H1 2023|24

REPORT ON THE
FIRST HALF OF 2023|24

First half of 2023|24 at a glance

- Revenue: € 1,959.5 million (+9.3%; H1 prior year: € 1,792.3 million)
- EBIT: € 110.9 million (+899.1%; H1 prior year: € 11.1 million)
- EBIT margin: 5.7% (H1 prior year: 0.6%)
- Profit for the period: € 64.3 million (+478.2%; H1 prior year: loss of € 17.0 million)
- Equity ratio: 44.4% (28 February 2023: 41.8%)
- Gearing ratio[1]: 62.5% (28 February 2023: 54.5%)
- Number of employees (FTE)[2]: 9,003 (H1 prior year: 8,937)

[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,

AGRANA remains on track after the first six months of the 2023|24 financial year. In a continuing volatile business environment, the Group generated EBIT of € 110.9 million in the first half of 2023|24, compared to € 11.1 million[1] in the first half of the prior, 2022|23 financial year.

AGRANA has adjusted well to the new market dynamics, especially where raw material and energy prices are concerned; this is also reflected, among other ways, in a good first-half performance by the Fruit and Sugar segments. In the **Fruit segment**, our fruit preparations business has been back on course since the beginning of the financial year, including achieving a good business performance in the food service product area. In the fruit juice concentrate activities, the earnings situation remains very satisfactory and the value-added business saw significant growth in revenue. The **Sugar segment** as well improved its EBIT. The sugar business in the summer was very good, marked by strong demand from the beverage industry, which had a positive impact on our warehouse and inventory management. In terms of sales, duty-free sugar imports from Ukraine (which were temporarily banned during the summer months) will for the time being pose a continuing challenge to AGRANA, which our sugar sales organisation will tackle with new approaches. We are currently in the final phase of negotiations with our customers for the new 2023|24 sugar marketing year, and we expect sugar prices to consolidate at the present level. In the **Starch segment**, AGRANA is dealing with a sluggish economy and inventory reduction by customers in Europe. However, with flexibility and adjustments in our own production, we were able to maintain the margin on starch products. At the same time, due to sharply lower Platts quotations, the performance on the ethanol side of the business was far weaker than in the year-earlier comparative period, when ethanol profits were above average. On balance, this led to an overall decline in Starch segment EBIT in the first half of 2023|24.

For our traditional **raw material update** at the half-year mark and around the start of the campaigns (apples, potatoes, sugar beet), we can report that in the Starch segment, a good wet-corn campaign is expected. However, a smaller harvest is projected for potatoes. Beet processing in the Sugar segment has been underway at all plants since the beginning of October. Capacity utilisation in the factories is anticipated to be higher than last year thanks to more contracted acreage. For the fruit preparations business, the harvest of strawberry, its principal fruit, was completed in July with positive results in all relevant procurement markets. The 2023 apple campaign is off to a good start.

Dear valued shareholder, we are also pleased to announce a key further milestone in the area of **sustainability**: The Science Based Targets initiative – SBTi, the globally recognised non-governmental organisation – has completed its review of the AGRANA Group's ambitious climate targets and officially confirmed that they are in line with the 1.5°C goal of the Paris climate agreement. This makes us the first food company in Austria with validated emission reduction targets.

In our **outlook** for 2023|24, we expect the Group's EBIT to be very significantly higher than for the 2022|23 financial year[2]. On the path to achieving this, we will continue to keep in focus the issues of inflation, economic weakness in Europe and rising interest costs. Consistent working capital management will also remain a key to financial success in the long term. We now want to move from COVID-19- and war-related "crisis mode" back into full "execution and growth" mode. This was also conveyed at our Annual General Meeting on 7 July 2023, where we presented the cornerstones of AGRANA's **Sustainable Value Growth** strategy. Against the backdrop of climate change and sweeping transformations in the entire value chain of food production – from agriculture to the end customer – we will pursue the following priorities in the coming years: 1) Strengthen the core business through a greater focus on innovation, comprehensive customer orientation and new sales channels; 2) Develop new growth markets and solutions based on natural, renewable raw materials; 3) Further develop the organisation and corporate culture; 4) Achieve net-zero greenhouse gas emissions (Scope 1, 2 and 3) by 2050 at the latest. With our Sustainable Value Growth strategy, the AGRANA Group has launched an exciting, forward-looking and pioneering process for further profitable growth and sustainable success.

The Management Board team of AGRANA Beteiligungs-AG

Markus Mühleisen, CEO **Ingrid-Helen Arnold** **Stephan Büttner** **Norbert Harringer**

[1] EBIT in the first half of 2022|23 included an impairment charge on assets and goodwill in the Fruit segment of € 91.2 million.
[2] Also see the Outlook section on page 16 (including the disclaimer).

Group management report

AGRANA Group results for the first half of 2023|24

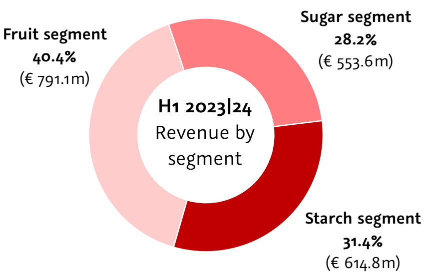
Revenue and earnings

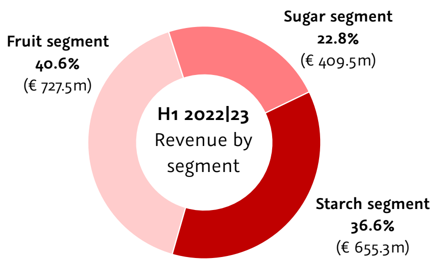
Consolidated income statement (condensed) €m, except as otherwise indicated	**H1 2023|24**	**H1 2022|23**
Revenue	1,959.5	1,792.3
EBITDA[1]	163.7	141.2
Operating profit before exceptional items and results of equity-accounted joint ventures	112.7	86.5
Share of results of equity-accounted joint ventures	(2.2)	13.5
Exceptional items	0.4	(88.9)
Operating profit (EBIT)	**110.9**	**11.1**
EBIT margin	**5.7%**	**0.6%**
Net financial items	(24.3)	(10.2)
Profit before tax	86.6	0.8
Income tax expense	(22.3)	(17.8)
Profit/(loss) for the period	64.3	(17.0)
Attributable to shareholders of the parent	60.6	(21.5)
Earnings/(loss) per share (€)	0.97	(0.34)

Consolidated income statement (condensed) €m, except as otherwise indicated	**Q2 2023|24**	**Q2 2022|23**
Revenue	993.4	906.0
EBITDA[1]	73.1	69.1
Operating profit before exceptional items and results of equity-accounted joint ventures	47.8	41.6
Share of results of equity-accounted joint ventures	(0.4)	6.9
Exceptional items	0.0	(89.0)
Operating profit/(loss) [EBIT]	**47.4**	**(40.5)**
EBIT margin	**4.8%**	**–4.5%**
Net financial items	(11.0)	(4.4)
Profit/(loss) before tax	36.4	(45.0)
Income tax expense	(10.1)	(8.1)
Profit/(loss) for the period	26.3	(53.1)
Attributable to shareholders of the parent	24.5	(55.6)
Earnings/(loss) per share (€)	0.39	(0.89)

In the financial first half of 2023|24 (the six months ended 31 August 2023), **revenue** of the AGRANA Group was € 1,959.5 million, up moderately from the same period one year earlier, with the growth coming from adjusted prices in all segments.

Operating profit (EBIT) was € 110.9 million in the first half of 2023|24, a very marked increase from the year-ago level of € 11.1 million. The rise in EBIT resulted largely from the base effect of the prior-year comparative period's net exceptional items expense of € 88.9 million, which was due mainly to impairment losses on assets and goodwill in the Fruit segment. In the Fruit segment, EBIT increased to a profit of € 43.7 million (H1 prior year: loss of € 60.0 million), lifted not just by the non-recurrence of the above impairment but also by a better operating performance in both the fruit juice concentrate and the fruit preparations business. Meanwhile, a much weaker ethanol business than in the year-earlier period drove a significant decrease in Starch segment EBIT to € 36.2 million (H1 prior year: € 56.7 million). EBIT in the Sugar segment improved to € 31.0 million (H1 prior year: € 14.4 million) due to higher margins than a year ago. The Group's **net financial items** amounted to an expense of € 24.3 million, up from a € 10.2 million net expense in the year-earlier period, as a result primarily of adverse changes in net interest expense and (to a lesser extent) in currency translation differences. After an income tax expense of € 22.3 million, corresponding to a tax rate of 25.8% (H1 prior year: > 100%), **profit for the period** was € 64.3 million (H1 prior year: loss of € 17.0 million). **Earnings per share** attributable to AGRANA shareholders improved to a positive € 0.97 (H1 prior year: loss of € 0.34 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 2023|24 financial year, AGRANA invested € 41.9 million, or € 6.2 million more than in the year-earlier comparative period. Capital expenditure by segment was as follows:

Investment €m, except %	**H1 2023|24**	**H1 2022|23**	**Change**
Fruit segment	15.7	10.9	44.0%
Starch segment	14.3	7.7	85.7%
Sugar segment	11.9	17.1	−30.4%
Group	**41.9**	**35.7**	**17.4%**

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

Fruit segment

- Expansion of raw material storage in Jacona, Mexico
- Replacement of various refrigeration units in Centerville, Tennessee, USA
- New wastewater treatment plant in Ostrołęka, Poland

Starch segment

- Measures to increase specialty corn (maize) processing in Aschach, Austria
- Expansion of the company wastewater treatment plants in Aschach and Gmünd, Austria
- Upgrading of cooling performance in Pischelsdorf, Austria

Sugar segment

- Modernisation of the distributed control system in Leopoldsdorf, Austria
- Production process optimisation by replacing the filter presses in Sereď, Slovakia
- Optimisation of the evaporator station in Kaposvár, Hungary

Additionally in the first half of 2023|24, € 13.5 million (H1 prior year: € 8.2 million) was invested in the equity-accounted joint ventures (the HUNGRANA and STUDEN groups and Beta Pura GmbH; these values for joint ventures are not stated at AGRANA's share but at 100% of the totals).

Energy

Prices for natural gas and electricity fell significantly in the first half of 2023|24 compared to the prior year and then stabilised, but are still higher than before the outbreak of the Ukraine war. Markets remain on edge, with negative news causing strong reactions, especially in Europe. For its energy needs, AGRANA follows a hedging strategy designed to ensure certainty in budgeting for medium-term requirements. For the shorter end of the hedging period, the key targets are achieved and the strategy is successfully implemented. For the later years, liquidity is low, which means that the target figures are achieved with a certain delay. The government requirements regarding the stockpiling of natural gas are being met by the storage operators, so that the situation appears to be under control on the supply side at the moment. As a residual risk remains, AGRANA decided at the beginning of the year to again use extra light heating oil for this autumn's campaign in the Sugar segment as an alternative energy supply at the sites in Austria and Slovakia, as they are equipped with appropriate burners. As well, extra light heating oil is to be available as a backup option for those Starch segment locations for which delivery logistics can be made more flexible.

[1] Investment represents purchases of property, plant and equipment and intangible assets, excluding goodwill.

Cash flow

Consolidated cash flow statement (condensed) €m, except %	**H1 2023|24**	**H1 2022|23**	**Change**
Operating cash flow before changes in working capital	180.1	135.3	33.1%
Changes in working capital	(142.7)	(166.9)	14.5%
Interest received and paid and income tax paid, net	(25.7)	(11.9)	−116.0%
Net cash from/(used in) operating activities	**11.7**	**(43.5)**	**126.9%**
Net cash (used in) investing activities	(40.5)	(29.3)	−38.2%
Net cash from financing activities	34.5	93.0	−62.9%
Net increase in cash and cash equivalents	**5.7**	**20.2**	**−71.8%**
Effects of movement in foreign exchange rates and hyperinflation adjustments on cash and cash equivalents	(9.2)	4.4	−309.1%
Cash and cash equivalents at beginning of period	118.3	103.6	14.2%
Cash and cash equivalents at end of period	**114.8**	**128.2**	**−10.5%**

Operating cash flow before changes in working capital grew to € 180.1 million in the first half of 2023|24 (H1 prior year: € 135.3 million) as a result mainly of the much better profit for the period. After a far smaller increase of € 142.7 million in working capital than one year earlier (H1 prior year: increase of € 166.9 million), net cash from operating activities in the first half of 2023|24 was € 11.7 million (H1 prior year: net cash use of € 43.5 million). Net cash used in investing activities rose to € 40.5 million (H1 prior year: net cash use of € 29.3 million) as a consequence of higher payments for purchases of property, plant and equipment and intangibles. In combination with a higher dividend payment, a smaller increase in current borrowings compared to the year-ago period led to a reduced net cash inflow of € 34.5 million from financing activities (H1 prior year: net cash inflow of € 93.0 million).

Financial position

Consolidated balance sheet (condensed) €m, except % and pp	31 August 2023	28 February 2023	Change
ASSETS			
Non-current assets	**1,025.7**	**1,041.0**	**–1.5%**
Of which intangible assets, including goodwill	113.1	115.1	–1.7%
Of which property, plant and equipment	802.5	819.4	–2.1%
Current assets	**1,782.9**	**1,962.1**	**–9.1%**
Of which inventories	957.5	1,210.0	–20.9%
Of which trade receivables	563.5	471.5	19.5%
Of which cash and cash equivalents	114.8	118.3	–3.0%
Total assets	**2,808.6**	**3,003.1**	**–6.5%**
EQUITY AND LIABILITIES			
Equity	**1,248.3**	**1,256.6**	**–0.7%**
Equity attributable to shareholders of the parent	1,182.3	1,193.6	–0.9%
Non-controlling interests	66.0	63.0	4.8%
Non-current liabilities	**570.1**	**658.3**	**–13.4%**
Of which borrowings	476.5	562.9	–15.3%
Current liabilities	**990.2**	**1,088.2**	**–9.0%**
Of which borrowings	435.8	257.7	69.1%
Of which trade payables	302.7	587.0	–48.4%
Total equity and liabilities	**2,808.6**	**3,003.1**	**–6.5%**

Net debt	**779.6**	**684.9**	**13.8%**
Gearing ratio[1]	**62.5%**	**54.5%**	**8.0pp**
Equity ratio	**44.4%**	**41.8%**	**2.6pp**

Total assets, at € 2,806 million as of 31 August 2023, were moderately lower than at the 2022|23 year-end balance sheet date, and the equity ratio was 44.4% (28 February 2023: 41.8%). Non-current assets were off slightly at € 1,025.7 million. Current assets, at € 1,782.9 million, decreased moderately, with inventories reduced significantly while trade receivables saw a considerable rise. Non-current liabilities declined significantly to € 570.1 million. Current liabilities, at € 990.2 million, decreased moderately as an increase in short-term borrowings coincided with a significant reduction in trade payables. Net debt as of 31 August 2023 stood at € 779.6 million, an increase of € 94.7 million from the year-end level of 28 February 2023. The gearing ratio at the half-year balance sheet date was 62.5% (28 February 2023: 54.5%).

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

AGRANA capital market developments

Share data		**H1 2023|24**
High (5 June 2023)	€	18.10
Low (24 March 2023)	€	15.45
Closing price (31 August 2023)	€	15.60
Closing book value per share	€	18.92
Closing market capitalisation	€m	974.8

AGRANA started the 2023|24 financial year at a share price of € 17.00 and closed at € 15.60 on the last trading day of August 2023, a decrease of 8.2%. The Austrian blue-chip index, the ATX, fell by 11.8% over the same period.

The average daily trading volume in the period from March to August 2023 was slightly less than 14,000 shares[1] (H1 prior year: approximately 17,500 shares[1]).

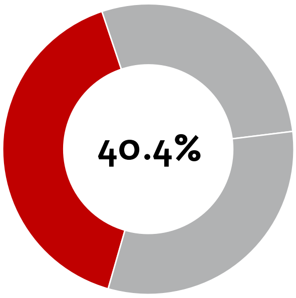
AGRANA's share price performance can be followed on the Group's website at www.agrana.com under the tab sequence > Investor > AGRANA Share > Share Price, Share Details & Research. The market capitalisation at the end of August 2023 was € 974.8 million.

The 36th Annual General Meeting of AGRANA Beteiligungs-AG on 7 July 2023 approved the payment of a dividend of € 0.90 per share for the 2022|23 financial year (2021|22: € 0.75 per share); the dividend was paid in July 2023.

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

Fruit segment

Share of Group revenue



Financial results

Fruit segment €m, except %	H1 2023|24	H1 2022|23
Revenue	791.1	727.5
EBITDA[1]	62.8	50.0
Operating profit before exceptional items and results of equity-accounted joint ventures	43.7	29.8
Exceptional items	0.0	(89.8)
Operating profit/(loss) [EBIT]	**43.7**	**(60.0)**
EBIT margin	**5.5%**	**(8.2%)**

Fruit segment €m, except %	Q2 2023|24	Q2 2022|23
Revenue	390.0	366.8
EBITDA[1]	28.8	20.2
Operating profit before exceptional items and results of equity-accounted joint ventures	19.3	10.0
Exceptional items	0.0	(89.9)
Operating profit/(loss) [EBIT]	**19.3**	**(79.9)**
EBIT margin	**5.0%**	**(21.8%)**

Fruit segment revenue in the first six months of 2023|24 grew to € 791.1 million, or by 8.7% from the prior-year level. The revenue expansion both in the fruit preparations and fruit juice concentrate businesses resulted from price changes.

EBIT of the segment as a whole was a profit of € 43.7 million in the first half of the financial year (H1 prior year: loss of € 60.0 million. In the prior year, following an impairment test on 31 August 2022, non-cash impairment on assets and goodwill was recognised in exceptional items as part of EBIT.) In fruit preparations, the item "operating profit before exceptional items and results of equity-accounted joint ventures" was very significantly above the year-ago level. The improvement was attributable mainly to a positive business performance in the Europe region (including Ukraine) and North America. The fruit juice concentrate business further grew its earnings compared to the already very good year-earlier period. This was driven primarily by improved contribution margins of apple juice concentrates made from the 2022 crop.

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. Given the challenging economic times with high inflation, consumers are increasingly also focusing on affordability and on limiting themselves more to essential products. The uncertain and volatile market situation is having a particularly negative impact on the mid-price segment, as consumers reach either for low-priced products (retailers' own brands) or for premium products that offer a clear advantage.

According to the latest data as of August 2023 from Euromonitor, the global market for spoonable fruit yoghurt (the main market for the fruit preparations business) contracted slightly in volume terms from 2022 to 2023, by 0.6%. Global annual volume growth of 1.8% is forecast for the next several years to 2028. Within that total, the Western Europe region is expected to decline slightly (–1.1%), the Asia region with China as its largest market is to be flat (+0.1%), and mildly positive growth is forecast for North America (+1.3%). Besides yoghurt, the main market segments significant to the diversification of the fruit preparations activities are ice-cream and food service. The ice-cream market is forecast to grow globally by 2.0% p.a. from 2023 to 2028. In the food service segment, the main markets served by AGRANA are quick service restaurants (QSR) and coffee & tea shops. Current forecasts from GlobalData predict the future trajectory of these sectors to 2027 to be very positive, with average annual growth of 5.5% for QSR and 7.1% for coffee & tea shops.

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

In the fruit juice concentrate business, the level of customer call-offs for apple juice concentrate was good in the first half of 2023|24. In the case of berry juice concentrates, call-offs decreased as a result of frontloaded purchases in the previous financial year.

Amid very good market demand, the contracts for both apple and berry juice concentrates made from the 2022 crop were concluded at historic high contribution margins that were well above those of the prior year.

Raw materials and production

For the fruit preparations business, the harvest of strawberry, its principal fruit, was completed in July in all relevant procurement markets. The planned volume requirement was fully contracted in the production regions of the Mediterranean climate zone such as Egypt, Morocco and Spain as well as in Mexico and China. Average purchase prices were below the prior year's, due mostly to lower production costs on the supplier side and sufficient raw material availability.

The peach harvest in Spain, Greece and China, the main sourcing regions, produced average yields. Purchase prices were in line with the prior year.

The harvest of wild and cultivated blueberries in the main European and North American crop regions was favourable thanks to good growing conditions. Purchase prices fell significantly compared to the year before.

A positive development was also seen in raspberry procurement: Good crop yields in the European growing regions and high stocks of frozen product from the previous year resulted in significant price declines.

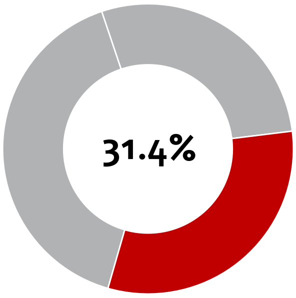
Mango and pineapple purchase prices fell as a result of easing freight costs from Asia.

In the first half of 2023|24, about 176,000 tonnes of raw materials were purchased for the fruit preparations activities, including 29,000 tonnes of strawberries.

In the 2023 berry juice processing season in the fruit juice concentrate business, which ended at the beginning of September, raw material availability was average. For apples, the principal fruit for juice concentrates, a weaker harvest is predicted overall in the EU, including in Poland. This means that rising raw material costs can be expected in the now-started 2023 apple campaign.

Starch segment

Share of Group revenue



Financial results

Starch segment €m, except %	**H1 2023|24**	**H1 2022|23**
Revenue	614.8	655.3
EBITDA[1]	61.6	74.2
Operating profit before exceptional items and results of equity-accounted joint ventures	39.3	49.6
Share of results of equity-accounted joint ventures	(3.1)	7.1
Operating profit (EBIT)	**36.2**	**56.7**
EBIT margin	**5.9%**	**8.7%**

Starch segment €m, except %	**Q2 2023|24**	**Q2 2022|23**
Revenue	297.7	336.2
EBITDA[1]	27.0	36.9
Operating profit before exceptional items and results of equity-accounted joint ventures	15.9	24.6
Share of results of equity-accounted joint ventures	(1.8)	2.8
Operating profit (EBIT)	**14.1**	**27.4**
EBIT margin	**4.7%**	**8.1%**

Revenue in the first half of 2023|24 was € 614.8 million. This was moderately below the value of the year-earlier comparative period, in which the war in Ukraine led to powerful increases in market prices. In recent months, there was a normalisation in starch market prices due to declining energy and raw material prices, with an impact on the sales pricing of the entire starch product portfolio. Selling prices for ethanol fell significantly, owing to a steep year-on-year drop of about 30% in Platts quotations.

At € 36.2 million, EBIT in the Starch segment was down significantly year-on-year. A key reason lay in the low-margin ethanol business as a result of the considerable decline in Platts quotations. The second factor was that AGRANA's share of the earnings result of the equity-accounted HUNGRANA group deteriorated very significantly, turning negative to a deficit of € 3.1 million (H1 prior year: profit of € 7.1 million). This joint venture in Hungary purchased raw materials and energy at high prices and this significant increase in costs could not be passed on to customers sufficiently through price adjustments; another contributing factor was that HUNGRANA's sales volumes declined substantially and capacity utilisation was therefore reduced.

Market environment

Since the second half of 2022|23, a trend of declining market demand has been underway that continued and even intensified in all product segments in the first half of 2023|24. The previously tight supply in the market has now turned into an oversupply, accompanied by an increase in idle processing capacity. This leads to strong downward pressure on prices and thus to a buyer's market.

Customers in the food and non-food industries are responding to the new market conditions (including weak sales and consumption and rising interest rates) with greater caution in their purchasing behaviour and are reducing their inventories. The construction industry experienced a significant slump in business, which manifested itself in a pronounced reduction in demand for modified starches for dry mortars and tile adhesives. Falling demand and prices in the entire conventional plastics and bioplastics market are also having an impact. Technical starches for paper and packaging seem to have bottomed out by now. Inventories of semi-finished and finished products in the paper industry have been reduced as far as possible and the plants are again being operated on a consumption-driven basis.

Fuel ethanol prices dropped significantly in the first half of 2023|24 compared to the previous year due to high imports from the USA and Brazil. This occurred even though demand for fuels was good in Europe, especially in Austria, where the introduction of E10 provided

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

additional impetus. European production is facing considerable competitive pressure.

Raw materials and production

World grain production in the 2023|24 grain marketing year (July to June) is estimated by the International Grains Council in its forecast of 17 August 2023 at 2.29 billion tonnes, which is about 31 million tonnes more than in the prior year and falls short of expected consumption by around 13 million tonnes. Wheat production is forecast at 784 million tonnes (prior year: 803 million tonnes; estimated 2023|24 consumption: 805 million tonnes) and the projected production of corn is 1,221 million tonnes (prior year: 1,160 million tonnes; estimated 2023|24 consumption: 1,207 million tonnes). Total ending grain stocks are to ease to approximately 584 million tonnes (prior year: 597 million tonnes).

Grain production in the EU-27 is estimated by Stratégie Grains at about 265 million tonnes (prior year: 265 million tonnes). Of this total, the soft wheat harvest is to account for about 125 million tonnes, as in the prior year. The 2023 corn harvest in the EU, at about 59 million tonnes, is expected to increase from the year before (prior year: 52 million tonnes).

The corn and wheat quotations on the Euronext Paris commodity derivative exchange fell markedly since early March 2023. These price declines were caused, among other things, by the good volume of the winter cereal harvest in the EU, an average to good outlook for the 2023 corn harvest, solid stocks, and lower demand for commodities due to the economic situation. At the balance sheet date, the quotations were around € 213 per tonne for corn and € 221 for wheat (year earlier: € 320 and € 330 per tonne, respectively).

Potatoes

At the beginning of September 2023, the potato starch factory in Gmünd, Austria, began receiving starch potatoes from the 2023 harvest (with contracts for about 215,000 tonnes of the raw material). Given the unfavourable weather conditions during the growing season, contract fulfilment by the growers is expected to reach about 85% of the contracted amount of starch potatoes. The average starch content is projected at about 18.5% (prior year: 18.9%).

Corn and wheat

The receiving of freshly harvested wet corn at the corn starch plant in Aschach, Austria, began in the middle of September 2023. A wet corn volume of about 115,000 to 120,000 tonnes is expected to be received (which is lower than in the prior year), with its processing estimated to be completed by the end of December 2023. Processing will then switch to the use of dry corn. In the first half of 2023|24, approximately 190,000 tonnes of corn was processed in Aschach (H1 prior year: almost 230,000 tonnes).

Raw materials for the integrated biorefinery[1] in Pischelsdorf, Austria, in the first six months of 2023|24 were non-corn grains (wheat, organic wheat, and triticale) and corn in a ratio of approximately 9 to 1. The total processing volume at this facility in the first six months of the financial year was about 450,000 tonnes (H1 prior year: approximately 500,000 tonnes). Processing of wet corn in Pischelsdorf started at the beginning of September; at around 80,000 tonnes, the expectation is for a slightly lower receiving volume than in the previous year and a processing period running until the end of December 2023.

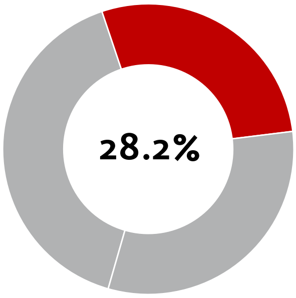
The purchasing of feedstock from the 2022 crop for the facilities in Aschach and Pischelsdorf is complete. Including the amounts contracted from the 2023 harvest, the bulk of the raw material supply for the 2023|24 financial year is secured.

The wet corn campaign at the equity-accounted plant in Hungary (HUNGRANA) was launched at the end of August 2023. Thanks to the good weather conditions, a significantly higher wet corn processing volume of 140,000 to 145,000 tonnes is expected than in the prior year, when it was 124,000 tonnes (volumes for equity-accounted entities are stated at 100% of the total). In the first half of 2023|24, about 280,000 tonnes of corn was processed here (H1 prior year: 540,000 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 €m, except %	H1 2023|24	H1 2022|23
Revenue	553.6	409.5
EBITDA[1]	39.3	17.0
Operating result before exceptional items and results of equity-accounted joint ventures	29.7	7.1
Share of results of equity-accounted joint ventures	0.9	6.4
Exceptional items	0.4	0.9
Operating profit (EBIT)	**31.0**	**14.4**
EBIT margin	**5.6%**	**3.5%**

Sugar segment €m, except %	Q2 2023|24	Q2 2022|23
Revenue	305.7	203.0
EBITDA[1]	17.3	12.0
Operating result before exceptional items and results of equity-accounted joint ventures	12.6	7.0
Share of results of equity-accounted joint ventures	1.4	4.1
Exceptional items	0.0	0.9
Operating profit (EBIT)	**14.0**	**12.0**
EBIT margin	**4.6%**	**5.9%**

The Sugar segment's revenue in the first half of 2023|24 was € 553.6 million, marking a significant increase from one year earlier. This growth, achieved despite lower sales volumes, was driven by a substantial rise in sugar selling prices. This price trend was very positive both in the reseller business (i.e., with wholesalers and retailers) and the industrial market.

EBIT of € 31.0 million in the first half of the year represented a vigorous improvement from the year-earlier period. The very significant increase in sugar sales prices was reflected in these strong half-year earnings. The AGRANA-STUDEN group, a joint venture, delivered historic high earnings in the prior, 2022|23 financial year. This year, a positive result was achieved at the half-year mark, albeit lower than one year ago and comparable to the preceding years. The joint venture Beta Pura GmbH remains in restructuring. The Sugar segment's positive net exceptional items of € 0.4 million were related to further recoveries from ongoing tax proceedings in Romania (H1 prior year: recoveries of € 0.9 million).

Market environment

World sugar market

In its world sugar balance estimate of 4 July 2023, the market research firm S&P Global Commodity Insights has forecast an even balance of global sugar supply and demand for the 2022|23 sugar marketing year (SMY, from 1 October 2022 to 30 September 2023), after three consecutive years of deficits. A projected increase in sugar production (driven by Brazil, and despite production declines in Mexico, China, the EU, India and Pakistan) is offset by expected further growth in consumption.

For SMY 2023|24, S&P Global Commodity Insights' initial estimate is for a surplus of 1.5 million tonnes, with production continuing to rise (especially in India, Pakistan, China, the EU and Mexico, while declining in Brazil) and consumption increasing. The ratio of stocks to consumption would thus remain unchanged at the low level of 35%.

World market prices for white and raw sugar had risen to US$ 562.4 and US$ 486.8, respectively, by the end of the 2022|23 financial year. This trend continued in the first half of 2023|24, with quotations reaching US$ 715.2 per tonne of white sugar and US$ 551.9 per tonne of raw sugar at the end of August (31 August 2022: US$ 550.8 and US$ 393.5, respectively) amid high volatility.

EU sugar market

In SMY 2022|23, sugar production for the EU-27 (excluding isoglucose) fell to 14.6 million tonnes (SMY 2021|22: 16.6

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

million tonnes), with a further slight reduction in acreage and with below-average yields due to the drought in the summer of 2022. The EU thus remained a net importer of sugar in SMY 2022|23.

For SMY 2023|24, the European Commission expects a slight increase in beet sowing area. A combination of late sowing and of growing conditions that thus far have been less than optimal points to the likelihood of an average harvest. Sugar production is expected to increase to 15.5 million tonnes, which would continue to leave the EU a net importer of the sweetener.

According to EU price reporting, the average white sugar price in the EU reached € 821 per tonne in July 2023, up by € 348 per tonne from July of the previous year. Within the EU, there were significant regional price differences between the deficit and surplus regions. The deficit markets were under pressure from low-price imports from Ukraine, which is why the price increases in the Romanian and Bulgarian markets lost momentum in the summer.

Duty-free sugar imports from Ukraine to the EU

In response to the armed conflict in Ukraine, the European Parliament and the 27 EU member states in June 2022 approved the temporary suspension of tariffs and import quotas for sugar – initially until June 2023. Duty-free sugar imports from Ukraine increased to about 390,000 tonnes by the end of July 2023 as a result of this special arrangement (under the original agreement concluded in 2014, Ukraine had duty-free access to the EU market for around 20,000 tonnes).

The EU approval for duty-free sugar imports from Ukraine has now been extended by the EU until the beginning of June 2024. For its part, however, the Ukrainian government had banned the export of sugar to the EU from the beginning of June 2023 until the start of the new campaign in mid-September 2023, as it now considered the supply of sugar to the domestic population to be at risk. For the new crop year 2023|24, Ukrainian beet growers have significantly expanded their planting acreage; therefore, a resumption and expansion of exports from Ukraine to the EU must currently be expected, starting in September 2023.

Raw materials and production

The area contracted by AGRANA with its growers for sugar beet production in the 2023 crop year was about 87,000 hectares (2022 crop year: around 74,000 hectares). Of this, about 800 hectares represented contracts for organic production. In Austria, the contract area for beet production increased by 6% from the prior year to about 36,200 hectares.

Sowing in Austria started at the end of March 2023 and was not completed until the beginning of May, due to frequent rainfall and cool temperatures. A cool and humid May was followed by several weeks of dry and hot weather from mid-June, which was interrupted only in some areas by precipitation from thunderstorms. A cool weather period from the beginning of August brought the much-needed, widespread precipitation throughout the catchment area. The beet stands were free of disease or damage at the end of August thanks to the high proportion of varieties resistant to leaf disease, and thus good sugar yield increases can be expected in the remainder of the growing season. Due to the partly delayed sowing and the intermittent dry phases, an Austria-wide average beet yield of about 72 to 75 tonnes per hectare is expected (prior year: 80 tonnes).

The 2023 beet campaign was kicked off in mid-September by the first factories in the Czech Republic, Slovakia, Hungary and Romania. A thick-juice campaign was started at the plant in Tulln, Austria, towards the end of September 2023. Based on the current estimate of beet volume this year for the AGRANA Group, factory utilisation is expected to rise by more than 10 percentage points year-on-year to 95%.

In the first half of the 2023|24 financial year, 205,000 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 June to August, producing about 45,000 tonnes of white sugar.

In the first half of 2023|24, just over 1,100 tonnes of crystalline betaine were produced at the Tulln, Austria, site in the betaine crystallisation plant (by the joint venture Beta Pura GmbH, Vienna). The raw material for this came exclusively from the molasses desugarisation stream of the Tulln sugar factory; no external feedstock was purchased.

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 is provided on pages 108 to 118 of the annual report 2022|23.

Number of employees

Average full-time equivalents	**H1 2023|24**	**H1 2022|23**	**Change**
Fruit segment	6,015	6,033	−0.3%
Starch segment	1,167	1,141	2.3%
Sugar segment	1,821	1,763	3.3%
Group	**9,003**	**8,937**	**0.7%**

In the first half of 2023|24, the AGRANA Group employed an average of 9,003 full-time equivalents1 (H1 prior year: 8,937). A slight increase in personnel in the Starch and Sugar segments reflected both the filling of vacant positions and hiring in step with the pace of business.

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 balancesheet date of 31 August 2023 that had a material effect on AGRANA's financial position, results of operations or cash flows.

Outlook

AGRANA Group €m	2022|23 Actual	2023|24 Forecast
Revenue	3,637.4	↑
EBIT	88.3	↑↑↑
Investment[1]	102.9	140

↑ *Moderate increase*[2]
↑↑↑ *Very significant increase*[2]

At **Group level** for the full 2023|24 financial year, AGRANA expects a very significant increase in operating profit (EBIT). Moderate growth in Group revenue is projected based on the revenue trend in the first half of the year.

EBIT for the third quarter of this financial year is expected to be below the year-earlier figure of € 39.1 million.

Fruit segment €m	2022|23 Actual	2023|24 Forecast
Revenue	1,481.9	↗
EBIT	(38.5)	↑↑↑
Investment[1]	37.7	52

↗ *Slight increase*[2]
↑↑↑ *Very significant improvement*[2]

In the **Fruit segment**, AGRANA expects the full 2023|24 financial year to bring an improvement in revenue and in operating profit. In the fruit preparations business, a positive revenue trend is projected, driven primarily by price adjustments; EBIT here is to improve very significantly, due both to the base-year effect of the goodwill impairment in 2022|23 and the fact that the business is targeting an increase in operating margins for 2023|24. In the fruit juice concentrate activities, revenue for this financial year is predicted to be in line with one year earlier. In view of the sales contracts for berry juice concentrate closed to date for product from the 2023 crop, the earnings situation in the concentrate business in 2023|24 is expected to remain good.

Starch segment €m	2022|23 Actual	2023|24 Forecast
Revenue	1,293.8	↓
EBIT	80.2	↓↓
Investment[1]	31.0	48

↓ *Moderate reduction*[2]
↓↓ *Significant reduction*[2]

For the **Starch segment**, a moderate decrease in revenue is now forecast for the 2023|24 financial year. The falling energy and raw material prices have resulted in a lower general level of sales prices. As inputs are being purchased further in advance than last year, manufacturing costs are not able to fall at the same rate, which is negatively affecting margins. Moreover, the ethanol business is projected to remain highly volatile, with earnings below those of the prior year. Starch EBIT is therefore expected to be significantly less than last year.

Sugar segment €m	2022|23 Actual	2023|24 Forecast
Revenue	861.7	↑↑
EBIT	46.6	→
Investment[1]	34.2	40

↑↑ *Significant increase*[2]
→ *Steady*[2]

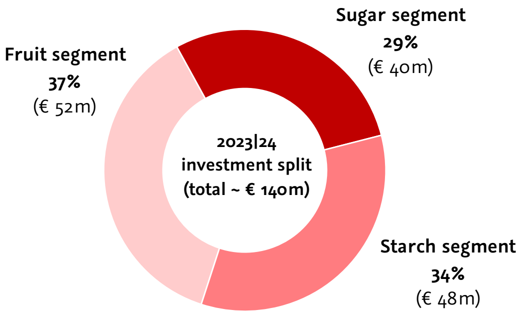
In the **Sugar segment**, AGRANA is projecting price-related revenue growth for 2023|24 despite lower sugar sales volumes. Due to the volatile EU sugar market environment (including the expected high Ukrainian imports to AGRANA's core markets), EBIT is now forecast to be in line with last year.

Forecast uncertainty and assumptions
Key sources of uncertainty for the forecast remain the war in Ukraine and its consequences. Given the unpredictability of the further course of the war, effects such as exceptional cost increases and demand declines cannot be ruled out. Since the outbreak of the war, the volatility in the Group's product markets and procurement markets has further intensified. Unless indicated otherwise, AGRANA's projections are based on the assumptions that the physical supplies of energy and raw materials remain assured and that purchasing price increases, especially for raw materials and energy, can be passed on in adjusted customer contracts.

[1] Investment represents purchases of property, plant and equipment and intangible assets, excluding goodwill.
[2] These quantitative terms as used in this Outlook section are defined as specific ranges of percentage change; see the definitions on page 29.

Investment

Total investment across the three business segments in the 2023|24 financial year, at approximately € 140 million, is to significantly exceed both the 2022|23 value and this year's budgeted depreciation of about € 120 million. Around 14% of this capital expenditure will be for emission reduction measures in the Group's own production operations as part of the AGRANA climate strategy.



Interim consolidated financial statements

For the first six months ended 31 August 2023 (unaudited)

Consolidated income statement

€000, except per-share data	First six months (1 March – 31 August) H1 2023|24	H1 2022|23	Second quarter (1 June – 31 August) Q2 2023|24	Q2 2022|23
Revenue	1,959,495	1,792,342	993,413	906,043
Changes in inventories of finished and unfinished goods	(226,939)	(136,534)	(160,576)	(35,096)
Own work capitalised	318	384	155	212
Other operating income	18,367	30,836	7,399	15,783
Cost of materials	(1,184,903)	(1,177,457)	(561,848)	(630,604)
Staff cost	(197,638)	(177,176)	(99,712)	(90,691)
Depreciation, amortisation and impairment	(51,022)	(145,910)	(25,333)	(118,745)
Other operating expenses	(204,601)	(188,923)	(105,753)	(94,308)
Share of results of equity-accounted joint ventures	(2,152)	13,517	(347)	6,904
Operating profit/(loss) [EBIT]	**110,925**	**11,079**	**47,398**	**(40,502)**
Finance income	29,160	35,628	2,720	14,990
Finance expense	(53,421)	(45,854)	(13,718)	(19,407)
Net financial items	**(24,261)**	**(10,226)**	**(10,998)**	**(4,417)**
Profit/(loss) before tax	**86,664**	**853**	**36,400**	**(44,919)**
Income tax expense	(22,349)	(17,803)	(10,118)	(8,103)
Profit/(loss) for the period	**64,315**	**(16,950)**	**26,282**	**(53,022)**
Attributable to shareholders of the parent	60,593	(21,456)	24,525	(55,513)
Attributable to non-controlling interests	3,722	4,506	1,757	2,491
Earnings/(loss) per share under IFRS (basic and diluted)	€ 0.97	€ (0.34)	€ 0.39	€ (0.89)

Consolidated statement of comprehensive income

€000	First six months (1 March – 31 August) H1 2023|24	H1 2022|23	Second quarter (1 June – 31 August) Q2 2023|24	Q2 2022|23
Profit/(loss) for the period	**64,315**	**(16,950)**	**26,282**	**(53,022)**
Other comprehensive (expense)/income:				
Currency translation differences and hyperinflation adjustments	(16,999)	36,787	(16,662)	10,714
Changes in fair value of hedging instruments (cash flow hedges), after deferred taxes	(998)	(44)	9,313	(6,325)
Effects from equity-accounted joint ventures	3,998	(4,823)	114	(1,144)
(Expense)/income to be recognised in the income statement in the future	(13,999)	31,920	(7,235)	3,245
Change in actuarial gains and losses on defined benefit pension obligations and similar liabilities, after deferred taxes	(1,689)	9,519	(220)	3,755
Changes in fair value of equity instruments, after deferred taxes	316	(183)	0	(183)
(Expense)/income that will not be recognised in the income statement in the future	(1,373)	9,336	(220)	3,572
Other comprehensive (expense)/income	**(15,372)**	**41,256**	**(7,455)**	**6,817**
Total comprehensive income/(expense) for the period	**48,943**	**24,306**	**18,827**	**(46,205)**
Attributable to shareholders of the parent	44,907	21,424	17,519	(47,788)
Attributable to non-controlling interests	4,036	2,882	1,308	1,583

Consolidated cash flow statement (condensed)

For the first six months (1 March – 31 August) €000	H1 2023|24	H1 2022|23
Operating cash flow before changes in working capital	180,148	135,255
Changes in working capital	(142,665)	(166,899)
Interest received and paid and income tax paid, net	(25,751)	(11,921)
Net cash from/(used in) operating activities	**11,732**	**(43,565)**
Net cash (used in) investing activities	(40,508)	(29,302)
Net cash from financing activities	34,489	93,024
Net increase in cash and cash equivalents	**5,713**	**20,157**
Effect of movement in foreign exchange rates and hyperinflation adjustments on cash and cash equivalents	(9,214)	4,424
Cash and cash equivalents at beginning of period	118,343	103,593
Cash and cash equivalents at end of period	**114,842**	**128,174**

Consolidated balance sheet

€000	31 August 2023	28 February 2023	31 August 2022
ASSETS			
A. Non-current assets			
Intangible assets, including goodwill	113,132	115,098	115,955
Property, plant and equipment	802,502	819,418	824,438
Equity-accounted joint ventures	66,698	66,460	74,646
Securities	17,928	17,378	17,735
Investments in non-consolidated subsidiaries and outside companies	280	280	280
Other assets	4,160	2,559	3,678
Deferred tax assets	21,048	19,817	11,885
	1,025,748	**1,041,010**	**1,048,617**
B. Current assets			
Inventories	957,547	1,210,019	829,631
Trade receivables	563,459	471,495	514,744
Other assets	140,453	158,702	129,552
Current tax assets	6,597	3,506	5,026
Cash and cash equivalents	114,842	118,343	128,174
	1,782,898	**1,962,065**	**1,607,127**
Total assets	**2,808,646**	**3,003,075**	**2,655,744**
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	527,947	539,284	544,826
Equity attributable to shareholders of the parent	1,182,238	1,193,575	1,199,117
Non-controlling interests	66,029	62,994	58,674
	1,248,267	**1,256,569**	**1,257,791**
B. Non-current liabilities			
Retirement and termination benefit obligations	51,747	53,535	45,249
Other provisions	28,174	28,388	29,290
Borrowings	476,536	562,868	378,601
Other payables	5,447	6,670	4,343
Deferred tax liabilities	8,257	6,841	9,108
	570,161	**658,302**	**466,591**
C. Current liabilities			
Other provisions	25,993	19,516	13,243
Borrowings	435,828	257,748	424,714
Trade payables	302,731	586,991	324,210
Other payables	190,378	199,479	160,751
Tax liabilities	35,288	24,470	8,444
	990,218	**1,088,204**	**931,362**
Total equity and liabilities	**2,808,646**	**3,003,075**	**2,655,744**

Consolidated statement of changes in equity (condensed)

For the first six months (1 March – 31 August) €000	Equity attributable to shareholders of the parent	Non-controlling interests	Total
2023|24			
At 1 March 2023	**1,193,575**	**62,994**	**1,256,569**
Changes in fair value of equity instruments	411	0	411
Changes in fair value of hedging instruments (cash flow hedges)	6,987	(304)	6,683
Changes in actuarial gains and losses on defined benefit pension obligations and similar liabilities	(2,168)	(1)	(2,169)
Tax effects	(2,802)	40	(2,762)
Currency translation (loss)/gain and hyperinflation adjustments	(18,114)	579	(17,535)
Other comprehensive (expense)/income for the period	**(15,686)**	**314**	**(15,372)**
Profit for the period	60,593	3,722	64,315
Total comprehensive income for the period	**44,907**	**4,036**	**48,943**
Dividends paid	(56,240)	(1,001)	(57,241)
Other changes	(4)	0	(4)
At 31 August 2023	**1,182,238**	**66,029**	**1,248,267**

For the first six months (1 March – 31 August) €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**

Notes to the interim consolidated financial statements

For the first six months ended 31 August 2023 (unaudited)

Segment reporting

For the first six months (1 March – 31 August) €000	H1 2023|24	H1 2022|23
Total revenue		
Fruit	791,640	727,921
Starch	622,820	661,040
Sugar	571,137	420,309
Group	**1,985,597**	**1,809,270**
Inter-segment revenue		
Fruit	(569)	(441)
Starch	(7,992)	(5,749)
Sugar	(17,541)	(10,738)
Group	**(26,102)**	**(16,928)**
Revenue		
Fruit	791,071	727,480
Starch	614,828	655,291
Sugar	553,596	409,571
Group	**1,959,495**	**1,792,342**
Operating profit before exceptional items and results of equity-accounted joint ventures		
Fruit	43,728	29,805
Starch	39,259	49,540
Sugar	29,694	7,135
Group	**112,681**	**86,480**
Net exceptional items		
Fruit	0	(89,817)
Starch	0	0
Sugar	396	899
Group	**396**	**(88,918)**

For the first six months (1 March – 31 August) €000	H1 2023|24	H1 2022|23
Share of results of equity-accounted joint ventures		
Fruit	0	0
Starch	(3,100)	7,167
Sugar	948	6,350
Group	**(2,152)**	**13,517**
Operating profit/(loss) [EBIT][1]		
Fruit	43,728	(60,012)
Starch	36,159	56,707
Sugar	31,038	14,384
Group	**110,925**	**11,079**
Investment[2]		
Fruit	15,699	10,939
Starch	14,335	7,669
Sugar	11,929	17,120
Group	**41,963**	**35,728**
Number of employees (FTE[3])		
Fruit	6,015	6,033
Starch	1,167	1,141
Sugar	1,821	1,763
Group	**9,003**	**8,937**

[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 2023 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 2023 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 28 September 2023.

The AGRANA Group's annual report 2022|23 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 2022|23 in the notes to the consolidated financial statements, section 2, "Basis of preparation".

Critical assumptions and judgements

Uncertainty in assumptions and judgements arises from a volatile market environment with regard to the costs of raw materials, energy, transport and other items. In addition, macroeconomic conditions are characterised by high interest rates and rapid inflation whose trajectories going forward are unclear.

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 2023 (the latest full financial year).

The notes to those 2022|23 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 reporting period, the fully consolidated AGRANA AGRO S.r.l. in Roman, Romania, was liquidated.

At the half-year balance sheet date, in total in the consolidated financial statements, 54 companies besides the parent were fully consolidated (28 February 2023 year-end: 55 companies) and 13 companies were accounted for using the equity method (28 February 2023: 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

Revenue increased moderately to € 1,959.5 million (prior year: € 1,792.3 million). This revenue growth was attributable primarily to significantly higher sugar selling prices in the Sugar segment and, to a lesser extent, to upward price adjustments in the Fruit segment.

The Group's operating profit (EBIT) in the first half of 2023|24 was € 110.9 million (H1 prior year: € 11.1 million). The rise in EBIT resulted largely from the base effect of the prior-year comparative period's net exceptional items expense of € 88.9 million, which was due mainly to impairment losses on goodwill and property, plant and equipment in the Fruit segment. In the Fruit segment, EBIT increased thanks to the non-recurrence of the above impairment and to a better operating performance in both the fruit juice concentrate and the fruit preparations business. The marked improvement in EBIT of the Sugar segment was driven mostly by significantly higher sugar sales prices. In the Starch segment, a considerable decline in Platts quotations and hence in earnings from ethanol sales led to a significant EBIT reduction compared to one year earlier.

Net financial items amounted to an expense of € 24.3 million (H1 prior year: expense of € 10.2 million). The negative change resulted above all from a sharp deterioration in net interest expense (due to the rising interest rates), and in currency translation differences.

The Group realised profit for the period of € 64.3 million (H1 prior year: loss for the period of € 17.0 million).

Notes to the consolidated cash flow statement

From the beginning of March to the end of August 2023, cash and cash equivalents decreased by € 3.5 million to € 114.8 million.

Net cash from operating activities was € 11.7 million (H1 prior year: net cash used in operating activities of € 43.6 million), a very significant improvement of € 55.3 million. This was powered mainly by a strong upturn in profit for the period – thanks in part to the base effect of the prior year's non-cash exceptional effects from the impairment charges on goodwill and property, plant and equipment – and by a much smaller increase in working capital than a year ago.

Net cash used in investing activities was € 40.5 million (H1 prior year: net cash use of € 29.3 million), an increase of € 11.2 million in net outflows year on year. The higher cash outflow was due primarily to greater investment.

Net cash of € 34.5 million from financing activities (H1 prior year: net cash inflow of € 93.0 million) was attributable mainly to the repayment of syndicated credit lines of € 35.0 million for working capital financing, offset by incurred bank overdrafts and cash advances of € 132.4 million. The dividend payment to the shareholders of AGRANA Beteiligungs-AG in 2023 increased from € 46.9 million in the prior year to € 56.2 million.

Notes to the consolidated balance sheet

Total assets declined moderately from 28 February 2023, by € 194.4 million to € 2,808.6 million.

On the assets side, the decrease in the balance sheet total was driven largely by the net effect of significantly higher trade receivables, significantly lower inventories and a reduced carrying amount of property, plant and equipment. In the liabilities section, the decline resulted from a substantial reduction in trade payables that outweighed a significant increase in borrowings.

With shareholders' equity of € 1,248.3 million (28 February 2023: € 1,256.6 million), the equity ratio at the end of August was 44.4% (28 February 2023: 41.8%).

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 2023 €000	**Level 1**	**Level 2**	**Level 3**	**Total**
Securities (non-current)	10,722	7,206	0	17,928
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)	0	3,600	0	3,600
Derivative financial assets at fair value through profit and loss	133	3,066	0	3,199
Financial assets	**10,855**	**13,872**	**280**	**25,007**
Liabilities from derivatives at fair value through other comprehensive income (hedge accounting)	6,238	17,327	0	23,565
Liabilities from derivatives at fair value through profit and loss	0	6,729	0	6,729
Financial liabilities	**6,238**	**24,056**	**0**	**30,294**

31 August 2022 €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**

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 2023 €000	Carrying amount	Fair value
Bank loans and overdrafts, and other loans from non-Group entities	881,007	863,103
Lease liabilities	31,357	–
Borrowings	**912,364**	**863,103**

31 August 2022 €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**

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 190 to 193 of the annual report 2022|23, in section 11.3, “Additional disclosures on financial instruments”.

Number of Employees

In the first half of 2023|24 the AGRANA Group employed an average of 9,003 full-time equivalents (H1 prior year: 8,937). The slight increase in personnel represented mainly the filling of vacant positions, and also hiring in step with the pace of business, in the Starch and Sugar segments.

Related party disclosures

There were no material changes in related party relationships since the year-end balance sheet date of 28 February 2023 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 2022|23 (from page 201).

Significant events after the interim reporting date

No significant events occurred after the interim balance sheet date of 31 August 2023 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 Group's financial position, results of operations and cash flows, 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, 28 September 2023

The Management Board of AGRANA Beteiligungs-AG

Markus Mühleisen
Chief Executive Officer
Strategy and Business Policy, Sales Coordination, Public Relations, Human Resources, Corporate Secretariat (line authority), and Sugar Segment

Ingrid-Helen Arnold
Member of the Management Board
Internal Audit

Stephan Büttner
Member of the Management Board
Finance, Mergers & Acquisitions/Equity Investments, Information Technology & Organisation, Legal, Compliance, Purchasing Coordination, Investor Relations, and Fruit Segment

Norbert Harringer
Member of the Management Board
Production Coordination & Investment, Raw Materials, Research and Development, Sustainability, Quality Management, 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 228 of the annual report 2022|23.

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 2024	Results for first three quarters of 2023|24
14 May 2024	Results for full year 2023|24 (annual results press conference)
25 June 2024	Record date for participation in Annual General Meeting
5 July 2024	Annual General Meeting in respect of 2023|24
10 July 2024	Ex-dividend date
11 July 2024	Results for first quarter of 2024|25
11 July 2024	Record date for dividend
15 July 2024	Dividend payment date
10 October 2024	Results for first half of 2024|25
14 January 2025	Results for first three quarters of 2024|25

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