Nordzucker

Nordzucker. Together. Sustainable.

Reducing the footprint – hand in hand

Annual Report 2023/2024

Nordzucker.Together.Sustainable.

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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,

Nordzucker achieved the second-best result in the Group's history in the 2023/2024 financial year. We were able to roughly double the net operating income compared to the previous year. Revenues increased by 29.3 per cent to 2.9 billion Euro, with EBIT rising by 210 million Euro to 421 million Euro. The Australian subsidiary Mackay Sugar Ltd. contributed 27 million Euro to the net operating result.

This very successful year, with its extraordinary net income, 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. We are in a strong position now and will continue on our path of investment and growth.

Although the sugar price is a crucial factor, the company's success is also the result of joint efforts. Employees, farmers, logistics partners, suppliers and many other partners have contributed to this very good result with their exceptional commitment – and they share in the success. Which is why our Nordzucker employees have received an inflation compensation bonus and our shareholders are receiving a record dividend. At the Annual General Meeting on 4 July 2024, the Executive Board and Supervisory Board will propose a dividend of 2.00 Euro per share, following 1.20 Euro per share the previous year. Beet growers are benefiting from very good beet prices and attractive contract offers for 2025. Sugar beet remains attractive for our growers – from both an economic and agricultural perspective.

The exceptionally good earnings give us the momentum and stability we need to consistently pursue our strategy of sustainability and growth. One example of this is the new Plant Based Ingredients (PBI) business area, which will see us invest more than 100 million Euro in the production of plant-based proteins. A new plant will be put into operation by mid-2026 at our site in Groß Munzel, Lower Saxony, which will create approximately 60 new jobs.

Over the next five years, we will also invest more than 300 million Euro in the GoGreen programme. This will create the conditions for us to achieve carbon-neutral production by 2050. Equipment will be modernized and processes optimized in order to significantly

"We are consistently pursuing our sustainability and growth strategy and are investing more than 100 million Euro in the production of plant-based proteins and 300 million Euro over the next five years in our GoGreen programme."

Alexander Godow
COO Nordzucker

"Our success is also the result of joint efforts. Employees, farmers, logistics partners, suppliers and many other partners have contributed to this excellent result with their extraordinary commitment – and participate in our success."

Lars Gorissen
CEO Nordzucker

"We are well positioned for the future: With the triad of our corporate strategy – sustainability, excellence and growth – Nordzucker will successfully continue on its path to becoming an even more sustainable and equally profitable company."

Alexander Bott
CFO Nordzucker

reduce energy consumption in sugar production, to use fossil fuels more efficiently and to increase the share of renewable energies, such as those derived from sugar beet residues, in the energy mix.

Volatile market

The very good earnings are driven by consistently positive market price trends. However, there are currently signs that sugar prices might fall, for example due to increasing production capacities in the EU and imports from Ukraine. A decline in world market prices for sugar is also expected. The market remains volatile – even though developments on the global sugar market are generally positive.

Sugar beet remains attractive

The most recent beet campaign was characterized by high volumes, comparatively low sugar content and a long campaign duration. The weather made the campaign at European sites one of the longest and most challenging in recent years, averaging 135 days. Considering the difficult circumstances, it was still very successful. We wish to thank all contributors for their great commitment and cooperation, without which it would not have been possible to process the extraordinarily high volume of beet.

The success of cane sugar: investment pays off

In our sugar cane business with the Australian subsidiary Mackay Sugar Ltd. we were able to successfully process the cane despite persistent heavy rainfall. In total, the three mills processed approximately 5.2 million tonnes of sugar cane. Mackay Sugar managed to contribute 27 million Euro to earnings, resulting in a historically high net income. So far, Mackay Sugar has consistently made a growing positive contribution to total earnings every year.

Markets are normalizing – positive outlook continues for 2024/2025

We do not expect another record year given declining prices and volatile markets. The markets are normalizing. We currently do not expect results at this level to be achievable in the near future, even though the outlook is positive. In this financial year, we expect to see an EBIT of over 200 million Euro. We believe that we are well positioned for the future. Our investments are measured and prudent. The triad that makes up our corporate strategy – sustainability, excellence, growth – will enable Nordzucker to successfully continue its path to becoming an even more sustainable and equally profitable company.

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 AG Executive Board

Dr Lars Gorissen | Alexander Bott | Alexander Godow

Our strategy: Sustainability, excellence and growth

Nordzucker's strategy focuses on the three focal points of sustainability, excellence and growth. Our excellence initiatives to optimize the entire value chain make a significant contribution to profitability. In the face of persistently volatile markets, these initiatives are the foundation for our development.

The success of our sugar cane business in Australia over the last five years demonstrates our first growth step outside of beet sugar and outside of Europe. Five years of increasing contributions to earnings speak to the need to keep our options open for further growth opportunities in the sugar cane business. We see significant opportunities in entering the promising growth market of plant-based proteins, an area closely related to agriculture.

Sustainability, alongside growth and excellence, is an essential part of our corporate strategy. Which is why we have recently developed our sustainability strategy with the involvement of many employees and created a new sustainability vision. You can read more about this on the next page.

Nordzucker.Together.Sustainable.

Sustainable through and through

Sustainability is a mission and an obligation for us at Nordzucker. Sustainability requires a transformation in thought and action – every day. Our colleagues bring expertise, ideas and a great deal of willingness to implement measures in all areas and achieve measurable changes. Whether on a small scale in our daily routines or on a large scale in our international programmes and projects. Sustainability is always and everywhere a very special part of our business activities; it is a holistic and natural part of our thinking, decision-making and actions.

The idea of partnership is very important here: we can only achieve the really big goals together along the value chain. This will play an even more important role in our business relationships.

In order to channel our energy and motivation and show the world how we live sustainability, we have developed our sustainability vision together with many colleagues.

Our sustainability vision

We at Nordzucker, are committed to sustainability, from farm to consumer. With strong ties to regional farming, we grow from sustainable roots.

We are improving our environmental footprint step by step. Driven by our social responsibility throughout the entire value chain, we are doing our part to preserve the Earth's resources for our life today and tomorrow.

We work hand in hand with our stakeholders – employees, growers and customers – and make sustainability an integral part of our business.

Nordzucker.Together.Sustainable.

From left: Jasmin Klaucke, Process Engineer,
Gesa Röhr, Head of Operations Plant Based Protein,
Alexander Godow, COO Nordzucker and
Thorden Zapf, Project Engineer

ONE HUNDRED MILLION. We are investing in the production of plant-based proteins.

One of our strategic pillars is growth. Our entry into the market for plant-based proteins, which was initiated in November 2023, not only signifies growth but also diversification and thus more stability for Nordzucker as a company. Plant-based proteins made from yellow peas peas are a good fit with our core areas of expertise. We are investing more than 100 million Euro in this new business area beyond sugar. This is beeing used, among other things, to construct a new plant in Groß-Munzel, Lower Saxony, where pea protein will be produced from 2026 onwards as an ingredient for further processing in the food and animal feed industries. We will also be creating around 60 new jobs.

Plant-based diets will play an increasingly significant role in the future. The market is already showing double-digit growth. Peas are a great opportunity for us to participate in this growth market. As a source of protein and texture, peas have a wide range of uses in the food and animal feed industries. Nordzucker has clear expertise as a producer of foodstuffs and, above all, close partnerships with potential growers. Furthermore, the yellow pea also fulfils the major requirements for cost-effective, sustainable production. Peas can be grown regionally and can slot in easily to farms' crop rotations. In the fields, they can also reduce the need for mineral-based nitrogen fertilizers. As a result of their good storage characteristics, production is possible all year round.

"For me, it's a project close to my heart – a fantastic opportunity to build up a business from the ground up. It's like building a state-of-the-art house, where you keep energy efficiency and sustainability in mind right from the start. I also think it's important that we are in full control of the most important part of the value chain until we sell our product for further processing to the food and animal feed industries. This will guarantee consistently high quality for our customers."

Alexander Godow
Chief Operating Officer

60 additional jobs

250 kilometer radius: Potential for pea cultivation

30 kilogramme of nitrogen per hectare that could be saved

FOUR HUNDRED AND ELEVEN PLUS ONE HUNDRED. Ideas for increasing profit.

There is potential for improvements across all areas. We intend to safeguard the future success of Nordzucker with excellence as one of our key pillars. We are boosting our profitability with a whole host of measures, small and large.

“Excellence means developing measures on an ongoing basis that make us more efficient and thus optimize our costs. This is essential because business and society are continually changing, just like the requirements of our customers and the possibilities that technology and digitalization open up for us. This process results in opportunities but also risks. Success only comes to those who can keep up with the pace of change,” says Alexander Bott, CFO, explaining the way he sees excellence at Nordzucker.

For this reason, we have been putting a particular focus on excellence in all departments for several years now. The idea is standardization, transparency, controlling profit margins and digitalization.

”We already have at our disposal the best expertise regarding what can be improved upon. The PIP (Profitability Improvement Programme) excellence initiative promotes and bundles the implementation of efficiency measures along the local value chain. The project aims to cut costs by 20 million Euro by the 2025/2026 financial year. To achieve this, there are currently 289 measures in the pipeline,” explains Vladimir Gornstein, Head of Sales and Operations Controlling.

As part of our Achieving Operational Excellence (AOE) programme, we also want to cut our costs by a further 20 million Euro by 2025/2026. “Learning from one another and standardizing processes beyond the individual plant are the aim of AOE,” Julian Kulenkampff, Head of Production Excellence, explains, before continuing: “The key areas of focus are the automation of processes and avoiding production fluctuations. The projects we’re implementing generally start with a pilot project at one particular site. Then we apply it to all the others. To date, we have worked on around one hundred separate measures.”

IBP (Integrated Business Planning) also contributes to the topic of excellence as the central excellence project in the area of supply chain management. What have until now been separate plans organized via continual dialogue between our country organizations and key functions will soon be bundled within a software platform. “This will improve and streamline our planning decisions because all those involved can access a central database. As such, our interdisciplinary project team from the Sales, Production and IT departments has integrated the requirements and network planning into SAP IBP and is now working on further optimizations and planning interfaces,” says Boris Kuster, Head of Supply Chain, describing the remit of the project.

“For us, excellence has become a recipe for success for optimization projects. The basis for this is a focus on targets, measurable success and a pragmatic approach that only works within interdisciplinary and international teams. New programmes in Purchasing, Sales and as part of our digitalization strategy will be launched this financial year. That’s because excellence is a full-time job,” says Alexander Bott, CFO.

From left: Vladimir Gornstein, Head of Sales & Operations Controlling, Alexander Bott, CFO Nordzucker, and Julian Kulenkampff, Head of Production Excellence

63 million Euro

25 million Euro
2023/2024
As is

63 million Euro
2028/2029
Target

Excellence initiatives:
Optimisation in all areas makes us profitable. Clear objectives are the key to success.

From left: Dr. Lars Gorissen, CEO Nordzucker and sugar cane grower Aaron Bath

FIVE. Half a decade after launching, Mackay Sugar is a success story!

Nordzucker is a European company at heart. Our roots lie in the manufacture of sugar from sugar beet. We have been operating globally since 2019 and hold a majority stake in Mackay Sugar Ltd. (MSL), which makes raw sugar from sugar cane at three sites in Australia as the country's second-largest sugar producer. This means we manage a substantial proportion of the Australian market and are also exporting sugar mainly to South-East Asia. After five years we can see how successful our participation in Australia is and that we know how to draw on global opportunities for growth.

While our sugar in Europe is produced from sugar beet, in Australia we extract our sugar from sugar cane. The sweet grass grows in large plantations in the tropical climate of the Australian state of Queensland, reaches an average height of more than three meters and is transported by train after the harvest for processing at our mills in Marian, Farleigh and Racecourse. The time when the sugar cane is processed is known as crushing season and generally lasts from June to December.

Soon after we started this partnership down under, we initiated a multiple-year programme to boost the availability of the three plants. The dedicated teams continue to push ahead with it. We are investing in particular in improving the steam and electricity supply as well as in automating the sites.

In addition to our core area of business, sugar, the generation of electricity from a byproduct of sugar cane processing known as bagasse is another important and profitable area of business. Almost half of the electricity generated in the sugar mills during crushing season was fed into the public grid and covers the majority of the energy requirements of the city of Mackay with its 80,000 inhabitants.

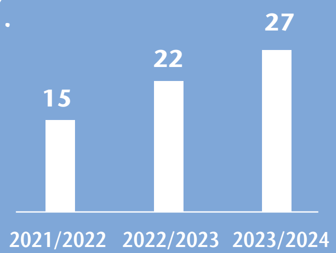
"The investment in Mackay Sugar Ltd., Australia, was a major milestone for us. It was the first time we made a major acquisition outside of Europe and in the cane sugar business. Our courage has paid off. Now, after five years, we can see that it was absolutely the right growth decision for Nordzucker. MSL contributes to our group's success. Our strong, motivated team is committed to consistently driving ahead with the positive development of our three plants there. I saw this with my own eyes when I visited in early 2024. In the Marian plant, I saw the new centrifuges being installed – and it was very exciting to see how people work together intensively under pressure there. After all, crushing season will start by late May. The overall success with MSL motivates us to keep our eyes peeled for other growth opportunities in sugar cane."

Lars Gorissen
Chief Executive Officer

Earnings contribution Mackay Sugar Ltd.

27 million Euro

The positive contribution to Nordzucker's earnings has risen continuously.



THREE THOUSAND NINE HUNDRED AND FIFTY-EIGHT. Our HR strategy is there for everyone.

People in focus

We employ more than 3,900 people in Europe and Australia, who give their all for our mutual success. Our new HR strategy describes what we do in order to offer them a positive working environment, along with the key areas of focus. By doing so, this helps us position ourselves as an attractive, modern employer in times of change.

The strategy focuses on three areas: creating an attractive working environment characterized by transparency, openness and safety, a more digitized organization, and the development of our staff.

In terms of creating a positive working environment, for example, we are further boosting our commitment to health and safety management and have developed a roadmap with specific parameters and created additional jobs at the plant level for health and safety in the workplace (more information on page 11). Our top priority is to ensure that people working for Nordzucker return to their families each day in good health.

By increasing the level of digitalization, we can offer our employees a faster, better service while simultaneously increasing the efficiency of our work. It can also simplify and improve data management and data security. One example is our recruitment tool, which makes the application process simpler for both sides: we can transfer all data into a secure system and the applicant receives a fast response.

We see personal development as an ongoing process that is based on self-awareness and self-reflection, particularly in management development. At Nordzucker, everyone should be able to contribute and develop both professionally and personally. Mutual feedback and dialogue between management, employees and HR are an essential part of this. We back up this approach of comprehensive development with specific formats and training sessions (see story on page 14).

From left: Henrik Pollmann, Head of Human Resources and Marco Will, Head of Human Resources Germany

OVER TWO HUNDRED. We believe sustainability concerns all of us.

Sustainability is a wide-ranging and sometimes highly complex topic. At the same time, it needs as many of us as possible to anchor sustainable concepts and processes throughout the company. That's why it's so important to us that everyone gets on board at Nordzucker to pursue the course we have set out with our sustainability strategy and the various measures it entails. We want to inform, discuss and inspire. And since that's a big job with more than 3,900 people involved, we've found reinforcements from within: more than 200 colleagues from all Nordzucker countries have been in touch so that they can become part of our multiplier network. They deal with sustainability-related topics and information and then raise awareness of them among the people at their site. They will also be supporting us in future by helping to implement key initiatives locally – and of course they can, and should, contribute their own ideas. We promote the dialogue among the multipliers via a separate area on the intranet, as well as with regular online meetings. That's because the more people we get talking about sustainability, the better.

We asked some of our multipliers why they're getting involved, and what sustainability means to them here at Nordzucker.

"I want to learn more about sustainability myself and also motivate others here in the organization to promote sustainable concepts and projects."

***Lars Johansen**, Head of Logistic Service Procurement, Copenhagen, Denmark*

"I am incredibly impressed with the steps we've undertaken to reduce waste and emissions at Mackay Sugar and also new initiatives that are planned for the near future. I thoroughly enjoy talking to family, friends and colleagues about the opportunities our organisation has to offer, and the great work being done. I feel genuinely empowered to come up with new ideas to continue building upon systems already in place, and I am actively working on simplifying processes to make it an ever better place to work."

***Gemma Hopes**, Training Coordinator, Mackay Sugar, Racecourse Mill, Australia*

"The topic of sustainability isn't just important to us – it's also important to our customers and suppliers. That's why I want to stay abreast of the developments in this area."

***Joanna Jordanowska**, Environmental Manager Nordzucker Polska, Opalenica, Poland*

"Sustainability is a broad field with a whole host of important aspects. At Nordzucker, we need to keep this breadth in mind while focussing on the topics where we have the most leverage. For my part, I get an insight into a wide range of areas through my work and I want to contribute exactly that in order to support our growth as a sustainable company."

***Alexander Sick**, Public Affairs, Braunschweig, Germany*

From left: Harald Powitz, Head of Safety & Health and Bernd Hilpert, Safety & Health

ZERO. Because even one workplace accident is one too many.

The people at Nordzucker give their best, every day. It is our responsibility to offer them a working environment that prioritises their safety. Harald Powitz, our Head of Safety & Health, and his colleague Bernd Hilpert, recently considered intensively what we could do even better in future and used the outcome to develop a new Safety & Health Roadmap. “We now want to reach out to every single employee,” says Harald Powitz, describing the fact that the roadmap alone is not enough. “Communication is vital – it’s not enough just to make some rules. We want to work together to create a health and safety culture at Nordzucker.”

To strengthen this, the role of our management staff is essential. They need to lead by example. Ensuring that employees are able to ask questions, flag up any potential risks and take the time to complete tasks safely is equally important. “At the same time, it is important that our colleagues take responsibility and are aware that their health is their most important asset,” Bernd Hilpert adds. Another key part of our health and safety concept is looking out for one another in two ways: by pointing out potentially hazardous situations, but also learning from positive examples. “We do not want excessive mutual control, but a helping hand,” says Harald Powitz, explaining the idea behind it. “Maintaining an open dialogue as equals helps raise awareness of the risks that are often overlooked when completing routine tasks in particular.”

All of this is so important because the roadmap focuses on prevention. We want to consciously analyze dangerous situations and near-accidents in order to learn how to avoid them. One key component here is our Life Saving Rules – a concept familiar to other sectors but that is new to the sugar industry. “Our eleven rules are tailored precisely to our processes and address potential hazards that could, in the worst-case scenario, be fatal,” explains Bernd Hilpert. Like the other parts of the roadmap, the eleven rules will always be communicated internally by the direct supervisor to his or her colleagues. By doing so, we can ensure that the relevance to their day-to-day work is emphasized while ensuring they also have the opportunity for direct dialogue in addition to establishing individual areas of focus.

“We are aware that the process we have initiated here will not be implemented in a few months. It will be a learning curve until the new health and safety culture has been firmly anchored across all areas,” Harald Powitz concedes. “To see how well we’re doing, we will measure select parameters and will also publish the results.” This makes the roadmap a key milestone on our way to achieving our vision of zero workplace accidents. Every year.

From left: Runi Egholm, Head of Sugar Factory at our Uelzen site and Hinrich Kuke, Nordzucker apprentice

ONE PLUS ONE. Two opinions on vocational training at Nordzucker.

The people who work for us not only bring their skills and expertise but also contribute their points of view and experiences. It's a diversity that we see as a treasure trove that makes our teams stronger. Runi Egholm, engineer and Head of Sugar Factory at our Uelzen site, and Hinrich Kuke, first-year apprentice industrial mechanic, share their views of Nordzucker as an employer, our culture and career development options.

Why did you opt for Nordzucker as an employer?

Runi Egholm: I worked for Nordic Sugar in Denmark when it was taken over by Nordzucker in 2009. Ten years later, I worked somewhere else for a while but came back. The second time, I actively applied to Nordzucker because it's a good place to work and what we do and how we work just suits me. The production processes themselves, ranging from huge machines to the sensitive crystallization process to year-round supplies for our customers, has a lot to offer and has fascinated me since I was young and living near the plant in Nykøbing.

Hinrich Kuke: Friends at Nordzucker convinced me to apply. They only had good things to report and recommended me to the Head of Training. After completing the aptitude test, I was quickly accepted. It was definitely the right decision for me because I enjoy my tasks and also working in the team.

To facilitate professional and personal development, both sides have to bring something to the table – what's important here?

Hinrich Kuke: Particularly when you're at the start of your career, you're often unsure of what direction you're going in and what's possible. So it's really useful when the employer highlights your options and motivates you. I think Nordzucker offers a lot of support in this area.

Runi Egholm: The opposite is also true – accepting opportunities and offers and taking the plunge. Also trusting in your own abilities at the right moment. I think, and I hope, that we as a training company prepare young people well for this. It's also useful to network within the company and learn from one another – including beyond your own site and department.

How important is training to Nordzucker as a company?

Runi Egholm: Providing training ourselves is immensely important, and not just in terms of planning for the next generation of employees. Our apprentices are an integral part of the campaign – they learn for themselves how we produce sugar. The aim is that they are later able to take responsibility themselves as skilled employees of Nordzucker. Almost everything we do, we do as a team – so knowledge being passed down from more experienced colleagues plays a key role in this.

Carissa Mansfield, General Manager People & Culture, Mackay Sugar

"The exchange programme focuses on our employees and a positive work experience. It promotes skills development and at the same time contributes to our sustainability principles, which also include retaining skilled employees through opportunities and appreciation to the company."

NINETY. From Germany to Australia for three months.

Having the opportunity to live and work abroad for a while is something that many people dream of. With us, this dream can become a reality because we offer our employees the option to gain experiences down under at Mackay Sugar for about 90 days. This is because Nordzucker is the majority shareholder of Australia's second-largest sugar producer. For Daniel Küchenthal and Phillip Stahlmann, who made the trip as part of a team of six, their time there was more than a job posting – it was a real adventure.

Of course, lots is new to start with. Daniel Küchenthal, who, like his colleague, works for us as a metalworker, found the differences to be minor, however. "The systems might be configured slightly differently but the technology is similar – generally speaking, it was very interesting to be able to see it in action. But the working style is different. In Germany, everyone does everything, while in Australia the activities are more strictly divided." Phillip Stahlmann emphasizes in particular the warm welcome from his Australian colleagues. "We felt welcome, right from the start. The openness and friendliness we were met with was really exceptional – we were immediately part of the community."

And what did the hosts have to say? "Due to the long season, we only have a brief time window available for servicing and maintenance," explains Carissa Mansfield, General Manager People & Culture at Mackay Sugar. "Highly qualified staff are the key to being able to use this time effectively. We benefit from the experience of our colleagues from Europe and it's a great development opportunity for them." She also emphasizes the cultural enrichment: "We know that we work together better in diverse, integrated teams, and that we can learn from one another. So, of course, we want to promote a sense of closeness between Nordzucker and Mackay Sugar despite the large geographical distance between us." It's a classic win-win situation because the project offers advantages to the two parts of the company and to the participants.

"Of course, Australia also has a lot to offer outside of work," Daniel Küchenthal reports. Whether it was fishing with his new friends or snorkelling on the Great Barrier Reef, he and Phillip Stahlmann were able to experience the country's impressive nature up close for themselves. These experiences also contribute to both men thoroughly recommending the temporary placement on the other side of the world to others.

From left: Lukas Steinmann, Adrian Tietz, Phillip Stahlmann, Daniel Küchenthal, Olaf Dullin and Emanuel Reck

ONE HUNDRED AND THIRTY FOUR. We promote the individual development of our employees.

People are in focus of everything we do. This is an explicit part of our sustainability strategy and the driving force behind the HR Development & Culture function. At Nordzucker, we live this philosophy every day with the help of numerous initiatives, programmes and offers. It is particularly important to us to give our employees the opportunity for personal and professional development, regardless of their position or specialism. Because when each individual grows in self-knowledge, competence and skills, the entire organisation benefits. In addition to traditional methods, we use special formats to support people at Nordzucker at different levels and at the same time give them new perspectives – especially on themselves.

Two of these formats are horse-assisted training (40 participants in the 2023/2024 financial year), which enables quick access to areas of development and expertise through non-judgemental, direct reflection, and the Insights Discovery self-reflection tool, which uses individual preference profiles (120 profiles in the 2023/2024 financial year) to help our employees better understand themselves and others in order to maintain respectful, productive and positive working relationships. We are convinced of the added value of both formats – the feedback from participants and increasing demand confirm this.

"I was almost a little shocked at how well the Insights Discovery analysis reflected my self-perception and, as a result, want to gradually roll it out in my team – on a voluntary basis, of course. Anyone who wants to can share the results. This helps us to understand one another better and also specifically helps us to assign tasks according to the relevant preferences."

Torsten Bigalke, *Head of Legal & Governance*

"The horse-assisted training seminar taught me that I shouldn't just focus on the words being said when interacting with my colleagues, but also on reading the non-verbal communication of the person I'm talking to. This is because the effect of your own expressions, gestures and posture is reflected back at you by the horse."

Michael Dohr, *Manager IT Security*

"Although I'm interested in various training methods, horse-assisted training was completely new to me. When working with 'my' horse and trainer, any scepticism quickly abated and I learned a lot about myself, my team and my management style."

Gesa Röhr, *Head of Operations Plant Based Protein*

"I'm a huge fan of Insights Discovery. I became even more aware of my own strengths and weaknesses. When you get the results, it's like reading a book about yourself. At the same time, they encouraged me to leave my comfort zone – because that's where real growth happens, both professionally and personally."

Anna Kościańska, *HR Manager*

MORE THAN TWENTY. Drawing on the science for innovative beet cultivation.

From left: Horst-Steffen Diers, farmer, Harber and Bjoern Kiepe, Head of Agri-Consulting and Shared Services

Sustainability starts with growing

Sustainability starts at the beginning of our value chain – with the sugar beet. How can we make our cultivation processes more sustainable with regard to the climate, water, soil and biodiversity? What's clear is that we can't make progress without our growers. That's why we're continually engaged in a dialogue with them in order to sound out opportunities and discuss challenges. We actively engage in these tasks and want to work with our growers to achieve the relevant sustainability targets and do our bit for the environment.

To do this, we have worked with our experts to develop a catalogue of measures drawing on scientific criteria. From more than 60 initially, we have selected more than 20 measures that will support our sustainability targets. One of them is the use of low-carbon fertilizers (see Interview, page 16). Not all measures have the same effect on the various sustainability aspects from climate to biodiversity, and they are all associated with different costs. Throughout Europe, we prioritise the ones that offer the greatest possible leverage in terms of effect, while being as easy as possible to implement for our growers.

We don't want to impose too much on our growers but work with them in a mutually respectful, equal partnership. This includes accepting that not all farms will be able to achieve the same levels of sustainability within a short space of time. And, speaking of costs: they need to be distributed fairly throughout the value chain and should not all be borne by the farmers. If, as a society, we all want more sustainability, we all have to make a contribution.

Thomas Seeger,
Member of the
Executive Board of
Nordzucker Holding AG

MINUS ONE QUARTER. How a fertilizer is reducing sugar beet's carbon footprint.

We're always looking out for new ways to achieve our climate targets. Given that a large part of our carbon footprint is due to the products we grow in the beet fields, that's the first area we look at together with our growers and other partners. One of these partners is Yara. In future, the Norwegian company will not only be offering its traditional fertilizers, but also low-carbon versions with significantly smaller carbon footprint. Currently, joint pilot projects are underway in Denmark and Germany. Sara Ekström, Director Green Fertilizer and Birgit Weyand, Product Development Manager Sustainable Solutions at Yara, explain what it's all about.

How exactly do low-carbon fertilizers differ from regular ones?

Like other mineral-based fertilizers, low-carbon fertilizers are based on ammonia, which requires hydrogen to produce. To obtain the hydrogen we need, we use renewable energies instead of fossil fuels. This means that our ammonia cuts carbon emissions by up to 90 per cent. If we apply this to the sugar beet, the use of low-carbon fertilizers reduce the carbon footprint from the field to the Nordzucker plant by up to 25 per cent.

How do farmers feel about low-carbon fertilizer as the ones who use it?

In general, they welcome more environmentally friendly solutions like this – even more so when their use and performance do not differ from the standard product. However, the higher price is a bit of an issue – and that's where Nordzucker comes in with its current projects. One major question is how we can distribute the additional costs fairly throughout the value chain.

Are customers and consumers willing to pay more?

Interest in more climate-friendly products has rocketed in recent years. A consumer survey we carried out for Yara shows that almost half would be prepared to pay more for foodstuffs produced without fossil fuels.

What's the most important factor in bringing new and more sustainable alternatives such as the low-carbon fertilizer to market?

It has to be the partnership with other innovative companies, such as Nordzucker. Only if we enter into partnerships such as this will we be able to bring about real change and make a long-term contribution towards the green transformation of the food industry.

Birgit Weyand, Product Development Manager Sustainable Solutions, Yara

Yara International is a Norwegian company with headquarters in Oslo, operations in over 60 countries and around 18,000 employees worldwide. As a major producer of fertilizers for the agricultural sector Yara has set itself the goal of environmentally friendly and sustainable food production.

FIFTY. We test consistent crop spacing.

Sugar beet are grown in clearly defined rows in the field. The same applies to rapeseed, maize, peas and other crops. What varies is the spacing between these rows. Sometimes it's 45 centimetres – sometimes less, sometimes much more. But could it be advantageous to grow all crops using the same row spacing? We are looking for answers to this question in the fields managed by husband-and-wife team Hendrik Jürgens and Gesa Kamrath in Emmerstedt, Lower Saxony. Both come from families with a long farming tradition. Today, they farm three locations in Lower Saxony and Saxony-Anhalt with the help of one member of staff. In addition to sugar beet, they also grow various types of cereals. They also farm cattle and free-range chickens.

Like many conventional farmers, Hendrik Jürgens is also facing the question of how to manage weed control when the proven substances are no longer an option due to more stringent regulations. Mechanical methods alone won't suffice but they could be a useful addition. One example is the rotary tiller – but that is only financially viable if it can be used for various crops. And that brings us back to consistent row spacing. This is precisely the approach that the team is testing as part of our Smart Beet Initiatives. Within the programme, we are developing and testing various approaches in partnership with our growers in order to make regional beet cultivation more sustainable while maintaining profitability. "Previously, we had 45-centimetre rows for the sugar beet and our rapeseed and within this project, we're switching to 50-centimetre rows for both." It's a bit more complicated for cereals. Here, too, a 50-centimetre row or combined row systems are to be tested for tilling.

When we asked Hendrik Jürgens and Gesa Kamrath if they wanted to be part of the project, they had to think about it first. After all, altering their routines would result in having to invest more time and effort. "But you never stop learning and finding new solutions is exciting. Nordzucker also bears the majority of the risk – and that gives us peace of mind." Because the project is now in its second year and there are still two more to come, there are no results as yet.


Hendrik Jürgens, farmer, Emmerstedt

From left: Frank Bauwens, Head of Procurement and Christoph Harke, Procurement Energy & Processing Aids

ONE HUNDRED PER CENT. From now on, we will only purchase green electricity.

We need energy in order to produce sugar. Reducing our energy consumption on the one hand and meeting it with more renewables on the other is a central aim of our sustainability efforts (see Interview on page 20) and also reflects the expectations our customers have of Nordzucker as a partner. To date, a large proportion of the electricity we use has been generated at the sites themselves during the campaign, with a much smaller amount being bought in – currently, this figure stands at around 180,000 MWh annually, which corresponds to the average consumption of around 60,000 four-person households in Germany. “Precisely this amount is now being switched over to green electricity in Europe,” explains Christoph Harke, who is, among other things, responsible for energy procurement and has been part of the Nordzucker family for 25 years. “2024 will be the first year where the entire Group is powered by 100 per cent green electricity – for Germany, as the biggest buyer, and some other countries, this was already largely the case in 2023.”

We think long-term

From outside, it looks pretty simple: Private consumers would simply change tariffs or service providers and start using green electricity. For us, it’s a little more complex. Also because we had to find the best long-term solution for energy procurement. “Our requirements of electricity from external sources is set to increase massively in the next few years,” says Christoph Harke. This is because less energy will be generated at the sites due to the GoGreen programme. “In this context, we have decided to buy electricity via power purchase agreements (PPAs), which offers a high level of planning security thanks to fixed prices. These are long-term contracts that we conclude with a power station operator or electricity provider.” Through these contracts, we bought in electricity generated from photovoltaics and wind power in Germany, as well as hydroelectric power from Norway, in 2023. The energy requirements not covered by the PPAs are partially already being met by green electricity from certified renewable sources. In future, all of our energy needs will be met in this way. By the way: In Australia, we already obtain all of our electricity sustainably from bagasse, a byproduct of cane sugar.

Iver Drabaek, Head of Sustainability

MINUS FIFTY PER CENT. Why and how we are cutting emissions by 2030.

Improving the footprint

In both production and beet cultivation, we are working on ambitious programmes to reduce our carbon footprint. Although we take a holistic view of sustainability, decarbonization is particularly important – this applies to our own processes as well as those of our partners in agriculture. Our production is energy-intensive compared to many other industries, which is why we focus strategically and operationally on defined areas: energy efficiency, energy savings and the use of renewable energies in the production process.

If we achieve those goals, we can make a tangible contribution not only towards making our entire value chain more sustainable, but also towards meeting national and international climate targets. Our customers, who rely on our contribution to achieve their own climate targets and with whom we work in partnership, are also increasingly formulating these expectations. The cooperation also extends to agricultural production; however, reducing climate impact both there and within our immediate corporate boundaries are in our very own economic interest.

For these reasons, we have formulated science-based and ambitious climate protection targets and had them validated externally. To achieve them, we are focusing on new technologies, modernizing our plants, increasing efficiency, and making greater use of energy from renewable sources when it comes to our production. By doing so, we aim to cut our direct carbon emissions in half by 2030. In addition, we strive to reduce the impact of both our upstream and downstream activities, from beet growing to the consumption of our products. For the former, it is crucial that we work closely with our growers to develop, test and ultimately scale-up solutions that are both effective and feasible. Numerous experts from a wide range of fields at Nordzucker work every day to ensure that we successfully master the associated challenges.

Reduction of our greenhouse gas emissions

50 % Reduction Scope 1 and Scope 2 compared to base year 2018

0 %	13 %	50 %
2018	2023/2024 As is	2030 Target

Rico Unger, Head of GoGreen

THREE HUNDRED MILLION. With GoGreen, we're investing in a low-emission future.

With our GoGreen programme, we have taken on an ambitious project on our path to climate-neutrality and are making optimizations at various points in the production process. This not only requires major investments but also a high degree of commitment from everyone at Nordzucker. Rico Unger, Head of GoGreen, explains where we're at and what it will come down to in the future.

What's GoGreen all about – what's the objective for Nordzucker?

GoGreen is the umbrella term for all of our climate-related projects. We have set ourselves ambitious targets: We want to halve our direct carbon emissions by 2030 as compared to the base year 2018 and achieve climate-neutral production status by 2050 at the latest. It's an enormous undertaking. To achieve it, we will be investing more than EUR 300 million over the next five years.

What do the GoGreen measures focus on, and what is still in the pipeline?

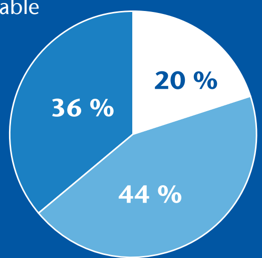
One central aspect is slashing the energy requirements of our plants. To do this, we have developed a tailored roadmap for every single plant. We now need to start gradually applying the measures defined in these roadmaps and draw on innovative technologies and modern processes to become as energy-efficient as possible. One example is exchanging our evaporators, like the ones in Nakskov, Denmark (see story on page 21). We are also looking at the efficient reuse of steam in the production process and are analyzing our extraction towers, where the sugar is extracted from the sugar beet using hot water. All of this will help us produce the same quantity of sugar using less energy. Despite this, sugar production is an energy-intensive business: first, the sugar has to be extracted from the sugar beet as described – the water in the resulting clarified juice is then evaporated off until we are left with the thick juice. This is boiled until crystals form, which are then separated from the molasses, dried and cooled. So, a certain amount of energy will still be required. To cover these requirements, we plan to use renewable energy sources.

What potential is there here, and what obstacles are there?

We are in a solid position because we not only produce sugar from the sugar beet. There are also byproducts in the form of pressed sugar beet cossettes, which are ideal for generating biogas. However, the transition to biogas is complex and fraught with challenges. The biggest issue facing us at the moment is the regulatory framework, which affects the approval and construction of new systems, among other things. The internal support for biogas is strong, however. All of our colleagues are highly motivated to play a part. This is vital if we want to be a pioneer in the field of decarbonization, too.

CO_2-neutrality in production until 2050

Our targets to reduce CO_2 are based on different measures.



ZERO POINT FIVE BAR. How we manage with less pressure in Nakskov, Denmark.

Sugar beets, and later sugar, pass through several stations before reaching the finished product stage. And although each of these is important, for Anders Jørgensen-Juul the evaporator station is the centrepiece of the sugar factory. The engineer has been with Nordzucker since 2013 and has been Head of Projects in Nakskov, Denmark, since 2020. Here, he and his team are also responsible for implementing the GoGreen roadmap – and the evaporation station plays a crucial role in this. This is where the clarified juice consisting of water and the sugar dissolved from the beet is reduced by evaporation – the result is a thick juice which is only about 20 per cent liquid at the end of the process. "It is crucial that this value is reliably attained, because if the thick juice is too thin, we will need significantly more energy in the next step in the sugar house to extract the water," explains Anders Jørgensen-Juul. Consistently good values throughout the entire campaign are therefore crucial at this point.

Double the benefit: more quality with less energy

In order to increase efficiency and process quality, five old evaporators at the Nakskov plant, which can essentially be thought of as large pans on a hotplate, were replaced by three new evaporators in 2023. "One of the main effects we observed was a significant change in the pressure profile. It is now sufficient to feed the steam into the station at half a bar less pressure. That's a lot when it comes to the continuous energy requirement during the entire campaign, i.e. in the approximately 125 days in which we produce the sugar from the beet." And there was a second significant improvement that we had hoped for, but which surprised us in terms of its extent. Sugar quality is measured by colour, among other things. In short: the lighter the colour the better, because then less reworking and therefore energy input is required. "The thick juice comes out of the new evaporator station with a much lighter colour than before, so that the sugar obtained in the next steps can go straight into the silo in good quality," reports Anders Jørgensen-Juul. "Overall, replacing the evaporators has saved us a good three per cent of energy."

This is just one of many projects within the GoGreen roadmap and, for Nakskov, an important basis for continuing the multi-phase project: "By 2030, we want to expand our evaporator station from the current six to nine stages, which will have another significant positive impact on energy consumption," the engineer says looking ahead.

Anders Jørgensen-Juul, Head of Projects at our Nakskov plant

Hand in hand with our customers

Sustainability can only succeed in the long term if we work together. That's why we engage in an ongoing dialogue with our customers – discussing priorities, expectations and new challenges. It is clear that both the topics we discuss and the questions we are asked are becoming more specific and increasingly relate to the data level: The demands on us to make a measurable contribution to customer roadmaps are rising. We want to position ourselves as a reliable partner here by providing the necessary information and forecasts, not only upon request but also offering them proactively. Sustainability-related aspects are also becoming more significant across the board. It's not just multinational companies and market leaders having these conversations with us anymore, but also medium-sized and smaller-scale customers.

The major area of focus remains on emissions. In this context, there is a growing interest in the specific footprint of our products. It makes a difference whether our customers apply an industry-wide average for the sugar we supply them, or whether we can provide data that relates to individual countries or even individual sugar plants. We are working on being able to fulfil this expectation, too.

And we're also making improvements elsewhere – for example with our packaging, where we are optimizing recyclability or using paper from certified sustainably managed forests. Transportation is also a lever for lower emissions. In the medium term, the use of electric trucks, which we are currently testing in Poland, could be a solution here. In the foreseeable future, however, it will not be possible to reflect this in terms of costs. We're in a solid position here already when it comes to the transport distances involved thanks to our structure and numerous European locations. This plays a major role in transport efficiency. Accordingly, for many of our customers, the distance between our plant and theirs is highly relevant in terms of their own carbon footprint.

THREE HUNDRED AND SIXTY DEGREES. We consider product sustainability from all angles.

From left: Johan Neikell, Managing Director Sweden, Head of Sales & Marketing & Beet Fibre / Retail Coordination; Volker Diehl, Head of Sales & Marketing & Global Key Accounts

0,68 kilogramme of CO_2e per kilogramme white granulated sugar in Europe in the year 2022/2023.

Holger Bensemann,
Procurement Packaging
Materials

SIX THOUSAND FIVE HUNDRED. We save thousands of kilos of plastic with our packaging.

In addition to our products themselves, what comes with them also plays a key role in terms of sustainability. For this reason, we have committed ourselves to remove unnecessary packaging, minimize our environmental footprint and ensure the reusability or recyclability of the materials we use. The absolute majority of our packaging for the food trade is already made of paper. One of the first projects we considered was the 25 kilogramme sack we use for icing sugar. It is now made completely out of paper instead of the paper/plastic composite we used before. This means it is easy to recycle.

Holger Bensemann, who is responsible for sourcing packaging materials, was the one to initiate the switch. “Levels of interest in more sustainable packaging have risen across the board over the past few years – from our customers to retailers to end consumers,” he reports. “When switching to paper-only packaging, we primarily had to ensure that the quality of the icing sugar was not affected. As such, extensive storage and transportation tests were performed – and the results were more than satisfactory.”

The effects are already evident: nearly 700,000 icing sugar sacks have already been switched over to the monomaterial version – saving 6.5 tonnes of plastic film. Denmark and Finland will be next to adopt the measure. “We want to expand this success to other products,” Holger Bensemann says. The recyclability of all of our packaging is currently undergoing a systematic review. Where it doesn’t make sense to switch to paper-only packaging, we have another goal in our sights: we want to make all of our plastic packaging fully recyclable by 2030 at the latest.

FIFTY-FIFTY. How Jägermeister is establishing a sustainable supply chain.

Establishing a consistently sustainable supply chain over the long term not only requires transparency and responsibility, but also a mutual approach to shared challenges. Nikola Finke, Global Corporate Communications Manager for our client Mast-Jägermeister SE, talks to us about requirements, principles and specific measures in place.

Nikola Finke, Global Corporate Communications Manager, Mast-Jägermeister SE

Responsible sourcing is a key aspect of Jägermeister's sustainability strategy. Where are your main areas of focus?

We have always had the highest requirements for our herbal liqueur when it comes to raw materials. Jägermeister stands out thanks to the fact that it only uses natural ingredients and that no premixes or tonics need to be purchased. We pay great attention to premium quality, sustainable cultivation and transparency in the supply chain. As a result, we have developed clear principles for all of our raw ingredients. In addition, Mast-Jägermeister SE is a member of the Union for Ethical BioTrade (UEBT): we are committed to procurement practices that respect both people and biodiversity. As a result, we have developed a plan for the ethical sourcing of our plant-based ingredients from more than 40 countries worldwide. It is already the case that over 70 per cent of our 56 botanicals – i.e. the plant-based ingredients that provide our liqueur with its flavour – are certified organic.

What sustainability requirements does Mast-Jägermeister SE have of its suppliers?

Resilient supply chains play a key role in our success. We establish the principles of more sustainable sourcing through supplier audits and certifications, and our sustainability targets are at the forefront of every conversation we have with our suppliers. We actively promote and support innovative, sustainable development within the supply chain and with regard to the production conditions for our suppliers.

How do things look with regard to sustainability within the partnership between Mast-Jägermeister SE and Nordzucker?

Nordzucker is a major strategic partner with whom we maintain lasting mutual cooperation. Sustainability developments in cultivation and in sugar production have increasingly come to the fore of our shared discussions and will be an even greater focus area in the next few years.

What challenges are facing Mast-Jägermeister SE over the short and long term when it comes to responsible sourcing?

Over the long term, we need to be able to manufacture our products as resource-efficiently as possible. Innovative solutions must be sought, in particular for the most energy-intensive product groups. Working with our long-term partners, we will continue to ensure that the supply chain is well equipped for the future. For example, we have been working with the company Kiebitz since 2023 to support biodiversity for the raw materials of alcohol and sugar. Kiebitz ensures that companies create value with a nature-positive approach by making investments in natural capital. Hand in hand with agricultural and forestry businesses, regional environmental measures are implemented with local partners who are fairly remunerated for their work. In the first stage, Jägermeister planted twelve sites in Wolfenbüttel, Lower Saxony, with flower strips to boost biodiversity in the city.

EIGHTY THREE PER CENT. Regional ingredients to boost sustainability.

Anyone looking to enjoy a premium ice cream in Sweden will often reach for one of the many varieties offered by our long-term customer SIA Glass. The family-run company places great importance on environmentally friendly and socially responsible production methods. Sustainability Manager Helena Stenström, who is also a member of the family that runs the company, explains what that means in practice.

What role does sustainability play for SIA Glass?

SIA Glass is part of the Berte Group, Sweden's oldest family-run company. We've been around for more or less 450 years, and it all started with a mill. Since then, we have been guided by our proximity to nature and the raw materials it provides us, as well as the close partnership with our agricultural growers. We want to run the company in such a way that subsequent generations here also have a future – and we can only do that if we act in a sustainable way along the entire value chain.

How exactly do you implement the topic of sustainability along the supply chain?

For us, one of the key factors is working with Swedish raw materials. Firstly, the high requirements of Swedish agriculture benefit our product quality. And secondly, we can reduce our carbon footprint with regard to transportation distances by working together with local partners. Currently, around 83 per cent of our ingredients come from Sweden. This includes the sugar from Swedish beet with which Nordzucker reliably supplies us.

Where do you see the greatest potential in your partnership with your suppliers?

One key point is further improving cooperation all along the value chain. It is important that the additional costs initially resulting from adopting more sustainable approaches are distributed fairly. We cannot offload them all onto the farmers. They do a vital job that absolutely must be recognized and supported. If we value them and support them individually, the opportunities for sustainable business practices are enormous.

Helena Stenström, Sustainability-manager, SIA Glass

Facts and figures 2023/2024

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Key figures

Yield ratio

		2019/2020	2020/2021	2021/2022	2022/2023	2023/2024
RoCE [1]	%	-0.9	4.6	7.0	10.4	**18.6**
EBIT margin [2]	%	-1.0	4.9	5.9	9.3	**14.4**
EBITDA margin [3]	%	4.1	9.5	9.8	12.7	**17.2**
Return on revenues [4]	%	-1.1	3.8	4.1	7.5	**10.6**
Return on equity [5]	%	-1.2	4.7	5.4	10.8	**17.1**
Redemption period [6]	*years*	0.1	-0.3	-0.3	-0.7	**-0.3**
Cash flow from operating activities per share	*EUR*	-0.8	0.39	2.36	0.99	**6.40**
Earnings (Group) *per share* [7]	*EUR*	-0.32	1.32	1.63	3.51	**6.40**
Dividend *per share* [8]	*EUR*	0.00	0.60	0.80	1.20	**2.00**
Total dividend	*EUR m*	0.0	29.0	38.6	58.0	**96.6**

1 EBIT/Average capital employed
2 EBIT/Revenues
3 EBITDA/Revenues
4 Net income/Revenues
5 Net income/Equity
6 Net debt/EBITDA
7 Total income/Number of shares
8 Total dividend/Number of shares

Balance sheet ratio at the end of the financial year

		2019/2020	2020/2021	2021/2022	2022/2023	2023/2024
Total assets	*EUR m*	2,219	2,341	2,431	2,852	**3,233**
Shareholders' equity	*EUR m*	1,280	1,355	1,448	1,575	**1,812**
Equity ratio	%	58	58	60	55	**56**
Debt capital	*EUR m*	940	986	982	1,277	**1,421**
Capital employed	*EUR m*	1,723	1,835	1,723	2,142	**2,381**
Financial liabilities	*EUR m*	95	150	141	252	**186**
Cash and cash equivalents	*EUR m*	139	126	80	44	**43**
Net debt (–)/deposit (+) [1]	*EUR m*	8	-43	-61	-208	**-143**

1 Cash and cash equivalents – Financial liabilities

Key financial figures

		2019/2020	2020/2021	2021/2022	2022/2023	2023/2024
Revenues	*EUR m*	1,439	1,670	1,943	2,261	**2,923**
EBITDA	*EUR m*	60	158	190	288	**503**
EBIT	*EUR m*	-15	81	114	211	**421**
Net income for the period	*EUR m*	-15	66	84	182	**326**
Cash flow from operating activities	*EUR m*	-40	19	114	48	**307**
Cash flow from investing activities	*EUR m*	-130	-84	-122	-153	**-181**
Free cash flow [1]	*EUR m*	-170	-65	-8	-106	**127**
Investment in property, plant and equipment and intangible assets	*EUR m*	100	86	121	144	**181**

1 Cash flow from operating activities + Cash flow from investing activities

Beet cultivation and campaign

		2019/2020	2020/2021	2021/2022	2022/2023	2023/2024
Sugar yield	*t/ha*	12.1	12.3	12.8	12.0	**12.6**
Sugar content	%	17.4	17.7	17.7	18.0	**16.5**
Campaign length	*days*	113	120	123	115	**137**
Sugar production from beet	*millions of tonnes*	2.49	2.70	2.70	2.50	**2.60**
Sugar production from cane	*millions of tonnes*	0.70	0.70	0.70	0.70	**0.70**

Group Management Report 2023/2024

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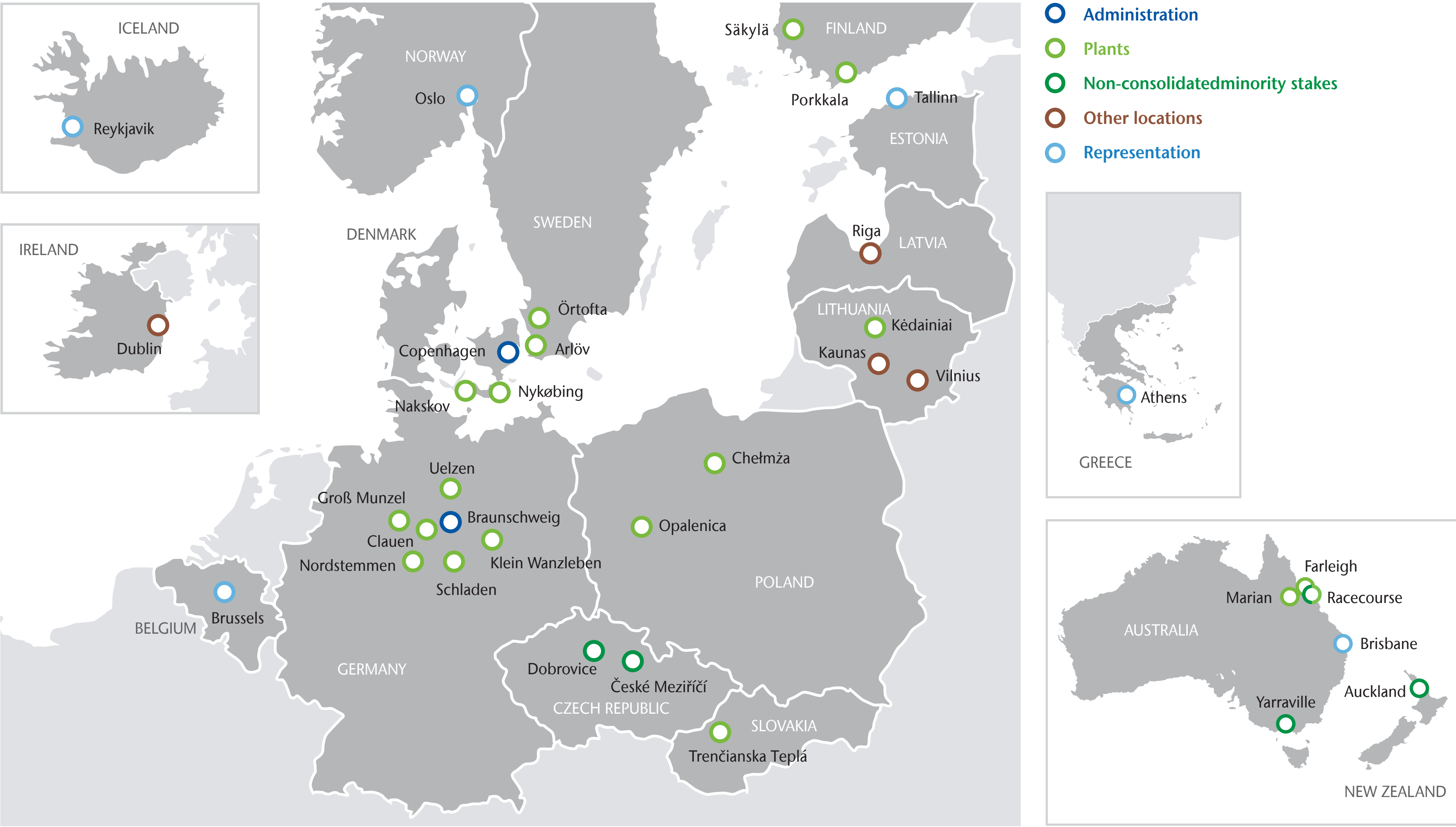
Nordzucker: in Europe and Australia



Nordzucker at a glance

Business activities

The Nordzucker Group, based in Braunschweig, Germany, is one of the world's leading sugar manufacturers. In the 2023/2024 financial year, the company produced 2.6 million tonnes of sugar from sugar beet in 13 sugar plants in 7 European countries and 0.7 million tonnes of raw sugar from sugar cane in 3 plants in Australia. Last year the Group had an average of 3,958 employees at its 21 European and Australian production and refinery facilities and at its administration offices.

Its range of beet and cane sugar products 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's corporate strategy is divided into the three focal points of sustainability, excellence and growth. The main focus of the strategy is the long-term profitability of the core business in the EU, where the company wants to secure its market share and potentially increase it. At the same time, Nordzucker aims to continue its growth trajectory by increasing its market share in the sugar markets outside of Europe that are continuing to experience growth. Beyond the sugar market, the company also aims to develop its presence and share in agricultural growth markets such as the market for plant-based proteins. Within these fields, Nordzucker is pursuing a range of projects and measures organized on a cross-border basis. The objective of the growth strategy is continued diversification.

Sustainability

At Nordzucker, sustainability is an integral component of the successful, profitable leadership of the company. Environmental topics, social responsibility and corporate governance aligned with sustainability values are the core issues along the entire value chain.

The sustainability strategy is broken down into four areas: Procurement and agribusiness, production, products and people.

People are the priority: as employees, beet growers and customers. Our joint objective is to achieve our sustainability targets along the entire value chain.

Our HR strategy puts the focus on our employees. 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. This promotes the personal development of the employees, organization and corporate culture.

Since the production of sugar is an energy-intensive process, projects to reduce energy consumption and carbon emissions define the Group's sustainability activities. In 2021, the company joined the Science Based Targets initiative in order to scientifically underpin its CO_2 reduction and set comprehensible targets. The

Nordzucker AG

Nordzucker GmbH & Co. KG, Braunschweig/Germany	100 %
Norddeutsche Flüssigzucker GmbH & Co. KG, Braunschweig/Germany	100 %
Nordzucker Plant Based Ingredients GmbH, Braunschweig/Germany	100 %
Nordic Sugar A/S, Copenhagen/Denmark	100 %
Nordic Sugar AB, Malmö/Sweden	100 %
Nordzucker Ireland Ltd., Dublin/Ireland	100 %
Sucros OY, Säkylä/Finland	80 %
Suomen Sokeri OY, Kantvik/Finland	80 %
AB Nordic Sugar Kėdainiai, Kėdainiai/Lithuania	77.02 %
UAB Nordzucker Business Services Kaunas/Lithuania	100 %
Nordzucker Polska S.A., Opalenica/Poland	99.87 %
Považský Cukor a.s., Trenčianska Teplá/Slovakia	96.80 %
Mackay Sugar Limited, Mackay/Australia	70.94 %

short-term goals of the Nordzucker Group to reduce greenhouse gas emissions were recognized by the Science Based Targets initiative (SBTi) in August 2023. As such, Nordzucker is committed to making a scientifically verified contribution to reducing greenhouse gas emissions by 2030 that is aligned with the Paris Agreement and limiting global heating to 1.5 °C. Nordzucker is committed to reducing absolute greenhouse gas emissions from its own production facilities (Scope 1) and from purchased energy (Scope 2) by 50.4 per cent by 2030 compared with the base year of 2018. The company is also committed to reducing its absolute Scope 3 emissions from upstream and downstream processes – purchased goods and services, fuel and energy-related emissions, business travel, commuting, processing purchased products and disposal of purchased products – by 30 per cent by 2030. These goals apply to all Nordzucker locations in Europe and Australia. We will only be able to achieve these goals in cooperation with our partners along the entire value chain.

To reach these goals, the plan is to completely phase out the use of coal and oil 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 – in Germany by 2045. As part of the GoGreen programme, a team of experts at Nordzucker is working on concepts to use renewable energy for the company's own power supply and to halve energy consumption in sugar production. The measures required to implement the Scope 1 targets will require investments of over EUR 300 million in the Nordzucker plants over the next five years. This will enable them to reduce their output of damaging greenhouse gas emissions and also make a significant contribution towards Nordzucker's competitiveness. Halving our energy consumption and the use of carbon credits will lead to significant increases in cost efficiency within production.

Sustainability applies to the entire value chain and starts with the supplier. In order to implement the Supply Chain Due Diligence Act, therefore, extensive measures have been put in place to adapt the relevant processes. Furthermore, Nordzucker has implemented a new system to help in this effort. The Supplier Code of Conduct has been adapted and the Nordzucker Code of Conduct has been revised.

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 safeguard the competitiveness and cost leadership of Nordzucker. As part of this objective, Nordzucker is implementing cost-cutting and optimization 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 optimizations in the logistics chain form the focal points within its close partnerships with its beet growers. With its CropConnect 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 optimizations along the entire value chain, particularly in the areas of procurement, 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, plant proteins and alternative products.

To do this, Nordzucker is investing in the production of plant-based proteins made from yellow peas. Nordzucker plans to put a new plant into operation at its site in Groß Munzel, Lower Saxony, by mid 2026 to handle this new area of business. This is expected to create around 60 new jobs.

Nordzucker uses locally grown yellow peas in particular for its plant-based protein products. The company hopes to sell pea protein as a concentrate and dry TVP for further processing in the food and animal feed industry.

Construction of the expanded production plant in Groß Munzel is due to begin in autumn 2024.

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.

Company management and organization

The Nordzucker Group is managed by three Executive Board 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.

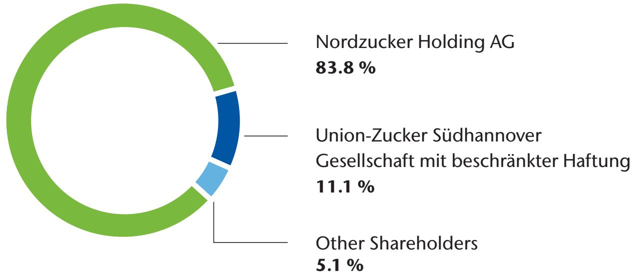
Within the scope of the company's margin orientation, Nordzucker focuses on the EBIT margin. The financial indicators system also includes the RoCE, net income, the equity ratio, net debt, and free cash flow as key performance indicators. RoCE and the EBIT margin measure the profitability of the operating 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 our lenders (known as the "cost of capital"), we can measure whether our capital providers 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 and the RoCE fall 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 development of these key indicators and their target achievement are also reported regularly on the Group's website. From the 2023/2024 financial year, Nordzucker has a reporting obligation as per the Supply Chain Due Diligence Act – initially limited to the first two months of the 2024 calendar year, and then in full from 2024/2025 onwards. In order to meet this reporting obligation, Nordzucker has made extensive preparations and implemented a system to support Nordzucker in this process. From the 2025/2026 financial year, Nordzucker will also be subject to reporting obligations for non-financial key figures. The company is making extensive preparations for its new reporting obligations as part of the new EU Directive for sustainability reporting "CSRD" (Corporate Sustainability Reporting Directive).

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 2023. While global gross domestic product (GDP) had increased by 3.3 per cent in 2022, the world economy grew by only 2.9 per cent in 2023. The lower growth rates in 2022 and 2023 are due to the war in Ukraine. For the same reason, the EU's economy grew by only 0.4 per cent according to the European Commission. At the same time, inflation remained high in 2023 at 6.4 per cent.

According to the Federal Statistical Office (Destatis), Germany's price-adjusted GDP in 2023 was -0.3 per cent lower than in 2022. In addition to a drop in private consumer spending, this was also due to the war in Ukraine and lower demand from abroad. At the same time, the rate of inflation in Germany dropped to 5.9 per cent in 2023. Sector developments.

Sugar market

Sector developments

World sugar market

According to the market research institute IHS Markit, in the 2022/2023 sugar marketing year (1 October 2022 to 30 September 2023) global production was 189.5 million tonnes and consumption was 187.1 million tonnes. In global terms, final stocks of 66.9 million tonnes in the sugar marketing year represented an increase of 1.3 million tonnes by comparison with the stock volume of 65.6 million tonnes at the start of the sugar marketing year. As a result, 2022/2023 finished with a slight surplus after three consecutive years of deficit. The stock-to-consumption ratio was just under 36 per cent. For the 2023/2024 sugar marketing year, the global production figure is forecast at 194.8 million tonnes (+5.3 million tonnes on the previous year). The level of consumption continued to rise and is put at 189.1 million tonnes. At a global level, a surplus of 4.4 million tonnes is assumed as of the end of the sugar marketing year. Worldwide stocks will thus rise to 71.2 million tonnes. Nevertheless, the stock-to-consumption ratio remains at a low level.

In this tense market and supply environment, in the 2023/2024 financial year world market prices for white sugar rose from EUR 553 per tonne in March 2023 to an average of just under EUR 690 per tonne in November 2023. By February 2024, the price had decreased back to EUR 594 per tonne.

The sugar market in the EU

The European Commission estimates that sugar manufacturers in the EU-27 produced 14.6 million tonnes of sugar (excluding isoglucose) in the 2022/2023 sugar marketing year. Including the greatly increased amount of sugar imported to the EU from Ukraine for the 2022/2023 sugar marketing year, EU imports were significantly up on last year with a total of 3.3 million tonnes. The European Commission calculated an export volume of 3.2 million tonnes and a level of consumption in the EU of 14.9 million tonnes (of which 0.6 million tonnes for bioethanol). As of 30 September 2023, the EU's final stocks amounted to 1.4 million tonnes. Overall, the European market was adequately provided for.

The 2022/2023 sugar marketing year began in October 2022 with an average price of EUR 586 reported by the European Commission. In the following months, it climbed to EUR 820 per tonne of white sugar in September 2023.

For the 2023/2024 sugar marketing year (1 October 2023 to 30 September 2024), the European Commission has reported a production level in the EU-27 of 15.6 million tonnes, which represents an increase of around 1 million tonnes in the volume of production in the EU-27 by comparison with the previous sugar marketing year. At 2.7 million tonnes (of which 1.9 million tonnes of sugar and 0.8 million tonnes of products containing sugar) the EU-27's imports are expected to be lower than the level seen in the previous year. This estimate still includes imports from Ukraine, which significantly exceed the regular import contingency agreed as a means of facilitating trade between the EU and Ukraine, despite the limits expected to be put in place for the 2024 calendar year. The predicted volume of exports for the EU-27 in the amount of 3.4 million tonnes (of which 0.8 million tonnes of sugar and 2.6 million tonnes of products containing sugar) will leave final stocks for the 2023/2024 sugar marketing year more or less at the same level as the 1.4 million tonnes of the previous year, with consumption of 14.9 million tonnes (of which 0.6 million tonnes for bioethanol).

At the start of the sugar marketing year (October 2023), EU white sugar was priced at EUR 841 per tonne. The trend for the current sugar marketing year to date continues to point to a stable price curve. The price in January 2024 was reported as EUR 853 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.

Lower yields for the 2022/2023 harvest as result of the dry summer and for the 2023/2024 harvest (including the effects of extreme weather events and below-average sugar yields) affected the availability of beet sugar for the deliveries in the reporting period. The losses were partly offset by higher imports of cane sugar for refining. A slightly bleaker consumer climate, driven by high inflation in all of Nordzucker's sales markets, also affected sugar sales. The flow of sugar from Ukraine (more than 30 per cent up on the previous year in Q4 2023, for example) with significant price reductions led to drops in sales volumes for domestic beet sugar in Eastern European markets (Poland and Slovakia).

Overall, the Group's performance was characterized by a slight decrease in sales in the EU and by continually low export volumes. 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.

As the coronavirus pandemic abated, the hospitality sector (hotels, restaurants, catering) continued to bounce back throughout the year. The mood in the retail sector weakened and general consumer demand dropped off over the course of the year, which was largely due to high inflation and rising prices. It is not restricted to one or several regional markets: similar patterns can be observed across various Nordzucker regions.

Furthermore, the eastern Nordzucker markets in particular were affected by sugar coming from Ukraine, which gained market share in the retail sector. Overall, the 2023/2024 financial year showed slightly lower sales volumes year on year for sugar products sold in the retail sector, as well as in comparison to the years affected by the pandemic, where there was a generally high level of demand from consumers. After experiencing strong growth for several years now, demand for organic sugar started to slow over the course of the year, particularly due to inflation.

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 2023/2024 financial year particularly as a result of the positive market environment with above-average prices on the global market in the sugar 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 cereal price, which is of high relevance for the animal feed market, showed a general downward trend in the past financial year. As a result, purchases tend to be made on a more short-term basis in the animal feed sector and consumption volumes are adjusted flexibly as the price comes down. The market stabilized towards the middle of the year and sales generally returned to the same level as 2021/2022.

Beet molasses from Russia and Belarus are still exempt from EU sanctions and continue to influence the European market. This is felt in particular by the fermentation industry. By contrast, sugar cane molasses became less influential for the European market.

Business performance

While sales volumes for molasses hardly changed year on year, volumes for dried pulp pellets increased significantly. This was due to the much higher volumes available as compared with the previous year. Overall, prices for molasses were slightly up on the previous year. Price decreases had to be accepted for pellets and pressed pulp as a result of high supply on the market.

The pressure from volumes from Eastern Europe at the start of the marketing period was the primary negative driver in the market.

In order to counter the price pressure on the market, Nordzucker made additional investments in the plant in Klein Wanzleben so that higher volumes of molasses could be used to create bioethanol.

The sales volume for dried pulp pellets was higher than the level of the previous year. Lower energy prices made it more cost-effective to produce pellets compared to the previous year, so more dried pulp pellets were produced and sold.

Despite the beneficial weather conditions in the growth period for alternative cereal products and their good availability, the volumes for organic and conventional pressed pulp increased slightly year on year while prices remained stable. The main reason for this was increased demand from the bioenergy industry.

Market for bioethanol

Sector developments

In the 2023/2024 financial year, the price of bioethanol as a fuel additive was volatile in the first and second quarters of 2023. From mid-September, the price started to rise slightly but plateaued by late October 2023. After this, the price dropped until it reached its lowest point for two years. Only towards late December did the price stabilize and it has continued at this low level since then.

Business performance

Nordzucker processes beet supplies in Germany to produce either sugar or bioethanol, depending on the respective market situation.

Increasing sugar beet yields led to a change in planning for the production phase of the bioethanol plant. Additional investments in technical equipment also enabled significantly larger quantities of sugar beet molasses to be used. This meant that the bioethanol plant in Klein Wanzleben could be supplied with molasses until the end of the sugar beet campaign. The longer production phase also means that more bioethanol is available for commercialization.

Nordzucker markets bioethanol in the fuel market and as industrial alcohol.

Beet cultivation and sugar production

Planting in Nordzucker's German growing area took place at a very late period, starting with the first ten days of April. The last beet were only sown in late April/early May. The reason for this delay was the very wet soil conditions, which prevented earlier sowing. Apart from Finland, where sowing took place at a very early date, conditions were similar in other growing regions. Rows closed in our growing regions in Germany, Denmark, Sweden, Slovakia and Lithuania just past the midpoint of the year, in late June. In Poland, the beets' early development was slow, resulting in rows closing later in early July. Due to cool, damp weather during the summer, average harvest volumes were expected. Sugar content in all countries was very low, however, due to low levels of sunlight, while beet yields were significantly above average. The significantly higher rainfall from mid-October led to major delays to the harvest and high soil adhesion. At 13.9 tonnes of sugar per hectare, the yield in Germany was above the five-year average (13.5 tonnes per hectare). Denmark, Lithuania, Sweden and Slovakia also achieved above-average sugar yields (Denmark 13.4 t/ha [five-year average 13.0 t/ha], Lithuania 11.1 t/ha [10.2 t/ha], Sweden 12.3 t/ha [12.1 t/ha], Slovakia 10.4 t/ha [9.7 t/ha]). Finland and Poland only achieved below-average or average yields (Finland: 6.0 t/ha [6.8 t/ha]; Poland 10.7 t/ha [10.7 t/ha]).

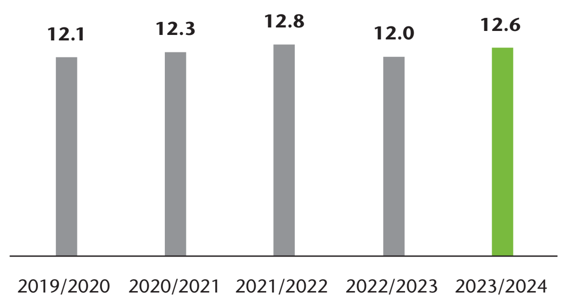
In the 2023/2024 campaign, temperatures from mid-December of as low as -14 °C (Germany) caused beet stored at the edge of the field or not yet harvested to freeze. This was the case in most countries, with the exception of Finland and Slovakia. As the campaign progressed, temperature fluctuations of between approximately +10 °C and -10 °C led to problems with processing in almost all countries. Throughout the Group, a total of around 700,000 tonnes could not be processed because harvests and deliveries were made impossible due to impassable fields or flooding. Some of this beet was sold to biogas plants and the affected growers were compensated in accordance with contractual agreements. In Germany and Denmark, a lump sum per hectare was paid for beet that could not be harvested.

The viral yellowing transmitted by the green peach aphid only occurred in isolated cases during the 2023 growing year. Two bacterial diseases that are new to our growing regions occurred in the eastern part of our German growing region and in Slovakia. The diseases are SBR (basses richesses) and rubbery taproot disease caused by stolbur. SBR leads to lower beet yields and a much lower sugar content. In addition to lowering yields and sugar content, stolbur results in the beet's taproot acquiring a rubbery structure, which makes the beet much harder to store. There are no known methods for combatting these diseases as yet. Various activities have been launched to research the biology, spread and treatment of the diseases.

The average beet yield across the Group was 76.7 tonnes per hectare (previous year: 67.0 tonnes per hectare). The sugar content was 16.5 per cent (previous year: 18.0 per cent). This corresponds to an average sugar yield of 12.6 tonnes per hectare (previous year: 12.0 tonnes per hectare).

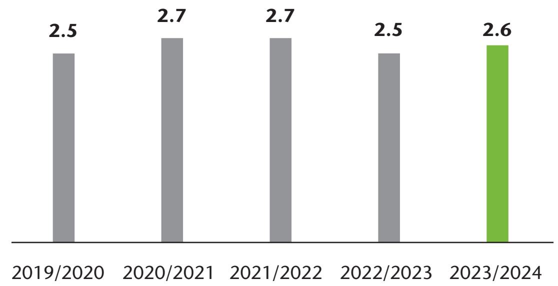
During the 2023/2024 campaign, Nordzucker produced some 2.6 million tonnes of sugar from beet across the Group (previous year: 2.5 million tonnes). The campaign lasted for 137 days, which was longer than in the previous year (115 days).

Average sugar yield Nordzucker
tonnes per hectare



During the 2023/2024 campaign, organic sugar beet was cultivated for Nordzucker in Germany, Denmark, Sweden and Lithuania and was processed at its Schladen, Nyköbing and Kedainiai plants in accordance with EU regulation No 834/2007 on organic farming.

Sugar production Nordzucker Group
from beet, in millions of tonnes



In Australia, the harvest and processing period ("crushing season") was completed in late December 2023. Good rainfall distribution in particular resulted in very good growth conditions in 2023, enabling growers to produce a significantly higher than average sugar cane yield of around 83.0 tonnes per hectare (previous year: 94.0 tonnes per hectare) with a sugar content of 13.6 per cent CCS (previous year: 12.7 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

The table below shows the key figures for the Nordzucker Group, as well as for the business areas of beet sugar and cane sugar.

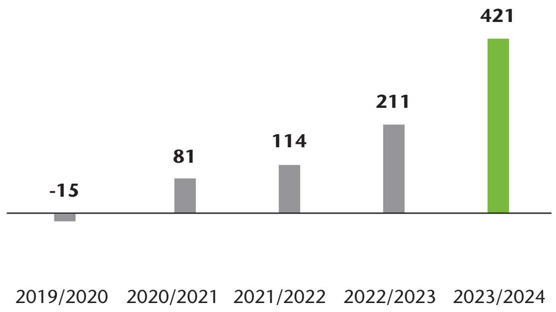
Compared with the previous year, the earnings position of the Nordzucker Group has once again significantly improved. This was primarily due to a higher price level for sugar compared with the previous year, which more than offset the significant cost increases for raw materials and energy supply as 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 for the Nordzucker Group, which reflects the ratio of EBIT (operating result) to the average level of capital employed, came to 18.6 (10.4) per cent in the reporting year. For beet sugar, RoCE came to 18.9 (10.2) per cent, while RoCE for cane sugar was 15.2 (12.4) per cent. The yield thus improved once more by comparison with the previous year – for the Group and for both business areas.

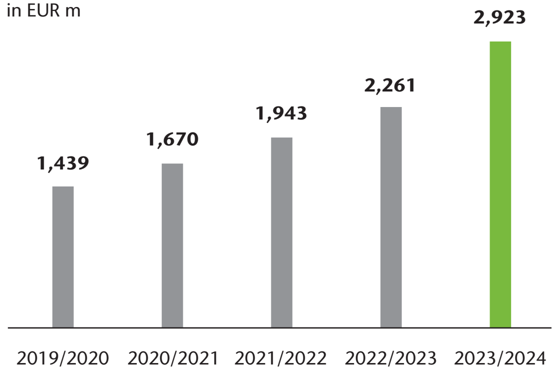
The EBIT margin is calculated based on the ratio of EBIT to revenues. During the reporting year, the EBIT margin for the Group was 14.4 (9.3) per cent. For beet sugar, it was 15.5 (9.7) per cent and for cane sugar it was 7.1 (7.0) per cent. This meant the figures for the beet sugar segment and for the Group significantly exceeded the figures from the previous year. The net income for the Group amounted to EUR 325.7 (181.8) million. Beet sugar contributed EUR 296.1 (154.0) million to this amount, while cane sugar contributed EUR 29.6 (27.8) million.

Revenues came to EUR 2,922.5 (2,260.8) million. Sugar beet achieved EUR 2,536.7 (1,953.1) million, while sugar cane came to EUR 385.7 (307.7) million. This increase in revenues was essentially due to a higher price level for sugar in Europe and on the global market. Other positive effects on revenues resulted from

Consolidated EBIT
in EUR m



Consolidated revenues
in EUR m



Key figures for the Nordzucker Group

	Group		Share, sugar beet business		Share, sugar cane business	
TEUR	1/3/2023 – 29/02/2024	1/3/2022 – 28/02.2023	1/3/2023 – 29/02/2024	1/3/2022 – 28/02/2023	1/3/2023 – 29/02/2024	1/3/2022 – 28/02/2023
Revenues	**2,922,488**	2,260,833	**2,536,739**	1,953,099	**385,749**	307,734
Production cost	**-2,142,983**	-1,780,626	**-1.817.476**	-1,525,625	**-329,095**	-255,001
EBITDA	**503,124**	288,135	**467,133**	258,039	**35,991**	30,096
EBITDA as a % of sales revenues	**17.2%**	12.7%	**18.4%**	13.2%	**9.3%**	9.8%
Operating result (EBIT)	**420,961**	210,947	**393,598**	189,362	**27,363**	21,584
EBIT as a % of sales revenues (EBIT margin)	**14.4%**	9.3%	**15.5%**	9.7%	**7.1%**	7.0%
Net income	**325,744**	181,781	**296,138**	154,020	**29,606**	27,760
Return on sales	**11.1%**	8.0%	**11.7%**	7.9%	**7.7%**	9.0%
RoCE	**18.6%**	10.4%	**18.9%**	10.2%	**15.2%**	12.4%
Net financial result (+investment/-debt)	**-143,143**	-208,402	**-55,560**	-77,967	**-87,583**	-130,436
Absolute number of employees	**3,958**	3,774	**3,256**	3,104	**702**	670

higher sales volumes for pellets, which more than offset the slight price reductions, as well as the increased sales volumes for molasses at slightly better prices. Higher revenues were also achieved for bioethanol – the principal factor here was the significantly higher sales volume compared with the previous year, which more than compensated for the lower prices.

Total revenues of EUR 2,491.5 (1,889.0) million were generated with sugar. The increase of EUR 602.5 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 up on the previous year at EUR 24.3 (13.7) million. This was due to higher sales volumes, which more than offset the significantly lower prices as compared with the previous year. Revenues from animal feed include revenues from the sale of molasses, vinasse, dried pulp pellets and pressed pulp. They totalled EUR 311.8 (275.4) million and were thus higher than in the previous year. Slightly lower prices for pellets were offset by higher sales volumes.

Production costs for the Group came to EUR 2,146.6 (1,780.6) million in the reporting period. 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 prices.

Sales costs totalled EUR 237.8 (229.3) million, an increase of EUR 8.5 million on the previous year. The main reasons for the rise in costs were higher freight costs, prompted by the increase in freight rates, a rise in tolls and an increase in outside warehousing expenses.

Administrative expenses amounted to EUR 93.7 (83.6) million and were thus significantly higher than in the previous year as a result of higher costs, tariffs and the effects of inflation.

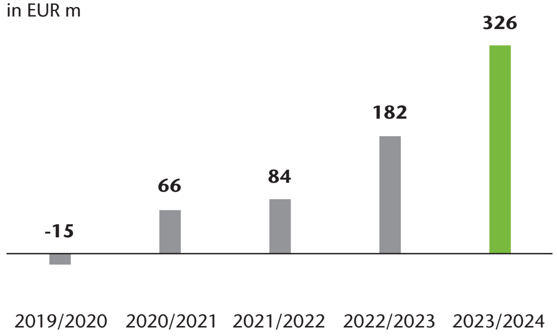
Production, sales, administrative and other expenses included total personnel expenses of EUR 297.5 (274.3) million and EUR 77.8 (72.4) million in depreciation of property, plant and equipment and amortization of intangible assets. Personnel expenses rose significantly by comparison with the previous year. The increases in expenses were essentially due to an increase in the number of employees at the Nordzucker Group, collective wage increases, salary adjustments and bonus payments.

Other income came to EUR 76.4 million and was therefore only slightly below the previous year's figure (EUR 76.5 million). During the previous year, this high figure was essentially due to the return of unneeded gas supplies totalling EUR 57.2 million. This financial year, the main drivers are the insured event in Örtofta, Sweden, and positive effects from hedging transactions.

Other expenses came to EUR 99.7 (32.9) million in the year under review and were therefore significantly above the previous year's figure. The insured event in Örtofta, Sweden, also accounts for a proportion of this. Furthermore, this item also includes negative effects from unrealised fair value of derivatives, effects from the fair value measurement of power purchase agreements, and inefficiencies from hedging transactions.

In total, the Nordzucker Group reported an operating result (EBIT) of EUR 421.0 million, as against EUR 210.9 million in the previous year. Earnings before interest, taxes, depreciation and amortization (EBITDA) increased to EUR 503.1 (288.1) million.

Consolidated net income
in EUR m



Financial income decreased year-on-year to EUR 8.9 (20.1) million. The major drivers in the previous year were positive effects from the return of derivatives, as well as other financial income. Financial expenses increased year-on-year to EUR 20.3 (16.4) million. This was mainly due to interest and similar expenses, which increased compared to the previous year to EUR 20.2 (14.1) million, primarily due to interest rate hikes.

The earnings contribution from shareholdings (including EUR 10.0 (12.1) million attributable to companies accounted for using the equity method) amounted to EUR 13.4 million, compared to EUR 15.1 million in the previous year.

Due to the positive pre-tax earnings of EUR 419.5 (226.6) million, tax expenses amounted to EUR 93.7 (44.9) million. This represents a tax ratio of 22.3 (19.8) per cent.

In total, the Nordzucker Group reported net income before minority interests of EUR 325.7 million, as against EUR 181.8 million in the previous year. After deduction of minority interests, this resulted in consolidated comprehensive income of EUR 309.2 million, compared with EUR 169.3 million in the previous year.

Net assets position

Total assets for the Nordzucker Group amounted to EUR 3,233.2 (2,852.2) million at the end of the reporting year, an increase of EUR 381.0 million on the previous year's figure. The main reasons for the increase were the year-on-year rises in non-current assets, higher inventories and higher receivables and assets, which were offset by the higher equity as a result of the positive net income for the year as well as higher trade payables.

Intangible assets of EUR 21.0 (17.9) million were slightly up on the previous year.

In the reporting year, the Nordzucker Group invested EUR 176.5 (143.7) million in property, plant and equipment. Capital expenditure was offset by current depreciation and amortization of EUR 75.0 (69.7) million and impairment losses of EUR 4.3 (5.8) million. Overall, property, plant and equipment increased year on year to EUR 1,153.8 (1,059.8) million.

Investment property remained almost at the previous year's level at EUR 10.4 (10.9) million. At EUR 127.5 (120.8) 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 176.4 million, from EUR 1,096.7 million to EUR 1,273.1 million. At EUR 86.0 (106.5) million, raw materials, consumables and supplies were also lower than in the previous year, while unfinished goods and services finished the year above last year's figure at EUR 100.3 (85.7) million. Finished goods and merchandise increased by EUR 182.3 million to EUR 1,086.7 (904.4) million due to significantly higher production costs.

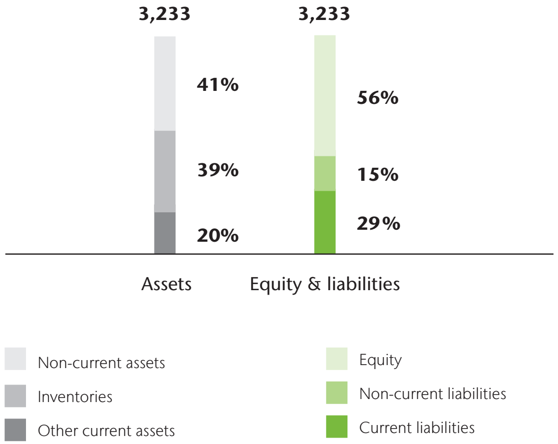
Current receivables and other assets rose significantly compared with the previous year by EUR 101.2 million, to EUR 598.0 (496.8) million. Trade receivables and receivables from related parties increased to EUR 383.6 (305.5) million. Current income from tax receivables amounted to EUR 6.7 (23.3) million.

Current financial and other assets increased to EUR 207.7 million, an increase of EUR 39.7 million on the previous year (EUR 168.0 million). This was mainly attributable to the purchase of CO_2 certificates and positive fair value for hedging transactions.

Financial liabilities exceeded cash and cash equivalents by EUR 143.1 (208.4) million as of the reporting date.

Equity rose by EUR 237.0 million in total to EUR 1,812.4 (1,575.4) million. Consolidated net income for the period increased equity by EUR 325.7 million (previous year: increase of EUR 181.8 million). Equity decreased due to other comprehensive income of EUR –24.4 million which was recognized in the item of the same name in the statement of comprehensive income (EUR –7.7 million from the remeasurement of defined benefit plans after adjustment for deferred taxes and EUR –16.6 million from currency translation, net result of cash flow hedges and other matters). Of the resulting consolidated comprehensive income after taxes in

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

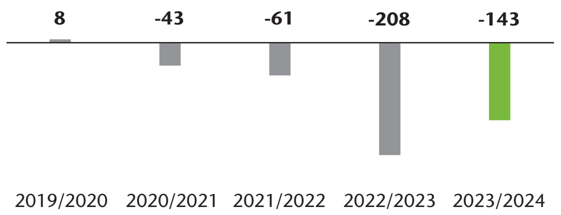


the amount of EUR 301.4 million, EUR 14.0 million is attributable to non-controlling interests. In the previous year, other comprehensive income had included a positive result of EUR 36.4 million from the remeasurement of defined benefit plans after adjustment for deferred taxes and EUR –44.7 million from other matters. The equity ratio is 56.1 per cent and thus higher than the previous year's figure of 55.2 per cent.

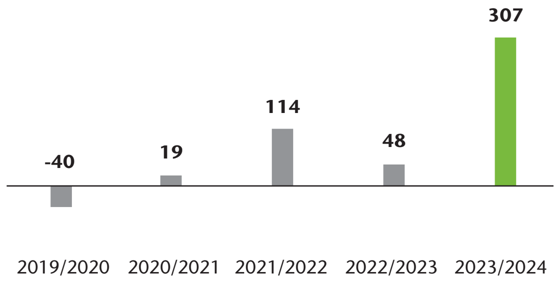
At EUR 497.2 (458.8) million, long-term provisions and liabilities increased year-on-year. The total includes non-current provisions of EUR 269.6 (262.5) million, of which EUR 181.6 (170.2) million mainly relates to pension obligations.

Non-current liabilities increased to EUR 227.6 (196.3) million. They primarily comprise non-current financial liabilities to banks

Net debt (-) deposit (+)
in EUR m



Cash flow from operating activities
in EUR m



of EUR 89.7 (83.5) million, which mainly relate to MSL; other financial liabilities in the amount of EUR 29.5 (13.4) million; and deferred tax liabilities, which rose from EUR 90.2 million to EUR 99.6 million in the year under review.

Current provisions and liabilities of EUR 923.7 (818.0) million were significantly higher than in the previous year. Current financial liabilities decreased year-on-year to EUR 96.5 (168.7) million. In particular, this is attributable to lower use of bank loans in order to finance the beet and cane campaigns in the Group.

Trade payables of EUR 572.5 (439.9) million were much higher than in the previous year due to the sharp rise in raw material costs. At EUR 119.4 (92.8) million, financial and other liabilities were also up on the previous year.

Financial position

Cash flow from operating activities of EUR 307.2 million was much higher than in the previous year (EUR 47.6 million). The increase was mainly due to improved earnings and the smaller change in working capital compared with the previous year. Inventories were higher than in the previous year, and the higher price level also led to higher trade receivables. Both effects were partially offset by higher trade payables, thus leading to lower operating cash flow, which was lower than in the previous year. The improved earnings contributed positively to the operating cash flow and was more than able to offset the effects from the higher working capital. Cash flow from investing activities amounted to EUR –180.7 million, compared to EUR –153.2 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 28.2 million to EUR 173.9 million by comparison with the previous year.

Cash flow from financing activities amounted to EUR –126.7 million in the reporting year and was thus significantly lower than in the previous year (EUR 75.0 million). This is due in particular to the repayment 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 126.5 million and was thus once again positive, following a figure of EUR –105.6 million in the previous year.

As of 29 February 2024, cash and cash equivalents amounted to EUR 43.1 (43.8) million. This means that cash and cash equivalents available on a short-term basis were on a par with the previous year.

Overall assessment of earnings, financial position and net assets

In the 2023/2024 reporting year, all of the Nordzucker Group's key earnings figures improved further by comparison with the previous year. RoCE came to 18.6 per cent as against 10.4 per cent in the previous year. The EBIT margin came in at 14.4 per cent (9.3 per cent). Net income for the period amounted to EUR 325.7 million, compared with EUR 181.8 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 improved to 56.1 (55.2) per cent compared with the previous year. As of the reporting date, the company has financial liabilities of EUR 186.2 (252.2) million. Financial liabilities exceeded cash and cash equivalents by EUR 143.1 million (previous year: net financial liabilities of EUR 208.4 million). On the other hand, the cash flow from operating activities (EUR 307.2 million) reflects the higher earnings figure. Cash flow from investing activities came to EUR –180.7 million. This brings the resulting free cash flow to EUR 126.5 million.

Capital expenditure

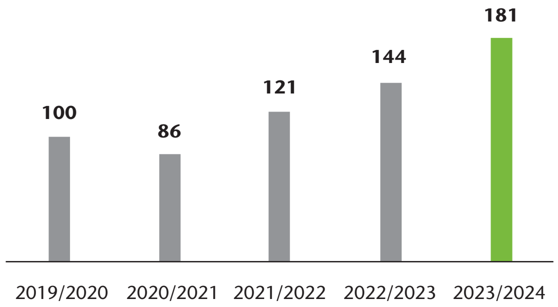
In the 2023/2024 financial year, Nordzucker invested a total of EUR 180.9 (143.7) million in property, plant and equipment and intangible assets. The company thus continues to invest in its competitiveness. The focus here is on measures to increase efficiency and the GoGreen programme to reduce Nordzucker's carbon emissions. Other investments relate to fulfilling regulatory requirements and replacing existing assets.

The modernization of our sugar plant in Opalenica, as well as the upgrade of our evaporation plant in Nakskov and the modernization of the juice heating facility in Nykobing were completed as part of the GoGreen programme. We have also started work on upgrading our sugar plant in Nordstemmen and installing an extraction tower in Uelzen.

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. The final components were installed in the 2023/2024 financial year, followed by extensive testing and launches. The final phase of the project will extend into the 2024/2025 financial year, with the focus on optimizing and automating the production lines and ensuring the seamless interplay of all components before it takes over production from Arlöv.

Another area of focus for Nordzucker's efforts to boost efficiency was the ground-breaking ceremony for a white sugar silo in Nordstemmen and the optimization of its sugar logistics for its customers. The modernization of the beet testing station in Örtofta was also initiated, as was the Group-wide upgrade of the plants' network technology.

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



In Australia, Nordzucker is continuing to pursue its 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 77.1 (33.7) 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 2028. This provides the company with access to EUR 450.0 million.

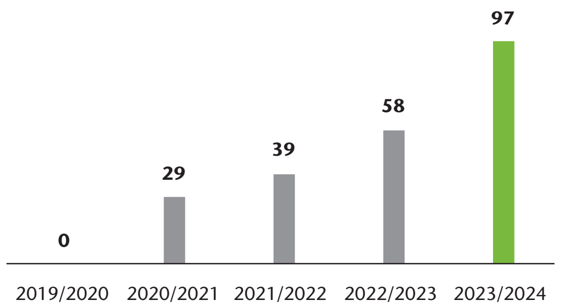
In addition, there are bilateral credit lines amounting to EUR 100.0 million with terms expiring in December 2026 and January 2027.

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 2023/2024 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 143.8 million with a term expiring in July 2026, MSL also

Total dividends, Nordzucker AG
in EUR m



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).

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 2.00 per share be distributed for the 2023/2024 financial year.

Number of employees in the nordzucker group in the financial year

Annual average	2016/2017	2017/2018	2018/2019	2019/2020	2020/2021	2021/2022	2022/2023	2023/2024
Total	**3,236**	**3,234**	**3,208**	**3,539**	**3,792**	**3,812**	**3,774**	**3,958**
Germany	1,292	1,320	1,340	1,308	1,298	1,312	1,319	**1,419**
Australia*				393*	678	715	670	**702**
Denmark	477	458	449	429	416	418	432	**453**
Sweden	397	385	366	363	357	343	329	**330**
Poland	333	335	335	332	330	331	340	**346**
Finland	276	273	253	247	234	213	215	**230**
Lithuania	252	245	246	253	269	271	267	**281**
Slovakia	196	206	207	205	200	201	196	**191**
Ireland	10	9	9	8	8	6	4	**4**
Latvia	3	3	3	2	2	2	2	**2**

* 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.

Employees

In Europe, the Nordzucker Group had an average of 3,256 employees in the reporting year. Its workforce thus increased by 152 as compared with the previous year (3,104 employees). This is mainly due to increases in personnel in Germany (+100), Denmark (+21), Finland (+15) and Lithuania (+14).

In Australia, the average number of employees during the year was 702, an increase of 32 employees compared with the previous year.

The number of employees for the Group as a whole has thus increased from 3,774 to 3,958.

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.

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 illustrate how different market situations may 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 optimizing 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 optimize 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). The optimization of the CMS was continued in the 2023/2024 financial year.

Key components of Nordzucker's CMS are:

- Compliance organization: The achievement of a common understanding of the substance and objectives of compliance and of the entire compliance-related organizational structure and process organization in the policy on the Compliance organization.
- The establishment of the central Compliance Coordination function for the continuous further development of the CMS.
- Local Compliance Coordinators in the subsidiaries, who are responsible for implementation of the CMS in the respective subsidiary.
- Group-wide process for a compliance-specific risk analysis, the implementation of this process and the appointment of compliance experts based on it.

- The 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 Group-wide "SpeakUp" whistleblowing system, through which employees (including senior executives and management) or external parties have the ability to report violations of laws or internal regulations or relevant suspected 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 based and aimed at target groups. In this respect, the federal government agreed in January 2024 on a nutrition strategy to create the framework 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.

Opportunities resulting from digitalization

Nordzucker significantly expanded its Digital Roadmap 2027 this year. The focus was on defining the scope of digitalization, analyzing its commercial potential and identifying relevant innovation-related topics beyond the scope of projects already in the pipeline.

The projects look more closely at integrated planning systems for logistics and finance, as well as the e-procurement project launched in 2023. Another area of focus is the Crop Connect project, which provides farmers with initial reports via a new, future-oriented platform. Further steps will gradually provide effective additional assistance for beet cultivation.

Many of the projects also consider the topic of sustainability. The SuN project continually expands the ESG reporting and we are working towards the automation of data gathering through other projects. Some examples of these are e-procurement, which aids compliance with the German Supply Chain Act, and Green Data Base which helps us to calculate our carbon footprint. The implementation of IT requirements in the new Plant-Based Ingredients business area has also begun, initially for e-contracting.

One key point for the innovation-related topics is the efficient use of artificial intelligence. Here, we analyze the use of AI-supported features in projects and showcases. Larger potentials are incorporated as part of the Green Data Base project and in the processing of production data, as well as in the analysis of larger data volumes. Large language models and chatbots play an important role in this. In order to drive ahead with these topics in a consistent way, the position of Manager of IT Innovation & Development was created and a suitable candidate appointed.

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.

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, Japan, Singapore, Vietnam, Colombia, Peru, Panama, Ecuador, South Africa, Canada, and the states of Central America provide for annual duty-free sugar imports of nearly 520,000 tonnes. The existing agreement with Ukraine for duty-free sugar imports of 20,070 tonnes has been suspended as part of the temporary trade measures for imports from Ukraine in order to support the country following its invasion by Russia. As a result, Ukraine exported a total volume of 441,407 tonnes of duty-free sugar to the EU during the 2023 calendar year. In discussions regarding the upcoming extension of these temporary trade measures, the EU Commission has suggested limiting sugar imports from Ukraine from June 2024. The proposal submitted on 31 January 2024 suggests limiting imports to around 420,000 tonnes in the period from 1 January 2024 to 5 June 2025. The final text is pending further consideration.

There are also unrestricted import opportunities for the ACP countries (Africa-Caribbean-Pacific) and the LDC countries (Least Developed Countries). Additional import quotas of around 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, India, Indonesia, Morocco, Thailand and Tunisia. The negotiations via a transatlantic free trade agreement with the USA are currently frozen, and the same is true of negotiations with Malaysia, the Philippines and the Gulf states.

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.

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. The prices for competing crops are again falling sharply. At the same time, beet prices remain high, which has improved the relative appeal of cultivating sugar beet, resulting in a very positive effect on the company's raw material stock.

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, e.g. the occurrence of diseases rarely seen in our farming regions, such as SBR (basses richesses) and rubbery taproot disease caused by stolbur.

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 2024/2025. 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.bb

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. A year-on-year decrease in energy prices was observed in the 2023/2024 financial year. The energy supply was safeguarded early on through numerous hedging transactions and the conclusion of fixed-price contracts for our European plants. This helped to mitigate the risk of price changes and energy supply bottlenecks from coal products and natural gas. Oil was not used in large quantities.

Risks resulting from the supplier portfolio

The ongoing war in Ukraine and the impact of the conflict in the Middle East also impacted procurement processes to a certain degree in the 2023/2024 financial year.

Decreasing energy prices also had a knock-on effect on the chemicals industry and thus on the majority of the processing aids used by Nordzucker. During this campaign, there were no shortages or supply bottlenecks for processing aids.

However, the second half of the campaign still presented major challenges for the Nordzucker plants in Europe. Weather and soil conditions led to a drop in sugar beet quality. As a result of this, there was a large demand for enzymes, which led to challenges in procuring them. By using all external supply options and moving material around internally, processing was maintained at a consistent level in all European plans.

There were rises in freight costs in the logistics segment. As a result of the federal government's decision to increase tolls, freight costs increased for carriers. Some of these price adjustments were passed on to Nordzucker.

In terms of the procurement of investment goods and services, there were constant problems with the availability of electronic and control components. Supply times for equipment involved in energy efficiency upgrades are continually high due to the high demand in this area, which also led to cost increases. The lack of skilled employees and the increase in wages for tradespeople are also challenging.

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 to allow for the optimization 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 procure critical goods and services from several different suppliers.

Another objective of procurement is to monitor the sustainability of suppliers. By continuously assessing the risks 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, helping us to implement the Supply Chain Due Diligence Act, which came into force on 1 January 2024.

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 2023/2024 campaign was characterized by exceptionally high beet volumes with low sugar content and extremely high rainfall during the campaign. The resulting water volume posed a challenge for the plants, as did the climactic conditions that set in from around December. Until then, processing had been very high and stable. However, long, hard frosts and uncovered clamps led to damage to the beet, which meant that beet were harvested in some regions even in hard frosts. This meant that the beet had to be processed immediately, which presented the plants with logistical challenges. All departments worked together closely so that the resulting risks were limited and the volume of beet unable to be processed was kept to a minimum. High rainfall and flooding led to high dirt load in the plant, which brought the basins to capacity.

The explosion at the Swedish plant in Örtofta in November 2023 was a specific challenge. Quickly resuming campaign operations by mid-December 2023 was primarily down to increasing reliance on its affiliated plants and effective interdisciplinary coordination. No one was injured in the explosion.

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 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).

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_2 certificates

Within the scope of the European emissions trading system, every year Nordzucker requires certificates to cover the annual CO_2 emissions it uses to generate energy. In case of a shortfall, the missing certificates must be purchased. The European Green Deal aims to achieve greenhouse gas neutrality 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 optimizing its operations. This continuous reduction will not only bring down the number of CO_2 certificates that must be purchased and the associated cost, but also make Nordzucker's business more sustainable.

Risks resulting from product safety

As a food and animal feed producer, Nordzucker is responsible for the quality and safety of its products. For food and animal feed production, we ensure that product safety risks are detected and minimized in line with the state of the art. To do this, all production plants have a Hazard Analysis and Critical Control Points (HACCP) concept, which is continually refined.

Internal and external audits regularly review compliance with quality requirements.

Repeat certification audits for product safety serve to review and develop the management system for food and animal feed 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 a 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 and 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 antitrust 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 resulting from information technology

Once again, the global IT security situation was far from relaxed in the 2023/2024 financial year. A total of over 300,000 spam emails were detected at Nordzucker, with around 2,700 emails infected with malware. All malicious emails were quickly detected, terminated and purged from our system. The system effectively prevented any of these emails from being sent to clients. During the reporting period, there were no viruses detected on servers or end devices.

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.

To increase resilience, the company actively invested in its IT security infrastructure. The new position in IT Security created in the year before last actively helps to maintain security and the skills of our staff are actively maintained and expanded. A security position was created in Operations Technology, which aims to significantly boost security in this area.

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).

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 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 the financial derivatives used serve solely to hedge operating sales and procurement 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 29 February 2024, the Nordzucker Group had exchange rate derivatives with a notional net volume of EUR 1,799.6 (1,260.9) million. At the end of the financial year, hedging transactions with a notional net volume of EUR 454.6 (484.7) 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 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 2028. 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 and other credit lines, 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 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.

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.

Outlook

The outlook for the 2024/2025 financial year remains significantly positive. There is still some uncertainty resulting from the volatile sales and procurement markets, and we expect to see corrections particularly with the regard to the sugar price following the high prices of the 2023/2024 financial year. Existing hedges in both markets help to stabilize the business. The sowing of beet has been delayed in some regions (primarily Denmark and Sweden), while the thick juice campaign and the maintenance and investment measures at the plants are taking place as planned to safeguard the 2024/2025 campaign.

We expect to see corrections to sugar sales prices to bring them more into line with normal levels. This is indicated by the higher supply on the European market as a result of the harvest, as well as the imports expected from Ukraine to the Eastern European markets. Sales contracts already concluded are likely to have a positive effect on the current financial year. For contracts from the 2024/2025 sugar marketing year, however, we can expect to see downward revisions.

It is assumed that world market prices for sugar will also be revised during the current 2024/2025 year, while world market prices will remain adequate. The global fundamental production and consumption outlook remains positive for the medium term.

In Australia, where adequate sugar prices more directly impact business, earnings are expected to remain stable and below the level of the previous year. 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 2024/2025 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 the excellence measures and the present estimation of open sales and reference volumes that are not currently fixed, we expect earnings to be very positive but still significantly down on the 2023/2024 financial year. Our earnings expectations for the 2024/2025 financial year will remain at the upper end of the target range for the EBIT and RoCE margin. Overall, we expect to see an EBIT of over EUR 200 million. The equity ratio will significantly exceed its target.

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

The company continues to implement measures for the adjustment of its management and its cost structure and is expanding them with new programmes in purchasing and via a digitalization initiative. In addition, further long-term measures will be initiated throughout the value chain. Our existing excellence initiatives cover multiple-year initiatives in the areas of agriculture, production, the supply chain, sales and sustainability. In future, the Achieving Sourcing Excellence project also aims to optimize processes in purchasing to leverage savings potential. The positive effects of the excellence initiatives 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. The newly established company for the production of plant based protein sources will start construction on its production facilities in the coming financial year.

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 within the sugar market, but also beyond it.

Braunschweig, Germany, 14 May 2024

The Executive Board

Dr Lars Gorissen | Alexander Bott | Alexander Godow

Consolidated financial statements 2023/2024

Contents

Consolidated income statement

for the period from 1 March 2023 to 29 February 2024 for Nordzucker AG, Braunschweig, Germany

in EUR thousands	Further details in Note	1/3/2023 – 29/2/2024	1/3/2022 – 28/2/2023
Revenues	8	2,922,488	2,260,833
Production costs	9	-2,146,571	-1,780,626
Gross profit on sales revenues		**775,917**	**480,207**
Sales costs	10	-237,844	-229,300
Administrative expenses	11	-93,748	-83,604
Other income	12	76,384	76,520
Other expenses	13	-99,747	-32,876
Operating result (EBIT)		**420,962**	**210,947**
Financial income	14	8,776	20,120
Financial expenses	15	-20,336	-16,449
Result from companies accounted for using the equity method	24	9,961	12,071
Net financial result		**-1,499**	**15,742**
Earnings before taxes		**419,463**	**226,689**
Income taxes	16	-93,719	-44,908
Consolidated net income		**325,744**	**181,781**
of which attributable to non-controlling interests		16,544	12,395
of which attributable to shareholders of the parent company		**309,200**	**169,385**

Consolidated statement of comprehensive income

for the period from 1 March 2023 to 29 February 2024 for Nordzucker AG, Braunschweig, Germany

in EUR thousands	1/3/2023 – 29/2/2024	1/3/2022 – 28/2/2023
Consolidated net income	**325,744**	**181,781**
Items that will not be reclassified to the income statement in future		
Result from the remeasurement of pensions	**-7,782**	**36,408**
Remeasurement of defined benefit plans	-10,919	51,049
Deferred taxes on items of other comprehensive income not reclassified to the income statement	3,137	-14,641
Items that will be reclassified to the income statement in future		
Result from exchange differences on translating foreign operations	6,302	-19,353
Result from market valuation of hedging instruments (cash flow hedge) after deferred taxes	-22,882	-25,354
Change not recognized in profit or loss	-150,567	-46,415
Change recognized in profit or loss	119,287	10,452
Deferred taxes	8,398	10,609
Other comprehensive income	**-24,362**	**-8,299**
Consolidated comprehensive income after taxes	**301,382**	**173,482**
of which attributable to non-controlling interests	13,979	7,488
of which attributable to shareholders of the parent company	**287,403**	**165,993**

Consolidated cash flow statement

for the period from 1 March 2023 to 29 February 2024 for Nordzucker AG, Braunschweig, Germany

in EUR thousands	1/3/2023 – 29/2/2024	1/3/2022 – 28/2/2023
Earnings before taxes	**419,463**	**226,689**
Interest and similar income/expenses	14,776	11,032
Depreciation, amortization and impairment/reversals of impairment of non-current assets	82,157	77,188
Change in provisions	-4,144	-2,384
Change in inventories	-173,090	-259,654
Change in trade receivables	-75,888	-83,291
Change in trade payables	133,074	165,998
Change in other operating assets/liabilities	-29,090	-19,680
Gains/losses on the disposal of non-current assets	1,052	-302
Other non-cash expenses/income	-4,307	2,393
Interest received in the financial year	5,380	3,037
Interest paid in the financial year	-13,404	-10,043
Result from companies accounted for using the equity method	-9,961	-12,071
Taxes paid in the financial year	-38,816	-51,274
Cash flow from operating activities	**307,202**	**47,638**
Proceeds from the disposal of property, plant and equipment	1,090	3,435
Payments for investments in property, plant and equipment	-173,866	-145,675
Proceeds on disposal of intangible assets	32	5
Payments for investments in intangible assets	-5,936	-3,323
Proceeds from/payments for investments in financial assets	-1,998	2,015
Payments for the increase in majority shareholdings	0	-9,614
Cash flow from investing activities	**-180,678**	**-153,157**
Payments to shareholders (dividends)	-59,267	-39,201
Borrowing of loans	0	114,243
Loan repayments	-60,764	0
Repayments of financial liabilities	-822	0
Payments from finance leases	-5,890	-5,331
Cash flow from financing activities	**-126,743**	**69,711**
Changes in cash and cash equivalents	**-219**	**-35,808**
Cash and cash equivalents at the beginning of the period	**43,779**	**79,763**
Changes in cash and cash equivalents due to exchange rates	-485	-176
Cash and cash equivalents at the end of the period	**43,075**	**43,779**

Consolidated balance sheet

as of 29 February 2024 for Nordzucker AG, Braunschweig, Germany

Assets in EUR thousands	Further details in Note	29/2/2024	28/2/2023
Non-current assets			
Intangible assets	20	**21,037**	17,868
Property, plant and equipment	21	**1,153,763**	1,059,775
Investment property	23	**10,376**	10,876
Shares in companies accounted for using the equity method	24	**82,712**	72,478
Other financial investments	25	**44,796**	48,354
Financial assets	29	**292**	190
Other assets	30	**922**	1,235
Deferred taxes	16	5,129	4,142
		1,319,027	**1,214,918**
Current assets			
Inventories	26	**1,273,071**	1,096,654
Trade receivables	27	**382,916**	305,000
Receivables from related parties	28	**660**	524
Current income tax receivables	16	**6,743**	23,328
Financial assets	29	**60,448**	54,769
Other assets	30	**147,232**	113,199
Cash and cash equivalents	40	43,075	43,779
		1,914,145	**1,637,253**
		3,233,172	**2,852,171**

Equity and liabilities in EUR thousands	Further details in Note	29/2/2024	28/2/2023
Equity	31		
Subscribed capital	31.1	**123,651**	123,651
Capital reserves	31.2	**127,035**	127,035
Retained earnings	31.3	**1,583,285**	1,334,918
Other comprehensive income	31.4	**-93,511**	-71,714
Non-controlling interests	31.5	**71,894**	61,482
		1,812,354	**1,575,372**
Non-current provisions and liabilities			
Provisions for pensions and similar obligations	32	**181,580**	170,181
Other provisions	33	**87,986**	92,344
Financial liabilities	34	**89,695**	83,523
Liabilities towards related parties	36	**5,443**	5,443
Other financial liabilities	37	**29,456**	13,438
Other liabilities	38	**3,443**	3,694
Deferred taxes	16	**99,551**	90,165
		497,154	**458,788**
Current provisions and liabilities			
Provisions for pensions and similar obligations	32	**12,282**	12,049
Other provisions	33	**58,173**	52,447
Financial liabilities	34	**96,523**	168,658
Current income tax liabilities	16	**30,656**	11,553
Trade payables third party	35	**572,454**	439,916
Liabilities towards related parties	36	**34,141**	40,570
Other financial liabilities	37	**74,321**	58,614
Other liabilities	38	**45,114**	34,204
		923,664	**818,011**
		3,233,172	**2,852,171**

Consolidated statement of changes in shareholders' equity

for Nordzucker AG, Braunschweig, Germany

in EUR thousands	Subscribed capitall	Capital reserves	Retained earnings	Currency translation	Remeasure-ment of pensions	Market valuation of hedging instruments (cash flow hedge)	At-Equity-bewertete Anteile	Equity attributable to shareholders of the parent company	Non-controlling interests	**Total equity**
As of 1/3/2022	**123,651**	**127,035**	**1,207,243**	**136**	**-83,489**	**15,031**	**/**	**1,389,607**	**58,711**	**1,448,318**
Net income	/	/	169,385	/	/	/	/	169,385	12,395	**181,781**
Other comprehensive income	/	/	/	-10,463	36,407	-29,336	/	-3,392	-4,907	**-8,299**
Consolidated comprehensive income	**/**	**/**	**169,385**	**-10,463**	**36,407**	**-29,336**	**/**	**165,993**	**7,488**	**173,482**
Dividend payment	/	/	-38,641	/	/	/	/	-38,641	-560	**-39,201**
Other	/	/	-3,070	/	/	/	/	-3,070	-4,157	**-7,227**
As of 28/2/2023	**123,651**	**127,035**	**1,334,918**	**-10,327**	**-47,082**	**-14,305**	**/**	**1,513,890**	**61,482**	**1,575,372**
As of 1/3/2023	**123,651**	**127,035**	**1,334,918**	**-10,327**	**-47,082**	**-14,305**	**/**	**1,513,890**	**61,482**	**1,575,372**
Net income	/	/	309,200	/	/	/	/	309,200	16,544	**325,744**
Other comprehensive income	/	/	/	8,201	-7,745	-22,253	/	-21,797	-2,565	**-24,362**
Consolidated comprehensive income	**/**	**/**	**309,200**	**8,201**	**-7,745**	**-22,253**	**/**	**287,403**	**13,979**	**301,382**
Dividend payment	/	/	-57,962	/	/	/	/	-57,962	-1,305	**-59,267**
Other	/	/	-2,871	/	/	/	/	-2,871	-2,262	**-5,133**
As of 29/2/2024	**123,651**	**127,035**	**1,583,285**	**-2,126**	**-54,827**	**-36,558**	**0**	**1,740,460**	**71,894**	**1,812,354**

Notes to the consolidated financial statements 2023/2024

Contents

General remarks

1. Accounting principles

The consolidated financial statements as of 29 February 2024 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) in the legal form of a stock corporation (Aktiengesellschaft) under German stock corporation law. Pursuant to Article 2 of the company’s Articles of Association dated 7 July 2021, the purpose of the company is the production, distribution and trading of sugar and other products for the food industry, animal feed, bioethanol and other biofuels and similar products produced from agricultural raw materials, as well as the processing in other ways of agricultural products, in particular sugar beet, and the provision of services for the company’s purpose. The company is authorized to acquire interests in other companies and to establish branches in Germany and abroad.

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 29 February 2024 were prepared on 14 May 2024 and issued with an unqualified opinion by the auditor EY GmbH & Co. KG Wirtschaftsprüfungsgesellschaft, Hanover. The review by the Audit Committee takes place on 14 May 2024 and the review and approval by the Supervisory Board takes place on 22 May 2024. 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.de).

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 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.

a. 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.

b. 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

	29/02/2024	28/2/2023
Fully consolidated subsidiaries		
Domestic	**5**	5
Foreign	**15**	15
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 29 February 2024. The reporting date for all companies accounted for using the equity method and included in the consolidated financial statements is 31 December 2023.

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)	77.02 %
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 paragraph 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:

Exchange rates of foreign currencies

	Average rate		Closing rate	
for EUR 1	**2023/2024**	2022/2023	**29/02/2024**	28/02/2023
Polish Zloty (PLN)	**4.48004**	4.71292	**4.32080**	4.71250
Danish Krone (DKK)	**7.45338**	7.43964	**7.45400**	7.44300
Swedish Krona (SEK)	**11.49065**	10.75024	**11.21500**	11.078000
Australian Dollar (AUD)	**1.64459**	1.51241	**1.66840**	1.57600

3. Explanation of material accounting policies

3.1. General principles

The items in the consolidated financial statements are primarily valued 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.

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 for goods and products with customers are recognized at the amount of the consideration that is expected to be received. Revenues are presented net of deductions such as returns, discounts and rebates. Revenues are recognized when control of the products and goods has been transferred to the customer. The time at which control is transferred is defined on the basis of the applicable Incoterms. The transaction prices and therefore the amount of revenues are determined by the individual selling prices, taking into account the above-mentioned variable consideration. No revenues are recognized if there are material risks regarding the receipt of the consideration or if it is probable the goods will be returned. As the majority of the Nordzucker Group's revenues are generated through simply structured sales transactions, Nordzucker is generally entitled to payment after the performance obligation has been fulfilled.

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. An 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 initially measured at cost (purchase price, directly attributable costs). Assets related to acquisitions (see also Note 3.16.), such as contractual customer relationships, trademark rights and non-compete agreements, 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

	Useful life in years
ERP licences	20
Other software	5–10

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 useful 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, relevant reversals of impairments are made.

Goodwill arises in conjunction with an acquisition (see also Note 3.16.) 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 inflows from other assets. Within the Nordzucker Group, this is the lowest possible level at which goodwill would be 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 and losses from the impairment of intangible assets are presented on the income statement under “Other income” or “Other expenses”.

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. Cost includes 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

	Useful life 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 are indications of 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, 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 losses. Depreciation takes place on a straight-line basis over useful lives of 20 to 60 years. An impairment is recognized if there are indications of impairment 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 there is no longer any indication of impairment 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 there are any indications for the impairment of assets. 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 written up 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 recognized if there is sufficient reason to believe that a company within the Nordzucker Group is likely to fulfil the associated conditions and that the grant will be 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 asset 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 asset is subject to 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. Taking into account economic efficiency and materiality, at 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 or depreciable right-of-use asset 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, 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 three measurement categories (“Financial liabilities measured at fair value through profit or loss”, “Financial assets measured at fair value through other comprehensive income” and “Financial liabilities measured at amortized cost”).

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 “Financial assets/liabilities measured 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 3.14.). 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 3.14.), 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 loan loss for the respective item should be recognized at the end of each reporting period. The change in the expected loan loss is an impairment expense or income that must be recognized in profit or loss.

3.10. 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 sales costs. 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 the fair value as of the end of the reporting period, inventories are written down to the 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.

3.11. 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 defined benefit obligation is measured 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), as well as financial assumptions (such as discount rates and future salary trends).

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”, “Sales 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 experience 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.

3.12. 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.

3.13. 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 carry-forwards. 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.

3.14. 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 such as sugar price risk and energy price risk in particular. 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 “Other operating income” or “Other operating 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.

The Nordzucker Group uses only cash flow hedges. The effective portion of the gain or loss from the hedging instrument is recognized in OCI in the cash flow hedge reserve, while the ineffective portion is recognized immediately in the income statement. The cash flow hedge reserve is adjusted by the lower of the cumulative gain or loss on the hedging instrument and the cumulative change in the fair value of the hedged item. The Group uses sugar futures contracts and other OTC commodity futures contracts to hedge against the volatility of commodity prices in contracted transactions. Hedges for sugar futures contracts result in margin payments which serve as securities for these financial instruments. Such payments are categorized in the balance sheet under other assets or liabilities. These payments serve to minimize the credit risk from the open positions in the futures contracts.The ineffective portion relating to these commodity contracts is recognized as other operating income or expenses. Further details can be found in Note 42.4.

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 42.4).

3.15. 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).

3.16. 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 through profit or loss (i.e. 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 entity, 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 certain, 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.

A review was carried out in the reporting year to ascertain whether sustainability-related issues had a material impact on reporting for the period. There may be impacts on the various areas listed below. Sustainability-related aspects may, for example, influence the recoverability, useful lives and residual carrying amounts of assets, the expected credit losses on financial instruments, the input factors and assumptions used to measure the value in use and the company valuation (e.g. discount rates, timing and amount of forecast cash flows).

Sustainability-related risk factors are generally included in estimates and discretionary decisions in the preparation of the annual financial statements. The following aspects in particular have been included in the considerations and planning models:

- The GoGreen programme to convert the Group to a sustainable energy supply and the associated cash outflows for investments, as well as related savings.
- Timely acquisition of carbon certificates in response to the underlying political conditions of the expected certificate shortage (see also Note 30).
- Changes in the market price of sugar, energy and raw materials. These may be subject to strong fluctuations due to exogenous effects (e.g. the Ukraine conflict results in increased sugar imports into the EU, high harvest volumes in Brazil affect the world market price of sugar, gas supply via LNG terminals instead of gas from Russia leads to higher purchase prices) and may have an impact on the business performance of the Nordzucker Group.
- Changes in raw material volumes due to weather-related effects such as droughts, periods of frost or flooding of arable land also have a significant impact on the Nordzucker Group's business performance.

5. Accounting standards to be applied for the first time

IASB pronouncements (published on)	Title	Applicable for financial years on or after
Amendments to IAS 1 (12 February 2021)	Presentation of Financial Statements and IFRS Practice Statement 2: Disclosure of Accounting policies	01/01/2023
Amendments to IAS 8 (12 February 2021)	Accounting policies, Changes in Accounting Estimates and Errors: Definition of Accounting Estimates	01/01/2023
I IFRS 17 incl. amendments to IFRS 17 (18 May 2017 and 25 June 2020)	Insurance Contracts	01/01/2023
Amendments to IFRS 17 (9 December 2021)	Initial Application of IFRS 17 and IFRS 9 – Comparative Information	01/01/2023
Amendments to IAS 12 (23 February 2023)	International Tax Reform – Pillar Two Model	01/01/2023
Amendments to IAS 12 (7 May 2021)	Deferred Tax related to Assets and Liabilities arising from a Single Transaction	01/01/2023

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 are being examined.

New or amended standards which came into force in the current reporting period have not had any material 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 29 February 2024. 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.

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 2025 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 (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	01/01/2024
Amendments to IFRS 16 (22 September 2022)	Lease and Liability in a Sale and Leaseback	01/01/2024
Not yet transposed into European law		
Amendments to IAS 21 (15 August 2023)	The Effects of Changes in Foreign Exchange Rates: Lack of Exchangeability	01/01/2025
Amendments to IAS 7 (25 May 2023)	Statement of Cash Flows and IFRS 7 Financial Instruments: Supplier Finance Arrangements	01/01/2024
IFRS 18 (9 April 2024)	Presentation and Disclosure in Financial Statements	01/01/2027

The other amendments to IAS 1 only relate to the recognition of liabilities in the balance sheet, particularly in the case of financial covenants on loans. 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 material 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	1/3/2023 – 29/2/2024	1/3/2022 – 28/2/2023
Sugar, industrial customers	**1,767,752**	1,318,010
Sugar, retail	**356,890**	295,759
Sugar, non-food	**30,382**	23,818
Raw cane sugar	**332,660**	248,536
Sugar, other distribution channels	**3,840**	2,893
Total sugar	**2,491,524**	**1,889,017**
Bioethanol	**24,272**	13,746
Proceeds from the sale of energy	**14,721**	30,315
Total energy	**38,993**	**44,061**
Molasses	**126,321**	113,448
Pellets	**151,405**	129,256
Other animal feed	**34,107**	32,689
Total animal feed	**311,833**	**275,393**
Seed	**48,657**	42,162
Other	**31,481**	10,200
Total	**2,922,488**	**2,260,833**

In Australia, revenues are generated from the sale of cane sugar, molasses and energy. These revenues totalled EUR 385,749 (307,734) thousand, including revenues from sugar futures. Of the remaining revenues, EUR 1,177,992 (902,224) thousand is attributable to German companies and the remaining EUR 1,358,747 (1,050,875) thousand to the other European Group companies.

Other revenues primarily include sales of biodiesel, services, carbolime, pallets and beet fleece covers.

9. Production costs

Production costs comprise the following

Production costs

in EUR thousands	1/3/2023 – 29/2/2024	1/3/2022 – 28/2/2023
Cost of materials and services	-1,803,430	-1,466,873
Personnel expenses	-210,983	-195,057
Depreciation, amortization and impairment	-65,376	-60,039
Other expenses	-66,783	-58,657
Total	**-2,146,571**	**-1,780,626**

10. Sales costs

Sales costs comprise the following:

Sales costs

in EUR thousands	1/3/2023 – 29/2/2024	1/3/2022 – 28/2/2023
Freight	-93,633	-96,427
Rentals, land leasing and outside warehousing costs	-63,763	-57,772
Personnel expenses	-24,165	-23,363
Depreciation, amortization and impairment	-8,352	-8,210
Advertising	-6,075	-6,001
Sales commission	-2,698	-1,816
Other costs of sales	-39,158	-35,711
Total	**-237,844**	**-229,300**

Freight and third-party storage costs also include costs for internal and, in some cases, international redistribution of stock. Other costs of sales include, in particular, energy and maintenance expenses for silos at Nordzucker's sites. Expenses for pallets, travel and consultancy costs are also reported under this item.

11. Administrative expenses

Administrative expenses are made up as follows:

Administrative expenses

in EUR thousands	1/3/2023 – 29/2/2024	1/3/2022 – 28/2/2023
Personnel expenses	-54,308	-49,232
Consultancy fees	-13,599	-11,446
Fees and levies	-5,234	-5,120
Depreciation, amortization and impairment	-4,558	-4,352
Rentals and land leasing	-1,080	-1,156
Travel costs	-1,630	-1,109
Phone/communications	1,016	-997
Other administrative expenses	-12,323	-10,192
Total	**-93,748**	**-83,604**

Other administrative expenses mainly include IT costs, such as expenses for maintenance, licences and cloud services.

12. Other income

Other income is made up as follows:

Other income

in EUR thousands	1/3/2023 – 29/2/2024	1/3/2022 – 28/2/2023
Insurance and other compensation for damages	22,272	1,371
Income from the reversal of provisions	1,867	2,323
Foreign exchange gains	2,066	2,066
Proceeds from derivatives	39,672	2,176
Proceeds from the disposal of non-current assets	496	1,267
Reversals of impairments on receivables	86	175
Income from the reversal of investment subsidies, grants and other receivables	845	308
Rental and leasing income	564	502
Reversals of impairment of intangible assets as well as property, plant and equipment	15	974
Return of unneeded gas supplies to the energy supplier	0	57,169
Miscellaneous operating income	8,501	6,628
Total	**76,384**	**76,520**

Insurance and other compensation for damages in the current year resulted primarily from damage from the explosion at the Örtofta plant in Sweden. The figure for the previous year primarily relates to insurance benefits for damage at the Nordstemmen plant in Germany and the Racecourse plant in Australia.

The increase in income from derivatives results from foreign currency gains from the hedging of intra-Group loan transactions, from the Accumulator financial instrument used for the first time in the 2023/2024 financial year, and from restructuring effects from the net financial income for realized and unrealized exchange rate effects from sugar, energy and beet hedging transactions.

The corresponding amounts from the previous year are shown in the net financial result and were significantly lower and therefore immaterial.

Further information on net income from financial instruments can be found in Note 42.

13. Other expenses

Other expenses are made up as follows:

Other expenses

in EUR thousands	1/3/2023 – 29/2/2024	1/3/2022 – 28/2/2023
Personnel expenses	-2,192	-1,408
Depreciation, amortization and impairment	-3,610	-5,326
Expenses from loss events	-24,791	0
Research and development	-2,051	-1,861
Foreign exchange losses	-1,749	-2,790
Expenses from derivatives	-46,319	-8,857
Losses from the disposal of non-current assets	-1,548	-964
Impairments on receivables	-89	-380
Expenses from additions to provisions	-14,578	-1,852
Miscellaneous operating expenses	-2,820	-9,438
Total	**-99,747**	**-32,876**

Expenses from damage claims mainly relate to the explosion at the Örtofta plant in Sweden.

The increase in expenses from derivatives primarily resulted from a one-off effect from ineffectiveness in hedging transactions for oil and gas. The item also includes, for the first time, unrealized effects from electricity contracts based on sustainable generation (power purchase agreements), as well as from the Accumulator financial instrument. This item also includes exchange rate losses from intra-Group lending, which are much higher than in the previous year primarily as a result of more internal credit lines being used. Finally, there was some restructuring from the net financial result for operational effects from hedging transactions for beet and sugar. The effects from the previous year were insignificant. Further information on net income from financial instruments can be found in Note 42.

14. Financial income

Financial income is made up as follows:

Financial income

in EUR thousands	1/3/2023 – 29/2/2024	1/3/2022 – 28/2/2023
Income from other investments	3,448	3,070
Other interest and similar income	2,683	2,765
Interest income receivable from banks	2,697	272
Other financial income	48	14,013
Total	**8,876**	**20,120**

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

15. Financial expenses

Financial expenses are made up as follows:

Financial expenses

in EUR thousands	1/3/2023 – 29/2/2024	1/3/2022 – 28/2/2023
Interest expense on provisions	-6,770	-4,025
Other interest and similar expenses	-5,824	-3,854
Interest expense on bank balances	-7,580	-6,189
Other financial expenses	-162	-2,381
Total	**-20,336**	**-16,449**

Other interest and similar expenses mainly relate to fees in connection with the drawdown of the syndicated loan. Interest expense on bank balances arises from drawdowns on the Group’s credit lines.

16. 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. The income tax expense is made up by origin as follows:

Income taxes

in EUR thousands	1/3/2023 – 29/2/2024	1/3/2022 – 28/2/2023
Current taxes		
Current domestic taxes	-39,975	-10,339
Current foreign taxes	-35,652	-22,402
	-75,627	-32,740
Deferred taxes		
Deferred domestic taxes	-7,748	-11,768
Deferred foreign taxes	-10,344	-400
	-18,092	-12,168
Income taxes	**-93,719**	**-44,908**

The current and deferred income tax expenses affecting previous years impacted net income in the amount of EUR -35 thousand (plus 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 IFRS consolidated net income 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	1/3/2023 – 29/2/2024	1/3/2022 – 28/2/2023
IFRS net profit before income taxes	419,463	226,689
Group tax rate	30.00 %	30.00 %
Expected tax expense (–)/ tax income (+)	-125,839	-68,007
Tax rate variances	21,101	8,682
Taxes for prior years	-35	6,162
Tax-free income	1,231	1,124
Non-deductible expenses and permanent differences	-1,485	-2,412
Impairment of deferred tax assets on tax loss carry-forwards	1,949	-111
Use of tax loss carry-forwards for which no de-ferred tax assets have been established	9,208	8,476
Other effects	153	1,178
Tax expense	**-93,719**	**-44,908**

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.

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:

Deferred taxes by Item in the statement of financial position

	29/2/2024		28/2/2023	
in EUR thousands	Deferred tax assets	Deferred tax liabilities	Deferred tax assets	Deferred tax liabilities
Intangible assets	0	2,496	0	1,992
Property, plant and equipment	1,825	116,665	2,891	109,121
Inventories	2,779	9,164	4,109	5,263
Other assets	3,810	9,153	1,021	9,565
Pension provisions	22,929	4,851	19,873	3,980
Other provisions	2,886	7,503	3,165	6,120
Other liabilities	29,337	8,920	21,718	3,264
Deferred taxes on temporary differences	**63,566**	**158,754**	**52,777**	**139,306**
Deferred tax assets on tax loss carry-forwards	765	0	506	0
Gross amount	64,331	158,754	53,283	139,306
Offsetting	-59,202	-59,202	-49,141	-49,141
Amount in statement of financial position	**5,129**	**99,551**	**4,142**	**90,165**

The overall changes of EUR 8,400 (19,784) thousand in deferred taxes as of the reporting date as shown in the consolidated statement of financial position were recognized as an increase in the tax expense in the amount of EUR 18,092 thousand (previous year: EUR 12,168 thousand), i.e. in the income statement. Moreover, tax income in the amount of EUR 9,448 (previous year: tax expense of 7,050) 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 738 (566) 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, offsetting only takes place at the level of Nordzucker AG for corporation tax purposes. Deferred trade taxes are offset at the level of the individual private partnerships.

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

Changes in deferred taxes	**1/3/2023 – 29/2/2024**		1/3/2022 – 28/2/2023	
in EUR thousands	**Deferred tax assets**	**Deferred tax liabilities**	Deferred tax assets	Deferred tax liabilities
Intangible assets	**0**	**504**	0	211
Investment property	**0**	**0**	0	2
Property, plant and equipment	**-1,066**	**7,544**	-73	6,023
Inventories	**-1,330**	**3,901**	2,452	-1,542
Other assets	**2,788**	**-412**	-357	1,677
Pension provisions	**3,056**	**871**	-14,930	1,740
Other provisions	**-278**	**1,383**	1,204	1,629
Other liabilities	**7,618**	**5,656**	11,424	158
Deferred taxes on temporary differences	**10,789**	**19,447**	**-280**	**9,897**
Deferred tax assets on tax loss carry-forwards	**258**	**0**	-9,607	0
Total	**11,047**	**19,447**	**-9,887**	**9,897**

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 77,473 (105,304) 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 (127) 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 613,147 (545,667) 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.

Legislation according to Pillar Two of the OECD Inclusive Framework on Base Erosion and Profit Shifting (BEPS) 2.0, which implements a global minimum taxation, has been enacted or substantially put into effect in some countries in which the Group operates. The legislation in Germany comes into force for the Nordzucker Group’s financial year beginning on 1 March 2024. The Group falls within the scope of this enacted or substantially enacted legislation; it has undertaken an assessment of the potential exposure of the Group to the global minimum tax.

The assessment of the potential risk from the minimum tax is based on the most recently available tax returns, the country-by-country report and the annual financial statements of the Group’s individual business units. Based on this assessment, the effective tax rates of the pillars in which the Group operates are above 15 per cent. However, there is a small number of countries where the temporary transitional system (if it is safe harbour relief) does not apply and the effective Pillar 2 tax rate is below 15 per cent. The Nordzucker Group does not anticipate a significant income tax burden under Pillar Two in these countries.

The exception introduced in May 2023 with the amendments to IAS 12 means that deferred taxes resulting from the implementation of the Pillar Two rules are neither recognized nor disclosed in the Nordzucker Group.

17. Cost of materials and services

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

Cost of materials and services

in EUR thousands	1/3/2023 – 29/2/2024	1/3/2022 – 28/2/2023
Cost of raw materials, consumables and supplies and of purchased merchandise	-1,913,224	-1,565,726
Cost of purchased services	-123,262	-106,524
Total	**-2.036,486**	**-1,672,250**

18. Personnel expenses

Personnel expenses are made up as follows:

Personnel expenses

in EUR thousands	1/3/2023 – 29/2/2024	1/3/2022 – 28/2/2023
Wages and salaries	-255,614	-235,903
Social security contributions and other social expenses	-25,357	-22,478
Expenses for defined contribution plans	-14,115	-12,306
Expenses for defined benefit plans	-2,376	-3,662
Total	**-297,462**	**-274,349**

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 3,958 employees (comparative period: 3,774 employees). In the 2023/2024 financial year, 2,590 employees (previous year: 2,501) were employed in the industrial sector and 1,368 (previous year: 1,273) were salaried employees.

19. Depreciation, amortization and impairment

Depreciation, amortization and impairment are made up as follows:

Depreciation, amortization and impairment

in EUR thousands	1/3/2023 – 29/2/2024	1/3/2022 – 28/2/2023
Depreciation or amortization of intangible assets, property, plant and equipment, and investment property	-77,791	-72,372
Impairment of intangible assets, property, plant and equipment, and investment property	-4,386	-5,791
Total	**-82,177**	**-78,163**

The impairment losses result in particular from the technical conversion of the steam dryer at the Örtofta plant in Sweden. The impairment losses in the previous year mainly related 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

20. Intangible assets

Changes in the individual items of intangible assets are as follows:

in EUR thousands	Rights, patents and licences	Internally generated intangible assets	Other intangible assets	Advance payments made	Total
2023/2024					
Acquisition and production costs					
1 March 2023	484	2,265	48,336	2,564	53,649
Currency differences	12	0	152	0	164
Additions	0	0	3,767	590	4,357
Disposals	-42	0	-581	0	-622
Reclassifications	937	0	3,077	-2,436	1,578
29 February 2024	**1,391**	**2,265**	**54,752**	**719**	**59,127**
Depreciation, amortization and impairment					
1 March 2023	-169	-2,265	-33,347	0	-35,781
Currency differences	-4	0	-109	0	-113
Write-downs in the financial year	-22	0	-2,673	0	-2,695
Impairments in the financial year	0	0	-92	0	-92
Reversals of impairment	0	0	0	0	0
Disposals	42	0	548	0	590
Reclassifications	0	0	0	0	0
29 February 2024	**-153**	**-2,265**	**-35,672**	**0**	**-38,090**
Carrying amount 29 February 2024	**1,238**	**0**	**19,080**	**719**	**21,037**

in EUR thousands	Rights, patents and licences	Internally generated intangible assets	Other intangible assets	Advance payments made	Total
2022/2023					
Acquisition and production costs					
1 March 2022	472	2,265	47,754	700	51,191
Currency differences	-3	0	-13	0	-16
Additions	15	0	1,423	1,866	3,304
Disposals	0	0	-850	0	-850
Reclassifications	0	0	22	-2	20
28 February 2023	**484**	**2,265**	**48,336**	**2,564**	**53,649**
Depreciation, amortization and impairment					
1 March 2022	-154	-2,265	-31,651	0	-34,070
Currency differences	1	0	9	0	10
Write-downs in the financial year	-16	0	-2,550	0	-2,566
Impairments in the financial year	0	0	0	0	0
Reversals of impairment	0	0	0	0	0
Disposals	0	0	845	0	845
Reclassifications	0	0	0	0	0
28 February 2023	**-169**	**-2,265**	**-33,347**	**0**	**-35,781**
Carrying amount 28 February 2023	**315**	**0**	**14,989**	**2,564**	**17,868**

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 2,051 (1,861) thousand were recognized in the income statement. These expenses are attributed in full to the item “Other expenses”.

21. Property, plant and equipment including leasing

Acquired property, plant and equipment 2023/2024

in EUR thousands	Land and buildings	Technical plant and machinery	Other plant, operating and office equipment	„Advance payments made and plant under construction“	Total
Acquisition and production costs					
1 March 2023	537,687	2,196,172	55,110	88,114	2,877,083
Currency differences	3,543	-5,678	240	-614	-2,509
Additions	9,365	81,425	4,353	73,810	168,953
Disposals	-5,000	-14,829	-1,734	-52	-21,616
Reclassifications	18,755	43,828	1,567	-65,727	-1,577
29 February 2024	**564,351**	**2,300,917**	**59,535**	**95,531**	**3,020,333**
Depreciation, amortization and impairment					
1 March 2023	-315,904	-1,474,691	-38,870	-3	-1,829,467
Currency differences	-1,395	4,603	-229	0	2,978
Write-downs in the financial year	-8,350	-57,769	-3,768	0	-69,887
Impairments in the financial year	-494	-3,762	-6	0	-4,261
Reversals of impairment	0	15	0	0	15
Disposals	4,899	12,870	1,665	0	19,433
Reclassifications	8	-8	0	0	0
29 February 2024	**-321,236**	**-1,518,743**	**-41,209**	**-2**	**-1,881,191**
Carrying amount 29 February 2024	**243,114**	**782,174**	**18,326**	**95,528**	**1,139,143**

Leased property, plant and equipment 2023/2024

in EUR thousands	Land and buildings	Technical plant and machinery	Other plant, operating and office equipment	„Advance payments made and plant under construction“	Total
Carrying amount					
1 March 2023	5,455	1,989	4,716	0	12,160
Currency differences	-35	-1	-6	0	-41
Additions	3,168	584	3,822	0	7,574
Disposals	0	0	0	0	0
Depreciation, amortization and impairment	-2,101	-490	-2,560	0	-5,151
Impairment losses	-33	0	0	0	-33
Reclassifications	0	0	-1	0	-1
Other changes	68	18	25	0	112
Carrying amount 29 February 2024	**6,524**	**2,101**	**5,995**	**0**	**14,620**
Carrying amount of total property, plant and equipment	**249,639**	**784,275**	**24,321**	**95,528**	**1,153,763**

Acquired property, plant and equipment 2022/2023

in EUR thousands	Land and buildings	Technical plant and machinery	Other plant, operating and office equipment	„Advance payments made and plant under construction“	Total
Acquisition and production costs					
1 March 2022	530,021	2,134,528	50,762	65,670	2,780,982
Currency differences	-2,956	-13,447	-180	-2,153	-18,735
Additions	8,389	71,144	5,533	53,305	138,371
Disposals	-4,061	-17,486	-1,744	-223	-23,515
Reclassifications	6,295	21,432	738	-28,484	-20
28 February 2023	**537,687**	**2,196,171**	**55,110**	**88,114**	**2,877,083**
Depreciation, amortization and impairment					
1 March 2022	-311,941	-1,440,098	-37,583	-3	-1,789,625
Currency differences	1,051	8,202	148	0	9,400
Write-downs in the financial year	-8,632	-53,232	-3,119	0	-64,983
Impairments in the financial year	-72	-5,656	-7	0	-5,736
Reversals of impairment	0	974	0	0	974
Disposals	3,693	15,117	1,692	0	20,501
Reclassifications	-3	3	0	0	0
28 February 2023	**-315,904**	**-1,474,691**	**-38,870**	**-3**	**-1,829,467**
Carrying amount 28 February 2023	**221,783**	**721,481**	**16,240**	**88,111**	**1,047,616**

Leased property, plant and equipment 2022/2023

in EUR thousands	Land and buildings	Technical plant and machinery	Other plant, operating and office equipment	„Advance payments made and plant under construction“	Total
Buchwert					
1 March 2022	4,585	1,896	5,213	0	11,694
Currency differences	-16	0	-30	0	-46
Additions	2,894	566	1,864	0	5,324
Disposals	0	0	0	0	0
Depreciation, amortization and impairment	-2,007	-473	-2,331	0	-4,812
Impairment losses	0	0	0	0	0
Reclassifications	0	0	0	0	0
Other changes	0	0	0	0	0
Carrying amount 28 February 2023	**5,455**	**1,989**	**4,716**	**0**	**12,160**
Carrying amount of total property, plant and equipment	**227,239**	**723,469**	**20,956**	**88,111**	**1,059,775**

Property, plant and equipment in the amount of EUR 118,815 (108,701) thousand was provided as collateral security for liabilities at the end of the reporting period and comparative period.

Nordzucker makes particular use of leasing for warehousing, logistics and vehicle procurement. The leases resulted in the following payments, which have the following effects on the cash flow statement and the income statement:

Expenses and payments from lease contracts

in EUR thousands	2023/2024	2022/2023
Amounts included in cash flow statement:		
Total payments from lease contracts	27,646	18,411
Amounts included in the income statement:		
Depreciation, amortization and impairment	5,183	4,812
Interest expense on lease liabilities	390	271
Expense from short-term leases	20,776	11,962
Expense from leases of low-value assets	980	787
Expense from variable lease payments which have not been included in the measurement of the lease liabilities	0	48

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 variable lease payments are immaterial for the Nordzucker Group.

Of the total lease payments of EUR 27,646 thousand, EUR 5,890 thousand relate to the repayment of lease liabilities and are presented in the cash flow statement accordingly. The remaining sum of EUR 21,756 thousand represents the expense for short-term leases and low-value leases.

22. 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 and there were no indications of impairment of other non-current assets at the reporting date, an impairment test was not performed.

23. Investment property

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

The following table presents the changes.

Investment property

in EUR thousands	Total
2023/2024	
Acquisition and production costs	
1 March 2023	11,976
Currency differences	-424
Additions	20
Disposals	-75
Reclassifications	0
29 February 2024	11,497
Depreciation, amortization and impairment	
1 March 2023	-1,100
Currency differences	33
Write-downs in the financial year	-58
Impairments in the financial year	0
Reversals of impairment	0
Disposals	4
29 February 2024	-1,121
Carrying amount 29 February 2024	**10,376**

in EUR thousands	Total
2022/2023	
Acquisition and production costs	
1 March 2023	12,143
Currency differences	-121
Additions	84
Disposals	-116
Reclassifications	-14
29 February 2024	11,976
Depreciation, amortization and impairment	
1 March 2023	-1,109
Currency differences	9
Write-downs in the financial year	-66
Impairments in the financial year	0
Reversals of impairment	0
Disposals	66
29 February 2024	-1,100
Carrying amount 29 February 2024	**10,876**

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

In the reporting period, rental income of EUR 314 (311) thousand was generated, offset by expenses of EUR 206 (255) thousand. There were also expenses of EUR 114 (104) thousand for which there was no corresponding rental income.

The fair value of the property is EUR 12,222 (13,559) thousand as of the end of the reporting period. The fair value was determined on the basis of internal estimates using comparable properties.

24. Shares in companies accounted for using the equity method

in EUR thousands	29/02/2024	28/02/2023
As of 1/3	**72,478**	66,621
Additions	**6,347**	0
Disposals	**0**	-6,033
Changes in the consolidation method and reclassifications	**0**	596
Pro rata result	**9,961**	12,071
Dividend received	**-343**	-370
Foreign currency	**-5,731**	-407
As of 29/2	**82,712**	**72,478**

Investments in companies accounted for using the equity method include the carrying amounts of investments in joint ventures totalling EUR 47,566 (38,754) thousand and in associated companies totalling EUR 35,146 (33,724) thousand.

The pro rata result corresponds to the result for the period and is made up of contributions from ATZU GmbH & Co. KG, Hamburg, Germany of EUR 892 (1,013) thousand, Sugar Australia Pty. Ltd, Yarraville, Australia of EUR 5,672 (7,808) thousand, New Zealand Sugar Pty. Ltd, Auckland, New Zealand of EUR 3,329 (3,170) thousand and Oriana Shipping Co Pte. Ltd., Singapore, Singapore of EUR 68 (80) thousand.

The following tables contain summarized financial information on the individual significant companies accounted for using the equity method. The tables present the full figures before consolidation and not just Nordzucker AG's share.

Sugar Australia Pty Ltd, Yarraville, Australia, is a significant joint venture. The company is jointly managed by our Australian subsidiary MSL and Wilmar Sugar Australia and is active in sugar refining, packaging and distribution.

Sugar Australia Pty. Ltd

in EUR thousands	2023/2024	2022/2023
Dividends received	**0**	0
Current assets	**182,957**	136,401
of which cash and cash equivalents	**2,278**	190
Non-current assets	**83,147**	88,433
Total assets	**266,104**	**224,834**
Current liabilities	**19,771**	16,043
of which current financial liabilities	**0**	0
Non-current liabilities	**3,622**	1,324
of which non-current financial liabilities	**0**	0
Total liabilities	**23,393**	**17,367**
Revenues	**401,026**	402,591
Interest income	**0**	0
Interest expense	**-502**	-325
Depreciation, amortization and impairment	**-9,000**	-9,787
Net income from continuing operations	**21,428**	28,183
Other comprehensive income	**0**	0
Income taxes	**-4,646**	-6,110
Income after taxes	**16,782**	22,073
Net assets	**242,711**	**207,467**
Pro rata net assets (25 %)	**60,678**	51,867
Impairment valued at equity in previous periods	**-15,513**	-15,513
Carrying amount	**45,165**	**36,354**

New Zealand Sugar Company Pty. Ltd, Auckland, New Zealand is a significant associated company. Our Australian subsidiary MSL holds a 25 per cent stake in this company. The company operates in the sugar distribution sector and serves retail and industrial customers in New Zealand.

New Zealand Sugar Company Pty Ltd.

in EUR thousands	2023/2024	2022/2023
Dividends received	0	0
Current assets	92,302	75,635
of which cash and cash equivalents	0	0
Non-current assets	38,192	39,280
Total assets	**130,494**	**114,915**
Current liabilities	24,356	12,638
of which current financial liabilities	0	0
Non-current liabilities	1,050	249
of which non-current financial liabilities	0	0
Total liabilities	**25,406**	**12,887**
Revenues	170,679	164,593
Interest income	440	0
Interest expense	0	-20
Depreciation, amortization and impairment	0	0
Net income from continuing operations	24,922	22,793
Other comprehensive income	0	0
Income taxes	-5,403	-3,545
Income after taxes	19,519	19,248
Net assets	**105,088**	**102,028**
Pro rata net assets (25 %)	26,272	25,507
Carrying amount	**26,272**	**25,507**

The following overview contains summarized aggregated financial information on the individual investments accounted for using the equity method that are considered imma-terial:

	Other joint ventures		Other associated companies	
in EUR thousands	2023/2024	2022/2023	2023/2024	2022/2023
Net income from continu-ing operations	392	-286	10,205	11,338
Carrying amount	**2,400**	**2,400**	**8,874**	**8,217**

25. Other financial investments

in EUR thousands	29/2/2024	28/2/2023
Other investments	43,083	44,456
Investments in non-consolidated affiliated companies	1,713	3,898
Other financial investments	**44,796**	**48,354**

Of the other financial investments totalling EUR 44,796 (48,354) thousand, EUR 25,132 (28,691) thousand are recognized at fair value. The changes are recognized in other comprehensive income. Other financial investments totalling EUR 19,633 (19,663) thousand are recognized at cost and relate to the shares in Tereos TTD a.s., which 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. Consequently, the fair value cannot be measured appropriately and the acquisition costs are used, which are equivalent to the best estimate of the fair value.

The Nordzucker Group received dividends of EUR 3,533 (3,070) thousand in the reporting year.

26. Inventories

Inventories

in EUR thousands	29/2/2024	28/2/2023
Raw materials, consumables and supplies	86,029	106,547
Work in progress	100,343	85,708
Finished goods and merchandise	1,086,699	904,399
Amount in statement of financial position	**1,273,071**	**1,096,654**

The increase in inventories is attributable in particular to higher production costs for sugar, while inventory quantities are slightly higher compared with the previous year.

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 8,469 (34,911) thousand and write-backs of EUR 188 (198) 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 66,499 (90,619) 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.

27. Trade receivables and other assets

Trade receivables and other assets by remaining term:

		Remaining term			Remaining term	
in EUR thousands	29/2/2024	Up to one year	More than one year	28/2/2023	Up to one year	More than one year
Trade receivables	**382,916**	**382,916**	**0**	**305,000**	**305,000**	**0**
Receivables from related parties	**660**	**660**	**0**	**524**	**524**	**0**
Positive market values from derivatives	**34,861**	34,569	292	39,296	39,106	190
Income tax receivables	**6,743**	6,743	0	23,328	23,328	0
Other financial assets	**25,879**	25,879	0	15,664	15,664	0
Other financial assets	**67,483**	**67,191**	**292**	**78,288**	**78,098**	**190**
Other claims for tax rebates	**37,771**	37,771	0	32,187	32,187	0
Assets resulting from overfunded pension plans	**0**	0	0	0	0	0
Other non-financial assets	**110,382**	109,460	922	82,246	81,011	1,235
Non-financial assets	**148,153**	**147,232**	**922**	**114,433**	**113,198**	**1,235**
Other assets	**599,212**	**597,999**	**1,214**	**498,245**	**496,820**	**1,425**

The carrying amounts of goods and services after write-downs correspond to their fair values.

In addition to specific write-downs for credit risks that have materialised, the write-downs on trade receivables also include value adjustments for expected future credit losses. Expected future credit losses are calculated on the basis of historical default rates and depending on the respective delinquency.

Changes in write-downs on trade receivables:

in EUR thousands	2023/2024	2022/2023
As of 1 March	**-1,312**	**-1,325**
Additions/usage	**109**	-10
Utilization	**8**	19
Reversals	**2**	0
Change due to changes to group of consolidated companies/currency changes	**-4**	4
As of 29/28 February	**-1,197**	**-1,312**

The following table shows the gross carrying amounts of non-doubtful trade receivables as of 29 February 2024:

in EUR thousands	2023/2024	2022/2023
not overdue	**374,597**	294,756
up to 30 days	**7,394**	9,858
up to 60 days	**601**	105
up to 90 days	**224**	252
more than 90 days	**1,297**	1,341
As of 29/28 February	**384,113**	**306,312**

28. Receivables from related parties

Receivables from related parties are made up as follows:

Receivables from related parties

in EUR thousands	29/2/2024	28/2/2023
Receivables from joint ventures	556	362
Receivables from other related parties	104	162
Amount in statement of financial position	**660**	**524**

Details on the default risks can be found in Note 42.2. Receivables from related parties have a term of up to one year.

29. Financial assets

Financial assets are made up as follows:

Financial assets

in EUR thousands	29/2/2024	28/2/2023
Positive fair value of derivative financial instruments	34,861	39,295
Claims for damages	5,004	14
Other financial assets	20,875	15,650
Amount in statement of financial position	**60,740**	**54,959**

With regard to the explosion at the Ortöfta production site in Sweden during the reporting year, the claims assessment and its settlement were not yet fully concluded as of the balance sheet date. In addition to the claims recognized on the balance sheet, other potential compensation for damages may also be due; however, its occurrence and scope depends on future influencing factors, which means it is not possible to make a sufficiently reliable estimate here. Further compensation could potentially reach the tens of millions.

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 default risks can be found in Note 42.2. Financial assets have a term of up to one year.

30. Other assets

Other assets are made up as follows

Other assets

in EUR thousands	29/2/2024	28/2/2023
Receivables from other taxes	37,771	32,187
Miscellaneous other assets	110,383	82,247
Amount in statement of financial position	**148,154**	**114,434**

Miscellaneous other assets in the reporting period primarily relate to purchased carbon certificates in the amount of EUR 91,901 (61,411) thousand. They also include prepayments for services relating to the following year in the amount of EUR 5,415 (6,004) thousand.

31. 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 29 February 2024, the equity ratio came to 56.1 per cent (previous year: 55.2 per cent). The Executive Board will propose to the Annual General Meeting to distribute a dividend of EUR 2.00 per qualifying share for the 2023/2024 financial year. Please see Note 49 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.

31.1. 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.

31.2. Capital reserves

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

31.3. 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.

31.4. Other comprehensive income

Other comprehensive income is made up as follows:

Other comprehensive income

in EUR thousands	**29/2/2024**	28/2/2023
Remeasurement of defined benefit plans	**-54,827**	-47,082
Exchange differences on translating foreign operations	**-2,126**	-10,327
Net result of cash flow hedges	**-36,558**	**-14,305**
Amount in statement of financial position	**-93,511**	**-71,714**

31.5. Non-controlling interests

Non-controlling interests exist in the following companies:

Non-controlling interests

in EUR thousands	**29/2/2024**	28/2/2023
Sucros Oy	**22.745**	21.104
AB Nordic Sugar Kėdainiai	**15.471**	12.444
Považský Cukor a.s.	**1.853**	1.499
Nordzucker Polska S.A.	**200**	171
Mackay Sugar Limited	**31.626**	26.264
Amount in statement of financial position	**71.894**	**61.482**

Total net income for the period attributable to non-controlling interests amounting to EUR 16,544 thousand primarily relates to Mackay Sugar Limited (EUR 8,603 thousand), AB Nordic Sugar Kedainiai (EUR 4,547 thousand) and Sucros Oy (EUR 2,984 thousand).

Net income for the period attributable to non-controlling interests amounting to EUR 12,395 thousand in the comparative period was primarily due to Mackay Sugar Limited (EUR 8,067 thousand), AB Nordic Sugar Kedainiai (EUR 3,037 thousand) and Sucros Oy (EUR 1,009 thousand).

32. 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 14,115 (12,306) 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

	2023/2024 reporting period		2022/2023 comparative period	
	Domestic	**Foreign**	Domestic	Foreign
Discount rate	**3.45 %**	**3.40 %**	3.80 %	3.60 %
Salary increase	**3.00 %**	**2.55 %**	3.00 %	2.75 %
Pension increase	**2.15 %**	**1.60 %**	2.15 %	1.80 %

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

With a discount rate of 3.45 (3.80) per cent, the duration of domestic obligations was 14.7 (14.5) years. With a discount rate of 3.40 (3.60) per cent, the duration of foreign obligations was 11 (11) 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

		2023/2024 reporting period		2022/2023 comparative period	
		Domestic	**Foreign**	Domestic	Foreign
Discount rate	+0.5 %	**-6.24 %**	**-6.19 %**	-6.14 %	-6.25 %
	-0.5 %	**7.01 %**	**6.79 %**	6.86 %	6.86 %
Salary increase	+0.5 %	**0.17 %**	**1.25 %**	0.16 %	1.26 %
	-0.5 %	**-0.14 %**	**-1.14 %**	-0.15 %	-1.19 %
Pension increase	+0.5 %	**3.67 %**	**5.59 %**	3.74 %	5.95 %
	-0.5 %	**-3.37 %**	**-5.59 %**	-3.46 %	5.54 %

in EUR thousands

	Defined benefit obligation			Plan assets			**Net liability**
in EUR thousands	Domestic	Foreign	Total	Domestic	Foreign	Total	**Total**
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 1/3/2023	**188,231**	**31,036**	**219,267**	**33,318**	**3,719**	**37,037**	**182,230**
Service cost	2,127	249	2,376	/	/	/	**2,376**
Interest expense/interest income	7,132	1,032	8,164	1,266	86	1,352	**6,812**
Other value changes	/	/	/	/	/	/	**/**
Total recognized on the income statement	**9,259**	**1,281**	**10,540**	**1,266**	**86**	**1,352**	**9,188**
Return on plan assets	/	/	/	681	110	791	**-791**
Actuarial gains/losses	10,344	1,366	11,710	/	/	/	**11,710**
Total remeasurements (not recorded in the income statement)	**10,344**	**1,366**	**11,710**	**681**	**110**	**791**	**10,919**
Payments made for reinsurance	/	/	/	/	236	236	**-236**
Reimbursements from reinsurance	/	/	/	-3,746	-450	-4,196	**4,196**
Pension payments made	-9,514	-2,380	-11,894	/	/	/	**-11,894**
Exchange rate differences and other adjustments	/	-369	-369	863	-691	172	**-541**
As of 29/2/2024	**198,320**	**30,934**	**229,254**	**32,382**	**3,010**	**35,392**	**193,862**

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

For the 2024/2025 reporting period, contributions to plan assets are expected to amount to EUR 429 (432) thousand.

Of the net debt of EUR 193,862 thousand, EUR 181,580 thousand is recognized under non-current provisions. A portion totalling EUR 12,282 thousand has a term of less than one year.

33. Other provisions

Other provisions are made up as follows:

Other provisions

in EUR thousands	As of 28/2/2023	Currency effects	Additions/ reclassifica-tions	Usage	Reversal	As of 29/2/2024
Litigation risks and risk provisions	87,222	0	14,578	-19,464	0	**82,336**
Staff-related provisions	35,199	-283	12,691	-9,481	-684	**37,442**
Provisions for suppliers and customers	5,307	3	8,665	-11,743	-94	**2,138**
Miscellaneous other provisions	17,063	-106	15,915	-7,540	-1,089	**24,243**
Amount in statement of financial position	**144,791**	**-386**	**51,849**	**-48,228**	**-1,867**	**146,159**

Provisions for litigation risks and other risks were mainly made to reflect antitrust risks (damages and interest payments) and the risks of various ongoing legal proceedings. While Nordzucker assumes that the nature of the agreements during the infringement period identified was not sufficient to have an effect on the market, a court could find that Nordzucker is required to pay compensation. No further explanatory information is provided on the content of the antitrust risks, as these concern ongoing legal proceedings (reference to IAS 37.92). Any further information could have a detrimental effect on the future course of proceedings. The provisions made for litigation risks and other risks have a term of more than one year.

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. Of these, provisions totalling EUR 2,285 thousand have a term of more than one year.

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 primarily for services received and not yet billed in the reporting period. Of these, provisions totalling EUR 3,365 thousand have a term of more than one year.

34. Financial liabilities and cash and cash equivalents

in EUR thousands	2023/2024	Remaining term: Up to one year	Remaining term: More than one year
Liabilities to banks	171,923	91,743	80,180
Lease liabilities	14,295	4,780	9,515
Financial liabilities	**186,218**	**96,523**	**89,695**
Securities	0		
Cash and cash equivalents	-43,075		
Securities and cash and cash equivalents	**-43,075**		
Net financial position	**143,143**		

in EUR thousands	2022/2023	Remaining term: Up to one year	Remaining term: More than one year
Liabilities to banks	240,034	163,950	76,084
Lease liabilities	12,147	4,708	7,439
Financial liabilities	**252,181**	**168,658**	**83,523**
Securities	0		
Cash and cash equivalents	-43,779		
Securities and cash and cash equivalents	**-43,779**		
Net financial position	**208,402**		

In order to secure its access to liquidity, in December 2022 Nordzucker Group signed a syndicated loan agreement with a term until 20 December 2027 to cover its operations in Europe. This provides the company with access to EUR 350.0 million of credit. The op-tion to increase the existing syndicated loan agreement by EUR 100.0 million was exer-cised in February 2024 and the term was extended until December 2028. In addition, two further bilateral credit lines were concluded with Norddeutsche/Landesbank and DZ-Bank for EUR 50 million each in December 2023 and January 2024 respectively. The Nordzucker Group therefore has access to total credit of EUR 550 million.

Loans of this type include financial covenants that require the Group to maintain agreed financial ratios over the entire term of the loan. The agreed financial ratio of EBITDA to net debt was met on all test dates.

The banks have special rights of cancellation essentially for the following circumstances:

- Failure to comply with financial covenants
- Change of control at the Nordzucker Group
- Failure to comply with obligations to provide information to lenders

Mackay Sugar Limited is financed independently of the syndicated loan for the remainder of the Group. In addition to a maturity loan of AUD 143.8 million with a term expiring in July 2026, 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 ratios must be complied with (EBITDA to net debt and a minimum volume of net assets).

Of this amount, EUR 96,924 thousand had been drawn down as of the reporting date.

Further details regarding the maturity of non-derivative financial liabilities can be found in Note 41.

35. Trade payables

Trade payables are made up as follows:

Trade payables

in EUR thousands	29/2/2024	28/2/2023
Liabilities towards raw material suppliers	418,895	292,141
Other trade payables	153,559	147,775
Amount in statement of financial position	**572,454**	**439,916**

36. Liabilities towards related parties

Liabilities towards related parties are made up as follows:

Liabilities towards related parties

in EUR thousands	29/2/2024	28/2/2023
Liabilities towards joint ventures	5,494	5,475
Liabilities towards other related parties	34,090	40,538
Amount in statement of financial position	**39,584**	**46,013**

Liabilities towards other related parties concern in particular Nordzucker Holding AG, which is the majority shareholder of Nordzucker AG, and Union-Zucker Südhannover GmbH, which also holds a stake in Nordzucker AG.

37. Other financial liabilities

Other financial liabilities are made up as follows:

Other financial liabilities

in EUR thousands	29/2/2024	28/2/2023
Negative fair value of derivative financial instruments	101,293	71,986
Miscellaneous financial liabilities	2,484	66
Amount in statement of financial position	**103,777**	**72,052**

38. Other liabilities

Other liabilities are made up as follows:

Other liabilities

in EUR thousands	29/2/2024	28/2/2023
Outstanding social security contributions	18,505	15,158
Investment grants, subsidies and other support payments	3,578	3,843
Deferrals	6,459	5,282
Advance payments received for orders	97	143
Miscellaneous other liabilities	19,918	13,472
Amount in statement of financial position	**48,557**	**37,898**

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

39. 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.

40. Other disclosures regarding the cash flow statement

There were no significant non-cash transactions for investing and financing purposes in the reporting period and the comparative period.

40.1 Cash inflow/outflow from operating activities

The cash inflow/outflow from operating activities is mainly due to the higher earnings before taxes and the lower change in working capital compared with the previous year and totalled EUR 307.2 million compared with EUR 47.6 million in the previous year.

The balance of income tax payments totalled EUR 38.8 (51.3) million.

Interest received and paid, and dividends received from investments are also recognized in cash flow from operating activities in the amount of EUR -18.0 (-19.1) million.

40.2 Cash inflow/outflow from investing activities

Investments in property, plant and equipment and intangible assets totalled EUR 179.8 (149.0) million. These were mainly attributable to investments to replace existing assets, the fulfilment of official requirements and stipulations, as well as the conversion of equipment in relation to sustainable energy use.

40.3 Cash inflow/outflow from financing activities

In July 2023, the Annual General Meeting of Nordzucker AG resolved to pay a dividend of EUR 1.20 (0.80) per share. Consequently, profit distributions in the current 2023/2024 financial year totalled EUR 59.3 (39.2) million.

The cash flow statement shows borrowings of EUR 0 (114.2) million and loan repayments, including lease liabilities, of EUR 66.7 (5.3) million.

Other disclosures

41. Measurement at fair value

The following tables show the carrying amounts and fair values of the financial assets and liabilities. The relevant measurement categories pursuant to IFRS 9 Financial Instruments and the relevant levels of the fair value hierarchy for determining fair value pursuant to IFRS 13 Fair Value Measurement are also presented:

Fair value hierarchy for assets

	Measurement in accordance with IFRS 9					
in EUR thousands	Measurement category in accordance with IFRS 9	Carrying amount 29/02/2024	Fair value 29/02/2024	of which Level 1	of which Level 2	of which Level 3
Non-current assets						
Other financial investments	FA_AC	21,141	21,141	-	-	-
Other financial investments	FA_FVOCI	23,655	23,655	-	-	23,655
Non-current financial assets (derivative financial instruments)		**292**	**292**	-	**292**	-
Derivatives for hedging against risks related to the procurement of energy (gas, oil)	n/a	292	292	-	292	-
Current assets				-	-	-
Trade receivables	FA_AC	382,916	382,916	-	-	-
Receivables from related parties	FA_AC	660	660	-	-	-
Current financial assets (derivative financial instruments)		**43,660**	**43,660**	**13,700**	**24,955**	-
Insurance claims/claims for damages	FA_AC	5,004	5,004	-	-	-
Derivatives for hedging against risks related to the procurement of energy (gas, oil)	n/a	319	319	-	319	-
Derivatives for hedging against risks related to sugar sales	n/a	6,820	6,820	6,820	-	-
Derivatives for hedging sales prices / accumulator	FA_FVPL	6,880	6,880	6,880	-	-
Derivatives for hedging against interest rate risks	n/a	1,318	1,318	-	1,318	-
Derivatives for hedging against exchange rate risks	n/a	122	122	-	122	-
Derivatives for hedging against exchange rate risks	FA_FVPL	23,196	23,196	-	23,196	-
Financial assets	No category	16,787	16,787	-	-	-
Cash and cash equivalents	FA_AC	43,075	43,075	-	-	-
Total financial assets		**532,186**	**532,186**			
Non-current liabilities		**124,595**	**124,595**	**-**	**-**	**-**
Financial liabilities		89,696	89,696	-	-	-
Liabilities to banks	FA_AC	80,181	80,181	-	-	-
Lease liabilities	Measurement in accordance with IFRS 16	9,515	9,515	-	-	,
Liabilities towards related parties	FA_AC	5,443	5,443	-	-	-
Non-current financial liabilities (derivative financial instruments)		**29,456**	**29,456**	**-**	**11,508**	**6,301**
Derivatives for hedging against risks related to the procurement of energy (gas, oil)	n/a	11,486	11,486	-	11,486	-
Derivatives for hedging against risks related to sugar sales		11,647	11,647	11,647	-	-
Derivatives for hedging against risks related to the procurement of energy (PPA)	FL_FVPL	6,301	6,301	-	-	6,301
Derivatives for hedging against interest rate risks	n/a	22	22	-	22	-

Fair value hierarchy for assets

in EUR thousands	Measurement in accordance with IFRS 9					
	Measurement category in accordance with IFRS 9	Carrying amount 29/02/2024	Fair value 29/02/2024	of which Level 1	of which Level 2	of which Level 3
Current liabilities		**775,354**	**775,354**	**-**	**-**	**-**
Financial liabilities				-	-	-
Liabilities to banks	FA_AC	91,743	91,743	-	-	-
Lease liabilities	Measurement in accordance with IFRS 16	4,780	4,780	-	-	-
Trade payables	FA_AC	572,454	572,454	-	-	-
Liabilities towards related parties	FA_AC	34,141	34,141	-	-	-
Current financial liabilities (derivative financial instruments)		**72,236**	**72,236**	**26,717**	**45,518**	**-**
Derivatives for hedging against risks related to the procurement of energy (gas, oil)	n/a	20,572	20,572	-	20,572	-
Derivatives for hedging against risks related to the procurement of energy (CO_2 certificates)	n/a	677	677	-	677	-
Derivatives for hedging against risks related to sugar sales	n/a	25,561	25,561	25,561	-	-
Derivatives for hedging against exchange rate risks	n/a	116	116	-	116	-
Derivatives for hedging against exchange rate risks	FL_FVPL	24,153	24,153	-	24,153	-
Derivatives for hedging sales prices / accumulator	FA_FVPL	1,157	1,157	1,157	-	-
Total financial liabilities		**899,949**	**899,949**			
of which aggregated by measurement category in accordance with IFRS 9						
Financial assets FA_AC		452,796	452,796			
Financial assets FA_FVOCI		32,526	32,526			
Financial assets FA_FVPL/FL_FVPL		30,077	30,077			
No measurement category		16,787	16,787			
Financial liabilities FL_AC		783,962	783,962			
Financial liabilities FL_FVOCI		70,081	69,288			
Financial liabilities FL_FVPL/FL_FVPL		31,612	31,611			
No measurement category / measurement in accordance with IFRS 16		14,295	14,295			

Fair value hierarchy for assets

	Measurement in accordance with IFRS 9					
in EUR thousands	Measurement category in accordance with IFRS 9	Carrying amount 28/02/2023	Fair value 28/02/2023	of which Level 1	of which Level 2	of which Level 3
Non-current assets						
Other financial investments	FA_AC	23,561	23,561	-	-	-
Other financial investments	FA_FVOCI	24,793	24,793	-	-	24,793
Non-current financial assets (derivative financial instruments)		**174**	**174**	**-**	**174**	**-**
Derivatives for hedging against risks related to the procurement of energy (gas, oil)	n/a	174	174	-	174	-
Current assets				-	-	-
Trade receivables	FA_AC	305,000	305,000	-	-	-
Receivables from related parties	FA_AC	524	524	-	-	-
Non-current financial assets (derivative financial instruments)		**43,905**	**43,905**	**1,466**	**42,426**	-
Insurance claims/claims for damages	FA_AC	14	14	-	-	-
Derivatives for hedging against risks related to the procurement of energy (gas, oil)	n/a	4,660	4,660	-	4,660	-
Derivatives for hedging against risks related to sugar sales	n/a	1,466	1,466	1,466	-	-
Derivatives for hedging against risks related to the procurement of energy (CO_2 certificates)	n/a	18,289	18,289	-	18,289	-
Derivatives for hedging against interest rate risks	n/a	3,657	3,657	-	3,657	-
Derivatives for hedging against exchange rate risks	n/a	69	69	-	69	-
Derivatives for hedging against exchange rate risks	FA_FVPL	15,751	15,751	-	15,751	-
Financial assets	No category	10,879	10,879	-	-	-
Cash and cash equivalents	FA_AC	43,779	43,779	-	-	-
Total financial assets		**452,616**	**452,616**			
Non-current liabilities		**102,404**	**102,404**	**-**	**-**	**-**
Financial liabilities		83,523	83,523	-	-	-
Liabilities to banks	FA_AC	76,084	76,084	-	-	-
Lease liabilities	Measurement in accordance with IFRS 16	7,439	7,439	-	-	-
Liabilities towards related parties	FA_AC	5,443	5,443	-	-	-
Non-current financial liabilities (derivative financial instruments)		**13,438**	**13,438**	**13,438**	**-**	**-**
Derivatives for hedging against risks related to the procurement of energy (gas, oil)	n/a	6,901	6,901	6,901	-	-
Derivatives for hedging against risks related to sugar sales	n/a	6,537	6,537	6,537	-	-

Fair value hierarchy for assets

in EUR thousands	Measurement in accordance with IFRS 9					
	Measurement category in accordance with IFRS 9	Carrying amount 28/02/2023	Fair value 28/02/2023	of which Level 1	of which Level 2	of which Level 3
Current liabilities		**707,758**	**707,758**	**20,794**	**37,820**	**-**
Financial liabilities				-	-	-
Liabilities to banks	FA_AC	163,950	163,950	-	-	-
Lease liabilities	Measurement in accordance with IFRS 16	4,708	4,708	-	-	-
Trade payables	FA_AC	439,916	439,916	-	-	-
Liabilities towards related parties	FA_AC	40,570	40,570	-	-	-
Current financial liabilities (derivative financial instruments)		**58,614**	**58,614**	**20,794**	**37,820**	**-**
Derivatives for hedging against risks related to the procurement of energy (gas, oil, CO_2 certificates)	n.a.	17,867	17,867	-	17,867	-
Derivatives for hedging against risks related to sugar sales	n.a.	20,794	20,794	20,794	-	-
Derivatives for hedging against exchange rate risks	FA_FVPL	19,905	19,905	-	19,905	-
Derivatives for hedging sales prices / accumulator	FA_FVPL	48	48	-	48	-
Total financial liabilities		**810,162**	**810,162**			
of which aggregated by measurement category in accordance with IFRS 9						
Financial assets FA_AC		372,878	372,878			
Financial assets FA_FVOCI		53,108	53,108			
Financial assets FA_FVPL/FL_FVPL		15,751	15,751			
No measurement category		10,879	10,879			
Financial liabilities FL_AC		725,963	725,963			
Financial liabilities FL_FVOCI		52,099	52,099			
Financial liabilities FL_FVPL/FL_FVPL		19,953	19,953			
No measurement category / measurement in accordance with IFRS 16		12,147	12,147			

In accordance with IFRS 9, financial instruments are defined as contracts that give rise to financial assets of one entity and financial liabilities of another entity.

Accordingly, financial assets and financial liabilities are assigned to one of the following three measurement categories:

- Financial asset at cost/**FA_AC** or financial liability at cost/**FL_AC**
- Financial asset – Fair value through profit and loss/**FA_FVPL** or Financial liability – Fair value through profit and loss/**FL_FVPL**
- Financial asset – Fair value through other comprehensive income/**FA_FVOCI** or Financial liability – Fair value through other comprehensive income/**FL_FVOCI**.

Financial assets and financial liabilities are classified on the basis of the Nordzucker Group's business model for managing financial assets/liabilities and the characteristics of the contractual cash flows.

The financial instruments recognized at cost are mainly non-derivative financial instruments such as trade receivables and payables, contract assets, other receivables and financial assets, other financial liabilities, financing liabilities as well as cash and cash equivalents.

The financial assets and liabilities recognized at fair value through profit or loss are stand-alone derivatives for hedging price risks for sugar (accumulators), for energy (power purchase agreements for renewable energy) and for hedging currency risks.

Financial assets and liabilities are recognized at fair value through other comprehensive income if they are part of an effective hedging relationship and hedge accounting is applied. These concern the hedging of price risks for sugar, energy, carbon certificates and interest rate risks. The investments in Sugar Terminals Limited and Racecourse Projects Pty Ltd are also reported here. The fair values have been calculated approximately on the basis of the pro rata ownership share of the company's net assets.

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. The measurement levels are subdivided hierarchically according to their input factors:

Level 1: quoted (unadjusted) market prices in active markets for identical assets or liabilities,

Level 2: inputs other than quoted market prices that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices),

Level 3: input factors used that are not based on observable market data for the measurement of the asset or liability.

The market values of sugar futures and accumulators traded on liquid markets are determined on the basis of prices quoted on the reference date (measurement level 1).

For the market values of the energy price hedges, the measurement by the counterparty is based on prices derived from market prices used on active gas markets (measurement level 2).

Currency forwards are measured on the basis of reference rates, taking into account forward premiums and discounts (measurement level 2).

Interest rate derivatives entered into are exclusively interest rate swaps. The market values of these interest rate hedges were determined on the basis of discounted expected future cash flows (measurement level 2).

In the case of stand-alone derivatives for power purchase agreements, the fair values are determined on the basis of measurement factors whose influencing factors are not based solely on observable market data (measurement level 3).

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

Net gains or losses from financial instruments

in EUR thousands	**1/3/2023 – 29/2/2024**	1/3/2022 – 28/2/2023
Financial assets measured at amortized cost (FA_AC)	**5,712**	-20,769
Financial assets measured at fair value through other com-prehensive income (FA_FVOCI)	**-143,870**	-15,140
Financial assets/liabilities measured at fair value through profit or loss (FA_FVPL/FL_FVPL)	**20,822**	-25,621
Financial liabilities measured at amortized cost (FL_AC)	**-13,404**	-10,043
Total	**-130,740**	**-71,573**

Assessment method	Material non-observable measurement factors	Mean	Sensitivities of the input factors on fair value
DCF method	Quantity	**Wind:** 41.44 GWh **Solar:** 148.51 GWh	Increase of 10 % would result in a reduction in fair value of EUR 171,801.36 (wind) and EUR 458,343.03 (solar). Decrease of 10 % would result in an increase in fair value of EUR 171,801.36 (wind) and EUR 458,343.03 (solar).
	Capture price	**Wind:** 61.67 EUR/MWh **Solar:** 48.35 EUR/MWh	Increase of 10% would result in an increase in fair value of EUR 229,824.58 (wind) and EUR 583,679.27 (solar). Decrease of 10 % would result in a reduction in fair value of EUR 229,824.58 (wind) and EUR 584,583.03 (solar).
	Interest rate	**Wind:** 2.91 % **Solar:** 2.60 %	Increase of 100 bps would result in an increase in fair value of EUR 34,484.89 (wind) and EUR 228,681.32 (solar). Decrease of 100 bps would result in a reduction in fair value of EUR 35,4433.85 (wind) and EUR 244,674.11 (solar).

The net income from financial assets measured at amortized cost includes 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 net income from 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 “Other operating income” or “Other operating expenses”, and also under “Revenues” and “Production costs” if hedge accounting is applied.

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 5,398 (2,765) thousand and interest expenses of EUR 13,404 (3,854) 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.

42. Risk management of financial instruments

42.1. General remarks

The Nordzucker Group is exposed to potential risks such as credit risks (default and creditworthiness risks) and various market price risks on account of its business activities. In terms of operations, this mainly relates to commodity price risks from sugar and ethanol sales, as well as energy price risks from the purchase of energy sources and the currency risk associated with sales and procurement. In terms of financing, there are similar price risks for interest rates and exchange rates. The following sections describe the management of these risks.

The Group also uses hedging instruments, the use of which is subject to Group-wide rules and guidelines.

Further explanations on the risks presented below and on risk management can be found in the opportunity and risk report in the Group management report.

42.2 Default risks

The default risks on trade receivables, contract assets or other financial assets include the risk that outstanding receivables are settled late or become irrecoverable if a customer or other contracting party fails to fulfil their contractual obligations. The sum of the positive carrying amounts of financial assets is equal to the maximum default risk of the Nordzucker Group.

Trade receivables

As part of its risk management strategy, the Nordzucker Group has put in place the following processes to reduce the default risk of trade receivables/loans:

- Credit checks for new customers and ongoing credit checks for existing customers
- Conclusion of commercial credit insurance per customer under an international credit insurance programme, supplemented where necessary by additional collateral such as bank guarantees
- Automatic credit limit checks for every order in the operational systems
- Standardised dunning procedure

Each operational unit is responsible for implementing and monitoring the relevant processes. The Group-wide reporting and controlling system ensures that the responsible decision makers are continually informed.

For remaining residual risks, expected credit losses for the default risk are calculated at the end of each reporting period (in accordance with the impairment requirements of IFRS 9). 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.

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.

Liquidity surpluses/derivatives
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.

42.3. Liquidity risk and liquidity management

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. In order to be able to cover seasonal liquidity requirements and payment obligations at short notice, credit facilities are available from the syndicated loan and bilateral credit lines, which are based on the maximum demand plus headroom (see also Note 34).

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

in EUR thousands	Carrying amount	Gross inflow/ outflow	Remaining term of up to one year	Remaining term of one to five years	Remaining term of more than five years
As of 29/2/2024					
Financial liabilities	**186,218**	-210,639	-97,653	-110,408	-2,577
Liabilities to banks	**171,923**	-194,010	-92,145	-101,865	0
Lease liabilities	**14,295**	-16,628	-5,508	-8,543	-2,577
Trade payables	**572,454**	-572,454	-572,454	0	0
Other financial liabilities, liabilities towards related parties	**39,584**	-39,584	-34,141	-5,443	0
Derivative financial liabilities	**101,692**	**-101,692**	**-72,237**	**-23,155**	**-6,301**
Derivative financial liabilities - payments made related to the procurement of energy (gas, oil, carbon certificates, PPAs)	**39,037**	-39,037	-21,250	-11,486	6,301
Derivative financial liabilities - payments made related to the hedging of sugar sales	**38,364**	-38,364	-26,717	-11,647	0
Derivative financial liabilities - payments made related to the hedging of interest rate risks	**22**	-22	0	-22	0
Derivative financial liabilities - payments made related to the hedging of exchange rate risks	**24,270**	-24,270	-24,270	0	0
Derivative financial assets	**-38,952**	**38,952**	**38,660**	**292**	**0**
Derivative financial assets - cash inflows related to the procurement of energy (gas, oil)	**-611**	611	319	292	0
Derivative financial assets - cash inflows related to the hedging of sugar sales	**-13,822**	13,822	13,822	0	0
Derivative financial assets - cash inflows related to the hedging of interest rate risks	**-1,318**	1,318	1,318	0	0
Derivative financial assets - cash inflows related to the hedging of exchange rate risks	**-23,196**	23,196	23,196	0	0
Other financial assets - cash inflows from insurance payouts	**-4**	4	4	0	0
Total	**860,997**	**-885,416**	**-737,824**	**-138,714**	**-8,878**

Payments from financial instruments by remaining term

in EUR thousands	Carrying amount	Gross inflow/ outflow	Remaining term of up to one year	Remaining term of one to five years	Remaining term of more than five years
As of 28/2/2023					
Financial liabilities	**252,181**	-261,699	-148,949	-112,750	0
Liabilities to banks	**240,034**	-249,133	-144,201	-104,932	0
Lease liabilities	**12,147**	-12,566	-4,748	-7,818	0
Trade payables	**439,916**	-439,916	-439,916	0	0
Other financial liabilities, liabilities towards related parties	**46,013**	-46,013	-46,013	0	0
Derivative financial liabilities	**72,052**	-72,052	-58,725	-13,327	0
Derivative financial liabilities - payments made related to the procurement of energy (gas, oil, carbon certificates, PPAs)	**24,768**	-24,768	-17,867	-6,901	0
Derivative financial liabilities - payments made related to the hedging of sugar sales	**26,605**	-26,605	-20,180	-6,426	0
Derivative financial liabilities - payments made related to the hedging of exchange rate risks	**20,678**	-20,678	-20,678	0	0
Derivative financial assets	**-44,079**	**44,079**	**43,905**	**174**	**0**
Derivative financial assets - cash inflows related to the procurement of energy (gas, oil, carbon certificates)	**-23,124**	23,124	22,949	174	0
Derivative financial assets - cash inflows related to the hedging of sugar sales	**-1,466**	1,466	1,466	0	0
Derivative financial assets - cash inflows related to the hedging of interest rate risks	**-3,657**	3,657	-3,657	0	0
Derivative financial assets - cash inflows related to the hedging of exchange rate risks	**-15,820**	15,820	15,820	0	0
Other financial assets - cash inflows from insurance payouts	**-14**	14	-14	0	0
Total	**766,083**	**-775,601**	**-649,699**	**-125,903**	**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. 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.

42.4 Market risks/Management of price risks

Management of price risks covers the areas of exchange rates and changes to interest rates and commodity prices. Details about risks and their management in relation to the aforementioned sub-areas are explained in more detail below.

Exchange rate risk

Exchange rate risks exist due to the international focus of the Nordzucker Group, which carries out business activities that are not part of the eurozone. As such, both the operating business and the financial result as well as cash flows are exposed to risks from exchange rate fluctuations.

The exchange rate risk arises in the operating business when revenues or the cost of materials or goods are incurred in a currency other than the Group currency, the Euro. The exchange rate risk in the net financial income results primarily from the internal Group financing of subsidiaries that have a different national currency.

Currency management

The aim of currency management is to reduce exchange rate risks. The Corporate Finance department decides on the nature and scope of operational currency hedging in coordination with central Group Sales and Group Procurement. The natural hedge approach is used to hedge operating exchange rate risks. Hedging is also carried out through the targeted use of derivatives in the form of foreign currency forwards.

Sensitivity analysis

The sensitivity analysis shows the effects on the consolidated net income and consolidated equity before taxes if the foreign currency receivables and liabilities existing as of the balance sheet date had to be translated at different exchange rates.

The currency exposure is equal to the net amount of financial receivables and liabilities that are exposed to exchange rate risks. These comprise in particular trade receivables and trade payables, as well as financing activities and include internal Group balances. This analysis does not include currency hedges; an excess of liabilities is shown as a negative amount.

The effects are determined by applying a hypothetical change of +/-10% 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 table below shows the currency exposure and the hypothetical impact on consolidated income before taxes as income (+) or expense (-).

Foreign currency positions in Danish Krone are only exposed to an insignificant exchange rate risk, as the country is part of the European Union’s exchange rate mechanism and are therefore not analyzed.

Interest rate risk

Due to its borrowing activities, the Nordzucker Group is exposed to interest rate risk arising from variable-interest financial liabilities and cash investments. These interest rate risks are associated with liquidity fluctuations typical during the campaign season or with existing or planned variable-interest borrowing.

Interest risk management

The Nordzucker Group secures its liquidity requirements primarily through a syndicated loan and bank loans at regional level. Details can be found in Note 36.

Derivative financial instruments such as interest rate swaps are used to a limited extent for risk management purposes (currently only at MSL).

Sensitivity analysis

A hypothetical change of one percentage point in the interest rates applicable to the variable interest-bearing instruments would have led to an increase in interest expenses as shown in the table below, based on the variable interest-bearing liabilities to banks as of 29 February 2024 and excluding interest rate swaps. A drop in market interest rates correspondingly leads to a reduction in the interest expense.

Sensitivity analysis: currencies

	Exposure		Sensitivity (+)		Sensitivity (-)	
in EUR thousands 29/02/2024	2024	2023	2024	2023	2024	2023
USD	16,379	27,740	-1,297	-2,521	1,591	3,038
EUR	69,295	51,856	-6,097	-4,714	7,452	5,762
PLN	129,471	99,415	-11,770	-9,038	14,386	11,046
SEK	95,735	147,322	-8,703	-13,401	10,637	16,379
AUD	42,583	37,207	-3,871	-3,382	4,731	4,134
NZD	25,858	21,471	-2,351	-1,952	2,873	2,386
Other currencies	11,806	7,998	-1,073	-727	1,312	889

Sensitivity analysis: interest rates

in EUR thousands	2023/2024 Total	2023/2024 of which at variable interest rates	2023/2024 Effect from interest rate sensitivity	2022/2023 Total	2022/2023 which at variable interest rates	2022/2023 Effect from interest rate sensitivity
Liabilities to banks	171,923	171,923	-1,719	240,034	240,034	-2,400

Risks resulting from commodity prices

In terms of operations, the Nordzucker Group is exposed to significant price risks on the sales and procurement side due to volatile prices on the commodity markets, which relate in particular to changes in the world sugar market price and prices for energy sources, as well as the associated carbon emissions.

Management of commodity prices

The basis for risk-appropriate handling of these risks is the standardized and continuous monitoring of risk exposures and changes in risk, differentiated according to exposure for sugar, bioethanol and energy. Current developments are regularly presented and discussed by the Heads of Sales, Procurement and Corporate Finance. A decision is then made on the specific risk hedging according to the defined hedging strategy. The hedging ratios are tracked on an ongoing basis by means of regular reports.

Sugar sales and the associated exchange rate risks, as well as the purchase of energy were identified as significant sources of risk in the Nordzucker Group. Further details are provided in the following section on derivative financial instruments.

Nominal volumes and market values of derivative instruments

in EUR thousands 29/02/2024	Nominal volumes 2024	Nominal volumes 2023	Positive market values 2024	Positive market values 2023	Negative market values 2024	Negative market values 2023
Currency forwards	62,925	185,526	122	69	116	773
Commodity derivatives - sugar sale prices	263,115	312,082	6,820	1,466	37,208	26,558
Commodity derivatives - energy procurement prices	119,209	75,910	611	4,835	32,058	24,768
CO_2 derivatives	6,297	30,583	0	18,289	677	0
Interest rate derivatives	65,932	66,120	1,318	3,657	22	0
Total in cash flow hedge	**517,478**	**670,220**	**8,871**	**28,315**	**70,081**	**52,099**
Currency forwards	1,736,708	1,075,418	23,196	15,751	24,153	19,905
Commodity derivatives - sugar sale prices	44	0	6,880	0	1,157	48
Commodity derivatives - energy procurement prices	0	0	0	0	6,301	0
Total freestanding derivatives	**1,736,752**	**1,075,418**	**30,077**	**15,751**	**31,612**	**19,953**
Total	**2,254,230**	**1,745,638**	**38,948**	**44,066**	**101,692**	**72,052**

Derivative instruments for hedging price risks

The Nordzucker Group uses typical derivative instruments (OTC and exchange-cleared transactions) to hedge exchange rate, interest rate and commodity price risks arising from operating activities and from financing activities. Commodity derivatives such as sugar futures and derivatives on gas and oil futures are used in operations. Financial risks are hedged by means of typical currency forwards and interest rate swaps (MSL only). These instruments are used within the framework of the existing rules and in compliance with the limits set by the Executive Board. This also serves to exclude over-hedging. The following table shows the standardized volumes and market values of the derivative instruments as of the respective reporting date:

With regard to interest rate, exchange rate and energy derivatives (OTC derivatives), the Nordzucker Group is exposed to a credit risk in the event of positive market values. Credit risks are limited by only entering into derivatives with banks and partners with excellent credit ratings. Derivatives (such as sugar derivatives) entered into on futures exchanges do not give rise to any credit risks.

In the reporting year, ineffectiveness of EUR -12.8 million was recognized in profit or loss for hedging transactions in the “Gas and oil” segment.

Sensitivity analysis

The following table (sensitivity) shows how the market value of the derivatives entered into as of 29 February 2024 would change in the event of a 10-percentage-point reduction or increase in the market interest rate, a 10% appreciation or depreciation of the currencies under consideration against the Euro and a 10% reduction or increase in the prices for sugar or energy. An appreciation or depreciation of 1 per cent was used to calculate the interest rate sensitivity. Depending on the inclusion in a hedging relationship, a change would have affected equity and, with no hedging relationship, would have affected earnings before income taxes as shown in the following table:

Sensitivity of derivatives

	Net market values		Change in market price		Change in FX EUR:USD	
			Δ Market value Sensitivity (+)	Δ Market value Sensitivity (-)	Δ Market value Sensitivity (+)	Δ Market value Sensitivity (-)
in EUR thousands 29.02.2024	2024	2023	2024	2024	2024	2024
Currency forwards	6	-704	0	0	0	0
Commodity derivatives - sugar sale prices	-30,388	-25,092	-26,897	26,897	3,653	-4,295
Commodity derivatives - energy procurement prices	-31,447	-19,934	8,045	-8,045	N/A	N/A
CO_2 derivatives	-677	18,289	544	-544	N/A	N/A
Interest rate derivatives	1,297	3,657	396	-396	44	-36
Total in cash flow hedge	**-61,210**	**-23,784**	**-17,911**	**17,911**	**3,697**	**-4,331**
Currency forwards	-957	-4,154	12,479	-15,608	N/A	N/A
Commodity derivatives - sugar sale prices	5,724	-48	-5,375	4,404	4,168	-5,547
Commodity derivatives - energy procurement prices	-6,301	0	814	-814	N/A	N/A
Total freestanding derivatives	**-1,535**	**-4,202**	**7,918**	**-12,017**	**4,168**	**-5,547**
Total	**-62,745**	**-27,986**	**-9,993**	**5,894**	**7,866**	**-9,878**
of which change in equity	0	0	-17,937	17,937	3,658	-4,299
of which change in earnings before income taxes	0	0	7,944	-12,044	4,207	-5,579

In particular, commodity derivatives and in some cases currency forwards (MSL only) are also recognized as hedging relationships using cash flow hedge accounting, with the main characteristics of the underlying and hedging transactions being the same and therefore offsetting each other in terms of value. Changes in the value of these hedging instruments are initially recognized directly in equity without affecting income and are only recognized in revenue for sales transactions, or in the cost of materials for procurement transactions, at the time the underlying transaction affects profit or loss.

43. 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 or are under common control. The first category includes the active members of the Executive Board and Supervisory Board as well as their relatives of Nordzucker AG and its majority shareholder Nordzucker Holding AG. In addition, the subsidiaries, parent company, joint ventures and associated companies of the Nordzucker Group are defined as related parties.

The supply of sugar beet as well as animal feed in particular is associated with supply and service agreements with the affiliated persons listed above, which result in receivables from and liabilities to related parties. All transactions are agreed at standard market conditions.

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	29/02/2024	28/02/2023
Statement of financial position		
Receivables from related parties	660	524
Liabilities towards related parties	39.583	46.013
Income statement		
Services provided to related parties	90	70
Net financial result	9.961	12.071

In the period under review, receivables from related parties in the amount of EUR 556 (524) thousand were owed mainly by August Töpfer Zuckerhandelsgesellschaft mbH & Co. KG.

Of the liabilities towards related parties in the reporting period, EUR 9,582 thousand was owed to Nordzucker Holding AG, Braunschweig, EUR 5,443 thousand to MEF Melasse-Extraktion Frellstedt GmbH, Frellstedt, and EUR 24,106 thousand to Union Zucker Südhannover GmbH, Nordstemmen. Of the liabilities towards related parties in the comparative 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. There is no reason to recognize impairments for doubtful receivables or write-downs of receivables.

Nordzucker Holding AG and Union Zucker Südhannover GmbH are shareholders of Nordzucker AG; the liabilities relate to loans and current accounts. These bear interest at standard market conditions. 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 Notes 24.2 and 24.3.

44. Contingent liabilities

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

45. Other financial obligations and contingent receivables

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

Other financial obligations

in EUR thousands	29/02/2024	28/02/2023
Purchase commitments for property, plant and equipment	72,070	33,722
Purchase commitments for intangible assets	1,117	1,013
Queensland subsidy	4,229	4,229
Total	**77,416**	**38,964**

46. Auditors’ fees

Companies in the Nordzucker Group purchased services for EUR 960 (931) thousand from EY GmbH & Co. KG Wirtschaftsprüfungsgesellschaft, Hanover, and other affiliated group companies in connection with the statutory audit of financial statements for the Nordzucker Group and Nordzucker AG and other services for EUR 152 (70) thousand.

47. 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

Karl-Heinz Engel, until 6 July 2023,
former Managing Director of Hochwald Foods GmbH, Riol

Alexander Heidebroek,
Farmer, Gevensleben

Friedrich Christoph Heins,
Farmer, Uehrde

Eckard Hinrichs,
Farmer, Wrestedt-Wieren

Christoph Klöpper, since 6 July 2023,
former Managing Director of GoodMills Deutschland GmbH, Hirschberg a.d. Bergstrasse

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

Bernd Schliephacke,
Farmer, Rohrsheim

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 Manager, Sehnde

Ulf Gabriel,
Electrician, Gronau (Leine)

Olaf Joern,
Mechatronics Engineer, Uelzen

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

Executive Board

Lars Gorissen,
Braunschweig, Chief Executive Officer

Alexander Bott,
Düsseldorf, Chief Financial Officer

Alexander Godow,
Hanover, Chief Operating Officer

48. 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.

48.1. 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. The figures for the current financial year are compared with the calculation basis, so that only short-term benefits arise. 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 2023/2024 reporting period and for the 2022/2023 comparative period:

Remuneration of executive board members 2023/2024

	Cash payments		Pensions	Other*	**Total**
in EUR	Fixed salary	Variable annual bonus			
Lars Gorissen	690,000	300,000	125,000	19,418	**1,134,418**
Alexander Bott	540,000	175,000	125,000	12,661	**852,661**
Alexander Godow	441,667	175,000	125,000	25,236	**766,903**
Total	**1,671,667**	**650,000**	**375,000**	**57,315**	**2,753,982**

* Monetary benefits in line with tax regulations, e.g. from the provision of company cars etc.

Remuneration of executive board members 2022/2023

	Cash payments		Pensions	Other*	**Total**
in EUR	Fixed salary	Variable annual bonus			
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**

* 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 930 (898) thousand. Nordzucker AG recognized provisions of EUR 9,959 (8,933) 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.

48.2. 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 fixed remuneration 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 by the Annual General Meeting, the dividend for the 2023/2024 reporting period will be EUR 2.00 per share (2022/2023 reporting period: EUR 1.20; 2021/2022 reporting period: EUR 0.80). 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.

Remuneration of Supervisory Board members 2023/2024

Figures in EUR	Fixed remuneration*	Variable remuneration*	Fixed expense reimbursement*	Total	Factor	Pro rata 1	Pro rata 2	**Total remuneration**	**Total previous year**
Jochen Johannes Juister (Chairman)	27,500.00	6,700.00	1,000.00	35,200.00	3.0	366.00	366.00	**105,600.00**	98,550.00
Helmut Bleckwenn (Deputy Chairman)	27,500.00	6,700.00	1,000.00	35,200.00	1.6	366.00	366.00	**56,320.00**	52,560.00
Sigrun Krussmann (Deputy Chairwoman)	27,500.00	6,700.00	1,000.00	35,200.00	1.6	366.00	366.00	**56,320.00**	52,560.00
Steffen Blümel	27,500.00	6,700.00	1,000.00	35,200.00	1.2	366.00	366.00	**42,240.00**	39,420.00
Irmhild Börner	27,500.00	6,700.00	1,000.00	35,200.00	1.2	366.00	366.00	**42,240.00**	24,192.00
Karl-Heinz Engel (until 6 July 2023)	27,500.00	6,700.00	1,000.00	35,200.00	1.0	128.00	366.00	**12,310.38**	32,850.00
Ulf Gabriel	27,500.00	6,700.00	1,000.00	35,200.00	1.2	366.00	366.00	**42,240.00**	39,420.00
Alexander Heidebroek	27,500.00	6,700.00	1,000.00	35,200.00	1.2	128.00	366.00	**14,772.46**	
				35,200.00	1.4	238.00	366.00	**32,045.46**	
						366.00	366.00	**46,817.92**	39,420.00
Friedrich Christoph Heins	27,500.00	6,700.00	1,000.00	35,200.00	1.6	366.00	366.00	**56,320.00**	52,560.00
Eckhard Hinrichs	27,500.00	6,700.00	1,000.00	35,200.00	1.2	366.00	366.00	**42,240.00**	39,420.00
Olaf Joern	27,500.00	6,700.00	1,000.00	35,200.00	1.2	366.00	366.00	**42,240.00**	39,420.00
Christoph Klöpper (from 6 July 2023)	27,500.00	6,700.00	1,000.00	35,200.00	1.0	238.00	366.00	**22,889.62**	0.00
Matthias Kranz (until 20 July 2022)	0.00	0.00	0.00	0.00	0.0	0.00	0.00	**0.00**	15,228.00
Henrik Madsen	27,500.00	6,700.00	1,000.00	35,200.00	1.2	366.00	366.00	**42,240.00**	39,420.00
Bernd Schliephacke	27,500.00	6,700.00	1,000.00	35,200.00	1.2	128.00	366.00	**14,772.46**	
				35,200.00	1.4	238.00	366.00	**32,045.46**	
						366.00	366.00	**46,817.92**	39,420.00
Carin-Martina Tröltzsch	27,500.00	6,700.00	1,000.00	35,200.00	1.2	366.00	366.00	**42,240.00**	39,420.00
Grit Worsch	27,500.00	6,700.00	1,000.00	35,200.00	1.4	366.00	366.00	**49,280.00**	45,990.00
Total	**440,000**	**107,200**	**16,000**	**633,600**				**748,356**	**689,850**

* Does not include the VAT paid on behalf of Supervisory Board members for their work.

Subject to the approval of the dividend proposal at the Annual General Meeting, the following payments will be made for the 2023/2024 reporting period:

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

48.3. Shares held by members of the Executive Board and Supervisory Board

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

As of 29 February 2024, members of the Supervisory Board and related parties held under one per cent of the issued share capital of Nordzucker AG. The shares bear no relation to the remuneration of the Supervisory Board.

48.4. 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.

49. 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 2023/2024 reporting period show a net distributable profit of EUR 126,809 thousand. The Executive Board proposes to use EUR 96,602,600 for the payment of a dividend for the reporting period 2023/2024 (representing a dividend of EUR 2.00 per qualifying share). The previous year's dividend was EUR 57,961,560 (EUR 1.20 per qualifying share).

50. Events after the reporting period

No significant events occurred after the reporting period.

Braunschweig, Germany, 14 May 2024

The Executive Board

Lars Gorissen | Alexander Bott | Alexander Godow

List of shareholdings

of Nordzucker AG, Braunschweig, as of 29 February 2024

		Shareholding		
		direct	indirect	
	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, Schweden)	Arlöv SF AB		100%	NS AB
AB Nordic Sugar Kėdainiai (Kėdainiai, Lithuania)	NS Kėdainiai		77.02%	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, Finland)	Suomen Oy		80%	Sucros Oy
Nordzucker Ireland Limited (Dublin, Ireland)	NZ Ireland	100%		
Nordzucker Cane Sugar Holding GmbH (Braunschweig, Germany)	NZCS	100%		
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		25%	MSL
Sugar Australia JV (Yarraville, Australia)	Sugar Aust		25%	MSL

List of shareholdings

of Nordzucker AG, Braunschweig, as of 29 February 2024

		Shareholding		
		direct	indirect	
	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		25 %	MSL
Oriana Shipping Co Pte Ltd. (Singapore, Singapore)	Oriana		25 %	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		50 %	ATZU
C.I. Food Colombia S.A.S. (Yumbo, Colombia)	CIF		50 %	ATZU
H.S.T. Hamburg Sugar Terminal GmbH & Co. KG (Hamburg, Germany)	HST		66.67 %	ATZU
Verwaltungsgesellschaft H.S.T. Hamburg Sugar Terminal mbH (Hamburg, Germany)	VHST		66.67 %	ATZU
Racecourse Projects Pty Ltd. (Balberra, Australia)			5.40 %	MSL
Sugar Terminal Limited (Brisbane, Australia)			9.10 %	MSL

Report by the Supervisory Board of Nordzucker AG for the 2023/2024 financial year

Jochen Johannes Juister
Chairman of the Supervisory Board

Dear shareholders,

Nordzucker AG can look back on a very successful financial year with the second best result in the company's history. To allow you, the shareholders and owners of Nordzucker, to participate in the excellent earnings achieved in the financial year, the Supervisory Board and Executive Board propose the payment of a dividend of EUR 2.00 per share at the Annual General Meeting. This is the highest dividend per share ever paid by the company to its shareholders.

The group's guiding principles are set out in its corporate strategy, developed by the Executive Board and supported by the Supervisory Board, which is divided into three areas of focus: sustainability, excellence and growth. The main focus of the strategy is the long-term profitability of the core business in the EU, where the company wants to secure its market share and potentially increase it. At the same time, Nordzucker aims to continue its growth trajectory. Nordzucker is focusing on three areas of growth: cane sugar, plant-based proteins and alternative products from agricultural resources. As a result, the Supervisory Board has this financial year worked intensively on the investment decision to start producing plant-based proteins at the Groß Munzel site, and approved this decision unanimously. The market potential is enormous and Nordzucker has the expertise as well as close partnerships with potential growers. The Supervisory Board therefore sees excellent prospects for growth and is convinced of the advantages of this investment for the company.

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 projects and results of the further transformation of the company. The Supervisory Board expressly welcomes the excellence initiatives 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-based proteins but also sustainable beet cultivation. The GoGreen programme paves the way for carbon-neutral production at Nordzucker by 2050 at the latest. Our 2030 sustainability strategy covers our entire supply chain and is based on four pillars: focusing on people, sustainable procurement, sustainable production, and sustainable products. These four pillars comprise a broad range of targets and measures covering issues such as decarbonization, sustainable agriculture and sustainable supply chains, and reflect the changed expectations of consumers, employees and other social groups. Nordzucker is thus preparing itself well for the future.

The Supervisory Board is convinced that Nordzucker will further improve its competitiveness and thus also 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 on 6 July 2023, the shareholders of Nordzucker AG re-elected Alexander Heidebroek, Bernd Schliephacke and Eckhard Hinrichs to the Supervisory Board for a five-year term. Christoph Klöpper was newly elected to the Supervisory Board for a three-year term. Dr. Karl-Heinz Engel stepped down from the Supervisory Board, which he has served since 2007, at the close of the Annual General Meeting.

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

In the 2023/2024 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 one extraordinary meeting in the 2023/2024 financial year. Furthermore, in July 2023, the Supervisory Board held a constitutive meeting following the Annual General Meeting. The Executive Board of Nordzucker AG also attended each of the meetings – with the exception of meetings to discuss internal affairs.

At its first ordinary meeting in the year under review held on 7/8 March 2023, the Supervisory Board adopted the budget for the Nordzucker Group for the 2023/2024 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 Supervisory Board also analysed the business performance of the majority shareholding in Mackay Sugar Ltd (Australia), spoke to local managers and listened to the explanations of their business plans. Furthermore, the schedule and areas of focus for an efficiency audit by the Supervisory Board were presented and discussed.

The annual and consolidated financial statements for the 2022/2023 financial year and the dependent company report were the main subject of the second ordinary Supervisory Board meeting held on 23 May 2023 (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 constitutive meeting of the Supervisory Board took place immediately after the Annual General Meeting on 6 July 2023 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 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, Eckhard Hinrichs, 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, Bernd Schliephacke, Grit Worsch, Ulf Gabriel and Olaf Joern were elected as members of the Audit and Finance Committee.

Alexander Heidebroek, Sigrun Krussmann, Irmhild Börner, Bernd Schliephacke and Grit Worsch were elected as members of the Human Resources Committee and Eckhard Hinrichs, Bernd Schliephacke and Christoph Klöpper 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 its third ordinary meeting held on 19 September 2023, 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 CO2 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 Agreement on an independent and scientific basis.

The fourth ordinary Supervisory Board meeting was held on 16/17 November 2023 in the form of an excursion to Opalenica (Poland). In this meeting, the Nordzucker AG Supervisory Board decided to enter into the new area of plant-based proteins and, correspondingly, to expand the production capacity at its Groß Munzel site. The Supervisory Board believes that the market potential is enormous and Nordzucker has the expertise as well as close partnerships with potential growers. The Supervisory Board therefore sees excellent prospects for growth and is convinced of the advantages of this investment for the company.

In an extraordinary meeting held on 6 December 2023, the Supervisory Board considered the results of the efficiency audit and discussed the associated amendments to the rules of procedure, as well as the requirements profile and the objectives of the Supervisory Board.

At all its meetings in the reporting year, the Supervisory Board also discussed the consequences and risks of the antitrust proceeding 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 2023/2024 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

For the efficient exercise of its duties, the Supervisory Board of Nordzucker AG has formed the four following committees: the Steering Committee, the Audit and Finance Committee, the Human Resources Committee and the Nomination Committee. The committee chairs reported on the main elements of the committee meetings at the Supervisory Board meetings.

The Supervisory Board Steering Committee met four times in the 2023/2024 financial year (9 May 2023, 5 September 2023, 7 November 2023 and 19 February 2024). 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 six times in the 2023/2024 financial year (9 May 2023, 16 May 2023, 5 September 2023, 2 November 2023, 7 November 2023 and 20 February 2024).

It looked regularly at the financial situation and forecasts, company funding, investment planning, quarterly and half-year 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. The committee also reviewed the annual report from Compliance Coordination. In the presence of the auditors, the committee discussed the financial statements and management reports for the Nordzucker Group and Nordzucker AG for the 2022/2023 financial year. Its work also included appointing the auditors for the 2023/2024 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 2023/2024 financial year as well as the proposal for election of the auditors for the 2024/2025 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 7 May 2024. There were also intensive discussions about the financial and investment plans presented by the Executive Board for the company's entry into the protein market and the associated construction of a production facility at our Groß Munzel site.

The Human Resources Committee met five times in the reporting period (7 March 2023, 21 April 2023, 25 October 2023, 12 February 2024 and 26 February 2024). 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 three times in the 2023/2024 financial year (29 June 2023, 16 January 2024 and 31 January 2024). It discussed the requirements profile for membership of the Supervisory Board as a shareholder representative, the objectives and also made proposals to the full Supervisory Board on candidates for the chair and deputies as well as the Supervisory Board committees.

Annual financial statements 2023/2024

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 elected as auditors at the Annual General Meeting on 6 July 2023 at the Supervisory Board's proposal. They audited the 2023/2024 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 members 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 that 2. 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 22 May 2024 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 2.00 per share for the 2023/2024 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 2023/2024 financial year.

Braunschweig, 22 May 2024

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 statement of financial position as at 29 February 2024, the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of cash flows and the consolidated statement of changes in equity for the financial year from 1 March 2023 to 29 February 2024, and notes to the consolidated financial statements, including a summary of significant accounting policies. In addition, we have audited the Group management report of Nordzucker AG for the financial year from 1 March 2023 to 29 February 2024.

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 29 February 2024 and of its financial performance for the financial year from 1 March 2023 to 29 February 2024, 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 Supervisory Board report. 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 copy prior to issuing this auditor's report, in particular:

- the Supervisory Board report 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.

Hannover, 15. May 2024

EY GmbH & Co. KG
Wirtschaftsprüfungsgesellschaft

Dr. Janze	Oleff
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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.