugar uses interest rate derivatives to hedge the interest rate risk arising from long-term financing. In view of the remaining term of the derivatives and the Nordzucker Group's low level of debt, a hypothetical change in the relevant interest rates for floating-rate instruments of +/-50 basis points would therefore not have a significant effect in relation to the Group's equity and net interest.

#### c. Commodity risk

As a result of its business activities, the Nordzucker Group is exposed to various price risks for commodities. These primarily relate to world market prices for sugar, energy sources and the related CO<sub>2</sub> emissions.

#### d. Hedging activities

The Nordzucker Group uses derivative financial instruments solely to hedge interest rate and exchange rate risks as well as price risks for raw materials.

As a rule, the existing interest rate risk for floating-rate loans is reduced by means of interest rate derivatives. All interest rate derivatives are designated as cash flow hedges in hedging relationships under IFRS 9.

It is generally assumed that the hedged transactions will actually take place. If a hedging transaction is cancelled, the amounts accumulated in other comprehensive income during the term of the transaction are reversed when the hedged item is recognized in profit or loss or if it no longer takes place.

In addition to the natural hedge approach for Poland and Sweden, the gross positions are hedged to reduce exchange rate risk. Exchange rate risks are also hedged by means of appropriate derivatives such as currency futures – including for periods of less than a year. At the end of the reporting period, these derivatives had positive fair values totalling EUR 6,056 (7,394) thousand and negative fair values totalling EUR 9,515 (5,385) thousand.

At MSL, derivative financial instruments are primarily used for the purpose of hedging risks. Unless otherwise stated, hedge accounting is used for all derivative financial instruments. In the remainder of the Nordzucker Group, hedge accounting is likewise used for derivative financial instruments which serve to hedge risks resulting from fluctuations in the price of sugar. In the case of hedge accounting, an economic relationship is established between the transaction being hedged (underlying transaction) and the hedging instrument (derivative) in order to assess the hedging relationship and effectiveness. The effectiveness is measured at the beginning and then on a regular basis as required. This is done by designating a single hedging instrument or a combination of hedging instruments as a cash flow hedge in order to compensate for changes in the underlying transaction's cash flows. The nominal amount of the hedging instrument corresponds to that of the underlying transaction, and the cash flows match the dates unless otherwise stated. Changes in the values of the derivative financial instruments are offset with the changes in the fair values or with the underlying transaction's cash flows and, unless otherwise stated, have a hedging ratio of 100% when the hedges are structured.

As of the end of the reporting period, the Group holds derivative financial instruments aimed at hedging currency risks and

price risks for sugar and energy. Most of the derivative financial instruments mature within one year.

In order to protect its consolidated net income for the period against raw material price fluctuations, exchange rate movements and price trends for emission rights, the Nordzucker Group has designated future purchases of emission rights and raw materials as underlying transactions for cash flow hedging purposes. The hedging instruments used are corresponding forward transactions on commodities and currency futures which, at the end of the reporting period, had positive fair values totalling EUR 33,240 (32,452) thousand and negative fair values totalling EUR 62,471(24,383) thousand. During the reporting period, a loss after deferred taxes of EUR 19,250 (profit 25,946) thousand was recognized outside of profit or loss (i.e. in other comprehensive income in the statement of comprehensive income). Income of EUR 14,668 (13,131) thousand was also withdrawn from other comprehensive income in the statement of comprehensive income and deducted from the cost of inventories. Due to sales of these inventories, an amount of EUR 3,667 (1,155) thousand was recognized under "Production costs" in the income statement in the period under review, thus increasing expenses. At the end of the reporting period, hedging relationships resulted in income of EUR 22,011 thousand (expense of 4,788) thousand which was recognized outside of profit or loss. Income of EUR 2,683 (703) thousand was recognized in the income statement as ineffective components of hedging relationships in the reporting period.

A sensitivity analysis for the market values in the statement of financial position would not have a significant effect on the Group's equity and earnings. The Group does not measure the derivatives itself. The fair value determination is carried out by the contracting banks using accepted financial methods and observable input factors (level 2 of the fair value hierarchy).

## 45. Related party transactions

For the Nordzucker Group, related parties within the meaning of IAS 24 are individuals and companies which control the Group or exercise significant influence over it or are controlled or significantly influenced by the Group. The first category includes the active members of the Executive Board and Supervisory Board of Nordzucker AG and its majority shareholder Nordzucker Holding AG. The subsidiaries, parent company, joint ventures and associated companies in the Nordzucker Group are also defined as related parties.

Receivables from and liabilities towards related parties are based on arm's length transactions.

The following commercial relationships existed with related parties in addition to those existing with fully consolidated subsidiaries:

#### **RELATED PARTY TRANSACTIONS**

in EUR thousands	28/2/2023	28/2/2022
Statement of financial position		
Receivables from related parties	524	842
Liabilities towards related parties	46,013	34,160
Income statement		
Services provided to related parties	70	59
Net financial result	12,071	5,192

In the period under review, receivables from related parties in the amount of EUR 524 (842) thousand were owed mainly by August Töpfer Zuckerhandelsgesellschaft mbH & Co. KG.

Of the liabilities towards related parties in the reporting period, EUR 17,393 thousand was owed to Nordzucker Holding AG, Braunschweig, EUR 5,475 thousand to MEF Melasse-Extraktion Frellstedt GmbH, Frellstedt, and EUR 22,743 thousand to Union Zucker Südhannover GmbH, Nordstemmen. Of the liabilities towards related parties in the comparative period, EUR 8,197 thousand was owed to Nordzucker Holding AG, Braunschweig, EUR 5,510 thousand to MEF Melasse-Extraktion Frellstedt GmbH, Frellstedt, and EUR 20,052 thousand to Union Zucker Südhannover GmbH, Nordstemmen.

Nordzucker Holding AG and Union Zucker Südhannover GmbH are shareholders of Nordzucker AG; the liabilities relate to loans and current accounts. The remaining liabilities relate to other related parties and result largely from loans and trade in goods and services.

The net financial result is from associated companies and joint ventures. For information on changes, please refer to Note 16.

## 46. Contingent liabilities

As of the end of the reporting period and comparative period, there were no contingent liabilities towards third parties outside the Group.

# 47. Other financial obligations and contingent receivables

The Nordzucker Group's other financial obligations are made up as follows:

#### **OTHER FINANCIAL OBLIGATIONS**

in EUR thousands	28/2/2023	28/2/2022
Purchase commitments for property, plant and equipment	33,722	25,391
Purchase commitments for intangible assets	1,013	1,265
Queensland subsidy	4,229	4,229
Total	38.964	30.884

### 48. Auditors' fees

Companies in the Nordzucker Group purchased services for EUR 478 (377) thousand from Ernst & Young GmbH Wirtschafts-prüfungsgesellschaft, Hanover, in connection with the statutory audit of financial statements for the Nordzucker Group and Nordzucker AG and other services for EUR 70 (63) thousand. Total auditors' fees for the Group in the financial year were EUR 519 (440) thousand.

# 49. Supervisory Board and executive Board

In the reporting period, the Supervisory Board was made up as follows:

#### **SUPERVISORY BOARD**

Shareholder representatives

Jochen Johannes Juister, Farmer, Nordhastedt Chairman

Helmut Bleckwenn, Farmer, Garmissen Deputy Chairman

Dr Karl-Heinz Engel, former Managing Director of Hochwald Foods GmbH, Riol

Alexander Heidebroek, Farmer, Gevensleben

Friedrich Christoph Heins, Farmer, Uehrde

Eckard Hinrichs, Farmer, Wrestedt-Wieren

Henrik Madsen, Chief Commercial Officer Emmelev A/S, Otterup (DK), Padborg, Denmark

Bernd Schliephacke, Farmer, Rohrsheim

Dr Carin-Martina Tröltzsch, Member of the Executive Board of K+S Aktiengesellschaft, Bad Homburg v.d. Höhe

Grit Worsch, Chair of the Executive Board of VR PLUS Altmark-Wendland eG, Woltersdorf **Employee representatives** 

Sigrun Krussmann, Laboratory Technician, Seelze Deputy Chairwoman

Steffen Blümel, Energy Facility Electrician, Uelzen

Irmhild Börner, Industrial Clerk, Sehnde (from 21 July 2022)

Ulf Gabriel, Electrician, Banteln

Olaf Joern, Mechatronics Engineer, Uelzen

Matthias Kranz, Human Resources Administrator, Groß Schwülper (until 20 July 2022)

The members of the Executive Board in the reporting period were as follows:

#### **EXECUTIVE BOARD**

Dr Lars Gorissen, Braunschweig, Chief Executive Officer

Alexander Bott, Düsseldorf, Chief Financial Officer

Alexander Godow, Hanover, Chief Operating Officer

# 50. Remuneration report

In the following section, the principles of remuneration for members of the Executive Board and Supervisory Board of Nordzucker AG are described and the amount of their remuneration disclosed, together with disclosures on shares held by members of the Executive Board and Supervisory Board.

#### **50.1.REMUNERATION OF THE EXECUTIVE BOARD**

The structure and amount of Executive Board remuneration are determined and regularly reviewed by the full Supervisory Board following a proposal from the Human Resources Committee of the Supervisory Board.

The criteria for determining the remuneration of individual Executive Board members are their responsibilities, personal performance, the economic situation, business success, future prospects, sustainable corporate development and also the extent to which the remuneration is generally accepted considering the sphere of comparison and remuneration structures applicable elsewhere in the company.

The total remuneration of Executive Board members includes monetary payments, benefit commitments and other commitments such as the provision of a company car. The monetary remuneration components consist of a fixed basic annual salary, paid in twelve equal monthly instalments, as well as a variable earnings and performance-related payment. The variable portion, plus any special remuneration, can be up to a maximum of 50 per cent of total compensation (total compensation is made up of the fixed basic annual salary and the variable remuneration, as well as any special remuneration). The variable remuneration paid to Executive Board members is calculated based on several

components and taking account of key indicators that are relevant for control purposes as well as strategic objectives. When taking account of the key indicators that are relevant for control purposes, a three-year period is used to ensure that a calculation basis over several years can be formed. Furthermore, strategic targets which are related to each Executive Board member's area

of responsibility and which contribute to the company's value creation are agreed for each financial year.

This results in the following remuneration for individual members of the Executive Board for the 2022/2023 reporting period and for the 2021/2022 comparative period:

#### **REMUNERATION OF EXECUTIVE BOARD MEMBERS 2022/2023**

		Cash payments	Pensions	Other*	Total
in EUR	Fixed salary	Variable annual bonus			
Dr Lars Gorissen	690,000	300,000	125,000	18,994	1,133,994
Alexander Bott	530,000	175,000	125,000	12,997	842,997
Alexander Godow	431,667	175,000	125,000	24,951	756,618
Total	1,651,667	650,000	375,000	56,942	2,733,609

<sup>\*</sup> Monetary benefits in line with tax regulations, e.g. from the provision of company cars etc.

#### **REMUNERATION OF EXECUTIVE BOARD MEMBERS 2021/2022**

		Cash payments		Other*	Total
in EUR	Fixed salary	Variable annual bonus			
Dr Lars Gorissen	610,000	137,910	125,000	20,307	893,217
Axel Aumüller	575,000	120,671	125,000	14,261	834,932
Alexander Bott	530,000	120,671	125,000	17,036	792,707
Alexander Godow	71,667	20,112	20,833	4,049	116,661
Total	1,786,667	399,364	395,833	55,653	2,637,517

<sup>\*</sup> Monetary benefits in line with tax regulations, e.g. from the provision of company cars etc.

The members of the Executive Board are assured pension commitments in the form of defined benefit commitments and defined contribution commitments.

Former Executive Board members received pension payments of EUR 898 (861) thousand. Nordzucker AG recognized provisions of EUR 8,933 (10,231) thousand for pension commitments to former Executive Board members.

No members of the Executive Board received loans or advances from the company in the reporting and comparative period.

#### **50.2. REMUNERATION OF THE SUPERVISORY BOARD**

The remuneration of the Supervisory Board is based on the size of the company, the duties and responsibilities of the members of the Supervisory Board and the economic situation of the company. The remuneration includes a dividend-related component in addition to a fixed payment. The chairs and deputy chairs of the Supervisory Board and the chairs of committees as well as those participating in them receive additional remuneration (with the exception of the Nomination Committee).

The remuneration of the Supervisory Board is defined in Sec. 12 of the Articles of Association of Nordzucker AG.

In accordance with these rules, members of the Supervisory Board receive a fixed salary of EUR 27,500 and a dividend-related payment of EUR 50 for every EUR 0.01 of dividend paid out per share on average over the past three years. Subject to approval at the Annual General Meeting, the dividend for the 2022/2023 reporting period will be EUR 1.20 per share (2021/2022 reporting period: EUR 0.80; 2020/2021 reporting period: EUR 0.60). The amount of variable remuneration is limited to the amount of one fixed salary. The Chairman of the Supervisory Board

receives 3.0 times the total remuneration, while the Deputy Chairman and chairs of the committees receive 1.6 times the total remuneration. If a member of the Supervisory Board occupies more than one of these positions, the increased rate of remuneration only applies once. For each Supervisory Board committee that they are a member of, committee members received 0.2 times the total remuneration up to a maximum increase rate of 1.4. Membership of the Nomination Committee

is an exception to this remuneration framework. In addition, each Supervisory Board member is reimbursed for their expenses with a fixed amount of EUR 1,000, which is increased in accordance with the factors above. Meeting attendance fees are not paid.

Subject to the approval of the dividend proposal at the Annual General Meeting, the following payments will be made for the 2022/2023 reporting period:

#### **REMUNERATION OF SUPERVISORY BOARD MEMBERS 2022/2023**

in EUR	Fixed remunera- tion*	Variable remun- eration*	Fixed expense reimburse- ment*	Total	Factor	Pro rata 1	Pro rata 2	Total remunera- tion	Total previous year
Jochen Johannes Juister (CEO)	27,500;00	4,350.00	1,000.00	32,850.00	3.0	365.00	365.00	98,550.00	65,100.00
Helmut Bleckwenn (Deputy Chairman)	27,500;00	4,350.00	1,000.00	32,850.00	1.6	365.00	365.00	52,560.00	38,880.00
Sigrun Krussmann (Deputy Chairwoman)	27,500;00	4,350.00	1,000.00	32,850.00	1.6	365.00	365.00	52,560.00	37,680.00
Steffen Blümel	27,500;00	4,350.00	1,000.00	32,850.00	1.2	365.00	365.00	39,420.00	29,640.00
Irmhild Börner	27,500;00	4,350.00	1,000.00	32,850.00	1.2	224.00	365.00	24,192.00	0.00
Dr Karl-Heinz Engel	27,500;00	4,350.00	1,000.00	32,850.00	1.0	365.00	365.00	32,850.00	25,200.00
Ulf Gabriel	27,500;00	4,350.00	1,000.00	32,850.00	1.2	365.00	365.00	39,420.00	30,840.00
Alexander Heidebroek	27,500;00	4,350.00	1,000.00	32,850.00	1.2	365.00	365.00	39,420.00	30,840.00
Friedrich Christoph Heins	27,500;00	4,350.00	1,000.00	32,850.00	1.6	365.00	365.00	52,560.00	35,580.00
Eckhard Hinrichs	27,500;00	4,350.00	1,000.00	32,850.00	1.2	365.00	365.00	39,420.00	28,070.79
Olaf Joern	27,500;00	4,350.00	1,000.00	32,850.00	1.2	365.00	365.00	39,420.00	30,540.00
Matthias Kranz	27,500;00	4,350.00	1,000.00	32,850.00	1.2	141.00	365.00	15,228.00	31,440.00
Henrik Madsen	27,500;00	4,350.00	1,000.00	32,850.00	1.2	365.00	365.00	39,420.00	27,770.79
Bernd Schliephacke	27,500;00	4,350.00	1,000.00	32,850.00	1.2	365.00	365.00	39,420.00	32,340.00
Dr Carin-Martina Tröltzsch	27,500;00	4,350.00	1,000.00	32,850.00	1.2	365.00	365.00	39,420.00	29,640.00
Grit Worsch	27,500;00	4,350.00	1,000.00	32,850.00	1.4	365.00	365.00	45,990.00	32,640.00
Total	440,000.00	69,600.00	16,000.00	525,600.00				689,850.00	506,202.00

 $<sup>\</sup>mbox{\ensuremath{^{\star}}}$  Does not include the VAT paid on behalf of Supervisory Board members for their work.

No members of the Supervisory Board received loans or advances from the company in the reporting and comparative period.

# 50.3. SHARES HELD BY MEMBERS OF THE EXECUTIVE BOARD AND SUPERVISORY BOARD

Members of the Executive Board hold no significant amounts of shares.

As of 28 February 2023, members of the Supervisory Board and related parties held under 1 per cent of the issued share capital of Nordzucker AG. The shares bear no relation to the remuneration of the Supervisory Board.

#### **50.4. OTHER**

Board members of Nordzucker AG are insured by Nordzucker AG against third-party claims as allowed by law.

For this purpose, the company has taken out Group-wide uniform D&O insurance that includes the members of the Boards of Nordzucker AG. The insurance policy is taken out or renewed annually and covers the personal liability of Board members for claims for damages arising in the course of their work.

## 51. Dividend proposal

The dividends that can be distributed to shareholders are defined in the German Stock Corporation Act (AktG) as the net distributable profit as determined under German commercial law and disclosed in the annual financial statements of Nordzucker AG. The annual financial statements of Nordzucker AG for the 2022/2023 reporting period show a net distributable profit of EUR 57,962 thousand. The Executive Board proposes to use EUR 57,961,560.00 for the payment of a dividend for the reporting period 2022/2023 (representing a dividend of EUR 1.20 per qualifying share). The previous year's dividend was EUR 38,641,040.00 (EUR 0.80 per qualifying share).

# 52. Events after the reporting period

Our Australian domestic company MSL is financed locally by its own syndicated loan. This syndicated loan agreement includes corresponding obligatory provisions, one of which it was not possible to comply with after the reporting date due to market developments. This occurrence prompted a further review of the conditions, which must now be conducted again on 1 December 2023 in accordance with a waiver. It is assumed that the corresponding provision will either be complied with again by this date, or that alternative provisions to maintain the syndicated loan will be made between the parties in the period up to 1 December 2023.

No other significant events occurred after the reporting period.

Braunschweig, Germany, 10 May 2023

The Executive Board

Dr Lars Gorissen

Alexander Bott

llexander Godow

# LIST OF SHAREHOLDINGS

## Shareholding

of Nordzucker AG, Braunschweig, as of 28 February 2023		direct	in	direct
	Shortened form	%	%	via companies
Consolidated subsidiaries				
Norddeutsche Flüssigzucker GmbH & Co. KG (Braunschweig, Germany)	NFZ KG	100 %		
Norddeutsche Flüssigzucker Verwaltungs-GmbH (Braunschweig, Germany)	NFZ GmbH	100 %		
Nordzucker GmbH & Co. KG (Braunschweig, Germany)	NZ KG	100%		
Nordzucker Plant Based Ingredients GmbH (Braunschweig, Germany)	NZ PBI GmbH	100%		
Nordzucker Polska S.A. (Opalenica, Poland)	NZ Polska	99.87%		
Považský Cukor a.s. (Trenčianska Teplá, Slovakia)	Povazsky	96.80%		
Nordic Sugar A/S (Kopenhagen, Denmark)	NS AS		100%	NSH AS
Nordic Sugar AB (Malmö, Sweden)	NS AB		100%	NSH AS
Arlöv Sockerbruks Depa AB (Malmö, Sweden)	Arlöv SD AB		100%	NS AB
Arlövs Sockerbruks Fastighets AB (Malmö, Sweden)	Arlöv SF AB		100%	NS AB
AB Nordic Sugar Kėdainiai (Kėdainiai, Lithuania)	NS Kėdainiai		72.8%	NS AS
UAB Nordzucker Business Services (Kaunas, Lithuania)	NBS	100%		
Nordic Sugar Oy (Kantvik, Finland)	NS Oy		100%	NS AS
Sucros Oy (Säkylä, Finland)	Sucros Oy		80%	NS Oy
Suomen Sokeri Oy (Kantvik, Finnland)	Suomen Oy		80%	Sucros Oy
Nordzucker Ireland Limited (Dublin, Ireland)	NZ Ireland	100%		
Nordzucker Cane Sugar Holding GmbH (Braunschweig, Germany)	NZCS	100%		<u></u>
Mackay Sugar Limited (Mackay, Australia)	MSL		70.94%	NZCS
Queensland Commodity Service Pty Ltd. (Mackay, Australia)	QCS		70.94%	MSL
Mackay Commodity Trading Pty Ltd. (Mackay, Australia)	MCS		70.94%	MSL
Joint ventures accounted for using the equity method				
MEF Melasse-Extraktion Frellstedt GmbH (Frellstedt, Germany)	MEF		50%	NZ KG
Norddeutsche Zucker-Raffinerie Gesellschaft mit beschränkter Haftung (Frellstedt, Germany)	NZR		50%	NZ KG
Sugar Australia Pty Ltd. (Yarraville, Australia)	Sugar Aust		17.74%	MSL
Sugar Australia JV (Yarraville, Australia)	Sugar Aust		17.74%	MSL

# LIST OF SHAREHOLDINGS

### Shareholding

of Nordzucker AG, Braunschweig, as of 28 February 2023		direct	in	direct
or rotazacker rie, braanserweig, as or zo rebraary 2025	Shortened form	%	%	via companies
Associated companies accounted for using the equity method				
August Töpfer Zuckerhandelsgesellschaft mbH & Co. KG (Hamburg, Germany)	ATZU	25%		
New Zealand Sugar Company Pty Ltd. (Auckland, New Zealand)	NZSC		17.74%	MSL
Oriana Shipping Co Pte Ltd. (Singapore, Singapore)	Oriana		17.74%	MSL
Non-consolidated subsidiaries				
NORDZUCKER Verwaltungs-GmbH (Braunschweig, Germany)	NZ GmbH		100%	NZ KG
NZ Zweite Vermögensverwaltungsgesellschaft mbH (Braunschweig, Germany)	NZ 2. VVG	100%		
Nordic Sugar SIA (Riga, Latvia)	NS SIA		100%	NS AS
Non-consolidated associated companies				
August Töpfer Verwaltungs GmbH (Hamburg, Germany)	ATV	25 %		
Other non-consolidated investments				
Tereos TTD a.s. (Dobrovice, Czech Republic)	TTD	35.38 %		
Tropical Cubes Co. Ltd. (Morcellement St André, Mauritius)	TC		12.5 %	ATZU
C.I. Food Colombia S.A.S. (Yumbo, Colombia)	CIF		12.5 %	ATZU
H.S.T. Hamburg Sugar Terminal GmbH & Co. KG (Hamburg, Germany)	HST		16.67%	ATZU
Verwaltungsgesellschaft H.S.T. Hamburg Sugar Terminal mbH (Hamburg, Germany)	VHST		16.67%	ATZU
Racecourse Projects Pty Ltd. (Balberra, Australia)			3.83%	MSL
Sugar Terminal Limited (Brisbane, Australia)			6.46 %	MSL

# Report by the Supervisory Board of Nordzucker AG for the 2022/2023 financial year



Jochen Johannes Juister Chairman of the Supervisory Board

# Dear shareholders,

Nordzucker AG can look back on a very successful financial year with an encouraging result. To allow you, the shareholders and owners of Nordzucker, to participate in the good earnings achieved in the financial year, the Supervisory Board and Executive Board propose the payment of a dividend of EUR 1.20 per share at the Annual General Meeting.

The Supervisory Board supports the company strategy developed by the Executive Board, which was reviewed, enhanced and thoroughly discussed with the Supervisory Board in the 2021/2022 financial year. As a result, this strategy was reorganized into the three areas of sustainability, excellence and growth. This reaffirmed the importance of and long-term positive prospects for the company's core business in the EU and the goal of achieving growth in the sugar business outside Europe. It also resulted in the addition of further core aspects such as sustainability and the development of new business areas. In addition, Nordzucker focuses on three growth areas: cane sugar, plant proteins and alternative products from

agricultural resources. Sugar is a product in high demand across the globe. Its consumption will continue to increase in the future as the world population grows and prosperity levels rise. The Supervisory Board and Executive Board will therefore consult closely if attractive investment opportunities arise in this regard, including outside of Europe.

A regular part of reporting and discussions are the approaches to and results of the further transformation of the company. Production costs continue to be reduced and administration processes are being made more efficient. The Supervisory Board therefore expressly welcomes the excellence initiatives launched throughout the value chain. The company is also purposefully intensifying its activities in strategic development areas. This includes not only the new field of plant proteins but also the sustainable beet cultivation of the future. The GoGreen programme paves the way for carbon-neutral production at Nordzucker by 2050 at the latest. Nordzucker is thus preparing itself well for the future!

The Supervisory Board is convinced that Nordzucker will further improve its competitiveness and thus beet cultivation in Europe due to the systematic implementation of these measures. By continually working with growers and external partners, the company is actively facing the challenges posed by ever stricter environmental legislation in the field, and supports projects that meet these challenges.

## Personnel matters

According to the Nordzucker AG Articles of Association, the Supervisory Board consists of 15 members. Of these 15 Supervisory Board members, ten are shareholder representatives and five are employees elected in accordance with the German act on one-third employee representation. At the Annual General Meeting held on 20 July 2022 the shareholders of Nordzucker AG re-elected Grit Worsch and Henrik Madsen to the Supervisory Board for a five-year term of office. Helmut Bleckwenn was confirmed for a three-year term of office. Elections for employee representatives were also held, with their term of office beginning at the close of the Annual General Meeting. Sigrun Krussmann, Steffen Blümel, Ulf Gabriel and Olaf Joern were re-elected to the Supervisory Board. Irmhild Börner was newly elected. Matthias Kranz stepped down from the Supervisory Board at the close of the Annual General Meeting.

# The work of the Supervisory Board: Supervisory Board meetings and resolutions

In the 2022/2023 financial year, the Supervisory Board of Nordzucker AG carried out the duties required of it by law, the company's Articles of Association and rules of procedure, advising and monitoring the Executive Board of Nordzucker AG and the

Nordzucker Group on an ongoing basis. This monitoring and advising took place in particular in meetings of the Supervisory Board and its committees.

The Supervisory Board held four ordinary meetings and two extraordinary meetings in the 2022/2023 financial year. Furthermore, in July 2022, the Supervisory Board held a constitutive meeting following the Annual General Meeting. In July 2022, the Supervisory Board convened for an extraordinary meeting. The Executive Board of Nordzucker AG also attended each of the meetings.

At its first ordinary meeting in the year under review held on 9 March 2022, the Supervisory Board adopted the budget for the Nordzucker Group for the 2022/2023 financial year and extensively discussed and debated the long-term financial planning. In addition, the Supervisory Board examined in detail the implementation of Nordzucker's strategy. The Executive Board informed the Supervisory Board about potential impacts of the war in Ukraine on business performance.

The annual and consolidated financial statements for the 2021/2022 financial year and the dependent company report were the main subject of the second ordinary Supervisory Board meeting held on 31 May 2022 (financial statements meeting). After hearing the auditors' report and holding an in-depth discussion, and on the recommendation of its Audit and Finance Committee, the Supervisory Board endorsed the annual financial statements of Nordzucker AG and approved the consolidated financial statements.

The Supervisory Board held an extraordinary meeting on 19 July 2022. In this meeting, the Supervisory Board thoroughly discussed the progress made in implementing strategic projects.

The constitutive meeting of the Supervisory Board took place immediately after the Annual General Meeting on 20 July 2022 and focused on personnel matters. The members of the Supervisory Board unanimously re-elected Jochen Johannes Juister as the Chairman of the Supervisory Board. The shareholder representative Helmut Bleckwenn was confirmed as the Deputy Chairman. At the proposal of the employee representatives, Sigrun Krussmann was unanimously re-elected as a further Deputy Chairperson of the Supervisory Board.

The following members were elected to the Steering Committee chaired by the Chairman of the Supervisory Board, Jochen Johannes Juister: Helmut Bleckwenn, Alexander Heidebroek and Dr Carin-Martina Tröltzsch as shareholder representatives, and Sigrun Krussmann and Steffen Blümel as employee representatives. Friedrich-Christoph Heins remains Chairman of the Audit and Finance Committee, while Jochen Johannes Juister, Henrik Madsen, Grit Worsch, Ulf Gabriel and Olaf Joern were elected as members of the Audit and Finance Committee.

Helmut Bleckwenn, Sigrun Krussmann, Irmhild Börner, Bernd Schliephacke and Grit Worsch were elected as members of the Human Resources Committee and Eckhard Hinrichs, Bernd Schliephacke and Dr Karl-Heinz Engel were elected to the Nomination Committee. Jochen Johannes Juister chairs the Human Resources and Nomination Committees in his role as Chairman of the Supervisory Board. In addition, the Supervisory Board established a Committee for Political and Public Affairs, chaired by Helmut Bleckwenn. Eckhard Hinrichs and Sigrun Krussmann are also members, while Jochen Johannes Juister is a permanent quest of the committee.

In its third ordinary meeting held on 21 September 2022, the Supervisory Board, after careful consideration and on the

recommendation of its Audit and Finance Committee, adopted the investment budget for the upcoming financial year as proposed by the Executive Board and was also informed in detail about the long-term financial planning. In this regard, the Supervisory Board discussed potential measures to reduce CO<sub>2</sub> in the sugar production process – the move away from fossil fuels will require enormous efforts within the Group over the next few years. Nordzucker has signed up to the Science Based Targets initiative as part of its sustainability strategy and has aligned its Group-wide goal of lower greenhouse gas emissions with the objectives of the Paris climate agreement on an independent and scientific basis. The Executive Board also gave an in-depth report on the course of the sugar campaign and the related conversion of some plants to a bivalent mode of operation to enable the use of oil as a preventive measure against potential gas shortages.

The fourth ordinary Supervisory Board meeting was held on 17 November 2022. This meeting focused on the general course of business. The Supervisory Board also discussed in great detail the progress of the excellence initiative defined by the Executive Board. The excellence initiative launched in 2021 combines cost-cutting and optimisation measures along the entire value chain – from beet cultivation to the customer. Beet cultivation is the basis for the company's core business in Europe. Attractive contract offers, cultivation advice in the field, digital services as well as optimisations in the logistics chain form the focal points within its close partnerships with its beet growers.

In an extraordinary meeting held on 6 December 2022, the Supervisory Board agreed to the acquisition of the 30 per cent non-controlling interest in Norddeutsche Flüssigzucker, making Nordzucker AG the sole partner.

At all its meetings in the reporting year, the Supervisory Board also discussed the consequences and risks of the antitrust proceedings concerning Nordzucker, the company's financial status and the forecasts and budgets for Nordzucker AG and the Nordzucker Group. It discussed the Nordzucker Group's strategy, continued development and corporate planning with the Executive Board on a regular basis. Also discussed at Supervisory Board meetings were the course of business, risk exposure, risk management, the internal control system and conformity with compliance regulations as well as transactions of considerable importance.

The Executive Board fulfilled its obligations as defined by statute, the Articles of Association and the rules of procedure and regularly informed the Supervisory Board about events of importance for the company, promptly and comprehensively, both in the course of and outside Supervisory Board meetings. The Executive Board presented to the Supervisory Board all matters requiring its authorization. After thorough review and discussion, the Supervisory Board gave its approval to the Executive Board proposals.

The Chairman of the Supervisory Board was in regular close contact with the Executive Board, also in-between Supervisory Board meetings. He was informed of the current state of business and major transactions and discussed with the Executive Board matters of strategy, planning, corporate development, risk exposure, risk management and compliance with company standards.

In the 2022/2023 financial year, the Supervisory Board was not informed of any conflict of interest by any of its members – in particular of any conflicts of interest which may result from a consultant or directorship function with clients, suppliers, lenders or other business partners. The members of the Supervisory Board regularly participated in the meetings of the Supervisory Board and its committees.

# Supervisory Board committees

The Nordzucker AG Supervisory Board has formed five committees for the efficient exercise of its duties: Steering Committee, Audit and Finance Committee, Human Resources Committee, Nomination Committee and Committee for Political and Public Affairs. The committee chairs reported on the main elements of the committee meetings at the Supervisory Board meetings. Minutes and documents of all committee meetings were provided to all the Supervisory Board members.

The Supervisory Board Steering Committee met four times in the 2022/2023 financial year (17 May 2022, 7 September 2022, 2 November 2022 and 21 February 2023). The Supervisory Board Executive Committee discussed the latest key topics concerning the Nordzucker Group, important projects and the company's strategic direction. In addition, the Steering Committee prepared the Supervisory Board meetings (including the dates and agenda items) and the Annual General Meeting.

The Audit and Finance Committee met five times in the 2022/2023 financial year (5 May 2022, 17 May 2022, 7 September 2022, 2 November 2022 and 21 February 2023). A training event was held for the Audit and Finance Committee on 6 December 2022,

in which the other members of the Supervisory Board also participated. It looked regularly at the financial situation and forecasts, company funding, investment planning, quarterly and halfyear results for the Nordzucker Group and Nordzucker AG, risk management, the internal control system and the effectiveness, resources and findings of the Internal Audit department. In the presence of the auditors, the committee discussed the financial statements and management reports for the Nordzucker Group and Nordzucker AG for the 2021/2022 financial year. Its work also included appointing the auditors for the 2022/2023 financial year and verifying their independence. The examination and approval of the annual and consolidated financial statements and the dependent company report for the completed 2022/2023 financial year as well as the proposal for election of the auditors for the 2023/2024 financial year and the proposal to the Annual General Meeting for the appropriation of net profit were prepared at an additional meeting held outside the period under review on 9 May 2023.

The Human Resources Committee met four times in the reporting period (3 March 2022, 19 April 2022, 16 January 2023 and 17 February 2023). It prepared the Supervisory Board's decisions on the variable remuneration paid to the Executive Board. The Human Resources Committee also focused in particular on the system of variable remuneration for the Executive Board.

The Nomination Committee met twice in the 2022/2023 financial year (27 April 2022 and 16 January 2023). It discussed the skills profile for membership of the Supervisory Board as a

shareholder representative and also made proposals to the full Supervisory Board on candidates for the chair and deputies as well as the Supervisory Board committees.

The newly established Committee for Political and Public Affairs met twice and focused on the current political environment for agriculture and Nordzucker AG and, together with the Executive Board of Nordzucker AG, held discussions with political decision makers in this regard.

# Annual financial statements 2022/2023

The Executive Board presented the Supervisory Board in good time with the annual financial statements of Nordzucker AG and the Group, the management report and the Group management report, the proposal for the use of profits and the report on related party transactions. Ernst & Young GmbH Wirtschaftsprüfungsgesellschaft, Hanover, were selected as auditors at the Annual General Meeting on 20 July 2022 at the Supervisory Board's proposal. They audited the 2022/2023 annual financial statements for Nordzucker AG including the management report, the consolidated financial statements and the Group management report and issued each with an unqualified audit opinion. The auditors also audited the dependent company report, presented it to the Supervisory Board in good time and gave the following opinion: "Following our professional audit and assessment we confirm that 1. the factual statements in the report are correct, and 2. that the consideration paid by the company in the transactions listed in the report was not inappropriately high."

The aforementioned documents were presented in good time, examined thoroughly by the Audit and Finance Committee and the Supervisory Board, and were discussed in detail in the presence of the auditors following their report on the main findings of the audit. The Supervisory Board concurs with the result of the audit and concluded from its own examination at the meeting held on 23 May 2023 that it has no objections to make. The Supervisory Board approved the annual and consolidated financial statements as prepared by the Executive Board. The annual financial statements are thereby adopted. The Supervisory Board also approved the Executive Board's proposal to use the net distributable profit to pay a dividend of EUR 1.20 per share for the 2022/2023 financial year.

Finally, the Supervisory Board would like to thank all the employees of the Nordzucker Group and the Executive Board of Nordzucker AG for their work in the 2022/2023 financial year.

Braunschweig, 23 May 2023

Jochen Juister

Jochen Johannes Juister

Chairman of the Supervisory Board

# Independent auditor's report

#### To Nordzucker AG

#### **OPINIONS**

We have audited the consolidated financial statements of Nordzucker AG, Braunschweig, and its subsidiaries (the Group), which comprise the consolidated income statement, the consolidated statement of comprehensive income and the consolidated statement of cash flows for the fiscal year from 1 March 2022 to 28 February 2023, the consolidated statement of financial position as at 28 February 2023, the consolidated statement of changes in equity for the fiscal year from 1 March 2022 to 28 February 2023 and the notes to the consolidated financial statements, including a summary of significant accounting policies. In addition, we have audited the Group management report of Nordzucker AG for the fiscal year from 1 March 2022 to 28 February 2023.

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 Sec. 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 28 February 2023 and of its financial performance for the fiscal year from 1 March 2022 to 28 February 2023, and

 the accompanying 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.

Pursuant to Sec. 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 Group management report.

#### **BASIS FOR THE OPINIONS**

We conducted our audit of the consolidated financial statements and of the Group management report in accordance with Sec. 317 HGB 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 Group management report" section of our auditor's report. We are independent of the group entities in accordance with the requirements of German commercial and professional law, and we have fulfilled our other German professional responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions on the consolidated financial statements and on the Group management report.

#### **OTHER INFORMATION**

The Supervisory Board is responsible for the Report by the Supervisory Board. In all other respects, the executive directors are

responsible for the other information. The other information comprises the following parts to be included in the annual report, of which we obtained a version prior to issuing this auditor's report, in particular:

 the report by the Supervisory Board and the other parts of the published annual report

but not the consolidated financial statements, not the Group management report disclosures whose content is audited and not our auditor's report thereon.

Our opinions on the consolidated financial statements and on the 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 other information and, in so doing, to consider whether the other information

- is materially inconsistent with the consolidated financial statements, with the Group management report or our knowledge obtained in the audit, or
- otherwise appears to be materially misstated.

# RESPONSIBILITIES OF THE EXECUTIVE DIRECTORS AND THE SUPERVISORY BOARD FOR THE CONSOLIDATED FINANCIAL STATEMENTS AND THE GROUP MANAGEMENT REPORT

The executive directors are 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 Sec. 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, the executive directors are 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 directors are 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 directors are responsible for the preparation of the 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, the executive directors are 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 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 Group management report.

# AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS AND OF THE 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 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 Group management report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Sec. 317 HGB and in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer (IDW) 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 skepticism throughout the audit. We also:

 Identify and assess the risks of material misstatement of the consolidated financial statements and of the 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 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 the executive directors and the reasonableness of estimates made by the executive directors and related disclosures.
- Conclude on the appropriateness of the executive directors' 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 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 Sec. 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 Group management report. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinions.
- Evaluate the consistency of the 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 the executive directors in the Group

management report. On the basis of sufficient appropriate audit evidence we evaluate, in particular, the significant assumptions used by the executive directors 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.

Hanover, 11 May 2023

Ernst & Young GmbH Wirtschaftsprüfungsgesellschaft

Weiss Dr. Janze

Wirtschaftsprüfer Wirtschaftsprüfer

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This Annual Report for the Nordzucker Group is also available in German. The report can be downloaded online as a PDF in German or English at www.nordzucker.com from the Download Centre.