# H1 2022|23

REPORT ON THE
FIRST HALF OF 2022|23

## First half of 2022|23 at a glance

- Revenue: € 1,792.3 million (+25.8%; H1 prior year: € 1,424.4 million)
- Operating profit before exceptional items and results of equity-accounted joint ventures: € 86.5 million (+111.0%; H1 prior year: € 41.0 million)
- EBIT: € 11.1 million (–75.2%; H1 prior year: € 44.8 million)
- EBIT margin: 0.6% (H1 prior year: 3.1%)
- (Loss)/profit for the period: loss of € 17.0 million (–162.7%; H1 prior year: profit of € 27.1 million)
- Equity ratio: 47.4% (28 February 2022: 48.5%)
- Gearing ratio[1]: 52.3% (28 February 2022: 41.5%)
- Number of employees (FTE)[2]: 8,937 (H1 prior year: 8,818)

[1] Ratio of net debt to total equity.
[2] Average number of full-time equivalents in the reporting period.

## Contents

# Letter from the Management Board

Dear Investor,

With € 86.5 million in operating profit before adjustments, we closed the first half of 2022|23 operationally better than expected (H1 prior year: € 41.0 million). However, a required impairment test at 31 August 2022 resulted in the recognition of impairment on assets and goodwill in our Fruit cash generating unit. This non-cash, exceptional write-down of € 91.2 million, which, in addition to the Ukraine war, was due above all to rapidly rising capital costs, represents further evidence of the current volatile and uncertain economic times.

The war in Ukraine, which has now continued for almost eight months, has created a new level of unpredictability in the markets. It is fair to say that the energy market is beyond reason and commodity exchanges are increasingly decoupling from the physical market. Although at AGRANA we feel the many challenges more keenly from month to month, it should first be emphasised that many things were done right in our company in the first half of the year, a fact which is also reflected in the strong operating performance. All segments achieved a year-on-year improvement in pre-exceptionals operating profit, with particularly good results in the Starch and Sugar segments. In the Fruit segment, we are glad to report that our colleagues in Ukraine have remained physically unscathed by the hostilities. It is also a real accomplishment that, in the past three months, capacity utilisation in the Ukrainian fruit plants was able to be maintained at a good level of about 50%. The second half of AGRANA's financial year is always a time of intensive campaign production (beet, potato, wet corn, apple). In the Fruit segment, a good 2022 apple campaign in volume terms (on par with the previous year) should lead to continued strong results in the fruit juice concentrate business in the second half of 2022|23. Beet processing in the Sugar segment has been underway at all plants since the beginning of October. Capacity utilisation is expected to be less than last year due to lower beet volumes, but rising sugar prices should ensure that Sugar earnings continue to stabilise in positive territory.

The high energy prices are increasingly burdensome for AGRANA as an industrial food processor. Assuring security of supply for our customers is a top priority. This is why, with a view to the high dependence on Russian gas, we started planning as early as March 2022 how to maintain our energy supplies, especially during the energy-intensive campaigns, and thus ensure processing security. The solution we chose was to use extra light heating oil next to natural gas, requiring the conversion of systems in the relevant sugar and starch factories. Since October, the two Austrian sugar plants have been able to burn both fuels, and the Austrian starch factories in Aschach and Gmünd are to be similarly converted by this winter.

We are aware that these measures to ensure production continuity currently run counter to our sustainability measures. Nevertheless, AGRANA remains committed to its ambitious plans for climate protection, as the switch to renewable energy sources is unavoidable in the medium to long term. The goal remains to decarbonise our production (Scope 1 and 2 emissions) by 2040. In the first half of 2022|23, we worked intensively on the further development of our climate strategy, which we will submit for verification as part of our membership in the Science Based Targets initiative in autumn 2022. New photovoltaic systems are constantly being commissioned at our plants to generate even more green electricity.

Dear valued shareholder, in our outlook for the full year 2022|23, despite all the challenges, we expect the Group's earnings measure of "operating profit before exceptional items and results of equity-accounted joint ventures" to be significantly higher than for the 2021|22 financial year[1]. Continuing keys to success – both generally, and in achieving this goal – will be flexibility, exploitation of all potential for productivity gains, and effective price negotiations in purchasing and sales. Pulling together in solidarity is important in these turbulent times, as inflation is an issue affecting everyone in the value chain. AGRANA's steadfast aim is to be a reliable partner to our stakeholders.

The Management Board team of AGRANA Beteiligungs-AG

| | | | |
|---|---|---|---|
| **Markus Mühleisen**<br>Chief Executive Officer | **Ingrid-Helen Arnold** | **Stephan Büttner** | **Norbert Harringer** |

[1] Also see the "Outlook" section on page 16 (including the disclaimer).

# Group management report

## AGRANA Group results for the first half of 2022|23

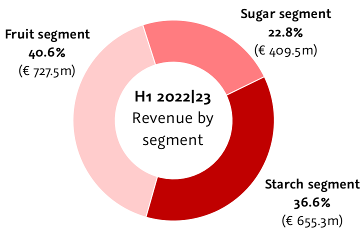
### Revenue and earnings

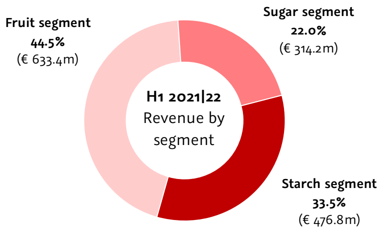
| **Consolidated income statement (condensed)**<br>€m, except as otherwise indicated | **H1 2022\|23** | **H1 2021\|22** |
|---|---|---|
| Revenue | 1,792.3 | 1,424.4 |
| EBITDA[1] | 141.2 | 94.0 |
| Operating profit before exceptional items and results of equity-accounted joint ventures | 86.5 | 41.0 |
| Share of results of equity-accounted joint ventures | 13.5 | 6.1 |
| Exceptional items | (88.9) | (2.3) |
| **Operating profit [EBIT]** | **11.1** | **44.8** |
| **EBIT margin** | **0.6%** | **3.1%** |
| Net financial items | (10.2) | (7.1) |
| Profit before tax | 0.8 | 37.7 |
| Income tax expense | (17.8) | (10.6) |
| (Loss)/profit for the period | (17.0) | 27.1 |
| Attributable to shareholders of the parent | (21.5) | 28.0 |
| (Loss)/earnings per share (€) | (0.34) | 0.45 |

| **Consolidated income statement (condensed)**<br>€m, except as otherwise indicated | **Q2 2022\|23** | **Q2 2021\|22** |
|---|---|---|
| Revenue | 906.0 | 718.6 |
| EBITDA[1] | 69.1 | 49.2 |
| Operating profit before exceptional items and results of equity-accounted joint ventures | 41.6 | 22.3 |
| Share of results of equity-accounted joint ventures | 6.9 | 3.9 |
| Exceptional items | (89.0) | (2.3) |
| **Operating (loss)/profit [EBIT]** | **(40.5)** | **23.9** |
| **EBIT margin** | **(4.5%)** | **3.3%** |
| Net financial items | (4.4) | (3.3) |
| (Loss)/profit before tax | (45.0) | 20.6 |
| Income tax expense | (8.1) | (5.6) |
| (Loss)/profit for the period | (53.1) | 15.0 |
| Attributable to shareholders of the parent | (55.6) | 15.3 |
| (Loss)/earnings per share (€) | (0.89) | 0.24 |

In the financial first half of 2022|23 (the six months ended 31 August 2022), **revenue** of the AGRANA Group was € 1,792.3 million, up significantly from the same period one year earlier, with the growth coming primarily from adjusted prices in all segments, as well as higher sales volumes in the Sugar segment.

**Operating profit (EBIT)** was € 11.1 million in the first half of 2022|23, a very significant decrease from the year-ago level of € 44.8 million. The decline in EBIT was due to a net exceptional items expense of € 88.9 million (H1 prior year: net expense of € 2.3 million) as a result of impairment losses on assets and goodwill in the Fruit segment. Further details on exceptional items can be found in the Fruit segment report (page 9) and in the notes to the interim financial statements (from page 22). In the Fruit segment, the impairment resulted in an EBIT loss of € 60.0 million (H1 prior year: EBIT profit of € 25.8 million). The segment's operating performance excluding exceptional items was moderately positive. Meanwhile, the continuing excellent ethanol business drove a very significant rise in Starch segment EBIT to € 56.7 million (H1 prior year: € 29.0 million). In the Sugar segment, higher margins and sales volumes compared to the prior-year comparative period led to EBIT of € 14.4 million and thus a return to profits (H1 prior year: loss of € 10.0 million). The Group's **net financial items** amounted to an expense of € 10.2 million (up from a € 7.1 million expense in the year-earlier period) due primarily to an adverse change in currency translation differences. After an income tax expense of € 17.8 million, corresponding to a tax rate of more than 100% (H1 prior year: 28.1%), **loss for the period** was € 17.0 million (H1 prior year: profit for the period of € 27.1 million). The **earnings result per share** attributable to AGRANA shareholders turned to a loss of € 0.34 (H1 prior year: earnings of € 0.45 per share).




[1] EBITDA represents operating profit before exceptional items, results of equity-accounted joint ventures, and operating depreciation and amortisation.

## Investment[1]

In the first half of the 2022|23 financial year, AGRANA invested € 35.7 million, or € 5.4 million more than in the year-earlier comparative period. Capital expenditure by segment was as follows:

| **Investment** €m, except % | **H1 2022\|23** | **H1 2021\|22** | **Change** |
|---|---|---|---|
| Fruit segment | 10.9 | 12.2 | −10.7% |
| Starch segment | 7.7 | 7.4 | 4.1% |
| Sugar segment | 17.1 | 10.7 | 59.8% |
| **Group** | **35.7** | **30.3** | **17.8%** |

In addition to the regular projects for product quality improvement, asset replacement and maintenance across all production sites, the following individual investments are worthy of note:

## Fruit segment

- Acquisition of new stainless steel containers, for asset replacement and capacity expansion in Mitry-Mory, France
- Installation of new facilities for product diversification ("brown" flavours[2]) in Jacona, Mexico
- Completion of the application laboratory in Dachang, China

## Starch segment

- Measures to increase specialty corn processing in Aschach, Austria
- Expansion of the company wastewater treatment plants in Aschach and Gmünd, Austria
- Enhancing flexibility in the choice of energy sources used, in order to safeguard production at all sites

## Sugar segment

- Replacement of three white sugar centrifuges in Tulln, Austria
- Replacement of the evaporators in Sereď, Slovakia, to reduce energy consumption
- Renewal of the evaporation station in Opava, Czech Republic, to save energy
- Conversion of the packaging plants in Buzău, Romania

Additionally in the first half of 2022|23, € 8.2 million (H1 prior year: € 6.5 million) was invested in the equity-accounted joint ventures (the HUNGRANA and STUDEN groups and Beta Pura GmbH; values for these entities are stated at 100% of the total).

## Energy

In the first half of 2022|23, the already high prices for AGRANA's main energy source, natural gas, continued to rise, more than doubling – and temporarily even tripling – for the campaign period (the time of processing of seasonal raw materials from September 2022 to January 2023). Pricing is no longer based on supply and demand but is determined by the reactions of market participants to crisis scenarios and by political influence. AGRANA has contracted for the required natural gas volumes for the 2022 campaigns with its energy suppliers. However, the uncertainty regarding a guaranteed natural gas supply in Europe, both in terms of volume and price, remains. For this reason, AGRANA decided at the beginning of the financial year to prepare a supply of extra-light heating oil as an alternative fuel. A total of about € 10 million was invested in heating-oil burners at all Austrian sites of the Sugar and Starch segments. In addition to securing the required quantities of heating oil, a particular challenge now lies in the delivery and storage logistics. From October 2022 to March 2023, AGRANA plans to be able to convert the majority of production capacity to the use of extra-light heating oil.

[1] Investment represents purchases of property, plant and equipment and intangible assets, excluding goodwill.
[2] "Brown" flavours include, for example, chocolate, caramel, toffee and nougat.

# Cash flow

| **Consolidated cash flow statement (condensed)**<br>€m, except % | **H1 2022\|23** | **H1 2021\|22** | **Change** |
|---|---|---|---|
| Operating cash flow before changes in working capital | 135.3 | 90.9 | 48.8% |
| Changes in working capital | (166.9) | (34.7) | −381.0% |
| Interest received and paid and income tax paid, net | (11.9) | (16.9) | 29.6% |
| **Net cash (used in)/from operating activities** | **(43.5)** | **39.3** | **−210.7%** |
| Net cash (used in) investing activities | (29.3) | (23.0) | −27.4% |
| Net cash from financing activities | 93.0 | 5.3 | 1,654.7% |
| **Net increase in cash and cash equivalents** | **20.2** | **21.6** | **−6.5%** |
| Effects of movement in foreign exchange rates and hyperinflation adjustments on cash and cash equivalents | 4.4 | (0.4) | 1,200.0% |
| Cash acquired in initial consolidation of subsidiaries | 0.0 | 0.8 | −100.0 % |
| Cash and cash equivalents at beginning of period | 103.6 | 111.0 | −6.7% |
| **Cash and cash equivalents at end of period** | **128.2** | **133.0** | **−3.6%** |

Operating cash flow before changes in working capital increased to € 135.3 million in the first half of 2022|23 (H1 prior year: € 90.9 million), due mainly to the better operating performance combined with high non-cash impairment charges. After a much larger increase of € 166.9 million in working capital than one year earlier (H1 prior year: increase of € 34.7 million), net cash used in operating activities in the first half of 2022|23 was € 43.5 million (H1 prior year: net cash of € 39.3 million from operating activities). Net cash used in investing activities rose to € 29.3 million (H1 prior year: net cash use of € 23.0 million) as a result primarily of lower proceeds from the disposal of non-current assets and higher pay-ments for purchases of property, plant and equipment and intangibles. With a moderately lower dividend payment, a significant increase in current borrowings compared to the year before led to a net cash inflow of € 93.0 million from financing activities (H1 prior year: net cash inflow of € 5.3 million).

## Financial position

| **Consolidated balance sheet (condensed)**<br>€m, except % and pp | **31 August 2022** | **28 February 2022** | **Change** |
|---|---|---|---|
| **ASSETS** | | | |
| **Non-current assets** | **1,048.6** | **1,232.0** | **−14.9%** |
| Of which intangible assets, including goodwill | 116.0 | 204.6 | −43.3% |
| Of which property, plant and equipment | 824.4 | 828.2 | −0.5% |
| **Current assets** | **1,607.1** | **1,508.7** | **6.5%** |
| Of which inventories | 829.6 | 864.1 | −4.0% |
| Of which trade receivables | 514.7 | 398.5 | 29.2% |
| Of which cash and cash equivalents | 128.2 | 103.6 | 23.7% |
| **Total assets** | **2,655.7** | **2,643.6** | **0.5%** |
| | | | |
| **EQUITY AND LIABILITIES** | | | |
| **Equity** | **1,257.8** | **1,281.5** | **−1.8%** |
| Equity attributable to shareholders of the parent | 1,199.1 | 1,224.5 | −2.1% |
| Non-controlling interests | 58.7 | 57.0 | 3.0% |
| **Non-current liabilities** | **466.6** | **477.5** | **−2.3%** |
| Of which borrowings | 378.6 | 377.7 | 0.2% |
| **Current liabilities** | **931.3** | **884.6** | **5.3%** |
| Of which borrowings | 424.7 | 276.6 | 53.5% |
| Of which trade payables | 324.2 | 440.1 | −26.3% |
| **Total equity and liabilities** | **2,655.7** | **2,643.6** | **0.5%** |
| | | | |
| **Net debt** | **657.4** | **532.0** | **23.6%** |
| **Gearing ratio**[1] | **52.3%** | **41.5%** | **10.8pp** |
| **Equity ratio** | **47.4%** | **48.5%** | **−1.1pp** |

Total assets, at € 2.66 billion as of 31 August 2022, were stable relative to the 2021|22 year-end balance sheet date, with an equity ratio of 47.4% (28 February 2022: 48.5%). The value of non-current assets decreased moderately to € 1,048.6 million due to impairment of assets and goodwill in the Fruit segment. Current assets, at € 1,607.1 million, increased moderately, with inventories reduced while trade receivables saw a significant rise. Non-current liabilities eased slightly, to € 466.6 million. Current liabilities declined moderately on balance to € 931.3 million, as an increase in short-term borrowings coincided with a reduction in trade payables. Net debt as of 31 August 2022 stood at € 657.4 million, up € 125.4 million from the year-end level of 28 February 2022. The gearing ratio at the quarterly balance sheet date was 52.3% (28 February 2022: 41.5%).

[1] Debt-equity ratio (ratio of net debt to total equity).

# AGRANA capital market developments

| Share data | | H1 2022\|23 |
|---|---|---|
| High (22 April 2022) | € | 17.40 |
| Low (7 March 2022) | € | 15.30 |
| Closing price (31 August 2022) | € | 16.10 |
| Closing book value per share | € | 19.19 |
| Closing market capitalisation | €m | 1,006.1 |

AGRANA started the 2022|23 financial year at a share price of € 16.54 and closed at € 16.10 on the last trading day of August 2022, a slight decrease of 2.7%. The Austrian blue-chip index, the ATX, fell by 14.5% over the same period.

The average daily trading volume in the period from March to August 2022 was about 17,500 shares[1] (H1 prior year: approximately 19,000 shares[1]).

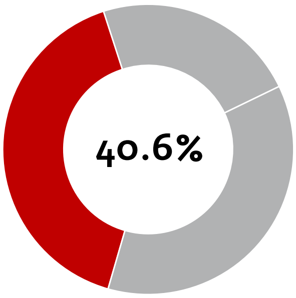
AGRANA's share price performance can be followed on the Group's website at www.agrana.com under the tab sequence > Investor > AGRANA Share > Share Price, Share Details & Research. The market capitalisation at the end of August 2022 was € 1,006.1 million.

The 35th Annual General Meeting of AGRANA Beteiligungs-AG on 8 July 2022 approved the payment of a dividend of € 0.75 per share for the 2021|22 financial year (2020|21: € 0.85 per share); the dividend was paid in July 2022.

[1] Trading volume based on double counting, as published by the Vienna Stock Exchange.

# Fruit segment

## Share of Group revenue




## Financial results

| **Fruit segment**<br>€m, except % | **H1 2022\|23** | **H1 2021\|22** |
|---|---|---|
| Revenue | 727.5 | 633.4 |
| EBITDA[1] | 50.0 | 47.1 |
| Operating profit before exceptional items and results of equity-accounted joint ventures | 29.8 | 28.1 |
| Exceptional items | (89.8) | (2.3) |
| **Operating (loss)/profit [EBIT]** | **(60.0)** | **25.8** |
| **EBIT margin** | **(8.2%)** | **4.1%** |

| **Fruit segment**<br>€m, except % | **Q2 2022\|23** | **Q2 2021\|22** |
|---|---|---|
| Revenue | 366.8 | 312.7 |
| EBITDA[1] | 20.2 | 22.0 |
| Operating profit before exceptional items and results of equity-accounted joint ventures | 10.0 | 12.2 |
| Exceptional items | (89.9) | (2.3) |
| **Operating (loss)/profit [EBIT]** | **(79.9)** | **9.9** |
| **EBIT margin** | **(21.8%)** | **3.2%** |

Fruit segment revenue in the first half of 2022|23, at € 727.5 million, was well above the year-earlier level. Fruit preparations revenue rose for price reasons, while the increase in fruit juice concentrate revenue was additionally driven by volume.

The EBIT result was negative at a deficit of € 60.0 million, a level very significantly below the year-ago value due to the recognition of impairment. In addition to the ongoing war in Ukraine and the upheaval in energy and commodity markets, it was rapidly rising capital costs in particular that triggered an impairment test for the Fruit cash-generating unit as of the half-year reporting date (31 August 2022). Non-cash impairment of € 91.2 million on assets and goodwill was determined and was recognised in exceptional items. In the fruit preparations business, operating profitability before exceptional items was significantly below that of one year earlier. The deterioration was attributable mainly to a mixed business performance in the Europe region (including Ukraine) and in Asia-Pacific. In the fruit juice concentrate business, profit rose very significantly thanks to improved contribution margins for apple juice concentrate from the 2021 harvest. In addition, better contribution margins from berry juice concentrates and premium natural fruit flavourings known as FTNF ("from the named fruit") flavours were factors in the EBIT growth. As well, in fruit juice concentrates, positive net exceptional items of € 1.4 million were recorded, as a large part of the write-downs recognised on receivables and inventories as of 28 February 2022 due to the war in Ukraine was already able to be reversed.

## Market environment

The market environment for fruit preparations is determined by consumer trends in the global markets for dairy products, ice-cream and food service. The top trends continue to revolve around naturalness, health, pleasure, convenience and sustainability. At the same time, due to the challenging economic environment, with high inflation and continually rising energy costs in many parts of the world, consumers are increasingly also focusing on affordability and on limiting themselves more to essential products. This trend varies from region to region and has a direct impact on those markets of AGRANA Fruit where foods are offered that are not considered "essential". In China, for example, the yoghurt market is showing a declining trend for the first time after many years of at times double-digit growth. Yoghurt is viewed as a trendy snack in China, consumed mainly "on-the-go" and now in some cases substituted with other products. In Europe and North America, on the other hand, yoghurt is firmly established in the diet as a staple food and demand is therefore not subject to such strong fluctuations in times of crisis.

Yoghurt, the main market for fruit preparations, is being negatively affected by the globally strained economic situation. Current forecasts by Euromonitor project a decline of 1.2% in world market volume for yoghurt in the 2022 calendar year. The last previous estimate, in

[1] EBITDA represents operating profit before exceptional items, results of equity accounted joint ventures, and operating depreciation and amortisation.

February 2022, had still been for growth of 3.0 %. Particularly the market for flavoured spoonable yoghurt is declining in 2022, by 2.0% based on current projections.

In fruit juice concentrates, the Group was able to record high customer call-offs of apple juice concentrate in H1 2022|23. The majority of the volume of berry juice concentrates from the 2022 harvest was already contracted for with customers at very good selling prices.

## Raw materials and production

For the fruit preparations business, the harvest of strawberry, the principal fruit, was completed in July in all relevant procurement markets. The planned volume requirement was fully contracted, in the production regions with Mediterranean climate zones such as Egypt, Morocco and Spain as well as in Mexico and China. Average purchase prices were above the previous year's level, due mostly to higher production costs on the supplier side.

The peach harvest in the main European growing regions of Spain and Greece brought lower yields due to excessive heat. Purchasing prices for AGRANA rose moderately to significantly.

For wild blueberry from the European growing areas, the crop yields were above expectations, despite challenging logistics in Ukraine due to the war. The purchase prices here decreased from the year before.

The raspberry harvest in Poland and Ukraine produced a higher volume than in the poor previous crop year. Consequently, raspberry prices declined moderately to significantly. Despite the military conflict in Ukraine, the planned purchase volumes were successfully contracted.

High freight costs from Asia continue to have a negative impact on the cost of purchasing mango and pineapple.

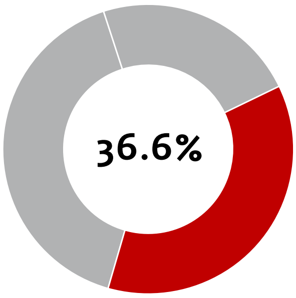
In the first half of 2022|23, about 185,000 tonnes of raw materials were bought for the fruit preparations activities, including 35,000 tonnes of strawberries. Energy costs in the fruit preparations business were very significantly higher in the first six months of 2022|23 than one year earlier. It was primarily the gas and electricity supply of the European production sites that became more expensive.

In the fruit juice concentrate activities, AGRANA was able to process similarly high volumes as in the prior year thanks to good availability of red berries (an industry term that includes strawberries, raspberries, black and red currants, sour cherries, chokeberries and elderberries).

For apples, the principal fruit in the juice concentrate business, good raw material availability is expected in the main crop production regions in the 2022 campaign.

# Starch segment

## Share of Group revenue




## Financial results

| **Starch segment**<br>€m, except % | **H1 2022\|23** | **H1 2021\|22** |
|---|---|---|
| Revenue | 655.3 | 476.8 |
| EBITDA[1] | 74.2 | 46.0 |
| Operating profit before exceptional items and results of equity-accounted joint ventures | 49.6 | 22.1 |
| Share of results of equity-accounted joint ventures | 7.1 | 6.9 |
| **Operating profit [EBIT]** | **56.7** | **29.0** |
| **EBIT margin** | **8.7%** | **6.1%** |

| **Starch segment**<br>€m, except % | **Q2 2022\|23** | **Q2 2021\|22** |
|---|---|---|
| Revenue | 336.2 | 242.2 |
| EBITDA[1] | 36.9 | 25.3 |
| Operating profit before exceptional items and results of equity-accounted joint ventures | 24.6 | 13.3 |
| Share of results of equity-accounted joint ventures | 2.8 | 4.2 |
| **Operating profit [EBIT]** | **27.4** | **17.5** |
| **EBIT margin** | **8.1%** | **7.2%** |

Revenue in the first half of 2022|23 was € 655.3 million, representing very significant growth from a year ago. The war in Ukraine intensified the disruptions in commodity and energy markets. AGRANA's continuing top objective was to maintain supply chains and production throughout and ensure reliable deliveries to customers. Extreme increases in raw material and energy costs made it necessary to pass on the rise in manufacturing costs. The most significant driver of the revenue growth in the first six months of 2022|23 was the powerful increase in ethanol prices (which are based on Platts quotations) compared to the same period last year.

At € 56.7 million, EBIT in the Starch segment was up very significantly year-on-year. The main reason for this was the high-margin ethanol business. The earnings contribution of the equity-accounted HUNGRANA group rose from € 6.9 million to € 7.1 million; the unusually high raw material prices for Hungary were offset by higher ethanol sales prices.

## Market environment

In the first half of 2022|23, the COVID-19 pandemic, which dominated world and economic events for the last two years, faded into the background. It was displaced by the outbreak of war in Ukraine at the end of February 2022, which wrought dramatic and lasting changes in the economic environment.

"Plannability" is very elusive in the current market setting. Conditions in terms of raw material availability, energy costs and security of energy supply, as well as customers' declining purchase volumes, are creating comprehensive challenges across all product segments. For all market participants in the starch business, the focus is currently on maintaining market share.

Sales volumes of native and modified starches into the food industry were largely stable. Shorter contract terms and the desire of many customers to stock up as early as possible for the coming year are determining factors in this market segment.

Regarding sales of technical (non-food) starches, the market in the paper segment has deteriorated. The key reasons are declining demand for paper and the fact that many manufacturers can no longer cover their costs.

In the infant formula business, the higher prices were passed through to the market effectively. Growth was achieved in the US market, a region on which a number of manufacturers are currently focusing.

Volatility in the fuel alcohol market remained persistently high in the first half of 2022|23. After strong quotations especially in the first quarter of the financial year, ethanol prices were also significantly higher in the first half of 2022|23 than in the prior-year comparative period.

[1] EBITDA represents operating profit before exceptional items, results of equity-accounted joint ventures, and operating depreciation and amortisation.

Despite higher raw material costs, the alcohol business thus again made a positive contribution to the Starch segment's overall earnings. In recent weeks, prices have been on a downward trend. Among other factors, a decline in mobility due to general uncertainty resulted in reduced demand. The food vs feed vs fuel debate that arose in the course of the war has eased again, since at this point in time an energy crisis in Europe seems more likely than a food crisis.

## Raw materials and production

World grain production in the 2022|23 grain marketing year (July to June) is estimated by the International Grains Council in its forecast of 18 August 2022 at 2.25 billion tonnes, which is about 43 million tonnes less than in the prior year and falls short of expected consumption by around 26 million tonnes. Wheat production is forecast at 778 million tonnes (prior year: 781 million tonnes; estimated 2022|23 consumption: 783 million tonnes) and the projected production of corn (maize) is 1,179 million tonnes (prior year: 1,219 million tonnes; estimated 2022|23 consumption: 1,197 million tonnes). Total ending grain stocks are to ease to approximately 577 million tonnes (prior year: 603 million tonnes).

Grain production in the EU-27 in 2022 is estimated by Stratégie Grains at about 265 million tonnes (prior year: 290 million tonnes). Of this total, the soft wheat harvest is to account for about 123 million tonnes, down from the 2021 crop of 130 million tonnes. The 2022 corn harvest in the EU, at 55 million tonnes, is also expected to decline significantly (prior year: 70 million tonnes).

The corn and wheat quotations on the Euronext Paris commodity derivative exchange rose markedly since early March 2022. These price rises, accompanied by heightened volatility, were driven primarily by two factors: the geopolitical situation in Europe, and the global weather extremes with severe drought, flooding, and the resulting poorer harvests in important production regions. At the balance sheet date, the quotations were around € 320 per tonne for corn and € 330 for wheat (year earlier: € 220 and € 249 per tonne, respectively).

### Potatoes

On 29 August 2022 the potato starch factory in Gmünd, Austria, began the processing of starch potatoes from the 2022 harvest (with contracts for about 220,000 tonnes of the raw material). Given the unfavourable weather conditions during the growing season, contract fulfilment by the growers is expected to reach about 90% of the contracted amount of starch potatoes. The average starch content of approximately 19.5% will represent an increase from the prior year's 18.5%.

### Corn and wheat

Receiving and processing of freshly harvested wet corn at the corn starch plant in Aschach, Austria, began at the end of August 2022. A wet corn volume of about 120,000 to 130,000 tonnes is expected to be received, comparable to the prior year, and its processing should be completed by mid-December. Processing will then switch to the use of dry corn. In the first half of 2022|23, almost 230,000 tonnes of corn was processed in Aschach (H1 prior year: almost 250,000 tonnes).

As raw materials for the integrated biorefinery[1] in Pischelsdorf, Austria, in the first half of 2022|23, AGRANA used non-corn grains (wheat, organic wheat, and triticale) and corn in a ratio of approximately 3 to 1. The total processing volume at this facility in the first six months of the financial year was about 500,000 tonnes (H1 prior year: approximately 550,000 tonnes). Processing of wet corn here began at the end of August 2022. At 85,000 tonnes, the expectation is for a slightly lower receiving volume than in the previous year and a processing period running until mid-December 2022.

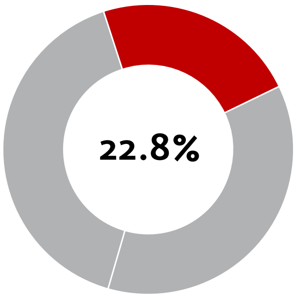
The purchasing of feedstock from the 2021 crop for the facilities in Aschach and Pischelsdorf is complete. Including the amounts contracted from the 2022 harvest, the bulk of the raw material supply for the 2022|23 financial year is secured.

The start of the wet corn campaign at the equity-accounted plant in Hungary (HUNGRANA) occurred in the middle of August 2022. Due to the locally very dry weather conditions, a significantly lower wet corn processing volume of 90,000 tonnes is expected than in the prior year, when it was 216,000 tonnes (volumes for equity-accounted entities are stated at 100% of the total). In the first half of 2022|23, some 540,000 tonnes of corn was processed here (H1 prior year: 560,000 tonnes).

[1] Facility combining wheat starch production with bioethanol production using corn, wheat and B- and C-type starches from the wheat starch plant.

# Sugar segment

## Share of Group revenue




## Financial results

| **Sugar segment**<br>€m, except % | **H1 2022\|23** | **H1 2021\|22** |
|---|---|---|
| Revenue | 409.5 | 314.2 |
| EBITDA[1] | 17.0 | 0.8 |
| Operating result before exceptional items and results of equity-accounted joint ventures | 7.1 | (9.2) |
| Share of results of equity-accounted joint ventures | 6.4 | (0.8) |
| Exceptional items | 0.9 | 0.0 |
| **Operating profit/(loss) [EBIT]** | **14.4** | **(10.0)** |
| **EBIT margin** | **3.5%** | **(3.2%)** |

| **Sugar segment**<br>€m, except % | **Q2 2022\|23** | **Q2 2021\|22** |
|---|---|---|
| Revenue | 203.0 | 163.7 |
| EBITDA[1] | 12.0 | 1.8 |
| Operating result before exceptional items and results of equity-accounted joint ventures | 7.0 | (3.2) |
| Share of results of equity-accounted joint ventures | 4.1 | (0.3) |
| Exceptional items | 0.9 | 0.0 |
| **Operating profit/(loss) [EBIT]** | **12.0** | **(3.5)** |
| **EBIT margin** | **5.9%** | **(2.1%)** |

The Sugar segment's revenue in the first half of 2022|23, at € 409.5 million, was up significantly from one year earlier. The reasons were both increased sales volumes and significantly higher selling prices. The price gains especially with resellers were significant, and the trend in the industrial sector was also very positive.

The Sugar EBIT of € 14.4 million in the financial first half of the year marked a pronounced improvement from the double-digit loss of the year-earlier period. This was due to significantly increased margins in the spot business thanks to an improved sales price environment. For the AGRANA-STUDEN group, a joint venture, EBIT in the full 2022|23 financial year is expected to reach a historic high. Numerous reorganisation measures taken in the past and correct market decisions made in the current volatile market setting are reflected in the joint venture's already good EBIT for the first half of 2022|23. The positive net exceptional items of € 0.9 million were related to recoveries from ongoing tax proceedings in Romania.

## Market environment

### World sugar market

The sugar market, like all other commodity markets, is experiencing unprecedented levels of uncertainty and volatility.

In its world sugar balance estimate of 17 August 2022, the analyst firm IHS Markit (formerly F.O. Licht) forecasts a slight sugar surplus (of 1.7 million tonnes) for the 2022|23 sugar marketing year (SMY) after three years of deficits, with an expected higher production totalling 189.5 million tonnes. However, this is already to be followed again by a considerable deficit of 4.8 million tonnes in the subsequent SMY 2023|24.

Asia will continue to be the world's top sugar-producing region, followed by South America and Europe. Key determinants of the global supply situation are the production volumes and export capacity of India and Brazil.

The present expectation in the market is that sugar prices in SMY 2022|23 will remain well supported at a high absolute level, due mostly to inflation, particularly the high energy costs.

At the end of the reporting period, white sugar quoted at US$ 550.8 per tonne and raw sugar stood at US$ 393.5 (year earlier: US$ 483.3 and US$ 437.4 per tonne, respectively).

[1] EBITDA represents operating profit before exceptional items, results of equity-accounted joint ventures, and operating depreciation and amortisation.

## EU sugar market

In the most recent report of the European Commission in July 2022, the sugar production of the EU-27 for SMY 2021|22 was estimated at 16.6 million tonnes, with a further slight reduction in crop area. On this basis, the Commission expected the EU to remain a net importer.

For the new SMY 2022|23, a further reduction in acreage of about 4% is assumed, which would continue to leave the EU a net importer.

According to EU price reporting, average white sugar prices in the EU reached € 453 per tonne in June 2022, up € 56 per tonne from June 2021, with a very significant premium of € 108 per tonne in EU sugar region 3 (Bulgaria, Spain, Greece, Croatia, Italy, Portugal and Romania).

Most analyst houses expect EU market prices to continue to rise sharply in the coming weeks and months, as, besides the relationship between supply and demand in the EU, adjusted selling prices will also have to reflect sugar producers' increased production costs (notably for energy and beet).

## Industrial and reseller markets

In the summer of 2022, demand for sugar in Europe exceeded supply. AGRANA was thus able to make spot sales, especially in deficit regions.

The higher prices for these additional sales also formed the basis for the negotiation of the new contracts for the 2022|23 sugar marketing year. Most of the new contracts for SMY 2022|23 have already been concluded.

Due to expectations of significantly reduced sugar production in Europe and increased demand in many EU regions, which has also been fuelled by the wave of refugees from Ukraine, customer demand in the industrial and reseller sectors is very high. Particularly in Eastern Europe, contracts are able to be concluded at significantly higher prices than in the last sugar marketing year, not least because the risk of renewed supply shortages is seen there for next summer.

## Raw materials and production

The area contracted by AGRANA with its growers for sugar beet production in the 2022 crop year was about 74,000 hectares (2021 crop year: around 86,000 hectares). Of this, about 1,600 hectares represented contracts for organic production.

In Austria, the contract area for beet production was reduced by about 5% from the prior year, to just under 34,000 hectares.

Beet planting in Austria started in mid-March and was completed in the middle of April 2022. As a consequence of cool weather conditions in April, seedling emergence was delayed and some areas had to be turned under due to frost and soil crusting. A dry and warm May was followed by a rainy June, which led to early row closure and a growth head start of about one to two weeks compared to the prior year. In July and August, hot and dry weather became widespread, especially in the eastern production areas, with adverse effects on beet development. Despite the onset of precipitation towards the end of August, below-average beet yields are therefore expected in these areas. Group-wide, the average yield projection is for 61 tonnes per hectare (prior year: about 66 tonnes).

The first factories to launch the 2022 beet campaign began processing in the middle of September. In addition, a thick-juice campaign has been underway at the Tulln plant in Austria since 15 September 2022. Based on the current estimate of beet volume, capacity utilisation at the factories is expected to be 16% lower than in last year's campaign. The plants in Roman, Romania, and Kaposvár, Hungary, are also processing around 40,000 tonnes of raw sugar during the beet campaign.

Since the beginning of April, about 150,000 tonnes of raw sugar was refined at the AGRANA raw sugar refinery in Buzau, Romania. The Group's plant in Bosnia and Herzegovina as well ran a raw sugar campaign from May to August, producing about 50,000 tonnes of white sugar.

At the Tulln, Austria, site, the betaine crystallisation plant had to be shut down at the beginning of April 2022 due to a lack of raw materials.

The joint venture Beta Pura GmbH, Vienna, is currently not being supplied with raw materials by the joint venture partner (in breach of the contract) and is experiencing financial difficulties. The company requires restructuring.

# Management of risks and opportunities

AGRANA uses an integrated system for the early identification and monitoring of risks that are relevant to the Group.

There are currently no known risks to the AGRANA Group's ability to continue as a going concern and no future risks of this nature are discernible at present.

A detailed description of the Group's business risks, including those related to the war in Ukraine, is provided on pages 84 to 92 of AGRANA's annual report 2021|22, and from page 22 of the notes to the interim consolidated financial statements in this half-year report.

# Number of employees

| **Average full-time equivalents** | **H1 2022\|23** | **H1 2021\|22** | **Change** |
|---|---|---|---|
| Fruit segment | 6,033 | 5,932 | 1.7% |
| Starch segment | 1,141 | 1,140 | 0.1% |
| Sugar segment | 1,763 | 1,746 | 1.0% |
| **Group** | **8,937** | **8,818** | **1.3%** |

In the first half of 2022|23 the AGRANA Group employed an average of 8,937 full-time equivalents1 (H1 prior year: 8,818). The slight increase in personnel was explained mainly by higher customer demand in the Fruit segment and the resulting increase in processing activities in Morocco and Mexico.

# Related party disclosures

For disclosures on related party relationships, refer to the notes to the interim consolidated financial statements.

# Significant events after the interim reporting date

No significant events occurred after the interim balance sheet date of 31 August 2022 that had a material effect on AGRANA's financial position, results of operations or cash flows.

# Outlook

| **AGRANA Group**<br>€m | **2021\|22 Actual** | **2022\|23 Forecast** |
|---|---|---|
| Revenue | 2,901.5 | ↑↑ |
| EBIT | 24.7 | ↑↑↑ |
| Operating profit before deductions[1] | 86.5 | ↑↑ |
| Investment[2] | 82.4 | 107 |

↑↑ *Significant increase* [3]
↑↑↑ *Very significant increase* [3]

At Group level, for the 2022|23 financial year, AGRANA expects a very significant increase in operating profit (EBIT). Both the Group's "operating profit before exceptional items and results of equity-accounted joint ventures" and Group revenue are projected to show significant growth.

EBIT for the third quarter of this financial year is expected to be significantly below the year-earlier figure of € 31.2 million.

| **Fruit segment**<br>€m | **2021\|22 Actual** | **2022\|23 Forecast** |
|---|---|---|
| Revenue | 1,251.1 | ↑↑ |
| EBIT | (15.8) | ↓↓↓ |
| Operating profit before deductions[1] | 51.9 | ↓↓ |
| Investment[2] | 37.4 | 43 |

↑↑ *Significant increase* [3]
↓↓ *Significant reduction* [3]
↓↓↓ *Very significant deterioration* [3]

In the **Fruit segment**, AGRANA expects the full 2022|23 financial year to bring growth in revenue and a significant decrease in operating profit before exceptional items. EBIT will deteriorate very significantly due to the impairment recognised in the second quarter. In the fruit preparations business, revenue is expected to increase, but operating profit before exceptional items is forecast to decline. In the fruit juice concentrate activities, revenue is projected to rise significantly in 2022|23, with a further improvement in the earnings situation compared to the year before.

| **Starch segment**<br>€m | **2021\|22 Actual** | **2022\|23 Forecast** |
|---|---|---|
| Revenue | 1,010.4 | ↑↑ |
| EBIT | 71.6 | ↓ |
| Operating profit before deductions[1] | 57.9 | → |
| Investment[2] | 24.3 | 32 |

↑↑ *Significant increase* [3]
↓ *Moderate reduction* [3]
→ *Steady* [3]

For the **Starch segment**, a significant increase in revenue is forecast for the 2022|23 financial year, driven primarily by higher sales prices. As higher raw material and energy prices are weighing on profitability, a moderate reduction in EBIT is expected for the full year despite the good performance in the first half of 2022|23.

| **Sugar segment**<br>€m | **2021\|22 Actual** | **2022\|23 Forecast** |
|---|---|---|
| Revenue | 640.0 | ↑↑ |
| EBIT | (31.1) | ↑↑↑ |
| Operating (loss)/profit before deductions[1] | (23.3) | ↑↑↑ |
| Investment[2] | 20.7 | 32 |

↑↑ *Significant increase* [3]
↑↑↑ *Very significant improvement* [3]

In the **Sugar segment**, AGRANA projects revenue growth for 2022|23, mainly for price reasons. Despite higher energy costs and beet prices, a clearly positive and thus very significantly improved EBIT result is expected thanks to the considerably rising EU market prices and rigorous cost management.

This forecast is based on the assumption that the war in Ukraine remains regionally limited, that the physical supplies of energy and raw materials are ensured and that the significantly risen purchasing prices especially for raw materials and energy can be passed on in adjusted customer contracts.

## Investment

Total investment across the three business segments in the 2022|23 financial year, at approximately € 107 million, is expected to exceed the 2021|22 level, but be less than this year's budgeted depreciation of about € 120 million.

[1] "Operating profit before deductions" stands for "Operating profit before exceptional items and results of equity-accounted joint ventures".
[2] Investment represents purchases of property, plant and equipment and intangible assets, excluding goodwill.
[3] These quantitative terms as used in this "Outlook" section are defined as specific ranges of percentage change; see the definitions on page 29.

# Interim consolidated financial statements

For the first six months ended 31 August 2022 (unaudited)

## Consolidated income statement

| €000, except per-share data | First six months (1 March – 31 August) H1 2022\|23 | H1 2021\|22 | Second quarter (1 June – 31 August) Q2 2022\|23 | Q2 2021\|22 |
|---|---|---|---|---|
| Revenue | 1,792,342 | 1,424,390 | 906,043 | 718,579 |
| Changes in inventories of finished and unfinished goods | (136,534) | (146,675) | (35,096) | (64,678) |
| Own work capitalised | 384 | 414 | 212 | 253 |
| Other operating income | 30,836 | 17,797 | 15,783 | 10,378 |
| Cost of materials | (1,177,457) | (889,760) | (630,604) | (459,623) |
| Staff cost | (177,176) | (169,428) | (90,691) | (84,157) |
| Depreciation, amortisation and impairment | (145,910) | (53,007) | (118,745) | (26,821) |
| Other operating expenses | (188,923) | (145,032) | (94,308) | (73,881) |
| Share of results of equity-accounted joint ventures | 13,517 | 6,072 | 6,904 | 3,873 |
| **Operating profit/(loss) [EBIT]** | **11,079** | **44,771** | **(40,502)** | **23,923** |
| Finance income | 35,628 | 11,494 | 14,990 | 1,095 |
| Finance expense | (45,854) | (18,594) | (19,407) | (4,424) |
| **Net financial items** | **(10,226)** | **(7,100)** | **(4,417)** | **(3,329)** |
| **Profit/(loss) before tax** | **853** | **37,671** | **(44,919)** | **20,594** |
| Income tax expense | (17,803) | (10,595) | (8,103) | (5,632) |
| **(Loss)/profit for the period** | **(16,950)** | **27,076** | **(53,022)** | **14,962** |
| Attributable to shareholders of the parent | (21,456) | 27,968 | (55,513) | 15,269 |
| Attributable to non-controlling interests | 4,506 | (892) | 2,491 | (307) |
| (Loss)/earnings per share under IFRS (basic and diluted) | € (0.34) | € 0.45 | € (0.89) | € 0.24 |

# Consolidated statement of comprehensive income

| €000 | First six months (1 March – 31 August) H1 2022\|23 | H1 2021\|22 | Second quarter (1 June – 31 August) Q2 2022\|23 | Q2 2021\|22 |
|---|---|---|---|---|
| **(Loss)/profit for the period** | **(16,950)** | **27,076** | **(53,022)** | **14,962** |
| Other comprehensive income/(expense): | | | | |
| Currency translation differences and hyperinflation adjustments | 36,787 | 14,722 | 10,714 | 7,329 |
| Changes in fair value of hedging instruments (cash flow hedges), after deferred taxes | (44) | 2,166 | (6,325) | 2,622 |
| Effects from equity-accounted joint ventures | (4,823) | 1,537 | (1,144) | (523) |
| Income to be recognised in the income statement in the future | 31,920 | 18,425 | 3,245 | 9,428 |
| Change in actuarial gains and losses on defined benefit pension obligations and similar liabilities, after deferred taxes | 9,519 | (481) | 3,755 | (1,829) |
| Changes in fair value of equity instruments, after deferred taxes | (183) | (111) | (183) | (93) |
| Income/(expense) that will not be recognised in the income statement in the future | 9,336 | (592) | 3,572 | (1,922) |
| **Other comprehensive income** | **41,256** | **17,833** | **6,817** | **7,506** |
| **Total comprehensive income/(expense) for the period** | **24,306** | **44,909** | **(46,205)** | **22,468** |
| Attributable to shareholders of the parent | 21,424 | 45,064 | (47,788) | 22,896 |
| Attributable to non-controlling interests | 2,882 | (155) | 1,583 | (428) |

# Consolidated cash flow statement (condensed)

| **For the first six months (1 March – 31 August)** €000 | H1 2022\|23 | H1 2021\|22 |
|---|---|---|
| Operating cash flow before changes in working capital | 135,255 | 90,908 |
| Changes in working capital | (166,899) | (34,697) |
| Interest received and paid and income tax paid, net | (11,921) | (16,928) |
| **Net cash (used in)/from operating activities** | **(43,565)** | **39,283** |
| Net cash (used in) investing activities | (29,302) | (22,998) |
| Net cash from financing activities | 93,024 | 5,327 |
| **Net increase in cash and cash equivalents** | **20,157** | **21,612** |
| Effect of movement in foreign exchange rates and hyperinflation adjustments on cash and cash equivalents | 4,424 | (365) |
| Cash acquired in initial consolidation of subsidiaries | 0 | 753 |
| Cash and cash equivalents at beginning of period | 103,593 | 110,971 |
| **Cash and cash equivalents at end of period** | **128,174** | **132,971** |

# Consolidated balance sheet

| €000 | 31 August 2022 | 28 February 2022 | 31 August 2021 |
|---|---|---|---|
| **ASSETS** | | | |
| **A. Non-current assets** | | | |
| Intangible assets, including goodwill | 115,955 | 204,554 | 258,415 |
| Property, plant and equipment | 824,438 | 828,168 | 845,405 |
| Equity-accounted joint ventures | 74,646 | 65,952 | 79,727 |
| Securities | 17,735 | 18,772 | 19,521 |
| Investments in non-consolidated subsidiaries and outside companies | 280 | 280 | 410 |
| Other assets | 3,678 | 3,500 | 7,907 |
| Deferred tax assets | 11,885 | 13,734 | 17,709 |
| | **1,048,617** | **1,134,960** | **1,229,094** |
| **B. Current assets** | | | |
| Inventories | 829,631 | 864,067 | 556,362 |
| Trade receivables | 514,744 | 398,509 | 422,823 |
| Other assets | 129,552 | 132,757 | 106,199 |
| Current tax assets | 5,026 | 9,744 | 11,006 |
| Cash and cash equivalents | 128,174 | 103,593 | 132,971 |
| | **1,607,127** | **1,508,670** | **1,229,361** |
| **Total assets** | **2,655,744** | **2,643,630** | **2,458,455** |
| **EQUITY AND LIABILITIES** | | | |
| **A. Equity** | | | |
| Share capital | 113,531 | 113,531 | 113,531 |
| Share premium and other capital reserves | 540,760 | 540,760 | 540,760 |
| Retained earnings | 544,826 | 570,269 | 610,693 |
| Equity attributable to shareholders of the parent | 1,199,117 | 1,224,560 | 1,264,984 |
| Non-controlling interests | 58,674 | 56,982 | 57,067 |
| | **1,257,791** | **1,281,542** | **1,322,051** |
| **B. Non-current liabilities** | | | |
| Retirement and termination benefit obligations | 45,249 | 58,848 | 65,923 |
| Other provisions | 29,290 | 29,364 | 29,324 |
| Borrowings | 378,601 | 377,744 | 481,867 |
| Other payables | 4,343 | 5,363 | 4,848 |
| Deferred tax liabilities | 9,108 | 6,218 | 7,094 |
| | **466,591** | **477,537** | **589,056** |
| **C. Current liabilities** | | | |
| Other provisions | 13,243 | 19,028 | 13,968 |
| Borrowings | 424,714 | 276,627 | 156,450 |
| Trade payables | 324,210 | 440,130 | 236,148 |
| Other payables | 160,751 | 143,780 | 135,762 |
| Tax liabilities | 8,444 | 4,986 | 5,020 |
| | **931,362** | **884,551** | **547,348** |
| **Total equity and liabilities** | **2,655,744** | **2,643,630** | **2,458,455** |

# Consolidated statement of changes in equity (condensed)

| For the first six months (1 March – 31 August)<br>€000 | Equity attributable to shareholders of the parent | Non-controlling interests | Total |
|---|---|---|---|
| **2022\|23** | | | |
| **At 1 March 2022** | **1,224,560** | **56,982** | **1,281,542** |
| Changes in fair value of equity instruments | (238) | 0 | (238) |
| Changes in fair value of hedging instruments (cash flow hedges) | (54) | (334) | (388) |
| Changes in actuarial gains and losses on defined benefit pension obligations and similar liabilities | 12,738 | (1) | 12,737 |
| Tax effects | (3,175) | 79 | (3,096) |
| Currency translation gain/(loss) and hyperinflation adjustments | 33,609 | (1,368) | 32,241 |
| **Other comprehensive income/(expense) for the period** | **42,880** | **(1,624)** | **41,256** |
| (Loss)/profit for the period | (21,456) | 4,506 | (16,950) |
| **Total comprehensive income for the period** | **21,424** | **2,882** | **24,306** |
| Dividends paid | (46,867) | (1,190) | (48,057) |
| **At 31 August 2022** | **1,199,117** | **58,674** | **1,257,791** |

| For the first six months (1 March – 31 August)<br>€000 | Equity attributable to shareholders of the parent | Non-controlling interests | Total |
|---|---|---|---|
| **2021\|22** | | | |
| **At 1 March 2021** | **1,273,784** | **55,313** | **1,329,097** |
| Changes in fair value of equity instruments | (117) | 0 | (117) |
| Changes in fair value of hedging instruments (cash flow hedges) | 2,289 | (175) | 2,114 |
| Changes in actuarial gains and losses on defined benefit pension obligations and similar liabilities | (608) | (2) | (610) |
| Tax effects | (382) | 44 | (338) |
| Currency translation gain and hyperinflation adjustments | 15,914 | 870 | 16,784 |
| **Other comprehensive income for the period** | **17,096** | **737** | **17,833** |
| Profit/(loss) for the period | 27,968 | (892) | 27,076 |
| **Total comprehensive income/(expense) for the period** | **45,064** | **(155)** | **44,909** |
| Dividends paid | (53,116) | (242) | (53,358) |
| Additional contributions by other shareholders | 0 | 1,800 | 1,800 |
| Changes in equity interests and in scope of consolidation | (747) | 350 | (397) |
| Other changes | (1) | 1 | 0 |
| **At 31 August 2021** | **1,264,984** | **57,067** | **1,322,051** |

# Notes to the interim consolidated financial statements

For the first six months ended 31 August 2022 (unaudited)

## Segment reporting

| For the first six months (1 March – 31 August) €000 | H1 2022\|23 | H1 2021\|22 |
|---|---|---|
| **Total revenue** | | |
| Fruit | 727,921 | 633,843 |
| Starch | 661,040 | 481,641 |
| Sugar | 420,309 | 328,441 |
| **Group** | **1,809,270** | **1,443,925** |
| **Inter-segment revenue** | | |
| Fruit | (441) | (422) |
| Starch | (5,749) | (4,861) |
| Sugar | (10,738) | (14,252) |
| **Group** | **(16,928)** | **(19,535)** |
| **Revenue** | | |
| Fruit | 727,480 | 633,421 |
| Starch | 655,291 | 476,780 |
| Sugar | 409,571 | 314,189 |
| **Group** | **1,792,342** | **1,424,390** |
| **Operating profit/(loss) before exceptional items and results of equity-accounted joint ventures** | | |
| Fruit | 29,805 | 28,064 |
| Starch | 49,540 | 22,117 |
| Sugar | 7,135 | (9,226) |
| **Group** | **86,480** | **40,955** |
| **Net exceptional items** | | |
| Fruit | (89,817) | (2,256) |
| Starch | 0 | 0 |
| Sugar | 899 | 0 |
| **Group** | **(88,918)** | **(2,256)** |

| For the first six months (1 March – 31 August) €000 | H1 2022\|23 | H1 2021\|22 |
|---|---|---|
| **Share of results of equity-accounted joint ventures** | | |
| Fruit | 0 | 0 |
| Starch | 7,167 | 6,912 |
| Sugar | 6,350 | (840) |
| **Group** | **13,517** | **6,072** |
| **Operating (loss)/profit [EBIT][1]** | | |
| Fruit | (60,012) | 25,808 |
| Starch | 56,707 | 29,029 |
| Sugar | 14,384 | (10,066) |
| **Group** | **11,079** | **44,771** |
| **Investment[2]** | | |
| Fruit | 10,939 | 12,174 |
| Starch | 7,669 | 7,434 |
| Sugar | 17,120 | 10,737 |
| **Group** | **35,728** | **30,345** |
| **Number of employees (FTE[3])** | | |
| Fruit | 6,033 | 5,932 |
| Starch | 1,141 | 1,140 |
| Sugar | 1,763 | 1,746 |
| **Group** | **8,937** | **8,818** |

[1] Operating profit (EBIT) is after exceptional items and results of equity-accounted joint ventures.
[2] Investment represents purchases of property, plant and equipment and intangible assets (excluding goodwill).
[3] Average number of full-time equivalents in the reporting period.

## Basis of preparation

The interim report of the AGRANA Group for the period ended 31 August 2022 was prepared in accordance with the rules for interim financial reporting under IAS 34, in compliance with International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) and their interpretation by the IFRS Interpretations Committee. Consistent with IAS 34, the consolidated financial statements of AGRANA Beteiligungs-Aktiengesellschaft ("AGRANA Beteiligungs-AG") at and for the period ended 31 August 2022 are presented in condensed form. These interim consolidated financial statements were not audited or reviewed. They were prepared by the Management Board of AGRANA Beteiligungs-AG on 29 September 2022.

The AGRANA Group's annual report 2021|22 is available on the Internet at www.agrana.com/en/ir/publications for online viewing or downloading.

## Accounting policies

In the preparation of these interim financial statements, certain new or changed standards and interpretations became effective for the first time, as described on pages 109 to 111 of the annual report 2021|22 in the notes to the consolidated financial statements, section 2, "Basis of preparation".

**Critical assumptions and judgements**

Key factors for the outcome of the regular goodwill impairment test at 31 August were the ongoing war in Ukraine and the sharp rise in capital costs (WACC[1]). WACC before tax, as the weighted average cost of equity and debt capital of the Fruit cash generating unit (CGU) at 31 August 2022, was 8.68% (28 February 2022: 7.25%), an increase driven largely by higher interest rates and country risks.

In testing for impairment, a discounted cash flow method is used to determine the value in use of the CGU. The CGU's cash flows were determined based on the latest planning calculations of July 2022 approved by the Supervisory Board, which have a planning horizon of five years. For the planning period beyond five years, a constant inflation-related growth rate of 1.5% p.a. is assumed (28 February 2022: 1.5% p.a.). The cost of equity is based on a risk-free rate, a return premium for the business risk, a country risk premium and an inflation differential premium. The spot rate of a 30-year zero coupon bond, based on Deutsche Bundesbank data, was used as the risk-free rate of return. Business risk is represented by the product of a general market risk premium of 7.42% (28 February 2022: 8.0%) and a beta factor derived from a segment-specific peer group comprising eight companies per business segment (28 February 2022: eight companies). Both the country risk and the inflation differential are assigned a volatility factor of 1.02 (28 February 2022: 1.16). The cost of debt capital is calculated as the risk-free rate plus the inflation differential premium and the credit spread determined by reference to the capital market.

The forecast uncertainties due to the war in Ukraine and to the volatility of the markets were addressed by considering alternative planning scenarios. AGRANA currently does not expect the war to be over by the end of the financial year. The planning scenarios differ mainly in the assumptions as to revenue growth and the EBIT margin trajectory up to the terminal value stage. The forecast is based on the assumptions that the war in Ukraine remains regionally limited, that the physical supplies of energy and raw materials are ensured and that the significantly risen purchasing prices especially for raw materials and energy can be passed on in adjusted customer contracts. The projections of the future business performance of the sites in Ukraine and Russia are taken into account in the scenarios presented below. The planning calculations in the base case and the moderate downside case assume the continuing operation of the companies in Ukraine and Russia as going concerns, with differences in how strongly the hostilities affect the operating business. The progressive downside case additionally assumes the closure of the sites in Ukraine as a result of the military conflict.

The scenarios were as shown in the following table. They led to the recognition of impairment charges of € 88.3 million on goodwill in the Fruit CGU. The carrying amount of goodwill in the Fruit CGU thus decreased to € 97.1 million (28 February 2022: € 185.4 million).



[1] Weighted average cost of capital.

| Fruit CGU at 31 August 2022 | Weighting | CAGR of revenue p.a. (basis: 2022\|23) | EBIT margin in 2026\|27 |
|---|---|---|---|
| Base case | 60% | 6.2% | 5.0% |
| Downside case – moderate | 30% | 6.1% | 4.4% |
| Downside case – progressive | 10% | 5.5% | 4.1% |

The scenarios at 28 February 2022, including the effects of the Ukraine crisis, were as follows.

| Fruit CGU at 28 February 2022 | Weighting | CAGR of revenue p.a. (basis: 2021\|22) | EBIT margin in 2026\|27 |
|---|---|---|---|
| Base case | 60% | 6.2% | 4.7% |
| Downside case – moderate | 25% | 5.8% | 4.1% |
| Downside case – progressive | 15% | 5.4% | 3.8% |

The improved EBIT margin in the scenarios at 31 August 2022 reflects updated assumptions in the crisis regions of Ukraine und Russia, arising largely from the stabilisation of supply chains, more optimistic market developments than had been assumed at 28 February 2022, and profitability improvements thanks to numerous strategic measures taken by management.

An increase of 0.5 percentage points in WACC, with all other assumptions held constant, would result in additional impairment of € 61.4 million in the Fruit CGU.

In addition, due to the increased cost of capital, an impairment test was performed on the Fruit CGU's property, plant and equipment, which identified respective impairment of € 2.9 million in the Fruit segment.

Except for the newly effective IFRS and interpretations, the same accounting methods were applied as in the preparation of the annual consolidated financial statements for the year ended 28 February 2022 (the latest full financial year).

The notes to those 2021|22 annual consolidated financial statements therefore apply mutatis mutandis to these interim accounts. Corporate income taxes were determined on the basis of country-specific income tax rates, taking into account the tax planning for the full financial year.

## Basis of consolidation

In the first half of 2022|23 there were no changes in the scope of consolidation.

At the half-year balance sheet date, in total in the consolidated financial statements, 57 companies besides the parent were fully consolidated (28 February 2022 year-end: 57 companies) and 13 companies were accounted for using the equity method (28 February 2022: 13 companies).

## Seasonality of business

Most of the Group's sugar production falls into the period from September to January. Depreciation and impairment of plant and equipment used in the campaign are therefore incurred largely in the financial third quarter. The material costs, staff costs and other operating expenses incurred before the sugar campaign in preparation for production are recognised intra-year under the respective type of expense and capitalised within inventories as unfinished goods (through the item "changes in inventories of finished and unfinished goods").

## Notes to the consolidated income statement

The Group's operating profit (EBIT) in the first half of 2022|23 was € 11.1 million (H1 prior year: € 44.8 million).

Revenue rose to € 1,792.3 million (H1 prior year: € 1,424.4 million), with all three business segments contributing significant growth. The Starch and Sugar segments recorded a very significant increase in EBIT, thanks to a combination of substantially higher earnings from ethanol sales due to the price gains for ethanol, and higher sugar sales volumes and prices compared to the year-earlier period. Despite a rise in pre-exceptionals operating profit in the Fruit segment, Fruit EBIT was very negatively affected by a net exceptional items expense of € 89.8 million. Specifically, volatile financial markets and increased country risks reflecting the war in Ukraine led to a higher weighted average cost of capital (WACC) applied in the impairment testing of goodwill and property, plant and equipment (PP&E), resulting in the recognition of € 91.2 million of impairment in the Fruit segment. Positive exceptional items, which slightly offset this large expense item, were the reversal of write-downs of € 1.4 million recognised in the prior year on receivables and inventories in the Fruit segment in connection with the Ukraine crisis, and tax recoveries of € 0.9 million in the Sugar segment.

Net financial items amounted to an expense of € 10.2 million (H1 prior year: net expense of € 7.1 million). The negative change resulted primarily from a deterioration in currency translation differences.

The Group registered a loss for the period of € 17.0 million (H1 prior year: profit for the period of € 27.1 million).

## Notes to the consolidated cash flow statement

From the beginning of March to the end of August 2022, cash and cash equivalents increased by € 24.6 million to € 128.2 million.

Operating cash flow amounted to € 43.6 million of net cash used in operating activities (H1 prior year: net cash from operating activities of € 39.3 million), a significant reduction of € 82.9 million. The negative operating cash flow arose despite the improved profit for the period realised before the non-cash exceptional effect of the goodwill and PP&E impairment in the Fruit segment, and resulted especially from the markedly higher build-up of inventories compared to the year-earlier period.

Net cash used in investing activities increased year-on-year to € 29.3 million (H1 prior year: € 23.0 million). The higher cash outflow was due primarily to lower proceeds from disposals of non-current assets and to higher investment.

In the financing section of the cash flow statement, net cash of € 93.0 million from financing activities (H1 prior year: net cash inflow of € 5.3 million) was attributable mainly to the raising of syndicated credit lines of € 140.0 million (prior year: raising of € 35.0 million) for working capital financing, offset by repayments of bank overdrafts and cash advances of € 56.6 million. The dividend payment to the shareholders of AGRANA Beteiligungs-AG in 2022 decreased from € 53.1 million in the prior year to € 46.9 million.

## Notes to the consolidated balance sheet

Total assets increased by € 12.1 million from 28 February 2022, to € 2,655.7 million.

On the assets side, the slight rise in the balance sheet total resulted from higher cash and cash equivalents and significantly increased trade receivables, juxtaposed with impairment of goodwill and property, plant and equipment and a reduction in inventories.

In the equity and liabilities section, the increase reflected a significant expansion in borrowings, which outweighed a substantial decrease in trade payables and an impairment-driven reduction in retained earnings compared to the end of the prior year.

With shareholders' equity of € 1,257.8 million (28 February 2022: € 1,281.5 million), the equity ratio at the end of August was 47.4% (28 February 2022: 48.5%).

## Financial instruments

To hedge risks from operating and financing activities (risks related to changes in interest rates, exchange rates and commodity prices), the AGRANA Group to a limited extent uses common derivative financial instruments. Derivatives are recognised at cost at the inception of the derivative contract and are subsequently measured at fair value at every balance sheet date. Changes in value are as a rule recognised in profit or loss. Where the hedging relationship meets the hedge accounting requirements under IFRS 9, the unrealised changes in value are recognised directly in equity.

In the table below, the financial assets and liabilities measured at fair value are analysed by their level of the fair value hierarchy. The levels are defined as follows under IFRS 7:

- Level 1 consists of those financial instruments for which the fair value represents exchange or market prices quoted for the exact instrument on an active market (i.e., these prices are used without adjustment or change in composition).
- In Level 2, the fair values are determined on the basis of exchange or market prices quoted on an active market for similar assets or liabilities, or using other valuation techniques for which the significant inputs are based on observable market data.
- Level 3 consists of those financial instruments for which the fair values are determined on the basis of valuation techniques using significant inputs that are not based on observable market data.

In the reporting period no reclassifications were made between levels of the hierarchy.

| **31 August 2022**<br>€000 | **Level 1** | **Level 2** | **Level 3** | **Total** |
|---|---|---|---|---|
| Securities (non-current) | 10,940 | 0 | 6,795 | 17,735 |
| Investments in non-consolidated subsidiaries and outside companies (non-current) | 0 | 0 | 280 | 280 |
| Derivative financial assets at fair value through other comprehensive income (hedge accounting) | 731 | 1,453 | 0 | 2,184 |
| Derivative financial assets at fair value through profit and loss | 67 | 4,649 | 0 | 4,716 |
| **Financial assets** | **11,738** | **6,102** | **7,075** | **24,915** |
| | | | | |
| Liabilities from derivatives at fair value through other comprehensive income (hedge accounting) | 365 | 897 | 0 | 1,262 |
| Liabilities from derivatives at fair value through profit and loss | 0 | 16,127 | 0 | 16,127 |
| **Financial liabilities** | **365** | **17,024** | **0** | **17,389** |

| **31 August 2021**<br>€000 | Level 1 | Level 2 | Level 3 | Total |
|---|---|---|---|---|
| Securities (non-current) | 12,488 | 0 | 7,033 | 19,521 |
| Investments in non-consolidated subsidiaries and outside companies (non-current) | 0 | 0 | 410 | 410 |
| Derivative financial assets at fair value through other comprehensive income (hedge accounting) | 5,249 | 22 | 0 | 5,271 |
| Derivative financial assets at fair value through profit and loss | 0 | 985 | 0 | 985 |
| **Financial assets** | **17,737** | **1,007** | **7,443** | **26,187** |
| Liabilities from derivatives at fair value through other comprehensive income (hedge accounting) | 2,048 | 619 | 0 | 2,667 |
| Liabilities from derivatives at fair value through profit and loss | 61 | 3,921 | 0 | 3,982 |
| **Financial liabilities** | **2,109** | **4,540** | **0** | **6,649** |

For cash and cash equivalents, securities, investments in non-consolidated subsidiaries, trade receivables and other assets, and trade and other payables, the carrying amount can be assumed to be a realistic estimate of fair value.

The following table presents the carrying amounts and fair values of borrowings. The fair values of bank loans and overdrafts, and other loans from non-Group entities, are measured at the present value of the payments related to the borrowings:

| **31 August 2022**<br>€000 | Carrying amount | Fair value |
|---|---|---|
| Bank loans and overdrafts, and other loans from non-Group entities | 770,850 | 752,025 |
| Lease liabilities | 32,465 | – |
| **Borrowings** | **803,315** | **752,025** |

| **31 August 2021**<br>€000 | Carrying amount | Fair value |
|---|---|---|
| Bank loans and overdrafts, and other loans from non-Group entities | 609,894 | 611,040 |
| Lease liabilities | 28,423 | – |
| **Borrowings** | **638,317** | **611,040** |

Further details on the fair value measurement of the individual types of financial instruments and their assignment to levels of the fair value hierarchy are provided on pages 164 to 168 of the annual report 2021|22, in section 11.3, “Additional disclosures on financial instruments”.

## Number of employees

In the first half of 2022|23 the AGRANA Group employed an average of 8,937 full-time equivalents (H1 prior year: 8,818). The increase in personnel resulted mainly from a higher requirement for seasonal workers in the Fruit segment, notably in Mexico and Morocco.

## Related party disclosures

There were no material changes in related party relationships since the year-end balance sheet date of 28 February 2022 or since the year-ago comparative period. Transactions with related parties as defined in IAS 24 are conducted on arm's length terms. Further information on individual related party relationships is provided in the AGRANA annual report 2021|22 (from page 175).

## Significant events after the interim reporting date

No significant events occurred after the interim balance sheet date of 31 August 2022 that had a material effect on AGRANA's financial position, results of operations or cash flows.

# Management Board's responsibility statement

We confirm that, to the best of our knowledge:

- the condensed consolidated interim financial statements, which have been prepared in accordance with the applicable accounting standards, give a true and fair view of the Group's financial position, results of operations and cash flows within the meaning of the Austrian Stock Exchange Act, and

- the Group's management report for the first six months gives a true and fair view of the financial position, results of operations and cash flows of the Group, within the meaning of the Stock Exchange Act, in relation to (1) the important events in the first half of the financial year and their effects on the condensed consolidated interim financial statements, (2) the principal risks and uncertainties for the remaining six months of the financial year, and (3) the reportable significant transactions with related parties.

Vienna, 29 September 2022

## The Management Board of AGRANA Beteiligungs-AG

**Markus Mühleisen**
Chief Executive Officer
Sales, Business Strategy, Communication, Quality Management, Human Resources, and Sugar Segment

**Ingrid-Helen Arnold**
Member of the Management Board
Internal Audit

**Stephan Büttner**
Member of the Management Board
Finance, Controlling, Treasury, Investor Relations, Information Technology and Organisation, Mergers and Acquisitions, Legal, Compliance, Purchasing and Logistics, and Fruit Segment

**Norbert Harringer**
Member of the Management Board
Production/Investment, Raw Materials, Research and Development, and Starch Segment

# Other information

## Forward-looking statements

This interim report contains forward-looking statements, which are based on assumptions and estimates made by the Management Board of AGRANA Beteiligungs-AG. Although these assumptions, plans and projections represent the Management Board's current intentions and best knowledge, a large number of internal and external factors may cause actual future developments and results to differ materially from these assumptions and estimates. Some examples of such factors are, without limitation: negotiations concerning world trade agreements; changes in the overall economic environment, especially in macroeconomic variables such as exchange rates, inflation and interest rates; EU sugar policy; consumer behaviour; and public policy related to food and energy. AGRANA Beteiligungs-AG does not guarantee in any way that the actual future developments and actual future results achieved will match the assumptions and estimates expressed or made in this interim report, and does not accept any liability in the event that assumptions and estimates prove to be incorrect.

The quantitative statements and direction arrows in the "Outlook" section of this report are based on the following definitions:

| Modifier | Visualisation | Numerical rate of change |
|---|---|---|
| Steady | → | 0% up to +1% or 0% up to −1% |
| Slight(ly) | ↗ or ↘ | More than +1% and up to +5% or more than −1% and up to −5% |
| Moderate(ly) | ↑ or ↓ | More than +5% and up to +10% or more than −5% and up to −10% |
| Significant(ly) | ↑↑ or ↓↓ | More than +10% and up to +50% or more than −10% and up to −50% |
| Very significant(ly) | ↑↑↑ or ↓↓↓ | More than +50% or more than −50% |

*This interim report has not been audited or reviewed.*

*For financial performance indicators not defined in a footnote, please see the definitions on page 204 of the annual report 2021|22.*

*AGRANA strives for gender-sensitive language in all its internal and external written documents, including in this interim report. In the interest of readability, this document may occasionally use language that is not gender-neutral. Any gender-specific references should be understood to equally include all genders as the context permits.*

*As a result of the standard round-half-up convention used in rounding individual amounts and percentages, this interim report may contain minor, immaterial rounding errors. No liability is assumed for misprints, typographical and similar errors.*

*This English translation of the interim report is solely for readers' convenience and is not definitive. In the event of discrepancy or dispute, only the German version shall govern.*

## Financial calendar

| | |
|---|---|
| 12 January 2023 | Results for first three quarters of 2022\|23 |
| 17 May 2023 | Results for full year 2022\|23<br>(annual results press conference) |
| 27 June 2023 | Record date for participation in Annual General Meeting |
| 6 July 2023 | Results for first quarter of 2023\|24 |
| 7 July 2023 | Annual General Meeting in respect of 2022\|23 |
| 12 July 2023 | Ex-dividend date |
| 13 July 2023 | Record date for dividend |
| 14 July 2023 | Dividend payment date |
| 12 October 2023 | Results for first half of 2023\|24 |
| 11 January 2024 | Results for first three quarters of 2023\|24 |

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