

Südzucker International Finance B.V.

FINANCIAL REPORT

for the financial year
1 March 2022 to 28 February 2023

Statement – This copy of the annual financial reporting of Südzucker International Finance B.V. for the year ended 28 February 2023 is not presented in the ESEF-format as specified in the Regulatory Technical Standards on ESEF (Delegated Regulation (EU) 2019/815). The ESEF annual financial reporting is available on our website www.suedzucker.nl and included in the ZIP file.

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Directors' report for the financial year 2022/23

We have the pleasure in presenting the Financial Report of Südzucker International Finance B.V. ('SZIF', or 'the Company') for the financial year 1 March 2022 up to and including 28 February 2023. The home member state of SZIF is the Netherlands.

Group structure

SZIF was incorporated on 13 January 1994. The Company is a wholly-owned subsidiary of Südzucker AG, Mannheim, Germany.

The Company's purpose is to finance affiliated companies, within the Südzucker AG group structure, through, among others, the issuance of bonds listed on public markets. The loans currently issued are listed on the Frankfurt Stock Exchange and the Luxembourg Stock Exchange.

Business review and activities during this year

SZIF continued to be an important liquidity provider within the Südzucker Group.

The interest rate for the loans to affiliated companies is disclosed in the Loan Pricing Policy of the Company. The interest rate on the credit facilities is based on the weighted average yield of all funds drawn from the financial markets by SZIF. The costs related to the bonds (i.e. guarantee fee, the annualized arrangement and placement costs, annualized discount (disagio), required spread for the Company's financing activities and other costs) are added to the weighted average yield of the debt financing instruments issued in the market.

In the first half year, the Loan Pricing Policy has been updated following the expiration of the Advance Pricing Agreement (APA) with the Dutch tax authorities per 28 February 2022. The transfer pricing methodology is retained unchanged and supported by up-to-date benchmark studies relating to the required spread for the financing activities for the Company and to the guarantee fee.

At the annual General Meeting of the Company held on 17 May 2022 the general assembly has been decided upon the allocation of the results of the financial year 2021/22 to pay a dividend of EUR 1 million on 20 May 2022.

As all bonds are issued by the Company and are guaranteed by Südzucker AG, the credit ratings of Südzucker AG continue to be a significant support of the bond business of SZIF. Credit ratings provide an opinion for the debt capital markets as to the issuer's ability to meet its financial obligations to security holders when due. Credit ratings represent an independent and current assessment of a company's credit standing. Creditworthiness checks by rating agencies have a substantial effect on a company's options for raising external funding. The better the rating, the easier the access to international credit markets and the more affordable the borrowings.

Südzucker AG continues to have credit ratings assigned from both Moody's Investors Service and Standard & Poor's Global Ratings.

Moody's current rating for Südzucker AG is Baa3/P-3 with a stable outlook (January 2022). The Moody's rating for the hybrid bond is B1 (January 2021). Standard & Poor's current rating for Südzucker AG is BBB-/A-3 with a stable outlook (October 2021). Standard & Poor's rating for the hybrid bond is B+ (October 2021).

Bonds

On 28 February 2023 the Company has the following bonds at its disposal:

- On 30 June and 15 August 2005 a fixed-rate coupon of 5.25% perpetual **hybrid bond** was issued to a total amount of EUR 700 million. Since 30 June 2015 the subordinated bond has a variable coupon of the 3 month Euribor interest rate plus 3.10 % p.a.

On 28 February 2023 the interest rate was applied 5.302 % p.a. for the period from 30 December 2022 to 31 March 2023 exclusively (91 days).

The Company currently does not meet the requisite conditions for termination and repayment of the bond. Neither does Südzucker AG currently intend to take any action, such as increase capital for cash or issue a new hybrid bond to fulfil the conditions for termination nor make a public offer to buy back any bonds by way of meeting a capital market compliant procedure, since this could negatively impact the rating agencies' assessment of the company's equity credit.

- On 22 November 2016 a 1.25% **bond** was issued and paid on 29 November 2016 to an amount of EUR 300 million for a 7-years period. The Notes shall be redeemed at their principal amount on 29 November 2023 (maturity date).
- On 21 November 2017 a 1.00% **bond** was issued and paid on 28 November 2017 to an amount of EUR 500 million for an 8-years period. The Notes shall be redeemed at their principal amount on 28 November 2025 (maturity date).
- During current financial year, on 24 October 2022, a 5.125% **sustainability-linked bond** was issued and paid on 31 October 2022 to an amount of EUR 400 million for a 5-years period. The Notes shall be redeemed at their principal amount on 31 October 2027 (maturity date) plus 0.50% of the principal amount in case of an adjustment event.

Results

The net result after tax for the year ended at 28 February 2023 amounts to EUR 1,448 thousand (2021/22: EUR 1,112 thousand). The increase is mainly resulting from the increased results from the financing activities of the Company which is partly offset by increased operational costs and increased corporate tax. The improved profits from financing is coming from the increased volumes and increased spread for the Company's financing activities following the new benchmark studies. The covid-19 and the Russian war against the Ukraine had no material impact on the result of the year for SZIF.

Composition of the board

The size and composition of the Board of Management and the combined experience and expertise should reflect the best fit for the profile and strategy of the Company. Currently the Board consists of two male board members.

Financial risk management

The risk appetite of the Company is limited. This is also embedded in the structure of the Company, in which external financing is applied only for internal financing purposes with limited risks. Reference is also made to disclosures below on separate risks. Additionally, a fixed spread is set on the interest expenses resulting in a higher interest income on the intercompany loan receivable. The Company has designed and implemented control measures in order to mitigate risks. These control measures are both automated and manual. Amongst others the control measures are monitoring, reviewing, 4-eye principles and authorization matrices within Südzucker group.

SZIF's financing needs are directly related to funding requests of other Südzucker Group companies. The Company's activities might expose it to a variety of financial risks: market risk (including fair value interest rate risk), credit risk, liquidity risk and cash flow interest rate risk. The Company's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Company's financial performance. The risk profile is not significantly changed in comparison with the last years.

Market risk

Market risk is defined as the risk of a loss due to a change of market prices. The Company's market risk is limited to the bonds issued by the Company. These amounts are secured by Südzucker AG and on-lent within the Südzucker Group. There is a difference in maturity of the bonds and the amounts lent. This mismatch is managed and monitored by a mid-term strategic planning, revolving financial and liquidity planning and analysis and an early refinancing of these bonds.

Credit risk

Credit risk is the risk of loss due to a counterparty's non-payment of a loan or other receivable. Following the purpose of the Company, its counterparties for loans and receivables are all related parties and hence members of the Südzucker Group. These companies have a long and proven track record of being reliable creditors and their suitability for future credit is monitored on an ongoing basis. Therefore the company's exposure to credit risk is influenced mainly by the characteristics of Südzucker Group related default risk. In case of a non-payment of a loan or other receivable of an affiliated company, SZIF has limited the risk at 1% of the outstanding amount with a maximum of EUR 10 million through an agreement with Südzucker AG. Südzucker AG, Mannheim, which has issued an unconditional and irrevocable guarantee in relation to every single bond, at year-end has a short-term A-3 rating by Standard & Poor's and a P-3 rating by Moody's. Credit ratings have a stable outlook. The expenses associated to the bonds are charged on to the lending companies through an additional premium on top of the base rate.

Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash in order to ensure payment of short-term liabilities. Liquidity risk is the risk that liabilities cannot be met when they fall due. Also a substantial and / or a simultaneous withdrawal of loans fall into such risks. The Company addresses such risk by matching the cash flows resulting from assets and liabilities wherever economically viable but also by maintaining a range of financing possibilities. As such the Company has the option on a short term deposit available with Südzucker AG. Overall, the Company believes that adequate financing instruments are available to ensure sufficient liquidity at all times.

Interest rate risk

The Company's interest rate risk arises from assets and liabilities having either a different interest rate base (fixed vs. variable) or different tenures (short term vs. long term). The Company's external borrowings are at a fixed interest rate until the maturity for the bonds and at quarter based variable interest rate for the subordinated hybrid bond. The loans are lent to the parent company and affiliated companies. Interest rates applied for intercompany loans under the SZIF Loan Pricing Policy are continuously adopted to the actual interest cost situation of the Company. These intercompany interest rates are based on the average interest expenses for the Company, including a spread. As such, the Company's cash flow interest rate risk is limited.

Taxation

SZIF had an Advance Pricing Agreement with the Dutch tax authorities (APA) till 28 February 2022. Due to changes in the legal framework, the APA was not extended. However, the previously agreed transfer pricing methodology of SZIF B.V. is retained unchanged, subject to up-to-date benchmark studies.

Governance

Based on Article 1, par. I, sub 1 in the Audit Firms Supervision Act (*Wet toezicht accountantsorganisaties*) the Company is considered as a public interest entity (*Organisatie van openbaar belang*) and following the Royal Decree of 26 July 2008, concerning the implementation of Article 41 of EC directive 2006/43 the Management of the Company assigned the Audit Committee tasks to the Audit Committee of Südzucker AG on 10 September 2012.

The members of Südzucker AG Audit Committee are Susanne Kunschert (Chairwoman), Helmut Friedl, Ulrich Gruber, Veronika Haslinger, Mustafa Öz and Rolf Wiederhold; the Audit Committee meeting to review the financial statements and management report of SZIF 2021/22 took place on 10 May 2022; the Audit Committee meeting to review the half year 2022/23 interim financial statements of SZIF took place on 11 October 2022.

Outlook for the financial year 2023/24

The Company's management expects for the fiscal year 2023/24 an improvement in profit compared to FY2022/23 . Whilst uncertain, management does not believe, that the Russian war against the Ukraine will have a material impact on the financial condition or liquidity of SZIF.

Directors' responsibility statement

All directors confirm that, to the best of their knowledge:

- the financial statements which have been prepared on a going concern basis in accordance with Part 9 of Book 2 of the Dutch Civil Code, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company;
- the Directors' report includes a fair review of the development and performance of the business and the position of the Company, together with a description of the principal risks and uncertainties they face as required pursuant to section 5:25c of the Dutch Financial Markets Supervision Act (*Wet op het financieel toezicht*).

Events after 28 February

There are no events which have occurred after 28 February 2023, which are considered as material and need to be disclosed in these financial statements.

Oud-Beijerland, 21 April 2023

The Managing Directors:

G.P. Nota

S. Moll

Financial statements

Balance sheet as at 28 February 2023

(Before profit appropriation of the year)

Assets (in € thousand)	Notes	28 February 2023	28 February 2022
Non-current assets			
Non current tangible assets		2	3
Non current financial assets			
Receivables from the shareholder	4	225,590	134,507
Receivables from affiliated companies	5	1,702,837	1,386,422
		1,928,429	1,520,932
Current assets			
Receivables			
Receivables from affiliated companies		22	-
Receivables from tax authorities	6	-	5
Prepaid expenses		7	5
Cash at banks	7	(8)	8
		21	18
Total assets		1,928,450	1,520,950

Equity and liabilities (in € thousand)	Notes	28 February 2023	28 February 2022
Shareholder's equity	8		
Share capital		10,000	10,000
Retained earnings			
Retained earnings previous years		7,722	7,610
Result of the financial year		1,448	1,112
		19,170	18,722
Long-term liabilities			
Bonds			
Bond € 300 million	9+10	-	299,416
Bond € 500 million	9+10	498,202	497,547
Bond € 400 million	9+10	395,975	-
Hybrid bond € 700 million	9+10	700,000	700,000
		1,594,177	1,496,963
Short-term liabilities			
Bond € 300 million	9+10	299,750	-
Liabilities to affiliated companies		10	34
Payable to tax authorities	11	122	8
Other payables	12	100	126
Accrued expenses	12	15,121	5,097
		315,103	5,265
Total equity and liabilities		1,928,450	1,520,950

Profit and loss account for the year

(in € thousand)	Notes	1 March 2022 - 28 February 2023	1 March 2021 - 28 February 2022
Interest income from:			
the shareholder	4	5,372	1,402
affiliated companies	5	40,326	29,762
Financial income		45,698	31,164
Interest expenses from bonds	9	40,612	26,881
Amortisation bonds discount	10	1,271	988
Other financing expenses	13	1,712	1,666
Financial expenses		(43,595)	(29,535)
Net financial result		2,103	1,629
Other operating income	14	2	25
Wages and salaries	15	110	126
Social security and pension expenses		22	24
Depreciation		1	1
Other operating expenses	16	160	125
Other operating expenses		(293)	(276)
Profit before taxation		1,812	1,378
Taxation	17	(364)	(266)
Profit after taxation		1,448	1,112

Cash flow statement

(in € thousand)	Notes	1 March 2022 - 28 February 2023	1 March 2021 - 28 February 2022
Cash flow from operating activities			
Result before taxation		1,812	1,378
Adjustment for:			
Amortisation discount on bonds issued	10	1,271	988
Other		45	94
Net cash (used in)/from operating activities		3,128	2,460
Changes in working capital:			
Movements interest payable	12	10,024	(37)
Cash flow generated from operating activities			
Income tax paid	17	(364)	(266)
Net cash generated from operating activities		12,788	2,157
Cash flows used in investment activities			
Decrease/(increase) in tangible assets		1	(1)
Decrease/(increase) in loans to affiliated companies long term	4+5	(407,498)	(1,193)
Net cash used in investment activities		(407,497)	(1,194)
Cash flows generated from financing activities			
Issuance/(redemption) of long-term bond	9	395,693	-
Dividend payment for prior year	8	(1,000)	(1,000)
Net cash generated from financing activities		394,693	(1,000)
Change in cash		(16)	(37)
Cash as at 1 March	7	8	45
Cash as at 28/29 February		(8)	8

Notes

General

1. Group affiliation and principal activity

Südzucker International Finance B.V. ('SZIF', or 'the Company'), a private company with limited liability incorporated under the laws of The Netherlands on 13 January 1994, having its corporate seat in Oud-Beijerland, the Netherlands and its registered office at Laurens Jzn. Costerstraat 12, 3261 LH Oud-Beijerland, the Netherlands and registered with the Dutch Chamber of Commerce under 33255988. All shares were issued to Südzucker AG, Mannheim, Germany.

The principal activity of the Company is to facilitate financing of Südzucker AG and group companies.

2. Basis of presentation

These financial statements have been prepared on a going concern basis in accordance with the provisions of the Dutch Civil Code, Book 2, Part 9 and the accounting principles generally accepted in the Netherlands.

The financial statements are expressed in thousand Euro, unless otherwise stated.

3. Significant accounting policies

3.1 General

In general, assets and liabilities are stated at the amounts at which they were acquired or incurred, if not specially stated otherwise. The balance sheet and profit and loss account include references to the notes.

3.2 Estimates

The preparation of the financial statements in conformity with the relevant rules requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. If necessary, the nature of these estimates and judgements, including the related assumptions, is disclosed in the applicable notes to the financial statement items in question.

3.3 Loans to shareholder and loans to affiliated companies

Loans to group companies included in the financial assets are initially measured at fair value, and subsequently carried at amortised cost.

The interest rate charged on loans to group companies has been set in conformity with the Loan Pricing Policy of the Company, using the methodology of the tax ruling obtained from the local tax authorities (APA) in the past.

The Company assesses at the reporting date whether there is any objective evidence that a financial asset or group of financial assets is impaired. A financial asset is considered impaired if, and only if, there is objective evidence of impairment as a result of one or more loss events that occurred after the initial recognition of the asset and prior to the statement of financial position date, and that loss event has had an impact on the estimated future cash flows of the financial asset that can be reliably estimated.

For loans and receivables, the amount of impairment loss is measured as the difference between the assets carrying amount and the present value of expected future cash flows discounted at the assets original effective interest rate. The amount of the loss is included in the profit and loss statement. If, in a subsequent period, the amount of impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed in the profit and loss statement.

3.4 Receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost with use of the effective interest rate method. When a trade receivable is not collectible, it is written off against the allowance for trade receivables.

3.5 Cash

Cash consist of cash at banks and deposits with a maturity of less than three months. Current account liabilities at banks are recognised under bank overdrafts forming part of current liabilities. Cash are stated at nominal value.

3.6 Equity

The Company has no statutory or mandatory reserves.

3.7 Long-term liabilities

Bonds included in long-term liabilities are initially measured at fair value net of transaction costs and subsequently valued at amortised costs.

3.8 Short-term liabilities

Short-term liabilities include under the accrued expenses the unpaid interest on the bonds. These are stated at amortised cost.

Accounting policies for the profit and loss account

3.9 General

Results on transactions are recognised in the year in which they are realised; losses are recognised in the period in which they pertain.

Income and expenses are recognised on an accrual basis in accordance with the relevant agreements.

Premiums and discounts on loans are amortised over the term of the loans in accordance with the effective interest method.

Interest paid and received is recognised on a time-weighted basis, applying the effective interest rate of the assets and liabilities concerned.

3.10 Employee related costs

Short term employee benefits

Salaries, wages and social security contributions are taken to the income statement based on the terms of employment, where they are due to employees.

3.11 Taxation

Corporate income tax is calculated on the profit/loss before taxation in the profit and loss account, taking into account tax-exempt items and non-deductible expenses, and using current tax rates.

3.12 Related-party transactions

All legal entities that can be controlled, jointly controlled or significantly influenced are considered to be a related party. Also entities which can control the Company are considered a related party. In addition, statutory directors, other key management of SZIF or Südzucker AG and close relatives are regarded as related parties.

3.13 Cash flow statement

The Cash flow statement has been prepared using the indirect method. The cash items disclosed in the cash flow statement are comprised of cash. Interest paid and received and income taxes are included in cash from operating activities. Transactions not resulting in inflow or outflow cash are not recognised in the cash flow statements.

3.14 Financial risk factors

The Company's activities might expose it to a variety of financial risks: market risk (including fair value interest rate risk), credit risk, liquidity risk and cash flow interest rate risk. The Company's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Company's financial performance.

The risk profile is not significantly changed in comparison with the last fiscal years.

- *Market risk*

Market risk is defined as the risk of a loss due to a change of market prices. The Company's market risk is limited to the bonds issued by the Company. These amounts are secured by Südzucker AG and on-lent within the Südzucker Group. There is a difference in maturity of the bonds and the amounts lent. This mismatch is managed and monitored by a mid-term strategic planning, revolving financial and liquidity planning and analysis and an early refinancing of these bonds.

- *Credit risk*

Credit risk is the risk of loss due to a counterparty's non-payment of a loan or other receivable. Following the purpose of the Company, its main counterparties for loans and receivables are all related parties and hence members of the Südzucker Group. These companies have a long and proven track record of being reliable creditors, and their suitability for future credit is monitored on an ongoing basis. In cooperation with Südzucker AG headquarters, assessments of credit risk are made. The maximum credit risk exposure is EUR1.9 billion (2021/22: EUR 1.5 billion). The company's exposure to credit risk is influenced mainly by the characteristics of Südzucker Group related default risk. In case of a non-payment of a loan or other receivable of an affiliated company, SZIF has limited the risk at 1% of the outstanding amount with a maximum of EUR 10 million through an agreement with Südzucker AG. Südzucker AG, Mannheim, which has issued an unconditional and irrevocable guarantee in relation to every single bond, at year-end has a short-term A-3 rating by Standard & Poor's and a P-3 rating by Moody's. Credit ratings have a stable outlook. The expenses associated to the bonds are charged on to the lending companies through an additional premium on top of the base rate.

- *Liquidity risk*

Prudent liquidity risk management implies maintaining sufficient cash in order to ensure payment of short-term liabilities. Liquidity risk is the risk that liabilities cannot be met when they fall due. Also a substantial and / or a simultaneous withdrawal of loans fall into such risks. The Company addresses such risk by matching the cash flows resulting from assets and liabilities wherever economically viable but also by maintaining a range of financing possibilities. As such the Company has the option on a short term deposit readily available with Südzucker AG. Overall the Company believes that adequate financing instruments are available to ensure sufficient liquidity at all times.

- *Interest rate risk*

The Company's interest rate risk arises from assets and liabilities having either a different interest rate base (fixed vs. variable) or different tenures (short term vs. long term). The Company's external borrowings are at a fixed interest rate until the maturity for the bonds and at quarter based variable interest rate for the subordinated hybrid bond. The loans are lent to the parent company and affiliated companies. Interest rates applied for intercompany loans under the SZIF Loan Pricing Policy are continuously adopted to the actual interest cost situation of the Company. These intercompany interest rates are based on the average interest expenses for the Company, including a spread. The interest rates and interest conditions on the issued bonds are equal to these on the loans to affiliated companies. Therefore, the Company is not exposed to variability of cash flows due to market developments in interest rates.

Balance sheet

4. Receivables from the shareholder

(in € thousand)	28 February 2023	28 February 2022
Loans	225,590	134,507
	225,590	134,507

The loan to the shareholder is a long-term loan with no scaled maturity which bears interest at 3.77% since 30 December 2022 in accordance with the loan policy. The interest is variable and will change every calendar quarter end depending on the interest rate of the hybrid bond.

Due to the quarterly interest rates revisions the interest rate is assumed to be equal to the effective interest rate.

The fair value of the loans does not differ materially from the recorded amount in the balance sheet due to the variable interest on the loans.

5. Receivables from affiliated companies

(in € thousand)	28 February 2023	28 February 2022
Loans to affiliated companies	1,702,837	1,386,422
	1,702,837	1,386,422

The loans to affiliated companies consist of:

- EUR 48,600,000 long-term loan with no scaled maturity to Südzucker Moldova S.A. which bears interest at 3.96% since 30 December 2022 in accordance with the loan policy. This includes an additional spread for withholding tax.
- EUR 1,654,237,000 long-term loans with no scaled maturity to other affiliated companies which bear interest at 3.77% since 30 December 2022 in accordance with the loan policy.

The interest is variable and will change every calendar quarter end depending on the interest rate of the hybrid bond. Due to the quarterly interest rates revisions the interest rate is assumed to be equal to the effective interest rate.

The fair value of the loans does not differ materially from the recorded amount in the balance sheet due to the variable interest on the loans.

6. Receivables from tax authorities

As at 28 February 2023, there is no receivable from tax authorities. The receivables from tax authorities of last year resulted from the higher prepayments compared to the calculated corporate tax.

7. Cash at banks

The current accounts are held with Deutsche Bank AG, Amsterdam and ING Bank N.V., Amsterdam. None of this cash is restricted as at 28 February 2023. The amount is negative due to a negative balance with Deutsche Bank AG.

8. Shareholder's equity

(in € thousand)	Paid-up and issued capital	Retained earnings	Profit financial year	Total
Shareholder's equity as at 1 March 2021	10,000	7,463	1,147	18,610
Appropriation of net result 2020/21	-	147	(147)	-
Dividend payment	-	-	(1,000)	(1,000)
Net result for the year 1 March 2021 - 28 February 2022	-	-	1,112	1,112
Shareholder's equity as at 28 February 2022	10,000	7,610	1,112	18,722
Appropriation of net result 2021/22	-	112	(112)	-
Dividend payment	-	-	(1,000)	(1,000)
Net result for the year 1 March 2022 - 28 February 2023	-	-	1,448	1,448
Shareholder's equity as at 28 February 2023	10,000	7,722	1,448	19,170

As at 28 February 2023, 220,365 ordinary shares have been issued and fully paid of EUR 45.38 each for a total of EUR 10,000,163.70.

The retained earnings represent the withheld profits of prior financial years.

In accordance with Article 18 of the Articles of Association, the net result for the year is at the disposal of the General Meeting of the Shareholders.

The proposal to the General Meeting of the Shareholders will be:

- to pay a dividend for FY 2022/23 of EUR 1 million on 26 May 2023;
- to add the remaining amount to the retained earnings.

9. Long-term liabilities

SZIF has issued the following bonds under the law of the Federal Republic Germany outstanding per 28 February 2023:

- On 30 June 2005 the Company issued a hybrid bond to an amount of EUR 500 million at a rate of 98.669%. This amount was increased on 15 August 2005 by an amount of EUR 200 million at a rate of 99.113%. The hybrid bond is divided into a nominal value of EUR 1,000 each. In the first ten years till 30 June 2015 the subordinated bond has a fixed coupon of 5.25%. Since 30 June 2015 the subordinated bond has a variable coupon of the 3 month Euribor interest rate plus 3.10% p.a. effective. The interest rate was set at 5.302% p.a. for the period from 30 December 2022 to 31 March 2023 exclusively (91 days).

The Company currently does not meet the requisite conditions for termination and repayment of the bond, such as increase of capital in cash or issuance of a new hybrid bond within the last 12 months.

Furthermore, the terms and conditions of the bond provide SZIF, in the event of a dividend event, with

the option to defer the interest coupon payments. An optional (voluntary) coupon suspension may occur if no dividend was approved for shares of Südzucker AG at the last annual general meeting. In case of a Cash Flow-Event, SZIF is obliged to suspend remuneration payments. A Cash Flow-Event shall exist if the consolidated Cash Flow of the Guarantor Südzucker AG is less than 5 % of the consolidated Sales Revenues of the Guarantor Südzucker AG, in each case as shown in the annual report containing the audited financial statements of the Guarantor Südzucker AG.

This hybrid bond is guaranteed by Südzucker AG, Mannheim.

The fair value of this bond as at 28 February 2023 amounts to 91.4% (28 February 2022: 84.11%) at the Frankfurt Stock Exchange for a total amount of EUR 639.8 million.

- On 22 November 2016 the Company issued a 1.25% bond for an amount of EUR 300 million with a payment date of 29 November 2016 at the Luxembourg Stock Exchange. The bond has been issued against a rate of 99.687%. Redemption of the EUR 300 million takes place on 29 November 2023. Therefore the bond has been reported as short-term liability per 28 February 2023.

This bond is also guaranteed by Südzucker AG, Mannheim.

The fair value of this bond as at 28 February 2023 amounts to 98.315% (28 February 2022: 101.355%) at the Frankfurt Stock Exchange for a total amount of EUR 294.945 million.

- On 21 November 2017 the Company issued a 1.00% bond for an amount of EUR 500 million with a payment date of 28 November 2017 at the Luxembourg Stock Exchange. The bond has been issued against a rate of 99.367%. Redemption of the EUR 500 million takes place on 28 November 2025.

This bond is also guaranteed by Südzucker AG, Mannheim.

The fair value of this bond as at 28 February 2023 amounts to 93.5% (28 February 2022: 100.25%) at the Frankfurt Stock Exchange for a total amount of EUR 467.5 million.

- On 24 October 2022 the Company issued a 5.125% sustainability-linked bond for an amount of EUR 400 million with a payment date of 31 October 2022 at the Luxembourg Stock Exchange. The bond has been issued against a rate of 99.471%. Redemption of the EUR 400 million takes place on 31 October 2027. With this sustainability-linked bond, the Company has undertaken to pay investors a redemption premium of 0.5% of the nominal value if, by the observation date of 31 December 2026, the sustainability target of reducing Südzucker Group's carbon dioxide emissions scope 1+2 (SPT) by 32% compared to the historical reference date of 31 December 2018 is not met.

This bond is also guaranteed by Südzucker AG, Mannheim.

The fair value of this bond as at 28 February 2023 amounts to 102.165% at the Frankfurt Stock Exchange for a total amount of EUR 408.66 million.

The fair values of these loans are determined by market quotations of these bonds on 28 February 2023.

10. Bond discount

All the bonds will be amortised over the term of these loans in accordance with the linear interest method.

(in € thousand)	Bond discount at		Balance end FY	Bond discount book value	
	cost	Amortisation		long-term	short-term
1 March 2021	7,571	(3,546)	4,025	4,025	-
Movements FY 2021/22:					
Amortisation		(988)	(988)		
28 February 2022	7,571	(4,534)	3,037	3,037	-
Movements FY 2022/23:					
New bond € 400 million	4,308		4,308		
Amortisation		(1,271)	(1,271)		
28 February 2023	11,879	(5,805)	6,074	5,823	251

The discount of the new bond € 400 million consist of :

	In € thousand)
Disagio 99,471%	2,116
Fee bank syndicate, legal advice costs, rating letter fee and others	2,192

11. Payable to tax authorities

(in € thousand)	28 February 2023	28 February 2022
Other tax	1	1
VAT	2	7
Corporate income tax	119	-
	122	8

As at 28 February 2023, the estimated corporate tax of FY 2022/23 is higher than the prepayments made to the tax authorities.

12. Other payables / Accrued expenses

(in € thousand)	28 February 2023	28 February 2022
Interest accrual on bonds	15,121	5,097
Other payables	100	126
	<u>15,221</u>	<u>5,223</u>

The remaining term of the interest accrual and other payables is less than one year.

Profit and loss account

13. Other financing expenses

(in € thousand)	1 March 2022 - 28 February 2023	1 March 2021 - 28 February 2022
Guarantee fee paid to Südzucker AG	1,654	1,521
Withholding tax Poland and Moldova	49	37
Other financial expenses	9	108
	1,712	1,666

14. Other income

Recharging other affiliated companies for labour and other costs paid by SZIF and made in order of the services provided for these affiliated companies.

15. Wages and salaries

(in € thousand)	1 March 2022 - 28 February 2023	1 March 2021 - 28 February 2022
Wages (incl. holiday pay)	76	92
Bonus	34	34
	110	126

The wages decreased as the services provided to other affiliated companies ended in the course of FY 2022/23.

16. Other operating expenses

The operating expenses can be split in:

(in € thousand)	1 March 2022 - 28 February 2023	1 March 2021 - 28 February 2022
Independent audit of the financial statements	64	55
Tax advice	29	27
Legal advice	-	(9)
Group support services	48	35
Building rental	6	6
IT	4	4
Website	2	2
Other expenses	7	5
	160	125

The audit services for financial year 2022/23 are provided by Mazars Accountants N.V., Rotterdam (previous year by Ernst & Young Accountants LLP, Amsterdam). The tax advices are provided by KPMG Meijburg & Co, Belastingadviseurs, Rotterdam.

SZIF also obtains support services from the Südzucker Group Treasury department in line with the function split described in the Transfer Pricing documentation.

17. Taxation

(in € thousand)	1 March 2022 - 28 February 2023	1 March 2021 - 28 February 2022
Taxable amount	1,866	1,420
Income tax current year	443	329
Nominal tax rate	23.7%	23.2%
Restitution withholding tax	(49)	(37)
	394	292
Income tax previous year	(30)	(26)
	364	266
Profit before tax	1,812	1,378
Effective tax rate	20.1%	19.3%

18. Related parties

Südzucker International Finance BV is a 100% subsidiary of Südzucker AG, Mannheim, Germany. SZIF supplies financing facilities exclusively to Südzucker AG and other companies within the Südzucker AG group. During the year the Company concluded several financing transactions with its parent and affiliated companies. The interest and other conditions are determined on arm's length basis.

19. Employees

The Company employed 2 persons during FY 2022/23 with an average of 0.65 FTE (2021/22: 0.65 FTE) in the Netherlands. There are no employees abroad. One person of the management has a bonus contract (not included in FTE).

20. Benefits management board

The total remuneration of the members of the management board of the Company is:

(in € thousand)	1 March 2022 - 28 February 2023	1 March 2021 - 28 February 2022
Wages and salaries		
Wages	15	34
Bonus	34	34
Social security and pension expenses	1	2
	50	70

One of the directors has a labour contract and another director has a bonus contract.

21. Commitments and contingencies not included in the balance sheet

There are no commitments and contingencies, which are not included in the balance sheet.

22. Events after the balance sheet date

There are no events occurring after the balance sheet date.

23. Profit appropriation

In accordance with Article 18 of the Articles of Association, the net result for the year is at the disposal of the General Meeting of the Shareholders.

The proposal to the General Meeting of the Shareholders will be:

- to pay a dividend of EUR 1 million on 26 May 2023;
- the remaining amount to the retained earnings.

Oud-Beijerland, 21 April 2023

The Managing Directors:

G.P. Nota

S. Moll

Other information

Independent auditor's report

The independent auditor's report is taken up on the following page.

Articles of association

In accordance with Article 18 of the Articles of Association, the net result for the year is at the disposal of the General Meeting of the Shareholders.

Independent auditor's report

To the General Meeting of Shareholders of Südzucker International Finance B.V.

Report on the audit of the financial statements for the year ended 28 February 2023 included in the annual report

Our opinion

We have audited the financial statements for the year ended 28 February 2023 of Südzucker International Finance B.V. In our opinion the accompanying financial statements give a true and fair view of the financial position of Südzucker International Finance B.V. as at 28 February 2023 and of its result for the year then ended in accordance with Part 9 of Book 2 of the Dutch Civil Code.

The financial statements comprise:

- the balance sheet as at 28 February 2023;
- the profit and loss account for the year ended 28 February 2023; and
- the notes comprising a summary of the accounting policies and other explanatory information.

Basis for our opinion

We conducted our audit in accordance with Dutch law, including the Dutch Standards on Auditing. Our responsibilities under those standards are further described in the 'Our responsibilities for the audit of the financial statements' section of our report.

We are independent of the company in accordance with the "EU Regulation on specific requirements regarding statutory audit of public-interest entities", the "Audit firms supervision act" (Wta), "Dutch Independence Standard regarding assurance engagements (ViO)" and other relevant independence requirements in the Netherlands. Furthermore, we have complied with the "Dutch Code of Ethics (VGBA)".

We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Information in support of our opinion

We designed our audit procedures in the context of our audit of the financial statements as a whole and in forming our opinion thereon. The following information in support of our opinion and any findings were addressed in this context, and we do not provide a separate opinion or conclusion on these matters.

Materiality

Based on our professional judgement we determined the performance materiality for the financial statements as a whole at EUR 15.0 million. The materiality is based on total assets. We use total assets given the company's main activity is issuing notes for the purpose of intra-group lending. We have also taken into account misstatements and/or possible misstatements that in our opinion are material for the users of the financial statements for qualitative reasons.

We agreed with the management that misstatements in excess of EUR 0.5 million, which are identified during the audit, would be reported to them, as well as smaller misstatements that in our view must be reported on qualitative grounds.

Audit response to the risks of fraud

The company's fraud risk assessment and response to fraud risks

As part of our audit, we have obtained an understanding of the company and its environment, and assessed the company's internal controls in relation to fraud and non-compliance. This includes obtaining an understanding of management's processes for identifying and responding to the risks of fraud and non-compliance in the company, and how management exercises oversight over these processes, as well as the outcomes.

Our fraud risk assessment

We identified fraud risk factors with respect to financial reporting fraud, misappropriation of assets and corruption. We evaluated if those factors indicate that a risk of material misstatement in the financial statements is present. We had special attention for the fraud risk of management override of controls. We identified this risk primarily in the area where journal entries are recorded in the general ledger and other adjustments are made in the preparation of the financial statements and where judgement is involved, such as in relation to the valuation of the loans issued for which we refer to our key audit matter. We rebutted the presumed fraud risk on revenue because of the nature of the transactions. Revenue consists of interest income on the outstanding intercompany loans.

Our specific response to the identified and assessed fraud risks

We have evaluated the design and the implementation and, where considered appropriate, tested the operating effectiveness of internal controls that mitigate fraud risks. We have, among others, performed journal entry testing procedures based upon risk criteria and paid attention to the appropriateness of journal entries in the general ledger and other adjustments made in the preparation of the financial statements.

Our observation

The aforementioned audit procedures have been performed in the context of the audit of the financial statements. Consequently, they are not planned and performed as a specific investigation regarding fraud. Our audit procedures did not lead to specific indications or reasonable suspicion of fraud that is considered material to the financial statements.

Audit response to the risks of Going concern

In preparing the financial statements, management must consider whether the company is able to continue as a going concern. Management must prepare financial statements on the going concern basis unless management intends to liquidate the company or cease operations or if termination is the only realistic alternative.

Management of the company has assessed the quality of the borrowers of the loans provided by the company taking into account the guarantee provided by Südzucker AG. Management has not identified any circumstances that could threaten the continuity of the company and thus concludes that the going concern assumption is appropriate for the company. Our audit of the financial statements requires us to determine that the going concern assumption used by management is acceptable. In doing so, based on the audit evidence obtained, we must determine whether there are any events or circumstances that might cast reasonable doubt on whether the company can continue as a going concern. We have, among other procedures, verified management's assumption, the structure of the company and also refer to our work on the valuation of loans issued included as key audit matter.

Our observation

Based on the procedures performed by us, we are of the opinion that the financial statements have been properly prepared on the going concern basis. However, future events or circumstances could cause the company to be unable to continue as a going concern.

Our key audit matter

Key audit matters are those matters that, in our professional judgement, were of most significance in the audit of the financial statements, but they are not a comprehensive reflection of all matters that were identified by our audit and that we discussed with management of the company. We described the key audit matter and included a summary of the audit procedures we performed on this matter.

Valuation of the loans outstanding

Südzucker International Finance B.V. (“the company”) has issued notes to grant intercompany loans to Südzucker AG and affiliated companies of Südzucker AG. In case of a non-payment of a loan of an affiliated company, the company has limited the risk at 1% of the outstanding amount with a maximum of EUR 10 million through an agreement with Südzucker AG.

As disclosed in note 3 of the financial statements, loans to group companies are accounted for at amortised costs less impairments. The valuation of a loan is depending on the credit risk related to that loan. When there is an indication that a loan will not be recovered in full in accordance with the contractual terms, the company needs to perform an impairment calculation. Due to the company’s dependency on the creditworthiness of Südzucker AG to meet the obligations to its noteholders, we consider the valuation of loans to be a key audit matter.

We have performed audit work addressing the valuation of the loans issued to Südzucker AG and affiliated companies, through:

- confirmation procedures with the counterparties of the loans;
- assessment of the credit risk position of the loans outstanding considering the agreement between the company and Südzucker AG that limits the credit risks of the company.
- evaluating the managing director’s assessment that there is no objective evidence at 28 February 2023 that the loans outstanding were impaired, including an evaluation of the financial position of Südzucker AG and its credit rating.
- evaluating the adequacy of the disclosures in the Financial Statements in accordance with Dutch Accounting Standard 290.

We found that Management’s assessment of the recoverability of the loans outstanding resulted in a balanced outcome and that the risk is adequately disclosed in the credit risk disclosure in note 3 of the financial statements.

Report on the other information included in the annual report

In addition to the financial statements and our auditor’s report thereon, the annual report contains other information that consists of:

- Report of the Director’s;
- Other information as required by Part 9 of Book 2 of the Dutch Civil Code.

Based on the following procedures performed, we conclude that the other information:

- is consistent with the financial statements and does not contain material misstatements;
- contains the information as required by Part 9 of Book 2 of the Dutch Civil Code.

We have read the other information. Based on our knowledge and understanding obtained through our audit of the financial statements or otherwise, we have considered whether the other information contains material misstatements.

By performing these procedures, we comply with the requirements of Part 9 of Book 2 of the Dutch Civil Code and the Dutch Standard 720. The scope of the procedures performed is substantially less than the scope of those performed in our audit of the financial statements.

The Director is responsible for the preparation of the other information, including the Director's Report in accordance with Part 9 of Book 2 of the Dutch Civil Code and other information as required by Part 9 of Book 2 of the Dutch Civil Code.

Report on other legal and regulatory requirements

Engagement

We were appointed as auditor of Südzucker International Finance B.V. as of the audit for the year ended 28 February 2023.

No prohibited non-audit services

We have not provided prohibited non-audit services as referred to in Article 5(1) of the EU Regulation on specific requirements regarding statutory audit of public-interest entities.

European Single Electronic Format (ESEF)

Südzucker International Finance B.V. has prepared its annual report in ESEF. The requirements for this format are set out in the Commission Delegated Regulation (EU) 2019/815 with regard to regulatory technical standards on the specification of a single electronic reporting format (hereinafter: the RTS on ESEF).

In our opinion, the annual report prepared in XHTML format, including the financial statements of Südzucker International Finance B.V., complies in all material respects with the RTS on ESEF.

Management is responsible for preparing the annual report including the financial statements in accordance with the RTS on ESEF. Our responsibility is to obtain reasonable assurance for our opinion whether the annual report complies with the RTS on ESEF.

Our procedures taking into account Alert 43 of NBA (the Netherlands Institute of Chartered Accountants), included amongst others:

- obtaining an understanding of the company's financial reporting process, including the preparation of the annual report prepared in XHTML format;
- examining the annual report in XHTML format, whether it is in accordance with the RTS on ESEF.

Description of responsibilities regarding the financial statements

Responsibilities of the Director for the financial statements

The Director is responsible for the preparation and fair presentation of the financial statements in accordance with Part 9 of Book 2 of the Dutch Civil Code. Furthermore, the Director is responsible for such internal control as the Director determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

As part of the preparation of the financial statements, the Director is responsible for assessing the company's ability to continue as a going concern. Based on the financial reporting frameworks mentioned, the Director should prepare the financial statements using the going concern basis of accounting unless the Director either intends to liquidate the company or to cease operations, or has no realistic alternative but to do so.

The Director should disclose events and circumstances that may cast significant doubt on the company's ability to continue as a going concern in the financial statements.

Our responsibilities for the audit of the financial statements

Our objective is to plan and perform the audit assignment in a manner that allows us to obtain sufficient and appropriate audit evidence for our opinion.

Our audit has been performed with a high, but not absolute, level of assurance, which means we may not detect all material errors and fraud during our audit.

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 financial statements. The materiality affects the nature, timing and extent of our audit procedures and the evaluation of the effect of identified misstatements on our opinion.

We have exercised professional judgement and have maintained professional scepticism throughout the audit, in accordance with Dutch Standards on Auditing, ethical requirements and independence requirements. Our audit included e.g.:

- identifying and assessing the risks of material misstatement of the financial statements, whether due to fraud or error, designing and performing audit procedures responsive to those risks, and obtaining audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- obtaining an understanding of internal control relevant to the audit 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 the company's internal control;

- evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Director;
- concluding on the appropriateness of the Director's 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 company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. 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 a company to cease to continue as a going concern;
- evaluating the overall presentation, structure and content of the financial statements, including the disclosures; and
- evaluating whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the management regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant findings in internal control that we identify during our audit. In this respect we also submit an additional report to management in accordance with Article 11 of the EU Regulation on specific requirements regarding statutory audit of public-interest entities. The information included in this additional report is consistent with our audit opinion in this auditor's report.

We provide management with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the management, we determine the key audit matters: those matters that were of most significance in the audit of the financial statements. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, not communicating the matter is in the public interest.

Amsterdam, 21 April 2023

Mazars Accountants N.V.

Original was signed by J.C. van Oldenbeek MSc RA