Q2

Half-year financial report
First half year 2021/22

1 March to 31 August 2021

Consolidated group revenues

€ 3,596
[3,349] million

Consolidated group operating result

€ 134
[129] million

FULL-YEAR FISCAL 2021/22 FORECAST

€ 7.1 to 7.3
[2020/21: 6.7] billion
Consolidated group revenues

€ 300 to 400
[2020/21: 236] million
Consolidated operating result

SÜDZUCKER

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OVERVIEW

First half year 2021/22

Since the beginning of the 2021/22 financial year, Südzucker has reported on the five segments sugar, special products, CropEnergies, starch and fruit.[1]

Revenues by segment

	1st half year		
€ million	2021/22	2020/21	+/– in %
Sugar[1]	1,231	1,113	10.5
Special products[1]	856	872	–1.9
CropEnergies	427	373	14.7
Starch[2]	449	389	15.6
Fruit	633	602	5.2
Group total	**3,596**	**3,349**	**7.4**

[1] Prior-year figures adjusted.
[2] First-time reporting of the starch segment in the 2021/22 financial year.

TABLE 01

Operating result by segment

	1st half year		
€ million	2021/22	2020/21	+/– in %
Sugar[1]	–18	–58	–68.8
Special products[1]	64	80	–20.6
CropEnergies	38	51	–24.3
Starch[2]	22	25	–12.0
Fruit	28	31	–8.2
Group total	**134**	**129**	**4.4**

[1] Prior-year figures adjusted.
[2] First-time reporting of the starch segment in the 2021/22 financial year.

TABLE 02

Full-year fiscal 2021/22 forecast

- Confirmation of full-year forecast 2021/22 published on 15 September 2021.
- Consolidated group revenues forecast now increased to between € 7.1 and 7.3 (previously: 7.0 and 7.2; 2020/21: 6.7) billion.
- Consolidated group operating result expected unchanged in a range of € 300 to 400 (2020/21: 236) million.
- Capital employed at last year's level; significant increase in ROCE (2020/21: 3.8 %).

[1] Further information can be found in the "Segment structure" section at the end of this interim financial report.

Group figures as of 31 August 2021

		1st half year		
		2021/22	2020/21	+/− in %
Revenues and earnings				
Revenues	€ million	3,596	3,349	7.4
EBITDA	€ million	278	276	1.1
EBITDA margin	%	7.7	8.2	
Depreciation	€ million	−144	−147	−1.8
Operating result	€ million	134	129	4.4
Operating margin	%	3.7	3.8	
Net earnings	€ million	79	66	20.8
Cash flow and investments				
Cash flow	€ million	227	237	−4.3
Investments in fixed assets [1]	€ million	124	127	−2.1
Investments in financial assets / acquisitions	€ million	4	11	−68.4
Total investments	€ million	128	138	−7.6
Performance				
Fixed assets [1]	€ million	3,204	3,263	−1.8
Goodwill	€ million	726	724	0.3
Working capital	€ million	2,030	2,065	−1.7
Capital employed	€ million	6,073	6,165	−1.5
Capital structure				
Total assets	€ million	7,653	7,812	−2.0
Shareholders' equity	€ million	3,557	3,600	−1.2
Net financial debt	€ million	1,328	1,445	−8.1
Equity ratio	%	46.5	46.1	
Net financial debt as % of equity (gearing)	%	37.3	40.2	
Shares				
Market capitalization on 31 August	€ million	2,950	3,496	−15.6
Total shares issued as of 31 August	millions of shares	204.2	204.2	0.0
Closing price on 31 August	€	14.45	17.12	−15.6
Earnings per share on 31 August	€	0.24	0.12	100.0
Average trading volume / day	thousands of shares	565	728	−22.4
Performance Südzucker share 1 March to 31 August	%	10.9	21.7	
Performance SDAX® 1 March to 31 August	%	13.0	11.2	
Employees		**18,674**	**18,723**	**−0.3**

[1] Including intangible assets.

TABLE 03

ECONOMIC REPORT

Group results of operations

Revenues, EBITDA and operating result

In the first half of fiscal 2021/22, group revenues rose around € 250 million to € 3,596 (3,349) million. While the special products segment's revenues fell slightly, the fruit segment's rose moderately and the sugar, CropEnergies and starch segments' were significantly higher.

Group EBITDA was comparable to last year at € 278 (276) million.

Due to a significant jump in the second quarter, the group's consolidated operating result edged up moderately to € 134 (129) million for the reporting period. The results growth is primarily due to the sugar segment's significant increase in the second quarter, where the sugar segment again reported a positive operating result. In contrast, the special products, CropEnergies and starch segments' operating result fell significantly, while the fruit segment's was down moderately.

Result from operations

Result from operations of € 127 (118) million comprises an operating result of € 134 (129) million, the result from restructuring and special items of € −1 (−12) million and the earnings contribution from companies consolidated at equity of € −6 (1) million.

Result of restructuring and special items

The result from restructuring and special items of € −1 (−12) million was mainly attributable to the fruit segment and came from a loss event and reorganization measures in the fruit preparations division. In the sugar segment, the prior year's amount included follow-up expenditures relating to the closure of four sugar factories following the 2019/20 campaign, as well as cost reduction measures.

Result from companies consolidated at equity

The result from companies consolidated at equity in the sugar, special products and CropEnergies segments amounted to € −6 (1) million.

Business performance – Group

		2nd quarter			1st half year		
		2021/22	2020/21	+/− in %	2021/22	2020/21	+/− in %
Revenues	€ million	**1,844**	**1,680**	**9.8**	**3,596**	**3,349**	**7.4**
EBITDA	€ million	157	142	11.4	278	276	1.1
Depreciation on fixed assets and intangible assets	€ million	−72	−74	−2.4	−144	−147	−1.8
Operating result	€ million	**85**	**68**	**26.5**	**134**	**129**	**4.4**
Result from restructuring / special items	€ million	−1	−13	−85.8	−1	−12	−86.8
Result from companies consolidated at equity	€ million	−4	−2	86.4	−6	1	–
Result from operations	€ million	**80**	**53**	**49.3**	**127**	**118**	**7.4**
EBITDA margin	%	8.5	8.4		7.7	8.2	
Operating margin	%	4.6	4.0		3.7	3.8	
Investments in fixed assets [1]	€ million	69	75	−7.3	124	127	−2.1
Investments in financial assets / acquisitions	€ million	−1	0	–	4	11	−68.4
Total investments	€ million	**68**	**75**	**−9.6**	**128**	**138**	**−7.6**
Shares in companies consolidated at equity	€ million				161	293	−45.0
Capital employed	€ million				6,073	6,165	−1.5
Employees					**18,674**	**18,723**	**−0.3**

[1] Including intangible assets.

TABLE 04

Financial result

The financial result for the first six months of € −20 (−26) million includes net interest result of € −15 (−12) million as well as a result from other financing activities of € −5 (−14) million. Last year, the other financial result included the expense from the complete write-down of an investment in a French sugar refinery.

Taxes on income

Earnings before taxes were reported at € 107 (92) million and taxes on income totaled € −28 (−26) million.

Consolidated net earnings

Of the consolidated net earnings of € 79 (66) million, € 49 (25) million were allocated to Südzucker AG shareholders, € 6 (7) million to hybrid equity and € 24 (34) million to other non-controlling interests, mainly the co-owners of AGRANA Group and CropEnergies Group.

Earnings per share

Earnings per share for the first half year of fiscal 2021/22 came in at € 0.24 (0.12). The calculation was based on the time-weighted average of 204.2 (204.2) million shares outstanding.

Income statement

	2nd quarter			1st half year		
€ million	2021/22	2020/21	+/− in %	2021/22	2020/21	+/− in %
Revenues	**1,844**	**1,680**	**9.8**	**3,596**	**3,349**	**7.4**
Operating result	85	68	26.5	134	129	4.4
Result from restructuring/special items	−1	−13	−85.8	−1	−12	−86.8
Result from companies consolidated at equity	−4	−2	86.4	−6	1	–
Result from operations	**80**	**53**	**49.3**	**127**	**118**	**7.4**
Financial result	−10	−18	−44.4	−20	−26	−23.1
Earnings before income taxes	**70**	**35**	**> 100**	**107**	**92**	**16.3**
Taxes on income	−19	−12	57.5	−28	−26	5.3
Net earnings	**51**	**23**	**> 100**	**79**	**66**	**20.8**
of which attributable to Südzucker AG shareholders	34	0	> 100	49	25	92.9
of which attributable to hybrid capital	3	3	−6.1	6	7	−6.2
of which attributable to other non-controlling interests	14	20	−27.7	24	34	−27.8
Earnings per share (€)	**0.17**	**0.00**	**–**	**0.24**	**0.12**	**100.0**

TABLE 05

Group financial position

Cash flow

Cash flow reached € 227 million, compared to € 237 million during the same period last year. This translates into 6.3 (7.1) % of sales revenues.

Working capital

A cash inflow of € 177 (130) million from decline in working capital was due mainly to the sale of sugar inventories during the first half year, which exceeded liabilities to beet farmers paid during this period.

Investments in fixed assets

Investments in fixed assets (including intangible assets) totaled € 124 (127) million and related to projects aimed at improving product quality, meeting increasing market demands, legal or regulatory requirements, and replacement investments. The sugar segment's investments of € 55 (57) million were mainly for replacements, as well as improvements in logistics and process optimization. Investments in the special products segment totaled € 41 (37) million, primarily for expanding production capacities at BENEO and Freiberger and optimizing energy efficiency. The CropEnergies segment's investments of € 10 (14) million were largely related to replacing production facilities and upgrading their efficiency. In the starch segment, € 7 (9) million was invested mainly in increasing the efficiency of drying plants and expanding wastewater treatment. The fruit segment's investments of € 11 (10) million were largely for replacements, maintenance and capacity expansions in the fruit preparations division.

Cash flow statement

	2nd quarter			1st half year		
€ million	2021/22	2020/21	+/– in %	2021/22	2020/21	+/– in %
Cash flow	**131**	**119**	**9.7**	**227**	**237**	**– 4.3**
Increase (–)/decrease (+) in working capital	**121**	**25**	**> 100**	**177**	**130**	**36.4**
Gains (–)/losses (+) from the disposal of non-current assets(–)/securities	– 6	– 1	> 100	– 11	0	–
Net cash flow from operating activities	**247**	**144**	**71.7**	**393**	**366**	**7.2**
Total investments in fixed assets [1]	– 69	– 75	– 7.3	– 124	– 127	– 2.1
Investments in financial assets/acquisitions	1	0	–	– 4	– 11	– 68.4
Total investments	**– 68**	**– 75**	**– 9.3**	**– 128**	**– 138**	**– 7.6**
Other cash flows from investing activities	– 3	– 19	– 84.2	– 28	– 17	64.7
Cash flow from investing activities	**– 71**	**– 94**	**– 24.3**	**– 156**	**– 155**	**0.7**
Repayment (–)/refund (+) of financial liabilities	– 31	– 2	> 100	– 117	– 142	– 17.6
Increases in stakes held in subsidiaries (–)	0	– 1	– 100.0	– 4	– 1	> 100
Dividends paid	– 86	– 83	4.1	– 91	– 87	3.5
Cash flow from financing activities	**– 117**	**– 86**	**36.0**	**– 210**	**– 230**	**– 8.9**
Other change in cash and cash equivalents	2	– 1	–	2	– 5	–
Decrease (–)/Increase (+) in cash and cash equivalents	**60**	**– 37**	**–**	**29**	**– 24**	**–**
Cash and cash equivalents at the beginning of the period	167	211	– 21.0	198	197	0.1
Cash and cash equivalents at the end of the period	**226**	**174**	**30.3**	**226**	**174**	**30.3**

[1] Including intangible assets.

TABLE 06

Investments in financial assets

Investments in financial assets of € 4 (11) million in the fruit segment related to AGRANA Fruit Japan Ltd., Yokkaichi, Japan, which has been fully consolidated since the second quarter; in the first quarter of 2021/22, a capital subsidy granted to this company, which was not yet fully consolidated at that time, was reported under investments in financial assets. In the prior year, financial investments mainly related to AGRANA Stärke GmbH's acquisition of Marroquin Organic International Inc, Santa Cruz, USA.

Dividend distributions

Shareholders approved a dividend of 0.20 (0.20) €/share or € 41 (41) million at the annual general meeting of Südzucker AG held on 15 July 2021. Including the dividends paid to the shareholders of the hybrid capital and the non-controlling shareholders of AGRANA Beteiligungs-AG and CropEnergies AG, dividend distributions totaled € 91 (87) million.

Development of net financial debt

Net financial debt was down € 183 million, from € 1,511 million on 28 February 2021 to € 1,328 million on 31 August 2021. Total investments of € 128 million and the € 91 million dividend distributions were fully financed from cash flow of € 227 million and the cash inflow of € 177 million due to the reduction of the working capital.

Group assets

Balance sheet

€ million	31 August 2021	31 August 2020	+/– in %
Assets			
Intangible assets	950	960	–1.0
Fixed assets	2,980	3,027	–1.6
Remaining assets	274	412	–33.5
Non-current assets	**4,204**	**4,399**	**–4.4**
Inventories	1,558	1,675	–7.0
Trade receivables	1,069	1,011	5.8
Remaining assets	822	727	13.1
Current assets	**3,449**	**3,413**	**1.1**
Total assets	**7,653**	**7,812**	**–2.0**
Liabilities and equity			
Equity attributable to shareholders of Südzucker AG	2,017	2,090	–3.5
Hybrid capital	654	654	0.0
Other non-controlling interests	886	856	3.4
Total equity	**3,557**	**3,600**	**–1.2**
Provisions for pensions and similar obligations	911	945	–3.6
Financial liabilities	1,422	1,410	0.9
Remaining liabilities	366	393	–6.9
Non-current liabilities	**2,699**	**2,748**	**–1.8**
Financial liabilities	380	517	–26.5
Trade payables	519	487	6.5
Remaining liabilities	498	460	8.3
Current liabilities	**1,397**	**1,464**	**–4.5**
Total liabilities and equity	**7,653**	**7,812**	**–2.0**
Net financial debt	1,328	1,445	–8.1
Equity ratio in %	46.5	46.1	
Net financial debt as % of equity (gearing)	37.3	40.2	

TABLE 07

Non-current assets

Non-current assets were down € 195 million to € 4,204 (4,399) million. The carrying value of fixed assets fell by € 47 million to € 2,980 (3,027) million, as investments were lower than current depreciation and amortization. The € 138 million decline in other assets to € 274 (412) million was primarily due to a lower share of companies consolidated at equity resulting from the recognized prorated share of losses of ED&F Man Holdings Limited, London, UK, as well as the partly impairment of this acquisition the year prior. In addition, the minority interest in a French sugar factory was completely devalued and subsequently sold in the course of the previous year.

Current assets
Current assets rose € 36 million to € 3,449 (3,413) million. Inventories decreased € 117 million to € 1,558 (1,675) million. The drop is primarily attributable to lower sugar inventories following a sharply lower sugar production during the 2020 campaign. The € 58 million increase in trade receivables to € 1,069 (1,011) million underpins the rise in revenues. Other assets increased by € 95 million to € 822 (727) million as a result of a higher level of emission certificates and increased positive fair values of derivatives.

Equity
Equity dropped to € 3,557 (3,600) million and the equity ratio amounted to 46.5 (46.1) %. Südzucker AG shareholders' equity declined to € 2,017 (2,090) million, largely due to the prorated annual loss during the course of fiscal 2020/21.

Non-current liabilities
Non-current liabilities declined € 49 million to € 2,699 (2,748) million. Provisions for pensions and similar obligations decreased by € 34 million to € 911 (945) million; they were measured at a lower market interest rate of 1.25 (1.35) % compared with the previous year's balance sheet date of 31 August 2020. Financial liabilities were on a par with the previous year at € 1,422 (1,410) million. Other liabilities dropped to € 366 (393) million.

Current liabilities
Current liabilities declined € 67 million to € 1,397 (1,464) million. The current financial liabilities decreased by € 137 million to € 380 (517) million, primarily as a result of the lower issuance of commercial papers. Trade payables increased by € 32 million to € 519 (487) million, although the liabilities to beet growers included in this figure were down year-on-year at € 8 (10) million. Other debt, consisting of other provisions, taxes owed and other liabilities, increased by € 38 million to € 498 (460) million.

Net financial debt
Net financial debt was reduced by € 117 million to € 1,328 (1,445) million as of 31 August 2021, corresponding to 37.3 (40.2) % of equity.

Employees

The number of employees (full-time equivalent) at the end of the first half year of fiscal 2021/22 was at last year´s level at 18,674 (18,723). The smaller sugar segment workforce resulted especially from the shutdown of four sugar factories following the 2019/20 campaign and cost reduction measures. The increase in the number of employees in the fruit segment was due to a higher demand for seasonal workers.

Employees by segment at balance sheet date

31 August	2021	2020	+/− in %
Sugar [1]	6,196	6,557	−5.5
Special products [1]	4,775	4,860	−1.7
CropEnergies	453	455	−0.4
Starch [2]	1,170	1,191	−1.8
Fruit	6,080	5,660	7.4
Group	**18,674**	**18,723**	**−0.3**

[1] Prior-year figures adjusted.
[2] First-time reporting of the starch segment in the 2021/22 financial year.

TABLE 08

SUGAR SEGMENT

Markets

World sugar market

In its latest update of the estimated world sugar balance in September 2021, market analyst IHS Markit forcasts a production deficit of 3.7 million tonnes for the 2020/21 marketing year (1 October – 30 September). Expected world sugar production is down slightly due to weaker European, Russian and, most recently Brazilian harvest expectations, despite rising production projections for India. With world sugar consumption almost stable, there will be a further reduction in inventories this marketing year.

For the upcoming 2021/22 marketing year, IHS Markit expects a further production deficit of 3.4 million tonnes driven by weaker production expectations for Brazil, despite an increase in world sugar production in Thailand and Europe, and growing world sugar consumption. This will result in a further reduction in final inventories. The third deficit year in a row reduces the ratio of inventories to consumption from 42.0 % in 2018/19 to just 35.5 %, the lowest level in more than 10 years.

In early 2021, the world market price for white sugar had risen to as high as 403 €/t by mid-February 2021. It was still averaging around 330 €/t in calendar 2020. Since the beginning of the current fiscal year, world market prices have been fluctuating in a range from about 350 €/t to around 430 €/t. At the end of the reporting period, the world market price closed at 408 €/t.

World market sugar prices

1 September 2018 to 31 August 2021, London, nearest forward trading month

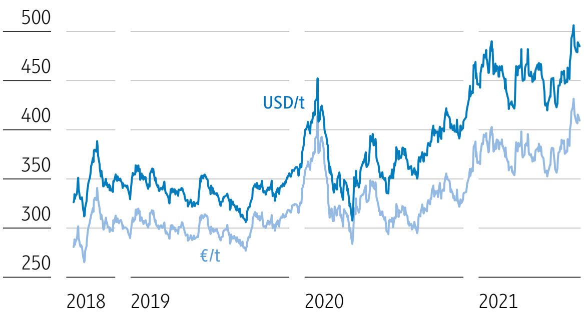

DIAGRAM 01

EU sugar market

During the expired 2020/21 sugar marketing year (1 October to 30 September), sugar production (EU excluding UK; including isoglucose) fell further to 15.1 (16.8) million tonnes as a result of smaller cultivation areas, difficult weather conditions and heavy infestation of the beet yellowing virus. However, this low production more than compensated for the temporarily weak demand caused by the corona pandemic. The EU thus remained a net importer of sugar for the third time in a row in sugar marketing year 2020/21.

With another slight decline in the overall cultivation area, current expectations are that yields will normalize in the new 2021/22 sugar marketing year. As a result, it is expected that the EU will continue to be a net sugar importer in the new sugar marketing year.

The price for sugar (food and non-food, ex-factory) published by the EU Commission was quoted at 381 €/t at the beginning of the expired sugar marketing year in October 2020 and rose to 400 €/t by the last available publication in July 2021. But there are significant regional price differences between the deficit and surplus regions within the EU.

Energy market

Crude oil price development in the second quarter of 2021/22 continued to be driven by uncertainty surrounding the further course of the Corona pandemic and its impact on demand. At the beginning of June 2021, North Sea Brent was trading at about 70 USD / barrel. Speculation surrounding the reticence of OPEC to potentially expand oil production initially drove the price of oil up further; to about 76 USD / barrel by the end of July. After OPEC decided to boost production, the price of crude drifted lower over the course of the quarter, at the end which oil was trading at around 73 USD / barrel. In contrast to th stable crude market developments, the price of natural gas and European CO_2 emissions certificates were up sharply, rising from around 52 €/t at the beginning of June to about 61 €/t at the end of August. The price of natural gas went from 26 €/ MWh to about 47 €/MWh during the same period. Another massive increase to about 75 €/MWh followed in September.

Legal and political environment

There have been no material changes during the reporting period to the legal and political general conditions than those outlined on pages 68 and 69 of the 2020/21 annual report (consolidated management report, economic report, sugar segment).

Business performance

Revenues and operating result

Sugar segment's revenues rose significantly to € 1,231 (1,113) million. The improvement was driven mainly by higher sugar sales revenues since the beginning of the new 2020/21 sugar marketing year and, since the second quarter of 2021/22, also by higher sales volumes. The first quarter of the 2020/21 financial year initially benefited from the positive effects of hamstering purchases at the start of the Corona pandemic. In the course of the last fiscal year, these benefits were clearly over-shadowed by weaker demand from the sugar processing industry.

While the operating loss in the first quarter of fiscal 2021/22 was still significantly higher than in the previous year, the sugar segment was able to return to positive results in the second quarter. Therefore, the cumulative operating result also improved significantly to € −18 (−58) million. Higher sugar sales revenues continued to be offset in particular by raw material price-related higher production costs from the 2020 campaign, but also by increased costs for packaging materials. Since the second quarter, the increase in sales volumes has also had a positive effect.

Business performance – sugar segment [1]

		2nd quarter			1st half year		
		2021/22	2020/21	+/− in %	2021/22	2020/21	+/− in %
Revenues	€ million	**635**	**548**	**16.0**	**1,231**	**1,113**	**10.5**
EBITDA	€ million	28	−19	–	25	−11	–
Depreciation on fixed assets and intangible assets	€ million	−21	−23	−11.5	−43	−47	−7.9
Operating result	€ million	**7**	**−42**	**–**	**−18**	**−58**	**−68.8**
Result from restructuring / special items	€ million	0	−13	–	1	−12	–
Result from companies consolidated at equity	€ million	−8	−8	2.4	−13	−9	44.3
Result from operations	€ million	**−1**	**−63**	**−98.7**	**−30**	**−79**	**−61.8**
EBITDA margin	%	4.5	−3.2		2.0	−1.0	
Operating margin	%	1.1	−7.7		−1.5	−5.2	
Investments in fixed assets [2]	€ million	32	36	−10.8	55	57	−1.4
Investments in financial assets / acquisitions	€ million	0	11	−100.0	0	11	−100.0
Total investments	€ million	**32**	**47**	**−32.2**	**55**	**68**	**−18.1**
Shares in companies consolidated at equity	€ million				97	226	−57.1
Capital employed	€ million				2,563	2,660	−3.6
Employees					**6,196**	**6,557**	**−5.5**

[1] Prior-year figures adjusted.
[2] Including intangible assets.

TABLE 09

Result from companies consolidated at equity

The sugar segment's result from companies consolidated at equity totaled € –13 (–9) million, driven mainly by ED&F Man. ED&F Man's trading business was able to once again improve profitability, but interests in industrial companies, the brokerage division, higher refinancing costs and the impact of the Corona pandemic are still weighing on the overall result.

Beet cultivation and 2021 campaign

After many cultivation years characterized primarily by drought, this year there was adequate rainfall in almost all cultivation regions, sometimes even too much. As a result, beet yields were above average. However, because the sun remained hidden during the summer months, we expect sugar content to be rather low. Overall, we expect Südzucker Group's sugar yield to be above average.

This year the campaign started on 2 September 2021 in Poland. Most of the remaining Südzucker factories started processing beets between mid-September and early October 2021.

Investments in fixed assets

The sugar segment invested € 55 (57) million, about the same as last year. Process optimization investments include a beet earth press station expansion, installing and connecting new cooling crystallizers, an evaporator station expansion, and installation of a new extraction tower. Infrastructure investments focused on a batch loading facility expansion and the installation of a new bagging system for organic sugar. Numerous sites saw investments in environmental protection and compliance with regulatory requirements for wastewater treatment and air and noise emission reductions. These include measures such as the revamp of a boiler house for the purpose of converting its energy supply from coal to gas, a new falling film evaporator and expanding a gluten dryer.

SPECIAL PRODUCTS SEGMENT

Business performance

Revenues and operating result

The special products segment's revenues amounted to € 856 (872) million, only slightly below the previous year's level. Overall, volumes in the second quarter were higher than a year earlier, reducing the shortfall somewhat after the first half of the year. In the previous year, the start of the first quarter was marked by demand growth, in some cases soaring, for example for frozen pizzas.

The operating result decreased significantly to € 64 (80) million. The first half of the year was impacted by an overall decline in sales volumes and, in particular, significantly higher costs for raw materials, energy and packaging materials.

Investments in fixed assets

The special products segment's investments of € 41 (37) million continued to be for expanding capacities at all BENEO division locations. For example, evaporation capacity was boosted and the warehouse expanded at the Offstein location in Germany. Work has begun on a third wet starch line for rice proteins in Wijgmaal, Belgium. Construction started on the second refining line at the Pemuco, Chile location. Another phase of the energy reduction program was completed. In addition to cutting energy consumption, plans call for converting to 100 % renewable energy sources.

The Freiberger division's new high-bay warehouse at the Muggensturm location began operations. Investments at Richelieu in the United States were for increased freezer capacity and baking line expansions, among other things.

PortionPack Europe Group's chief investments were for replacements and maintenance, as well as measures to comply with certification and regulatory requirements. Construction has started on a new factory in Telford in the United Kingdom in order to consolidate production capacity at one location in future.

Business performance – Special products segment [1]

		2nd quarter			1st half year		
		2021/22	2020/21	+/– in %	2021/22	2020/21	+/– in %
Revenues	€ million	**435**	**428**	**1.5**	**856**	**872**	**–1.9**
EBITDA	€ million	49	59	–18.2	101	117	–14.1
Depreciation on fixed assets and intangible assets	€ million	–19	–19	0.5	–37	–37	–0.3
Operating result	€ million	**30**	**40**	**–26.7**	**64**	**80**	**–20.6**
Result from restructuring / special items	€ million	0	0	–	0	0	–
Result from companies consolidated at equity	€ million	0	0	–	0	0	–
Result from operations	€ million	**30**	**40**	**–26.7**	**64**	**80**	**–20.6**
EBITDA margin	%	11.1	13.7		11.8	13.5	
Operating margin	%	6.8	9.4		7.4	9.2	
Investments in fixed assets [2]	€ million	23	24	–4.6	41	37	10.8
Investments in financial assets / acquisitions	€ million	0	0	–	0	0	–
Total investments	€ million	**23**	**24**	**–4.6**	**41**	**37**	**10.8**
Shares in companies consolidated at equity	€ million				0	0	–
Capital employed	€ million				1,646	1,620	1.6
Employees					**4,775**	**4,860**	**–1.7**

[1] Prior-year figures adjusted.
[2] Including intangible assets.

TABLE 10

CROPENERGIES SEGMENT

Markets

Ethanol market

Ethanol recorded a price increase in Europe. Spot prices rose from around 650 €/m³ at the beginning of June 2021 to around 690 €/m³ at the end of August 2021. During the second quarter of 2021/22, the average ethanol price was around 655 €/m³. This price development partly reflects a normalization of fuel demand following a renewed increase in mobility in large parts of Europe.

Production in the EU-27 and the United Kingdom is expected to recover to 7.7 (7.5) million m³ in 2021 and domestic consumption to 8.6 (8.3) million m³, back to 2019 levels. The recovery is expected primarily for fuel grade ethanol as mobility increases again. The introduction of E10 in Sweden in August 2021 and in the United Kingdom in September 2021 will also contribute to this recovery. Ethanol consumption for industrial applications and beverages is expected to stay the same as last year. Net imports are expected to be roughly on a par with the previous year at 0.9 (1.0) million m³.

Grain market

According to the International Grains Council (IGC), world grain production (excluding rice) is expected to rise to 2,283 (2,213) million tonnes in 2021/22, largely in line with expected grain consumption of 2,288 (2,235) million tonnes. Global grain inventories are thus expected to remain largely unchanged at 589 (594) million tonnes. For the EU-27, the EU Commission expects the 2021/22 grain harvest to increase to 291 (278) million tonnes. Consumption is expected to be only slightly higher than last year at 263 (260) million tonnes.

European wheat prices on Euronext in Paris rose significantly during the second quarter of 2021/22 and were about 250 €/t at the end of August 2021, the same as at the beginning of the fiscal year. Among other things, the high price level is due to rising global demand for cereals. In addition, harvest losses are expected in important growing regions due to unfavorable weather conditions.

Legal and political environment

European Green Deal

The EU will reduce greenhouse gas (GHG) emissions from 1990 levels by at least 55 % by 2030. The aim of the European Green Deal is to cut net greenhouse gas emissions to zero by 2050 in order to reach climate neutrality. The European Green Deal will impose stricter requirements on all economic sectors. On 14 July 2021, the EU Commission presented a comprehensive package of recommendations to amend the EU's climate and energy policies so that the 2030 climate targets can be achieved. The so-called "Fit for 55" package includes actions related to emissions trading, the use of renewable energies and energy management.

For economic sectors covered by the EU-wide Emissions Trading Scheme (EU ETS), the GHG reduction target is to be raised from 43 % to 61 % by 2030, both compared to 2005 levels. The existing EU ETS is to be supplemented by a separate emissions trading scheme for fuels used in road transport and buildings. This will require distributors of motor fuels and heating fuels to purchase emission certificates from 2026 onwards. Available emission certificates will be reduced by 5 % annually so that power and fuel related greenhouse gas emissions will be 43 % lower by 2030 than they were in 2005. The greenhouse gas emission targets for economic sectors that are not covered by the EU ETS, which continue to include transportation and buildings, are to be boosted from 30 % to 40 %.

Renewable Energy Directive

The amended 2018 renewable energy directive (RED II) calls for the transportation sector's share of renewable energy to rise to at least 14 % in 2030. The contribution from renewable fuels from normal crops in the member states can be up to one percentage point above the 2020 level. The share of fuels from waste and recycled materials is slated to increase from 0.2 % in 2022 to at least 3.5 % in 2030.

However, these current transportation sector renewable energy targets do not adequately contribute to guaranteeing implementation of the European Green Deal.

This is why the EU Commission has recommended a paradigm shift for renewable energies in the transportation sector as part of its "Fit for 55" package; namely, that the fuel blending target be replaced by a greenhouse gas emission reduction target of 13 %. As part of this system change, multiple credits; e.g., for renewable fuels from waste and residual materials, as well as renewable electricity, are to be eliminated. The renewable fuels contribution from normal crops in the member states is to remain unchanged at up to one percentage point above the 2020 level. However, it is capped at 7 %. The share of fuels from waste and recycled materials is slated to increase from 0.2 % in 2022 to at least 2.2 % in 2030. A new mandatory blending requirement for synthetic fuels is to be added, with a minimum share of 2.6 % by 2030.

However, the EU Commission also proposes that the CO_2 emission standards for passenger cars and light commercial vehicles continue to consider only tailpipe emissions. The proposal to reduce average annual emissions from new vehicles by 55 % in 2021 from 2030 onwards and by as much as 100 % from 2035 is also equivalent to a de facto ban on new vehicles with internal combustion engines from 2035 onwards. Not only is this proposal a clear violation of the principle of technology neutrality, but it also ignores the lifecycle emissions of electric vehicles. For example the greenhouse gases emitted from producing electric vehicle batteries are neglected, as are those of the required charging power. However, sustainable and low-CO_2 mobility requires an open technology approach, as different drive and fuel options will be needed for a long time to come in order to be able to achieve transport sector climate targets.

Germany

While the EU is discussing further increases in renewable energy targets, member states are currently preparing to implement the current version of RED II at the national level. The German government has decided to gradually raise the GHG reduction quota in Germany from 6 % in 2021 to 25 % in 2030. The energy component of renewable fuels from normal crops will be permitted to contribute up to 4.4 % to the goal. The share of advanced biofuels is to be increased steadily from 2.6 % in 2030. Other renewable fuel alternatives are to be subsidized alongside established biofuels, including synthetic fuels, which will count double, and renewable electricity, which will count triple towards the GHG quota.

Aside from the aforementioned, there have been no material changes during the reporting period to the legal and political general conditions than those outlined on page 78 and 79 of the 2020/21 annual report (consolidated management report, economic report, CropEnergies segment) and the statement of the first quarter 2021/22.

Business performance

Revenues and operating result

The CropEnergies segment was able to significantly boost revenues to € 427 (373) million. After the pandemic-related distortions in fuel demand during the first half of last year, higher volumes and sales revenues contributed to this year's revenue increase. The previous year's first quarter volumes were impacted significantly by an extended maintenance outage at the Wanze site, which was caused by the pandemic. Sales revenues in the first half year were higher than last year and second quarter sales revenues were even higher than the first quarter's sales revenues.

The operating result of € 38 (51) million for the reporting period was on the other hand significantly lower than last year's record result, despite the higher sales revenues and volumes. Significantly higher raw material costs and recent record energy prices were among the factors that weighed on the result.

Investments in fixed assets

Investments in fixed assets of € 10 (14) million in the CropEnergies segment were mainly for replacements and improving plant availability. A carbon dioxide liquification plant that will produce 65,000 tonnes of food-grade liquid biogenetic CO_2 per annum starting at the end of the year and the construction of another biomass boiler, which will go into operation from 2023 and from then on will ensure the energy supply entirely on the basis of renewable raw materials, are the major construction projects in Wanze, Belgium.

The focus of investments in Zeitz was on completing the project to make raw material use at the neutral alcohol plant more flexible.

Investments at Ensus in Wilton, UK, went toward expanding and consolidating laboratory and control stations and the partial replacement of the central cleaning station for the production plant.

Business performance – CropEnergies segment

		2nd quarter			1st half year		
		2021/22	2020/21	+/– in %	2021/22	2020/21	+/– in %
Revenues	€ million	**233**	**211**	**10.4**	**427**	**373**	**14.7**
EBITDA	€ million	33	53	−35.8	59	71	−16.2
Depreciation on fixed assets and intangible assets	€ million	−10	−10	6.2	−21	−20	4.5
Operating result	€ million	**23**	**43**	**−45.3**	**38**	**51**	**−24.3**
Result from restructuring / special items	€ million	0	1	–	0	1	−100.0
Result from companies consolidated at equity	€ million	0	0	0.0	0	0	−100.0
Result from operations	€ million	**23**	**44**	**−46.3**	**38**	**52**	**−25.9**
EBITDA margin	%	14.4	24.8		13.8	18.9	
Operating margin	%	10.0	20.2		9.0	13.6	
Investments in fixed assets [1]	€ million	5	4	23.8	10	14	−30.8
Investments in financial assets / acquisitions	€ million	0	0	–	0	0	–
Total investments	€ million	**5**	**4**	**23.8**	**10**	**14**	**−30.8**
Shares in companies consolidated at equity	€ million				3	3	4.0
Capital employed	€ million				464	481	−3.5
Employees					**453**	**455**	**−0.4**

[1] Including intangible assets.

TABLE 11

STARCH SEGMENT

Markets

Target markets

The COVID-19 pandemic continued to influence nearly all starch product markets during the first half year of 2021/22.

Market demand for native starches was stable. Booming online transactions has made the packaging paper sector a growing market.

European producers were faced with shrinking infant milk formula markets. The Chinese market in particular is increasingly sourcing products from domestic producers, which has significantly reduced import volumes from Europe.

The supply situation for starch based saccharification products was tight during the summer months due to suddenly higher consumption.

High raw material prices and the associated uncertainties in both the sales and purchasing markets make the next few months critical for starch-based animal feed.

Please see the CropEnergies segment notes for additional information on the development of the ethanol market.

Raw material markets

The potato starch factory in Gmünd, Austria began processing starch potatoes from the 2021 harvest on 2 September 2021. Supply fulfillment of 100 to 105 % of the contracted starch potatoes is expected due to favorable weather during the growth phase. The average starch content will be similar to last year at around 18.5 %.

The corn starch factory in Aschach, Austria began accepting moist corn deliveries mid-September 2021. It is expected that deliveries will be comparable to last year at around 120,000 to 130,000 tonnes and that processing will continue until mid-December 2021. Dried corn processing will continue thereafter. About 247,000 (234,000) tonnes of corn were processed in Aschach during the first half year of 2021/22.

Please see the CropEnergies segment notes for additional information on the development of the grain markets.

Business performance

Revenues and operating result

The starch segment's revenues increased to € 449 (389) million, significantly above the previous year's level. The revenue growth was driven in particular by the encouraging volume trend as a result of the increasing utilization of the installed capacity expansions and higher ethanol prices.

The operating result, however, remained well below the previous year's level at € 22 (25) million, despite an improvement in the second quarter. In particular, higher energy prices and significantly higher raw material costs resulted in a declining margin. In addition, higher depreciation and amortization due to investments made in previous years had an additional negative impact on results.

Result from companies consolidated at equity

The result from companies consolidated at equity of € 7 (10) million was attributable to the share of earnings from Hungarian Hungrana Group's starch and bioethanol businesses.

Investments in fixed assets

The starch segment invested € 7 (9) million in plant expansions and in regulatory requirements and replacement investments. The project to increase specialty corn volumes continued in Aschach, Austria. The extension of the swelling process was completed. Work on the spray drying area action items also continues at the Gmünd plant in Austria in addition to replacing a roller dryer and expanding the wastewater plant.

Business performance – Starch segment[1]

		2nd quarter			1st half year		
		2021/22	2020/21	+/– in %	2021/22	2020/21	+/– in %
Revenues	€ million	**228**	**195**	**17.3**	**449**	**389**	**15.6**
EBITDA	€ million	25	24	7.7	46	48	–4.2
Depreciation on fixed assets and intangible assets	€ million	–12	–12	2.6	–24	–23	4.4
Operating result	€ million	**13**	**12**	**12.7**	**22**	**25**	**–12.0**
Result from restructuring / special items	€ million	1	0	–	0	0	–
Result from companies consolidated at equity	€ million	4	6	–28.8	7	10	–28.1
Result from operations	€ million	**18**	**18**	**–1.1**	**29**	**35**	**–16.4**
EBITDA margin	%	11.0	12.0		10.2	12.3	
Operating margin	%	5.8	6.1		4.9	6.5	
Investments in fixed assets[2]	€ million	3	5	–33.3	7	9	–23.4
Investments in financial assets / acquisitions	€ million	0	–11	–100.0	0	0	–100.0
Total investments	€ million	**3**	**–6**	**–**	**7**	**9**	**–22.6**
Shares in companies consolidated at equity	€ million				62	65	–4.9
Capital employed	€ million				498	519	–4.0
Employees					**1,170**	**1,191**	**–1.8**

[1] First-time reporting of the starch segment in the 2021/22 financial year.
[2] Including intangible assets.

TABLE 12

FRUIT SEGMENT

Markets

Target markets

Consumer trends in the global dairy products, ice cream, food service, and baked goods markets determine the market environment for fruit preparations. While European and North American consumers increasingly demand natural, sustainable and healthy products, consumers in South America, Asia and Africa are mainly interested in end product price. For fruit preparations, this means ever-stricter product specifications on the one hand and reducing the fruit content in the final product or replacing it with flavors on the other.

Growth in the primary target market, yogurt, is being negatively impacted by the COVID-19 pandemic. Current Euromonitor forecasts indicate a global volume growth rate for yogurt of 2.3 % in 2021. This is 2.3 percentage points below the growth rate forecast prior to the start of the Corona crisis. According to current analyses, the market for flavored spoonable yogurt in particular is stagnating.

Contracts have already been signed with customers for almost all of the berry juice concentrates from the 2021 harvest.

Raw material markets

The fruit preparations division’s harvest for the main fruit strawberries was completed in all relevant procurement markets in July. Contracts were signed for the entire budgeted required volumes in cultivation areas such as Egypt, Morocco and Spain at slightly lower prices than last year. Mexico, the most important strawberry supplier, was able to generate higher volumes. Strawberry volumes in China were significantly lower than last year due to reduced cultivation areas and unfavorable weather conditions during the growing season.

Raspberry availability was down for the third year in a row and prices were more than twice as high as during the same period last year. The shortage was caused by repeated weather-related poor harvests in Serbia and North America, as well as steady high demand from the fresh fruit market and frozen food retail, both of which led to historically low inventories. Most of the raspberries, mainly to cover European demand, were bought in Ukraine, where prices were lower than in Serbia and Poland.

The global peach harvest was significantly weaker than in the past few years. Frost damage in Greece and Spain and unfavorable weather conditions in China, the primary production country, led to below average yields and as a result to sharply higher prices.

Forecasts for the harvests in progress for wild and cultivated blueberries in the most important purchasing regions in Eastern Europe and North America are predicting higher prices than last year. In order to secure demand, raw materials will be purchased in alternative procurement regions such as Peru and Morocco.

Raw material availability for apples, the key fruit for the fruit juice concentrates business, is expected to be good in the primary cultivating regions for the 2021 campaign. Excellent raw material availability resulted in higher red berry volume processing than last year.

Business performance

Revenues and operating result

The fruit segment's revenues of € 633 (602) million were moderately higher than a year earlier. Revenues from fruit preparations rose primarily due to higher prices and volumes, while revenues from fruit juice concentrates were slightly lower as a result of price and volume factors.

The operating result was down moderately at € 28 (31) million, but moderate volume growth and a slightly higher margin enabled fruit preparations to significantly increase its result contribution. Significantly lower margins caused by slightly lower sales revenues amid higher costs with only slightly reduced volumes overall weighed on the fruit juice concentrates division's result growth.

Investments in fixed assets

The fruit segment invested € 11 (10) million in fixed assets. The fruit preparations division invested in replacements and maintenance as well as capacity expansions. An aseptic filling line for small bags project was launched in Mitry, France, which in future will enable expanded British market dairy product sales. The fruit juice concentrates division focused on moving a berry processing line from one Hungarian site to another and securing the water supply at the Kröllendorf plant, where a new elevated tank was built.

Business performance – Fruit segment

		2nd quarter			1st half year		
		2021/22	2020/21	+/– in %	2021/22	2020/21	+/– in %
Revenues	€ million	**313**	**298**	**4.9**	**633**	**602**	**5.2**
EBITDA	€ million	22	25	–9.9	47	51	–6.4
Depreciation on fixed assets and intangible assets	€ million	–10	–10	0.0	–19	–20	–3.6
Operating result	€ million	**12**	**15**	**–16.4**	**28**	**31**	**–8.2**
Result from restructuring / special items	€ million	–2	–1	> 100	–2	–1	> 100
Result from companies consolidated at equity	€ million	0	0	–	0	0	–
Result from operations	€ million	**10**	**14**	**–29.8**	**26**	**30**	**–14.3**
EBITDA margin	%	7.0	8.2		7.4	8.4	
Operating margin	%	3.9	4.9		4.4	5.1	
Investments in fixed assets [1]	€ million	6	6	0.0	11	10	6.7
Investments in financial assets / acquisitions	€ million	–1	0	–	4	0	> 100
Total investments	€ million	**5**	**6**	**–22.2**	**15**	**10**	**40.0**
Shares in companies consolidated at equity	€ million				0	0	–
Capital employed	€ million				902	886	1.8
Employees					**6,080**	**5,660**	**7.4**

[1] Including intangible assets.

TABLE 13

OUTLOOK

Vaccination rates against COVID-19 are expected to further increase steadily worldwide with wide regional disparities. The economic impact of the virus is thus expected to wane over time. Notwithstanding the positive outlook, there will continue to be Corona pandemic-related risks over the further course of fiscal 2021/22. The economic and financial impact and duration of the disease are difficult to assess.

Group

Consolidated group revenues of € 7.1 to 7.3 (previous forecast: 7.0 to 7.2; previous year: 6.7) billion are now expected in fiscal 2021/22. A significant increase in revenues is anticipated in the sugar segment. The CropEnergies segment is expected to range between € 900 and 940 million. A moderate increase in revenues is forecast in the special products and fruit segments. A slight increase in revenues is forecast in the starch segment.

Consolidated group operating result is expected to range between € 300 and 400 (previous year: 236) million. The sugar segment's operating result is forecast to range between € 0 and 100 million. The special products segment's operating result is anticipated to come in significantly below the strong previous year's level. The CropEnergies segment's operating result is seen to range between € 65 and € 90 million. In the newly created starch segment, results are expected to be significantly lower and the fruit segment's operating result is anticipated to improve moderately.

Capital employed is forecast to remain at last year's level. Based on the aforementioned operating result improvement, we estimate ROCE to be significantly higher (previous year: 3.8 %).

Sugar segment[1]

Another world market deficit in the sugar balance was recorded in the expired 2020/21 sugar marketing year, resulting in a further reduction in inventories. This led to an increase in world market prices. With a renewed deficit in the world sugar balance in the 2021/22 sugar marketing year, the world market environment should remain positive. In Europe, the continuing difficult growing conditions caused beet cultivation to slightly decline further. Nevertheless, if yields normalize, the EU is expected to produce more sugar. But since the EU will remain a net importer in the 2021/22 sugar marketing year, Südzucker will enjoy a positive market environment. This assumes that negative effects of the Corona pandemic such as distorted crude oil and gas prices, packaging and shipping costs as well as currencies, with their associated sugar price consequences, are continuously reduced in parallel with increased vaccination rates.

With production and sales volumes rising, we expect income from sales revenues to increase significantly and revenues to rise sharply (previous year: € 2.3 billion) over the course of the year.

We expect the sugar segment's operating result to range between € 0 and 100 (previous year: −128) million. Despite losses in the first quarter of fiscal 2021/22, a profit was achieved again in the second quarter. Overall, we expect a positive operating result both in the second half of the year and for the full fiscal year 2021/22. From October 2021, we expect rising sales revenues in a brightening market environment and further material cost savings from the restructuring completed to date, as well as associated follow-up measures and projects. This will be offset by significantly rising energy and packaging material costs and further increases in raw material costs.

[1] Since the beginning of fiscal 2021/22, Südzucker has reported on the five segments sugar, special products, CropEnergies, starch and fruit. Prior year figures were adjusted accordingly. Please refer to the "Segment structure" section at the end of this report for further details.

Special products segment[1]

We expect the special products segment's production and sales volumes to rise further overall, despite the ongoing pandemic-related impact on demand. We therefore expect moderately higher revenues (previous year: € 1.7 billion). The overall increase in revenues cannot offset the rise in costs, in particular the further significant increase in raw material and energy costs that has occurred in the meantime. We therefore expect operating result to be significantly below the strong last year's level (previous forecast: moderate decline; previous year: € 159 million).

CropEnergies segment

We now expect the CropEnergies segment's revenues to range between € 900 and 940 (previous forecast: between 855 and 905; previous year: 774) million and an operating result between € 65 and 90 (previous forecast: 50 to 80; previous year: 107) million. With mobility expected to normalize over the course of the year and demand for climate-friendly fuels rising, we expect the need for renewable ethanol to remain high in fiscal 2021/22. Production capacity utilization should thus also be high. The main reason for the lower result is that raw material and energy prices are significantly higher than last year. The impact of the Corona pandemic continues to create uncertainty in all markets.

Starch segment[1]

We expect the starch segment's revenues to rise slightly in fiscal 2021/22 (previous year: € 774 million) and the result to fall sharply (previous year: € 45 million). We anticipate market demand to recover over the course of the year and to therefore be able to charge higher prices. However, this will not be enough to offset significantly higher grain and increasing energy prices over the full fiscal year.

Fruit segment

We expect the fruit segment's revenues (previous year: € 1.2 billion) and operating result (previous year: € 53 million) to rise moderately in fiscal 2021/22. We expect revenue growth for the fruit preparations division, which will be achieved through higher volumes and prices. Results are forecast to be higher, driven by higher volumes as well as lower costs than in 2020/21. The fruit juice concentrates division's revenues are expected to increase in the new fiscal year while results are anticipated to be higher.

[1] Since the beginning of fiscal 2021/22, Südzucker has reported on the five segments sugar, special products, CropEnergies, starch and fruit. Prior year figures were adjusted accordingly. Please refer to the "Segment structure" section at the end of this report for further details.

RISKS AND OPPORTUNITIES

As an international company, Südzucker Group is exposed to macroeconomic, industry-specific and business risks and opportunities. Information about the group's risk management system, risks and potential opportunities is provided in the 2020/21 annual report under "Risk management" on pages 86 to 96.

Taking into account all known facts, we have not identified any risks, either individually or as a whole, that threaten the continued existence of Südzucker Group.

SEGMENT STRUCTURE

Since the beginning of fiscal 2021/22, Südzucker has reported on the five segments sugar, special products, CropEnergies, starch and fruit. The starch division's previous special products segment activities were split up. Südzucker AG's sugar-related starch activities have now been assigned to the sugar segment, whose operational management remains the responsibility of the sugar division (Südzucker). AGRANA's starch activities are now included in the new starch segment report. The special products segment continues to bundle the BENEO, Freiberger, PortionPack and starch divisions' consumer oriented products.

At the Südzucker Group level, the CropEnergies and starch segments' third party sales revenues may differ from the revenues reported directly externally by CropEnergies and AGRANA due to eliminated revenues within the group.

COMPREHENSIVE INCOME

1 March to 31 August 2021

	2nd quarter			1st half year		
€ million	2021/22	2020/21	+/– in %	2021/22	2020/21	+/– in %
Income statement						
Revenues	**1,843.7**	**1,679.5**	**9.8**	**3,596.3**	**3,348.5**	**7.4**
Change in work in progress and finished goods inventories and internal costs capitalized	−326.4	−290.9	12.2	−627.0	−599.8	4.5
Other operating income	32.2	22.3	44.4	53.0	46.0	15.2
Cost of materials	−949.5	−825.7	15.0	−1,867.0	−1,635.1	14.2
Personnel expenses	−233.2	−238.2	−2.1	−469.7	−475.2	−1.2
Depreciation	−72.1	−73.9	−2.4	−144.0	−146.6	−1.8
Other operating expenses	−211.0	−217.6	−3.0	−408.9	−420.6	−2.8
Result from companies consolidated at equity	−4.1	−2.2	86.4	−5.8	1.0	–
Result from operations	**79.6**	**53.3**	**49.3**	**126.9**	**118.2**	**7.4**
Financial income	4.2	11.2	−62.5	16.9	27.0	−37.4
Financial expense	−13.6	−29.6	−54.1	−36.7	−53.1	−30.9
Earnings before income taxes	**70.2**	**34.9**	**> 100**	**107.1**	**92.1**	**16.3**
Taxes on income	−18.9	−12.0	57.5	−28.0	−26.6	5.3
Net earnings	**51.3**	**22.9**	**> 100**	**79.1**	**65.5**	**20.8**
of which attributable to Südzucker AG shareholders	34.1	0.1	> 100	48.6	25.2	92.9
of which attributable to hybrid capital	3.1	3.3	−6.1	6.1	6.5	−6.2
of which attributable to other non-controlling interests	14.1	19.5	−27.7	24.4	33.8	−27.8
Earnings per share (€)	**0.17**	**0.00**	**–**	**0.24**	**0.12**	**100.0**

€ million	2nd quarter 2021/22	2020/21	+/– in %	1st half year 2021/22	2020/21	+/– in %
Statement of other comprehensive income						
Net earnings	**51.3**	**22.9**	**> 100**	**79.1**	**65.5**	**20.8**
Exchange differences on net investments in foreign operations after deferred taxes	5.0	−11.8	–	3.9	−14.1	–
Foreign currency translation differences / hyperinflation	4.3	−33.1	–	13.1	−74.9	–
Share from companies consolidated at equity	0.9	−13.5	–	3.6	−18.8	–
Income and expenses to be recognized in the income statement in the future	**25.2**	**−80.8**	**–**	**29.2**	**−112.8**	**–**
Market value of equity instruments (securities) after deferred taxes	−0.1	0.0	–	−0.1	0.0	–
Remeasurement of defined benefit pension plans and similar obligations after deferred taxes	−40.8	−50.3	−18.9	−28.9	59.0	–
Share from companies consolidated at equity	0.1	−0.1	–	0.1	−0.1	–
Income and expenses not to be recognized in the income statement in the future	**−40.8**	**−50.4**	**−19.0**	**−28.9**	**58.9**	**–**
Other comprehensive result	**−15.6**	**−131.2**	**−88.1**	**0.3**	**−53.9**	**–**
Comprehensive income	**35.7**	**−108.3**	**–**	**79.4**	**11.6**	**> 100**
of which attributable to Südzucker AG shareholders	7.6	−111.3	–	30.9	0.2	> 100
of which attributable to hybrid capital	3.1	3.3	−6.1	6.1	6.5	−6.2
of which attributable to other non-controlling interests	25.0	−0.3	–	42.4	4.9	> 100

TABLE 14

CASH FLOW STATEMENT

1 March to 31 August 2021

€ million	2nd quarter 2021/22	2nd quarter 2020/21	2nd quarter +/– in %	1st half year 2021/22	1st half year 2020/21	1st half year +/– in %
Net earnings	51.3	22.9	> 100	79.1	65.5	20.8
Depreciation and amortization of intangible assets, fixed assets and other investments (+)	72.1	84.7	−14.9	144.0	157.4	−8.5
Decrease (–) / Increase (+) in non-current provisions and (deferred) tax liabilities and increase (–) / decrease (+) in deferred tax assets	−2.1	−4.7	−55.3	−9.9	−6.0	65.0
Other income (–) / expenses (+) not affecting cash	9.6	16.4	−41.5	13.4	19.9	−32.7
Cash flow	**130.9**	**119.3**	**9.7**	**226.6**	**236.8**	**−4.3**
Decrease (–) / Increase (+) in current provisions	−10.0	1.9	–	−24.3	−27.9	−12.9
Increase (–) / Decrease (+) in inventories, receivables and other current assets	313.2	200.8	56.0	454.8	416.3	9.2
Decrease (–) / Increase (+) in liabilities (excluding financial liabilities)	−181.9	−177.6	2.4	−253.8	−258.9	−2.0
Increase (–) / Decrease (+) in working capital	**121.3**	**25.1**	**> 100**	**176.7**	**129.5**	**36.4**
Gain (–) / Loss (+) on disposal of items included in non-current assets and of securities	−5.5	−0.7	> 100	−10.7	0.0	–
I. Cash flow from operating activities	**246.7**	**143.7**	**71.7**	**392.6**	**366.3**	**7.2**
Investments in fixed assets and intangible assets (–)	−69.4	−74.9	−7.3	−124.4	−127.1	−2.1
Investments in financial assets (–)	1.4	−0.3	–	−3.6	−11.4	−68.4
Total investments	**−68.0**	**−75.2**	**−9.6**	**−128.0**	**−138.5**	**−7.6**
Cash received on disposal of non-current assets (+)	7.7	3.7	> 100	15.2	6.4	> 100
Cash paid (–) / received (+) for the purchase / sale of other securities	−10.8	−22.4	−51.8	−42.8	−22.4	91.1
II. Cash flow from investing activities	**−71.1**	**−93.9**	**−24.3**	**−155.6**	**−154.5**	**0.7**

€ million	2nd quarter 2021/22	2020/21	+/– in %	1st half year 2021/22	2020/21	+/– in %
Repayment (–) / Issuance (+) of commercial papers	–45.0	170.0	–	–220.0	–75.0	>100
Repayment (–) of lease liabilities	–7.6	–9.8	–22.4	–15.5	–18.3	–15.3
Other repayment (–) / refund (+) of financial liabilities	21.5	–161.7	–	118.5	–48.4	–
Repayment (–) / refund (+) of financial liabilities	**–31.1**	**–1.5**	**>100**	**–117.0**	**–141.7**	**–17.4**
Increases in stakes held in subsidiaries (–)	0.0	–1.3	–100.0	–4.2	–1.3	>100
Dividends paid (–)	–86.2	–82.8	4.1	–90.5	–87.4	3.5
III. Cash flow from financing activities	**–117.3**	**–85.6**	**37,0**	**–209.9**	**–230.4**	**–8.9**
Change in cash and cash equivalent (total of I., II. and III.)	**58.3**	**–35.8**	**–**	**27.1**	**–18.6**	**–**
Change in cash and cash equivalents						
due to exchange rate changes	0.8	–3.2	–	1.0	–7.1	–
due to changes in entities included in consolidation / other	0.8	2.1	–61.9	0.8	2.1	–61.9
Decrease (–) / Increase (+) in cash and cash equivalents	**59.9**	**–36.9**	**–**	**28.9**	**–23.6**	**–**
Cash and cash equivalents at the beginning of the period	166.5	210.7	–21.0	197.5	197.4	0.1
Cash and cash equivalents at the end of the period	**226.4**	**173.8**	**30.3**	**226.4**	**173.8**	**30.3**
Dividends received from companies consolidated at equity / other participations	0.0	0.3	–100.0	0.9	2.3	–60.9
Interest receipts	0.5	1.2	–58.3	0.9	1.6	–43.8
Interest payments	–5.0	–5.6	–10.7	–8.3	–9.2	–9.8
Income taxes paid	–32.9	–6.8	>100	–45.3	–15.2	>100

TABLE 15

BALANCE SHEET

31 August 2021

€ million	31 August 2021	31 August 2020	+/– in %
Assets			
Intangible assets	950.4	960.1	−1.0
Fixed assets	2,979.9	3,027.4	−1.6
Shares in companies consolidated at equity	161.3	293.3	−45.0
Other investments	7.5	8.5	−11.8
Securities	19.5	19.4	0.5
Other assets	10.6	13.8	−23.2
Deferred tax assets	75.2	76.7	−2.0
Non-current assets	**4,204.4**	**4,399.2**	**−4.4**
Inventories	1,557.5	1,674.9	−7.0
Trade receivables	1,069.4	1,011.1	5.8
Other assets	338.2	238.4	41.9
Current tax receivables	28.4	26.1	8.8
Securities	228.9	288.4	−20.6
Cash and cash equivalents	226.4	173.8	30.3
Current assets	**3,448.8**	**3,412.7**	**1.1**
Total assets	**7,653.2**	**7,811.9**	**−2.0**

€ million	31 August 2021	31 August 2020	+/– in %
Liabilities and shareholders' equity			
Equity attributable to shareholders of Südzucker AG	2,017.4	2,090.1	–3.5
Hybrid capital	653.7	653.7	0.0
Other non-controlling interests	885.5	856.1	3.4
Total equity	**3,556.6**	**3,599.9**	**–1.2**
Provisions for pensions and similar obligations	910.9	945.2	–3.6
Other provisions	213.4	244.2	–12,6
Financial liabilities	1,422.3	1,410.2	0.9
Other liabilities	7.6	8.4	–9.5
Tax liabilities	9.5	12.3	–22.8
Deferred tax liabilities	135.7	127.9	6.1
Non-current liabilities	**2,699.4**	**2,748.2**	**–1.8**
Other provisions	93.1	91.3	2.0
Financial liabilities	380.1	516.8	–26.5
Trade payables	518.8	487.2	6.5
Other liabilities	392.1	341.5	14.8
Current tax liabilities	13.1	27.0	–51,5
Current liabilities	**1,397.2**	**1,463.8**	**–4.5**
Total liabilities and equity	**7,653.2**	**7,811.9**	**–2.0**
Net financial debt	1,327.6	1,445.4	–8.1
Equity ratio	46.5	46.1	
Net financial debt as % of equity (gearing)	37.3	40.2	

TABLE 16

CHANGES IN SHAREHOLDERS' EQUITY

1 March to 31 August 2021

€ million	Outstanding subscribed capital	Capital reserve	Other reserves
1 March 2020	**204.2**	**1,614.9**	**394.3**
Net earnings			25.2
Other comprehensive income/loss before taxes			58.9
Taxes on other comprehensive income			−1.2
Comprehensive income			**82.9**
Distributions			−40.8
Decrease in stakes held in subsidiaries / capital increase	0.0	0.0	0.0
Other changes			3.4
31 August 2020	**204.2**	**1,614.9**	**439.8**
1 March 2021	**204.2**	**1,614.9**	**368.8**
Net earnings			48.6
Other comprehensive income / loss before taxes			−29.6
Taxes on other comprehensive income			1.2
Comprehensive income			**20.2**
Distributions			−40.8
Decrease in stakes held in subsidiaries / capital increase	0.0	0.0	0.0
Other changes			−0.8
31 August 2021	**204.2**	**1,614.9**	**347.4**

Other equity accounts							
Market value of hedging instruments (cash flow hedge)	Exchange differences on net investments in foreign operations	Accumulated exchange differcences / hyperinflation	Share from companies consolidated at equity	Equity of Südzucker shareholders	Hybrid capital	Other non-controlling interests	Total equity
2.2	**0.9**	**−82.9**	**−6.3**	**2,127.3**	**653.7**	**891.5**	**3,672.5**
				25.2	6.5	33.8	65.5
−4.3	−19.0	−48.2	−17.2	−29.8		−28.7	−58.5
1.1	4.9			4.8		−0.2	4.6
−3.2	**−14.1**	**−48.2**	**−17.2**	**0.2**	**6.5**	**4.9**	**11.6**
				−40.8	−6.5	−37.3	−84.6
				0.0	0.0	0.0	0.0
				3.4		−3.0	0.4
−1.0	**−13.2**	**−131.1**	**−23.5**	**2,090.1**	**653.7**	**856.1**	**3,599.9**
−5.8	**−15.5**	**−131.9**	**−6.6**	**2,028.1**	**653.7**	**881.9**	**3,563.7**
				48.6	6.1	24.4	79.1
4.3	5.3	3.7	2.7	−13.6		19.8	6.2
−3.9	−1.4			−4.1		−1.8	−5.9
0.4	**3.9**	**3.7**	**2.7**	**30.9**	**6.1**	**42.4**	**79.4**
				−40.8	−6.1	−41.1	−88.0
				0.0	0.0	1.8	1.8
				−0.8		0.5	−0.3
−5.4	**−11.6**	**−128.2**	**−3.9**	**2,017.4**	**653.7**	**885.5**	**3,556.6**

TABLE 17

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS

Segment report

€ million	2nd quarter 2021/22	2nd quarter 2020/21	2nd quarter +/– in %	1st half year 2021/22	1st half year 2020/21	1st half year +/– in %
Südzucker Group						
Gross revenues	**1,913.8**	**1,744.7**	**9.7**	**3,736.0**	**3,480.4**	**7.3**
Consolidation	–70.1	–65.2	7.5	–139.7	–131.9	5.9
Revenues	**1,843.7**	**1,679.5**	**9.8**	**3,596.3**	**3,348.5**	**7.4**
EBITDA	**157.5**	**141.4**	**11.4**	**278.2**	**275.2**	**1.1**
EBITDA margin	8.5 %	8.4 %		7.7 %	8.2 %	
Depreciation	–72.1	–73.9	–2.4	–144.0	–146.6	–1.8
Operating result	**85.4**	**67.5**	**26.5**	**134.2**	**128.6**	**4.4**
Operating margin	4.6 %	4.0 %		3.7 %	3.8 %	
Result from restructuring / special items	–1.7	–12.0	–85.8	–1.5	–11.4	–86.8
Result from companies consolidated at equity	–4.1	–2.2	86.4	–5.8	1.0	–
Result from operations	**79.6**	**53.3**	**49.3**	**126.9**	**118.2**	**7.4**
Investments in fixed assets [1]	69.4	74.9	–7.3	124.4	127.1	–2.1
Investments in financial assets / acquisitions	–1.4	0.3	–	3.6	11.4	–68.4
Total investments	**68.0**	**75.2**	**–9.6**	**128.0**	**138.5**	**–7.6**
Shares in companies consolidated at equity				161.3	293.3	–45.0
Capital employed				6,072.6	6,165.1	–1.5
Employees				**18,674**	**18,723**	**–0.3**
Sugar segment [2]						
Gross revenues	**669.4**	**581.7**	**15.1**	**1,295.1**	**1,188.1**	**9.0**
Consolidation	–34.0	–34.0	0.0	–64.5	–74.7	–13.7
Revenues	**635.4**	**547.7**	**16.0**	**1,230.6**	**1,113.4**	**10.5**
EBITDA	**28.6**	**–17.5**	**–**	**25.1**	**–11.1**	**–**
EBITDA margin	4.5 %	–3.2 %		2.0 %	–1.0 %	
Depreciation	–21.6	–24.4	–11.5	–43.2	–46.9	–7.9
Operating result	**7.0**	**–41.9**	**–**	**–18.1**	**–58.0**	**–68.8**
Operating margin	1.1 %	–7.7 %		–1.5 %	–5.2 %	
Result from restructuring / special items	0.6	–12.4	–	0.8	–11.8	–
Result from companies consolidated at equity	–8.4	–8.2	2.4	–12.7	–8.8	44.3
Result from operations	**–0.8**	**–62.5**	**–98.7**	**–30.0**	**–78.6**	**–61.8**
Investments in fixed assets [1]	32.2	36.1	–10.8	55.2	56.0	–1.4
Investments in financial assets / acquisitions	0.0	11.4	–100.0	0.0	11.4	–100.0
Total investments	**32.2**	**47.5**	**–32.2**	**55.2**	**67.4**	**–18.1**
Shares in companies consolidated at equity				96.8	225.7	–57.1
Capital employed				2,562.8	2,659.7	–3.6
Employees				**6,196**	**6,557**	**–5.5**

[1] Including intangible assets.

[2] Prior-year figures adjusted.

€ million	2nd quarter 2021/22	2nd quarter 2020/21	2nd quarter +/− in %	1st half year 2021/22	1st half year 2020/21	1st half year +/− in %
Special products segment [1]						
Gross revenues	**438.1**	**431.2**	**1.6**	**862.3**	**878.1**	**−1.8**
Consolidation	−3.3	−2.8	17.9	−6.6	−5.9	11.9
Revenues	**434.8**	**428.4**	**1.5**	**855.7**	**872.2**	**−1.9**
EBITDA	**48.2**	**58.9**	**−18.2**	**100.9**	**117.5**	**−14.1**
EBITDA margin	11.1 %	13.7 %		11.8 %	13.5 %	
Depreciation	−18.6	−18.5	0.5	−37.2	−37.3	−0.3
Operating result	**29.6**	**40.4**	**−26.7**	**63.7**	**80.2**	**−20.6**
Operating margin	6.8 %	9.4 %		7.4 %	9.2 %	
Result from restructuring / special items	0.0	0.0	–	0.0	0.0	–
Result from companies consolidated at equity	0.0	0.0	–	0.0	0.0	–
Result from operations	**29.6**	**40.4**	**−26.7**	**63.7**	**80.2**	**−20.6**
Investments in fixed assets [2]	22.7	23.8	−4.6	41.0	37.0	10.8
Investments in financial assets / acquisitions	0.0	0.0	–	0.0	0.0	–
Total investments	**22.7**	**23.8**	**−4.6**	**41.0**	**37.0**	**10.8**
Shares in companies consolidated at equity				0.0	0.0	–
Capital employed				1,645.9	1,620.1	1.6
Employees				**4,775**	**4,860**	**−1.7**
CropEnergies segment						
Gross revenues	**249.1**	**228.5**	**9.0**	**463.2**	**399.2**	**16.0**
Consolidation	−16.5	−17.8	−7.3	−35.8	−26.7	34.1
Revenues	**232.6**	**210.7**	**10.4**	**427.4**	**372.5**	**14.7**
EBITDA	**33.6**	**52.3**	**−35.8**	**59.1**	**70.5**	**−16.2**
EBITDA margin	14.4 %	24.8 %		13.8 %	18.9 %	
Depreciation	−10.3	−9.7	6.2	−20.7	−19.8	4.5
Operating result	**23.3**	**42.6**	**−45.3**	**38.4**	**50.7**	**−24.3**
Operating margin	10.0 %	20.2 %		9.0 %	13.6 %	
Result from restructuring / special items	0.0	0.9	–	0.0	0.9	−100.0
Result from companies consolidated at equity	0.1	0.1	0.0	0.0	0.2	−100.0
Result from operations	**23.4**	**43.6**	**−46.3**	**38.4**	**51.8**	**−25.9**
Investments in fixed assets [2]	5.2	4.2	23.8	9.9	14.3	−30.8
Investments in financial assets / acquisitions	0.0	0.0	–	0.0	0.0	–
Total investments	**5.2**	**4.2**	**23.8**	**9.9**	**14.3**	**−30.8**
Shares in companies consolidated at equity				2.6	2.5	4.0
Capital employed				463.8	480.6	−3.5
Employees				**453**	**455**	**−0.4**

[1] Prior-year figures adjusted.

[2] Including intangible assets.

€ million	2nd quarter 2021/22	2020/21	+/– in %	1st half year 2021/22	2020/21	+/– in %
Starch segment [1]						
Gross revenues	**244.2**	**204.9**	**19.2**	**481.6**	**412.5**	**16.8**
Consolidation	–16.0	–10.3	55.3	–32.2	–23.8	35.3
Revenues	**228.2**	**194.6**	**17.3**	**449.4**	**388.7**	**15.6**
EBITDA	**25.2**	**23.4**	**7.7**	**46.0**	**48.0**	**–4.2**
EBITDA margin	11.0 %	12.0 %		10.2 %	12.3 %	
Depreciation	–11.9	–11.6	2.6	–23.9	–22.9	4.4
Operating result	**13.3**	**11.8**	**12.7**	**22.1**	**25.1**	**–12.0**
Operating margin	5.8 %	6.1 %		4.9 %	6.5 %	
Result from restructuring / special items	0.0	0.0	–	0.0	0.0	–
Result from companies consolidated at equity	4.2	5.9	–28.8	6.9	9.6	–28.1
Result from operations	**17.5**	**17.7**	**–1.1**	**29.0**	**34.7**	**–16.4**
Investments in fixed assets [2]	3.0	4.5	–33.3	7.2	9.4	–23.4
Investments in financial assets / acquisitions	0.0	–11.1	–100.0	0.0	–0.1	–100.0
Total investments	**3.0**	**–6.6**	**–**	**7.2**	**9.3**	**–22.6**
Shares in companies consolidated at equity				61.9	65.1	–4.9
Capital employed				498.2	518.7	–4.0
Return on capital employed				4.4 %	4.8 %	
Employees				**1,170**	**1,191**	**–1.8**
Fruit segment						
Gross revenues	**313.0**	**298.4**	**4.9**	**633.8**	**602.5**	**5.2**
Consolidation	–0.3	–0.3	0.0	–0.6	–0.8	–25.0
Revenues	**312.7**	**298.1**	**4.9**	**633.2**	**601.7**	**5.2**
EBITDA	**21.9**	**24.3**	**–9.9**	**47.1**	**50.3**	**–6.4**
EBITDA margin	7.0 %	8.2 %		7.4 %	8.4 %	
Depreciation	–9.7	–9.7	0.0	–19.0	–19.7	–3.6
Operating result	**12.2**	**14.6**	**–16.4**	**28.1**	**30.6**	**–8.2**
Operating margin	3.9 %	4.9 %		4.4 %	5.1 %	
Result from restructuring / special items	–2.3	–0.5	>100	–2.3	–0.5	>100
Result from companies consolidated at equity	0.0	0.0	–	0.0	0.0	–
Result from operations	**9.9**	**14.1**	**–29.8**	**25.8**	**30.1**	**–14.3**
Investments in fixed assets [2]	6.3	6.3	0.0	11.1	10.4	6.7
Investments in financial assets / acquisitions	–1.4	0.0	–	3.6	0.1	>100
Total investments	**4.9**	**6.3**	**–22.2**	**14.7**	**10.5**	**40.0**
Shares in companies consolidated at equity				0.0	0.0	–
Capital employed				901.9	886.0	1.8
Employees				**6,080**	**5,660**	**7.4**

[1] First-time reporting of the starch segment in the 2021/22 financial year.

[2] Including intangible assets.

TABLE 18

(1) Principles of preparation of the interim consolidated financial statements

Südzucker Group's interim financial statements as of 31 August 2021 were prepared in accordance with the rules on interim financial reporting pursuant to IAS 34 (Interim Financial Reporting), in conformance with the International Financial Reporting Standards (IFRS) published by the International Accounting Standards Board (IASB). Südzucker AG's interim consolidated financial statements dated 31 August 2021 have been condensed as per IAS 34. The consolidated interim statements dated 31 August 2021 were not subject to any inspection or audit review. Südzucker AG's board of directors prepared these interim financial statements on 4 October 2021.

As presented in the notes to the financial statements of the 2020/21 annual report under item (1) "Principles of preparation of the consolidated financial statements" on pages 122 to 124, there were new and / or amended standards and interpretations that came into effect and were applied for the first time in preparing these interim financial statements.

The same accounting and valuation methods as those used to prepare the group annual financial statements dated 28 February 2021 were applied for the remainder of this interim report. The relevant explanatory notes under item 5, "Accounting policies", pages 129 to 134 of the 2020/21 annual report, thus also apply here.

Südzucker Group's 2020/21 annual report can be viewed or downloaded at www.suedzucker.de/de/investor-relations and / or www.suedzucker.de/en/investor-relations. The information provided there is updated as follows:

A discount rate of 1.25 % was applied to material plans on 31 August 2021 to calculate provisions for pensions and similar obligations. The discount rate applied on 31 August 2020 was 1.35 %.

Income taxes were calculated on the basis of local corporate income tax rates in consideration of the income tax forecast for the entire fiscal year. Material special items are fully recognized neglecting the determination of the annual tax rate in the respective quarter in which they occur.

Sugar is primarily produced from September to January. This is why depreciation on systems used for the campaign is predominantly applied during this period. Any material, personnel and other operating expenses incurred in preparation for production prior to the next sugar campaign are capitalized during the fiscal year via changes in inventories and recognized on the balance sheet under inventories as work in progress. These are then taken into account during subsequent sugar production when determining the production costs of the sugar produced and thus recognized under inventories as part of finished goods.

(2) Companies included in consolidation

As of 31 August 2021, the scope of consolidation included 138 fully consolidated companies aside from Südzucker AG (end of fiscal 2020/21: 140). One company was merged and two companies were deconsolidated. One company has been added, which is explained below.

Effective 1 April 2021, a business operation in the form of individual assets was acquired from the Japanese food manufacturer Taiyo Kagaku Co. Ltd., Yokkaichi, Japan. The acquiring company, AGRANA Fruit Japan Co., Ltd., Tokyo, Japan, was fully consolidated for the first time in the second quarter of 2021/22. The Japanese fruit preparations plant supplies dairy and ice cream manufacturers as well as customers in the baked goods industry. This is an important step for AGRANA's plan to expand in Asia and its presence in the growing market in Japan.

Purchase price allocation AGRANA Fruit Japan Co., Ltd.

€ million	Fair values at acquisition date
Non-current assets	5.4
Inventories	*2.7*
Receivables and other assets	*0.0*
Cash and cash equivalents and securities	*0.0*
Current assets	2.7
Total assets	**8.1**
./. Non-current liabilities	−1.1
./. Current liabilities	−0.3
Net assets (shareholders' equity)	**6.7**
Negative goodwill	0.5
Purchase price	**7.2**

TABLE 19

Out of the total purchase price of € 7.2 million, a total of € 3.6 million or around 51 % had been paid by 31 August 2021.

Overall, 16 companies (end of fiscal 2020/21: 16 companies) were included at equity.

(3) Earnings per share

The calculation of earnings per share according to IAS 33 from 1 March to 31 August 2021 was based on a time-weighted average of 204.2 million shares outstanding. Earnings per share came in at € 0.17 (0.00) for the second quarter and at € 0.24 (0.12) for the first half year and were not diluted.

(4) Inventories

€ million 31 August	2021	2020
Raw materials and supplies	580.5	628.6
Work in progress and finished goods		
Sugar segment[1]	500.4	589.5
Special products segment[1]	203.3	205.5
CropEnergies segment	48.4	32.4
Starch segment[2]	51.8	59.6
Fruit segment	136.0	121.4
Total of work in progress and finished goods	939.9	1,008.4
Merchandise	37.1	37.9
Total	**1,557.5**	**1,674.9**

[1] Prior-year figures adjusted.
[2] First-time reporting of the starch segment in the 2021/22 financial year.

TABLE 20

The carrying amount of inventories of € 1,557.5 (1,674.9) million was lower than last year. As of reporting date 31 August, inventories in the sugar segment were below the previous year's level due to sales volumes. Despite higher beet prices, this led to a decline in the carrying amounts of finished and unfinished goods in the sugar segment.

(5) Trade receivables and other assets

€ million		Remaining term			Remaining term	
31 August	2021	to 1 year	over 1 year	2020	to 1 year	over 1 year
Trade receivables	**1,069.4**	**1,069.4**	**0.0**	**1,011.1**	**1,011.1**	**0.0**
Receivables due from the EU	**0.1**	0.1	0.0	**0.1**	0.1	0.0
Positive market value derivatives	**53.8**	53.8	0.0	**18.0**	18.0	0.0
Remaining financial assets	**104.2**	93.6	10.6	**71.7**	60.2	11.5
Other financial assets	**158.1**	**147.5**	**10.6**	**89.8**	**78.3**	**11.5**
Other taxes recoverable	**88.7**	88.7	0.0	**103.8**	103.8	0.0
Remaining non-financial assets	**102.0**	102.0	0.0	**58.6**	56.3	2.3
Non-financial assets	**190.7**	**190.7**	**0.0**	**162.4**	**160.1**	**2.3**
Other assets	**348.8**	**338.2**	**10.6**	**252.2**	**238.4**	**13.8**

TABLE 21

Trade receivables increased to € 1,069.4 (1,011.1) million, thus reflecting the higher level of revenues.

Other financial assets totaling € 104.2 (71.7) million primarily concern receivables from non-consolidated companies, participations, employees and other third parties, as well as security deposits provided in connection with hedging transactions. The latter showed a significant increase.

Other non-financial assets of € 102.0 (58.6) million are largely related to advances made and accruals/deferrals, in addition to CO_2 emission certificate purchases.

(6) Other provisions and accruals

€ million 31 August	2021	Short-term	Long-term	2020	Short-term	Long-term
Personnel-related provisions	**81.8**	19.2	62.6	**95.9**	28.9	67.0
Provisions for litigation risks and risk precautions	**147.7**	52.2	95.5	**164.4**	39.6	124.8
Other provisions	**77.0**	21.7	55.3	**75.2**	22.8	52.4
Total	**306.5**	**93.1**	**213.4**	**335.5**	**91.3**	**244.2**

TABLE 22

Personnel-related provisions in the amount of € 81.8 (95.9) million primarily represent non-current provisions for long-service awards, provisions for part-time early retirement and largely short-term provisions for termination benefit plans.

The provisions for litigation risks and risk precautions of € 147.7 (164.4) million include provisions for market regulation procedures, operational contract procedures and antitrust risks (fines and damage claims).

The other provisions in the amount of € 77.0 (75.2) million mainly represent non-current provisions for restoration obligations, together with current and non-current provisions for recultivation and environmental obligations largely related to sugar production.

(7) Trade payables and other liabilities

€ million		Remaining term			Remaining term	
31 August	2021	to 1 year	over 1 year	2020	to 1 year	over 1 year
Liabilities to beet growers	8.3	8.3	0.0	10.3	10.3	0.0
Liabilities to other trade payables	510.5	510.5	0.0	476.9	476.9	0.0
Trade payables	**518.8**	**518.8**	**0.0**	**487.2**	**487.2**	**0.0**
Negative market value derivatives	63.5	63.5	0.0	26.6	26.6	0.0
Liabilities for personnel expenses	110.9	110.4	0.5	106.0	105.6	0.4
Remaining financial liabilities	150.0	142.9	7.1	144.4	136.4	8.0
Other financial liabilities	**324.4**	**316.8**	**7.6**	**277.0**	**268.6**	**8.4**
Liabilities for other taxes and social security contributions	62.4	62.4	0.0	61.3	61.3	0.0
Remaining non-financial liabilities	12.9	12.9	0.0	11.6	11.6	0.0
Non-financial liabilities	**75.3**	**75.3**	**0.0**	**72.9**	**72.9**	**0.0**
Other liabilities	**399.7**	**392.1**	**7.6**	**349.9**	**341.5**	**8.4**

TABLE 23

Trade payables increased to € 518.8 (487.2) million, although the liabilities to beet growers included in this figure were down year-on-year at € 8.3 (10.3) million.

Liabilities for personnel expenses totaling € 110.9 (106.0) million mainly represent commitments for bonuses, premiums, vacation and overtime pay.

The remaining financial liabilities of € 150.0 (144.4) million include interest payment obligations, as well as security deposits received in connection with hedging transactions.

Other non-financial liabilities totaling € 12.9 (11.6) million mainly include accrued and deferred items and advances received on orders.

(8) Financial liabilities, securities and cash and cash equivalents (net financial debt)

€ million		Remaining term			Remaining term	
31 August	2021	to 1 year	over 1 year	2020	to 1 year	over 1 year
Bonds	906.5	110.0	796.5	1,050.5	255.0	795.5
Liabilities to banks	780.8	241.7	539.1	750.7	232.5	518.2
Leasing liabilities	115.1	28.4	86.7	125.8	29.3	96.5
Financial liabilities	**1,802.4**	**380.1**	**1,422.3**	**1,927.0**	**516.8**	**1,410.2**
Securities (non-current assets)	−19.5			−19.4		
Securities (current assets)	−228.9			−288.4		
Cash and cash equivalents	−226.4			−173.8		
Securities and cash and cash equivalents	**−474.8**			**−481.6**		
Net financial debt	**1,327.6**			**1,445.4**		

TABLE 24

Financial liabilities dropped € 124.6 million to € 1,802.4 (1,927.0) million with a slightly lower stock of securities, cash and cash equivalents totaling € 474.8 (481.6) million. As a result, net financial debt decreased by € 117.8 million to € 1,327.6 (1,445.4) million.

On 27 January 2021, Moody's confirmed the company's corporate and bond rating of Baa3 and maintained the negative outlook. Moody's left the hybrid bond equity credit rating unchanged at 75 %.

On 9 September 2020, Standard & Poor's (S&P) confirmed its long-term corporate rating of BBB- and maintained the negative outlook. The hybrid bond was again recognized at 50 % equity.

Hybrid bond

The hybrid bond has had a variable quarterly coupon set at the three-month Euribor interest rate plus 3.10 % p.a. since 30 June 2015. The interest rate was set at 2.557 % for the period from 30 June to 30 September 2021 (exclusively). Additional information regarding the hybrid bond is contained in the notes to the 2020/21 annual report under item (30) "Financial liabilities, securities and cash and cash equivalents (net financial debt)" on page 171, and on Südzucker's website.

(9) Additional disclosures on financial instruments

Carrying amounts and fair values

The gross financial liabilities listed in the following table are financial instruments recognized at acquisition cost or amortized acquisition cost whose carrying amounts do not approximate their fair values:

31 August	2021		2020	
€ million	Carrying amount	Fair value	Carrying amount	Fair value
Bonds	906.5	933.0	1,050.5	1,055.3
Liabilities to banks	780.8	784.2	750.7	755.0
Leasing liabilities	115.1	–	125.8	–
Gross financial liabilities	**1,802.4**	**1,717.3**	**1,927.0**	**1,810.2**

TABLE 25

Measurement levels

The following table shows the carrying amount and fair value of financial assets and liabilities by measurement level.

- Level 1: Measurement based on unadjusted prices determined on active markets
- Level 2: Measurement using prices derived from prices determined on active markets
- Level 3: Measurement method that considers influencing factors not exclusively based on observable market data

€ million								Fair value hierarchy
31 August	2021	Evaluation level 1	Evaluation level 2	Evaluation level 3	2020	Evaluation level 1	Evaluation level 2	Evaluation level 3
Securities	**94.8**	**12.7**	**75.0**	**7.0**	**144.7**	**12.6**	**125.0**	**7.2**
Other investments	**3.1**	**0.0**	**0.0**	**3.1**	**4.1**	**0.0**	**0.0**	**4.1**
Positive market values – derivatives without hedge accounting	3.3	2.3	1.0	0.0	7.6	0.1	7.5	0.0
Positive market values – hedge accounting derivatives	50.5	50.3	0.2	0.0	10.4	8.8	1.6	0.0
Positive market values	**53.8**	**52.6**	**1.2**	**0.0**	**18.0**	**8.9**	**9.1**	**0.0**
Financial assets	**151.7**	**65.3**	**76.2**	**10.1**	**166.8**	**21.5**	**134.1**	**11.3**
Negative market values – derivatives without hedge accounting	10.8	6.5	4.3	0.0	5.3	2.0	3.3	0.0
Negative market values – hedge accounting derivatives	52.7	50.0	2.7	0.0	21.3	19.0	2.3	0.0
Negative market values / financial liabilities	**63.5**	**56.5**	**7.0**	**0.0**	**26.6**	**21.0**	**5.6**	**0.0**

TABLE 26

For more details on how the fair value of each financial instrument is determined and their allocation to measurement levels, please refer to the notes to the consolidated financial statements in the 2020/21 annual report under item (32) "Additional disclosures on financial instruments" on pages 182 to 184.

(10) Related parties

There have been no material changes to the related parties described in the notes to the 2020/21 annual report under item (36) on pages 186 to 188.

(11) Events after the balance sheet date

There have been no especially significant events since 31 August 2021 that would have a material impact on the company's assets, financial position or earnings.

RESPONSIBILITY STATEMENT

To the best of our knowledge, and in accordance with the applicable reporting principles for proper interim financial reporting the interim consolidated financial statements give a true and fair view of the assets, financial position and profit or loss of the group, and the interim management report of the group includes a fair review of the development and performance of the business and the position of the group, together with a description of the principal opportunities and risks associated with the expected development of the group for the remaining months of the fiscal year.

Mannheim, 4 October 2021
Südzucker AG

The executive board

DR. NIELS PÖRKSEN
(CHAIRMAN)

INGRID-HELEN ARNOLD

DR. THOMAS KIRCHBERG

THOMAS KÖLBL

MARKUS MÜHLEISEN

Forward looking statements / forecasts

This half-year financial report contains forward looking statements. The statements are based on current assumptions and estimates made by the executive board and information currently available to its members. The forward looking statements are not to be viewed as guarantees of the future developments and results presented therein. Future developments and results are in fact dependent on a variety of factors and are subject to various risks and imponderables. They are based on assumptions that could in fact prove to be invalid.

We accept no obligation to update the forward-looking statements contained in this report.

On this report

This half-year financial report was not reviewed or audited. It was prepared by Südzucker AG's executive board on 4 October 2021.

This half-year financial report is available in German and English. This translation is provided for convenience and should not be relied upon exclusively. PDF files of the interim report can be downloaded from the company's website at:

www.suedzucker.de/de/investor-relations/ or
www.suedzucker.de/en/investor-relations/

Südzucker AG's fiscal year is not aligned with the calendar year. The first half year extends from 1 March to 31 August.

On the preceding pages, the numbers in brackets represent the corresponding previous year's figures or items. Percentages represent the mathematical change based on the prior-year figure indicated. Numbers and percentages stated are subject to differences due to rounding. Typing and printing errors reserved.

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